

The background of the cover is a collage of images. On the left, a family (a woman, a man, and a young girl) is running happily on a green lawn. On the right, there is a view of a city skyline with several tall buildings, partially obscured by lush green trees in the foreground. The entire cover is overlaid with a large, abstract green geometric shape that points towards the bottom right corner.

TDK CSR REPORT 2014

English version

Top Commitment

Building on TDK's Roots in Magnetic Technology to Contribute Towards Solutions for Challenges Facing Modern Society



Helping to find future-oriented solutions to social issues

Next year, TDK will celebrate the 80th anniversary of the company's founding. At this important milestone, we will be renewing our firm commitment to positively engage with an ever changing world and to do our best in contributing to find solutions to pressing issues in various fields of life.

Looking at the environment for example, we aim to create highly energy-efficient products that will help society at large to save energy. We also believe that we have an important mission in providing electronic components that play a crucial role in storage batteries, thereby contributing to a more widespread utilization of renewable energy sources such as wind power and geothermal power.

In the field of automobiles, eco-friendly cars including hybrids and electric vehicles are expected to become more commonplace in the near future. This also means a move away from the combustion engine to higher reliance on electric motors, so that we are seeing a progressive "electronification" of the automobile. In view of the aging of society, it is also certain that the use of sensor-based functions for preventing accidents will become more prevalent and will create new market needs. As a manufacturer of electronic components, we have an important role to play in supporting and enabling such changes.

Another field where dramatic technological innovation will take place against the background of the aging society is health care and nursing. This may even extend to the use of robots to help in performing nursing tasks and the development of wearable devices designed to compensate for bodily functions that deteriorate with advancing age. By developing products and components in this sector, TDK wishes to help raise the quality of life, both for aged or disabled persons themselves as well as for their carers and society in general.

Towards a fully connected world

The possible widening of the so-called "digital divide" is a problem of serious concern, and the TDK Group has identified it as another area where we hope to make a positive contribution. The spread of the Internet and a networked infrastructure are creating a world where it is possible to obtain the same information instantly, regardless of one's geographical location. In this kind of connected society, we must be careful not to create a gulf between those who have easy access and those who do not, be it due to factors such as age, nationality, place of residence, or economic circumstances. To this end, we want to develop and supply products that provide high functionality while being practical and affordable, helping to ensure that everybody can freely access the

information that they need.

Furthermore, as a "mid-stream" enterprise that sources materials and parts for our own products, which in turn are supplied to manufacturers of end products, we place great importance on implementing a firm CSR stance over the entire supply chain. We are therefore actively engaged in efforts to help solve the problem of conflict minerals. Not only through activities of our own group but also through industry channels such as the Japan Electronics and Information Technology Industries Association (JEITA), we do our utmost to eliminate minerals from the supply chain that are linked to violations of human rights and are being used to fund groups that commit inhumane acts.

Becoming an organization drawing on the power of human resources

In order to accelerate such efforts at contributing to solve social issues, it is increasingly important to take advantage of a variety of human resources by actively promoting diversity. As both overseas production and overseas marketing become more and more substantial, we must reach beyond borders and pursue overseas recruitment with renewed zeal. Nationality, race, and gender are no longer a factor, as we intend to swiftly establish a framework and hiring policies that are geared towards discovering and fostering human resources based on performance and abilities.

Continuing to meet challenges

At the beginning of our company's history almost 80 years ago stood the commercialization of the magnetic material ferrite. Coming from these roots and building on our strengths, in particular with magnetic technology, we have branched into various fields, offering products in a timely manner and aiming to be of use to society. This spirit which can be seen as our company's DNA is still going strong and will guide us also in the future.

The move from electronics to spintronics that will expand the possibilities of magnetism is bound to further boost the potential of the TDK Group as well. Striving to become "the world's most powerful technology development group," we will continue to meet the challenges that we encounter along the way.

Takehiro Kamigama
President & CEO, TDK Corporation

The TDK Group in the World

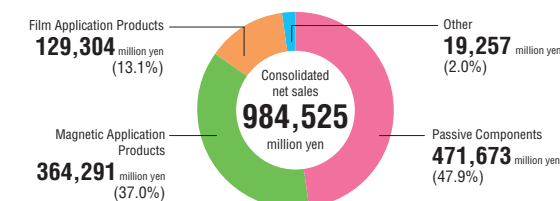
Since the company's founding in 1935, TDK's business has expanded into various countries and regions around the world. The TDK product lineup has also greatly diversified.

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

Company Profile

Name: TDK Corporation
Headquarters: 3-9-1 Shibaura,
Minato-ku, Tokyo, Japan
Established: December 7, 1935
Capital: 32,641,976,312 yen
(As of March 31, 2014)

FY2014 Net Sales by Product Segment (by composition)



Number of TDK Group employees
83,581
Consolidated subsidiaries
116

Europe



Number of employees **6,658**
Consolidated subsidiaries **31**
Net sales **139,716** million yen (14.2%)

Japan



Number of employees **9,149**
Consolidated subsidiaries **13**
Net sales **94,005** million yen (9.5%)

Americas



Number of employees **3,167**
Consolidated subsidiaries **17**
Net sales **82,966** million yen (8.4%)

Asia



Number of employees **64,607**
Consolidated subsidiaries **55**
Net sales **667,838** million yen (67.9%)

As of March 31, 2014



Topics / U.S.A.

Versatile Functionalities and Environmental Friendliness that TDK Supports in the Evolving U.S. Automotive Market



»P14



Topics / Hungary

Tech Power of ONE TDK Sustains Growth of Renewable Energy



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Topics / China

Responses to the Expectations of Society Lead to Improved Corporate Value



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Topics / Japan

Identification of Human Rights Issues through Dialogue with Stakeholders



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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.

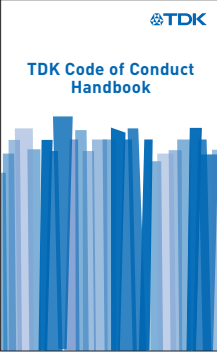
Courage

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.

TDK Code of Conduct



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.

Editorial Policy

Each year, TDK's CSR Report is published in two media formats, as a booklet and on the web site, with the purpose of giving stakeholders an understanding of the TDK Group's CSR (Corporate Social Responsibility) activities. The 2014 edition was created to provide answers to questions such as "What kind of values does the TDK Group create for society?" and "How does the company meet its responsibilities and support value creation by identifying problems in the supply chain?"

The report also provides information about the progress made during fiscal 2014 with regard to important activity areas from a CSR perspective, and activities for different stakeholders are introduced in the online version of the report.

Report Format

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

Booklet: A summary version focusing on key CSR action items.
Web site: 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 August 2014)

Period Covered

FY 2014 (April 1, 2013 to March 31, 2014)

* Some information covers activities outside this period.

Organizations Covered

TDK Group*

* TDK Group: TDK Corporation and 116 consolidated subsidiaries in Japan and overseas

Major Organizational Changes During the Covered Period

None

Date of the Report's Issue

August 29, 2014

(Previous issue: August 2013; next issue: August 2015 [scheduled])

Contact

CSR Promotion Office: +81-3-6852-7115

Cover Page Design

Representing the lively dynamic and clear-cut sense of speed of a global business. The motif also hints at the cross-relationship between customers and society, and expresses the creation of new values.

Web Based CSR Activity Information

Information about fiscal 2014 is provided in a comprehensive format centered on various activity reports.

We hope that you will find it interesting reading, and we heartily welcome your frank comments and suggestions via the accompanying questionnaire.

CSR Web Site <http://www.global.tdk.com/csr/>

* Web site with CSR activity information (illustration uses previous year's page)



Highlight 2

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Highlight 1

How the TDK Group

TDK products play a vital role in many useful items of daily life.

ICT (Information and Communication Technology)

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



Lithium ion batteries

These rechargeable batteries with high energy density are extensively used in various kinds of mobile devices. Advanced TDK technology for key components such as electrode materials and separator materials provides a decisive advantage.
[Main applications]
Smartphones, tablets and other mobile devices



Neodymium magnets for VCMs

Voice coil motors (VCMs) that drive magnetic heads in hard disk drives use neodymium magnets from TDK. A new material that does not require dysprosium, an extremely scarce rare earth material, has also been developed.
[Main applications]
VCMs in hard disk drives for notebooks, desktop computers, etc.



Thin film common mode filters

These products combine a common mode filter (highly effective in suppressing noise without affecting the signal) with a low-capacitance ESD suppressor that protects the circuitry from electrostatic discharge.
[Main applications]
High-speed differential signal interfaces in smartphones, tablets, notebooks, hard disk drives, solid state drives, etc.

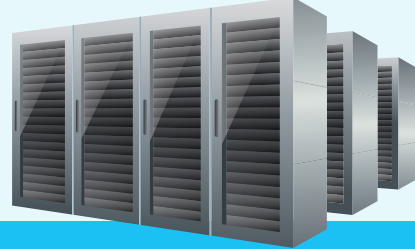


SESUB

This proprietary substrate technology from TDK involves embedding lowered-profile IC chips directly in a multilayer substrate which allows highly reliable connections between chip terminals and board wiring. It is implemented in various types of modules that help to make mobile devices smaller and thinner.
[Main applications]
Power supply modules and wireless communication modules, etc. for smartphones, tablets, wearable devices and similar



Cloud Computing (Data Centers)



HDD Heads

Hard disk drive (HDD) heads from TDK contribute to the realization of extremely high storage capacities required by data centers. TDK also has developed magnetic heads for thermal assisted recording to achieve super high recording density in the next generation of HDDs.
[Main applications]
Servers and storage solutions for data centers



Solid State Drives (SSD)

Data centers are implementing multi-tier storage systems where frequently accessed data are processed by means of SSDs which feature higher access speeds. SSD products from TDK designed for industrial use are playing a vital role here as well.
[Main applications]
Servers and storage solutions for data centers



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Highlight 1

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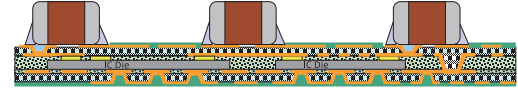
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TDK's SESUB technology makes ultra-compact power management units (PMUs) and Bluetooth® modules a reality!

By embedding lowered-profile IC chips into the substrate, the SESUB (Semiconductor Embedded in SUBstrate) technique allows the realization of smaller, high-performance PMUs for smartphones, as well as Bluetooth® modules with world-leading compact dimensions.

SESUB cross-section view



Features

Smaller parts and lower profile enable smaller dimensions of the end product while contributing to longer battery life and providing a higher degree of freedom for design. Further advantages are improved thermal dissipation and lower noise emission levels.

Always thinking about how to contribute to society

My work involves the realization of characteristics and specifications as envisioned by the customer together with us. I am involved in the process ranging from deciding on product specifications, through basic design and prototype manufacture, to finalizing product characteristics and ensuring quality. With mass production in mind, creating a product that is easy to manufacture has an important influence on product quality. Product design always needs to keep

the big picture in mind, from the manufacturing process to the final usage pattern by the customer.

Even when there is a difficult demand from a customer, I aim to explore various possibilities and try to think of ways for meeting the requirement that we can propose to the customer. Unless we take this approach, we cannot create something that did not exist before. Through the use of SESUB technology, we not only offer products that are convenient

for the customer, but also contribute to the conservation of resources and reduction of environmental impact. For the future, integration with other technologies should enable solutions that can further enhance the benefits to society.

In one's everyday work, it is easy to get caught up in the immediate task at hand, but I believe that it is equally important to always evaluate whether what we do also contributes to society at large.

The "Improve quality" approach is a core strength of TDK

How can we package integrated circuits (ICs) in thinner and smaller form factors? How can we machine them without impairing yield? These are some of the questions that we ponder when trying to come up with structural solutions and methods that realize the concepts worked out by our design and development people in response to customer requests.

TDK employees share an awareness of the importance of raising quality. They

know that this must start from the design stage and be implemented at every step in the process, rather than only through final inspection. I believe that this is a strong point of TDK. I am keenly aware that we must prevent problems from occurring after the product has left our factory and has become part of the customer's end product. This is even more true for SESUB modules which are often key components for the performance and characteristics of the end product.

In the past, the development of electric appliances for use in the home freed humans from various chores, and later the advent of mobile phones changed the way people communicate with each other. In this way, an invention may end up causing a change in lifestyles or sense of values. I believe that we should continue to aim for the development of innovative electronic components that help to bring people closer together.

Reducing waste and helping to conserve resources

Within the SESUB manufacturing process, my work involves embedding IC chips in the substrate. Because there are several hundred to several thousand chips embedded on a single panel, the status of each chip has to be monitored in order to precisely position it at the designated location. I operate the IC bonder that bonds the chips to the substrate.

I always strive to avoid operator errors

and increase yield in the IC chip embedding process. Increasing yield also means that there is less wasted material, which helps to conserve resources. Incidentally, the machinery equipment used in the IC bonding process is proprietary to TDK.

I joined TDK less than a year ago, and am still relying on the kind assistance of people around me who teach and guide

me every day. My goal is to quickly become as proficient as they are. I want to do my best, because I strongly feel that the products we make are innovative and are the focus of high expectations by customers.

SESUB Bluetooth® module

—Bluetooth Low Energy—

[Main applications]

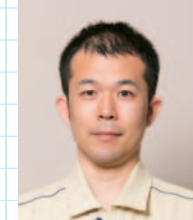
- Smartphones, mobile phones, tablet devices
- Digital still cameras, mobile devices
- Health care products, wearable devices, etc.

Design and Development



Sayuri Terazaki
Supervisor,
Design Section,
SESUB Business Unit,
Manufacturing Strategy Division,
Thin Film Device Center

Development



Reo Hanada
Supervisor,
SESUB Development Section,
SESUB Business Unit,
Manufacturing Strategy Division,
Thin Film Device Center

Manufacturing



Daiki Takaishi
Manufacturing Section,
SESUB Business Unit,
Manufacturing Strategy Division,
Thin Film Device Center

How the Value Chain Works

—Creation process of a SESUB module—

Creating products that match the needs of customers and offer new value to the world-TDK's Monozukuri (manufacturing) consists of a number of and a variety of processes. How do people working in the lab, on the shop floor, or in the field see their mission? By way of an example to illustrate this topic, we introduce the

Monozukuri stance of personnel working in various areas of the new Semiconductor Embedded SUBstrate (SESUB) technology. SESUB is a solution that meets the market's demands for smaller dimensions, lower profile, and higher frequency operation in sectors such as ICT and health care.

Sales

Klaus Ruffing

Executive Vice President,
IT/PMU, Embedded Solutions
Systems, Acoustics, Waves
Business Group



Marketing

Ichiro Yaginuma

Supervisor,
Marketing Section,
SESUB Business Unit,
Manufacturing Strategy Division,
Thin Film Device Center



Quality Assurance

Kenichi Iwanami

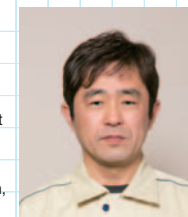
Supervisor,
Quality Assurance Section 3,
Quality Assurance Department,
Systems, Acoustics, Waves
Business Group



Production Technology

Tomohide Yokozawa

Chief Inspector,
SESUB Process Development
Team,
SESUB Business Unit,
Manufacturing Strategy Division,
Thin Film Device Center



Bringing competitive products to the world

A SESUB module features lowered-profile chips embedded in the substrate. The appeal of such a product is not only that it realizes the smallest dimensions and lowest profile ever, it also offers excellent thermal dissipation and extremely low power consumption. Furthermore, thanks to their excellent shielding, SESUB modules emit very low levels of electromagnetic interference.

The successful technological development is a result of cooperation between the Japanese SESUB team and our Embedded Solutions team in Munich. The former's wide-ranging technology expertise and production know-how, paired with our extensive experience with high-frequency applications in the area of smartphones and other mobile devices, produced a synergy that best leverages the strengths of both sides.

This product will prove indispensable for the design of smartphones with further enhanced capabilities. It is our mission to bring SESUB products to worldwide markets, establish the technology as the market-leading standard for embedding, and thereby realize a major business opportunity. In close collaboration with the R&D department, we aim to create products with an even stronger competitive edge.

Serving as a bridge between the development team and customer

Rather than simply trying to expand sales, I feel that my mission is to act as a kind of antenna, taking both TDK's course and the customer's requirements into consideration and facilitating the development of actual products.

Since SESUB is still a new technology, customers sometimes come up with unexpected ideas for applications. Because we are the point of contact for the customers of TDK, we continue to communicate with them also after

product development has begun, and we convey their opinions to the development team.

What's important here are responsiveness, speed, and the readiness to tackle tasks that others would rather avoid. Many employees working in marketing at TDK have technical job experience. Having the skills needed to actually design products is bound to enhance their trustworthiness in the eyes of the customer.

My aim is to be involved in creating a system which produces the sense of security that comes from connectedness. In our current age of longer life expectancy and falling birth rates, the number of people living alone is on the rise. The power of electronic devices can create a framework that provides support without being intrusive, and I would be happy if I can help in creating such a framework.

Improving quality management through all stages from design to manufacture

The most important aspect of ensuring product quality is proper management of an approach that always asks how we can prevent the emergence of defective products. Various types of data are constantly being monitored to verify that there are no problems in the respective production processes. If a problem is detected, we provide guidance for identifying the cause and implementing suitable countermeasures. In the case of SESUB, if a chip does not function

properly, the entire product will be useless. Chip damage and connectivity therefore are two of the aspects that we pay special attention to. Customers increasingly demand a thinner substrate profile, but we have to evaluate how this may affect quality. We analyze possible risks and make sure that the results are reflected in the development process.

Many aspects of the quality of a product are already determined at the design stage. When TDK designs new products

and manufacturing processes, data are shared extensively among many departments including the design, development, technology, and quality assurance sections. The design review stage provides a forum for deliberation about how to create a system that results in stable quality. In my opinion, this system plays an important role in maintaining our high quality standards.

Thorough stabilization of quality

Working in production technology means being involved in the task of designing production lines. For me, the most satisfying aspect of this work is being able to produce results such as increasing yield by coming up with new ideas related, for example, to the development of new manufacturing methods or selection of materials, and having the customer appreciate the results.

Because SESUB is still a new product

category, quality stabilization is the foremost goal. When a problem occurs in a production line, we of course have to look for the cause and eliminate it, but we also need to take measures to prevent a recurrence, and we must constantly verify whether such measures are working effectively.

The fact that the entire SESUB production line from design to final shipping is contained within a single factory site is a





great advantage in this respect. It makes it easy to ensure good communication between processes and establish a speedy manufacturing setup. My area of responsibility is the substrate wiring formation stage. Trying to realize finer wiring patterns with a view towards cost reduction is the guiding concept of my work.

Makes Value Creation Happen

By pursuing a path of innovation for technologies and products geared to the needs of society, we consistently create new values.

Automobiles

TDK is making significant contributions to improved performance and better fuel efficiency in environment-friendly cars such as hybrid electric vehicles (HEV) and electric vehicles (EV), as well as for self-driving vehicles currently under development.



Film capacitors

A type of capacitor that uses plastic film as a dielectric. Characterized by high energy density, extended temperature range, high reliability and long life, they are therefore suitable especially for use in automotive electronics.
[Main applications]
Inverters for EV/HEV, etc.

Automotive-grade multilayer ceramic chip capacitors

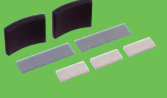
The TDK capacitor lineup for automotive applications comprises high-temperature types that can withstand extreme temperatures up to 150°C such as exist in the engine room of a car, metal fitting type terminal (Mega Cap) and soft electrode types that are resistant to solder cracks caused by thermal shocks as well as mechanical stresses caused by board flexing, and mid level voltage types for hybrid and electric vehicles.
[Main applications]
HEV/PHEV/EVs (DC-DC converters, inverters, BMS), drive train ECUs (engine ECU, ABS, EPS, TCM), safety related ECUs (radar, camera), etc.

Current sensors

These sensors allow contact-free detection of battery charge and discharge currents in HEVs and EVs, inverter drive currents, etc. They are available in various product configurations such as Hall element types and GMR element types.
[Main applications]
Battery charge/discharge current management for HEV/EVs, inverter drive current management, etc.

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 at resolving serious issues such as global warming and the depletion of resources.



Neodymium magnets

Large, high-performance neodymium magnets from TDK are used for example in gearless type wind power generators (multi-pole, permanent magnet synchronous generators) and in the rotor structure of industrial motors.
[Main applications]
Rotors of multi-pole, permanent magnet synchronous generators, etc.

Bidirectional DC-DC converters

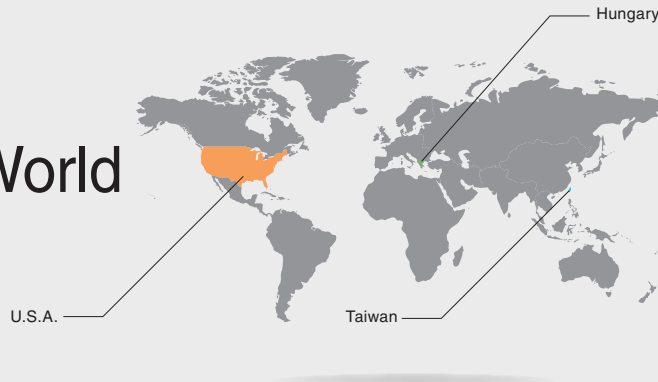
These power conversion devices can turn the DC current of the source into a suitable voltage, and also perform conversion in the opposite direction, sending current to the source. They also enable energy regeneration in industrial equipment powered by electric motors.
[Main applications]
Smart grid, DC power supply systems, and energy regeneration in industrial equipment

Aluminum electrolytic capacitors

A type of capacitor using oxide coated aluminum foils as a dielectric, enabling high capacitance ratings. They are used in various kinds of power supplies for industrial applications, as well as in inverters and converters for solar and wind power installations.
[Main applications]
Various types of power supplies, solar and wind power generation systems, etc.

Realizing the Spirit of Monozukuri Around the World

Craftsmanship in the Monozukuri tradition of TDK is spreading on a global scale. Harnessing a wealth of proprietary technologies, TDK continues to offer products that fit the diverse needs of regions around the world.





Taiwan

Products Developed in Taiwan Tailor-made for the Increasingly Sophisticated ICT Market

Realizing the dream of having an independent development base in Taiwan

TDK Taiwan has successfully developed actuators for camera modules, designed for realizing autofocus and optical image stabilizer functions in smartphone cameras. The development and design process of any new product usually has its problems and setbacks, and this project in a field where we initially had no experience was no exception. At the outset, our level of knowledge and our technical expertise were still inadequate, and we sometimes found ourselves unable to answer specific questions from customers. But in consultation with customers and aiming for a product with features not available from the competition, we were able to overcome the initial difficulties, and our persistent marketing efforts resulted in a gradual rise in orders. Our products now enjoy a large share of the Taiwanese and Chinese markets. More recently, new products developed by us have been selected also by customers in Europe and the U.S., and we are happy that technology from TDK Taiwan has been recognized by the world.

Monozukuri craftsmanship with a TDK Taiwan advantage

Creating products in the spirit of Monozukuri for us involves two fundamental aspects. One is communication with the customer. To avoid embarking on vanity projects, one must build a close relationship with the customer and communicate effectively, to verify that their needs are really being met. Furthermore, the concept of "Time to Market" plays an important role in the business world of Taiwan, meaning that products must be made available at suitable speed. In order to achieve this, we have consultations with the customer before the product specifications are put together, and we make suggestions towards their content. This is the secret weapon that allows us deliver the required product within a short timeframe. TDK Taiwan is able to build upon the high-quality Monozukuri culture fostered in Japan, adding to it design speed as a particular strength.

The other major aspect is checking the manufacturing processes with one's own eyes. To design a top-notch product, engineers must get out from behind their desks and spend time on the production floor. With overall optimization in mind, they should inspect every production step from design to the end products themselves, and always look for possible improvements.

Actuators for camera modules



Support autofocus and optical image stabilization functions on smartphone cameras



Yi-Liang Chan
Manager,
Product Development Department,
TDK Taiwan Corporation



U.S.A.

Versatile Functionalities and Environmental Friendliness that TDK Supports in the Evolving U.S. Automotive Market

Value that TDK provides

TDK is providing electronic components that are indispensable for wireless power transfer and Wi-Fi devices. TDK's innovative design and fully automated production processes are helping to manufacture parts with both superb performance and smaller size cost effectively, and thereby supporting the comfortable lives of consumers.

We consider maximizing the "One TDK" product portfolio and establishing excellent communication with customers extremely important in order to provide optimum solutions. We communicate with everyone in the customer's organization; i.e., engineering, purchasing and production. Each area provides valuable information on what is needed by the customer. We also work closely and repeatedly with our internal divisions to provide the best solution as quickly as possible.

Ever growing U.S. automotive market

The U.S. light-vehicle sales have now advanced for the fourth straight year, and all major automobile makers are launching electric vehicles one after the other. In addition, wireless power transfer, Wi-Fi and other consumer product applications are now being integrated into vehicles, allowing consumers to quickly charge their phones as they move in and out of their vehicles, bringing even further mobility and connectivity to them.

Manufacturing that responds to social changes

As a mother of two young kids, I am always concerned about the importance of leaving a beautiful environment to them. In that respect, I am proud to work for a company that takes so much care to develop business processes and products that are environmentally friendly.

Multilayer ceramic chip capacitors for automobiles



Compact high-capacity capacitors for storing electric charge

The U.S. automotive market will continue to require new technologies to meet the needs driven by consumer demand and government regulations in the time ahead. In order to realize ever evolving functionalities such as Self Driving Cars and Vehicle to Vehicle Communication and achieve increased fuel efficiency in vehicles through the use of smaller devices, TDK, as a leader of the electronic components manufacturer, will be at the forefront of developing products for these applications to respond to changing market needs.



Lori Sieczkowski
Global Account Manager,
TDK Corporation of America



Hungary

Tech Power of ONE TDK Sustains Growth of Renewable Energy

Advantages of EPCOS aluminum electrolytic capacitors

EPCOS aluminum electrolytic capacitors for use in wind power equipment offer a number of advantages, such as high capacitance, high reliability, and robust construction. They are optimized to deliver high energy density, making it possible to obtain stable DC voltage with power losses low while keeping heat generation.

A wide range of products are used in systems for the generation, conversion, and transmission of electric power, and stringent quality requirements have to be met. Product lineups in this area therefore must be constantly improved and augmented. Our design team consists of professionals who have extensive knowledge in the physics and electrical engineering aspects of power electronics as well as advanced practical experience. We are therefore in an ideal position to meet the diversified demands of customers in this field.

Rise of the renewable energy market

In the industrial equipment sector in Europe, the market of products for wind power systems and other renewable energy sources is growing, propelled by developments such as rising energy costs and the enactment of laws prescribing the conservation of energy. In particular, offshore wind farm installations are advancing rapidly, in Europe as well as globally. Compared to land-based installations, facility maintenance for offshore sites is more difficult and costly, making not only efficiency, but also rugged construction and reliability important requirements.

Synergy of ONE TDK creates true value

In the future, the demand for power generation equipment incorporating leading-edge technology for use in offshore wind farms is bound to keep rising. Power converters for such equipment must provide even higher performance to clear the more rigorous specifications of power grids. We are therefore engaged in ongoing development efforts aimed at new capacitors with even higher power handling capability and enhanced thermal dissipation efficiency.

As an organization that combines a wide range of product portfolios under a single umbrella, ONE TDK can bring a unique synergy into play, offering optimal solution packages that exactly meet customer requirements, while also creating added value for society at large.

Aluminum electrolytic capacitors



Suitable for high power applications thanks to high capacity ratings and stable quality



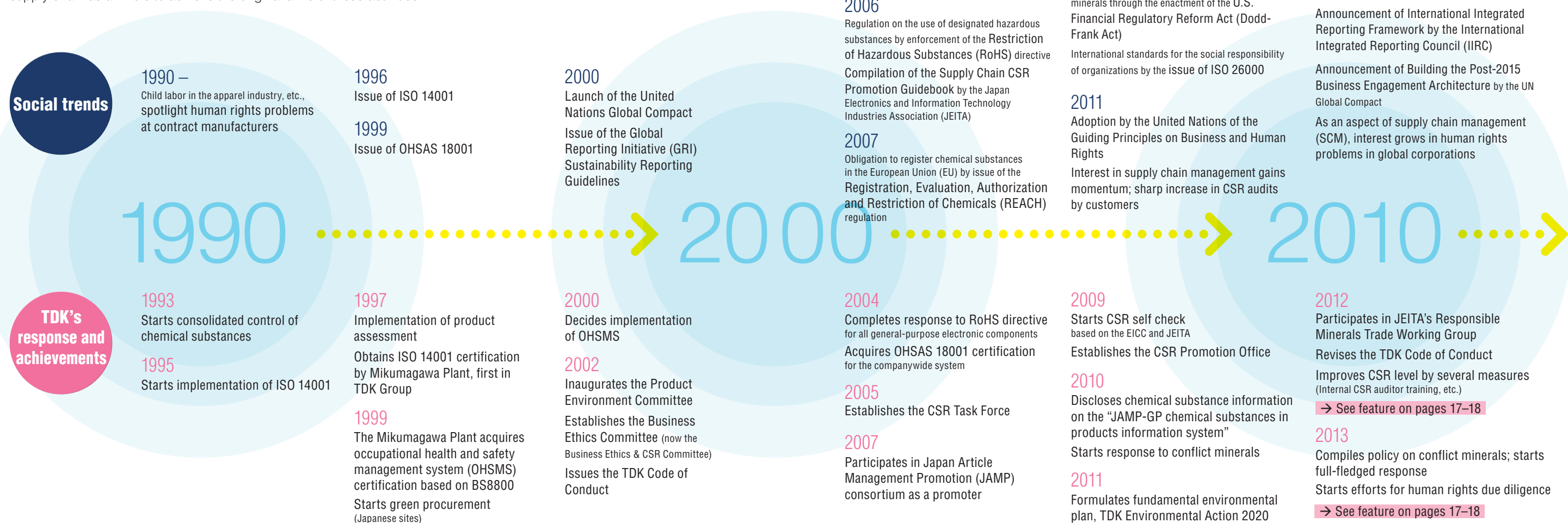
Gábor Székely
Product Development Engineer,
Aluminum and Film Capacitors B.Grp.,
EPCOS Elektronikai Alkatrész Kft.

CSR Activities Supporting Value Creation

Responsibility in the Supply Chain

Social Trends and TDK's Response

Here we introduce TDK's activities and response so far to fulfill social responsibility in the supply chain, implemented in accordance with changes in social trends, as well as TDK's thoughts about what should be done from now on in the supply chain as a whole to achieve the original aims of these activities.



History of TDK's Supply Chain Response

Since the spotlight fell on the problem of human rights in contract manufacturers in the 1990s, a consensus was formed that CSR cannot be accomplished by the single-handed efforts of companies but must be promoted throughout the supply chain as a whole. The TDK Group conducts business supported by relations with many customers and business partners, so it exists in a business environment that is heavily influenced by legislative systems, international industrial standards, and other factors involving the

entire supply chain.

After the turn of the century, there was a sharp increase in the number of legislation-based demands from customers, including requests for the disclosure of information relating to chemical substances contained in products. Despite the fact that survey content was the same, the variety of survey formats in companies became a cause of inconsistent understanding, as well as requiring excessive labor power and a heavy cost burden in responding.

In order to implement CSR in the supply chain both rationally and effectively, it is essential to have a common awareness of social issues and common survey formats. So as to contribute to the improvement of efficiency in the supply chain as a whole, TDK participates in the activities of various organizations from the rule-making stage, cooperates with the entire industry, and makes proposals for the standardization of survey formats.

TDK's Problem Awareness and Proposal of Solutions

Society requires companies to upgrade their activities through the formation of problem-solving platforms, so moves to strengthen CSR activities in the supply chain as a whole are going to become even livelier in the future. At present, however, since companies are implementing self-diagnosis and audits with limited resources, there is a limit to both buyer and supplier response, and it is feared that in the future management costs will escalate and response fatigue will set in. In order to mitigate these factors, TDK believes

that the following measures are necessary:

- The cross-industrial standardization of self-diagnosis relating to common social issues and the formulation of audit standards
- The building of a mechanism to share self-diagnosis and audit information across industries and the summarizing of this information to share regional risk information
- Response to the solution of human rights problems, such as working hours

None of these measures can be implemented by individual companies alone. Through dialogue and cooperation with various sectors, TDK will promote efforts toward the solution of labor problems and other issues closely linked to the community and contribute to the building of sustainable societies.

Responses to the Expectations of Society Lead to Improved Corporate Value

—CSR Internal Auditor Training—

TDK strives to enhance employee understanding in order to fulfill its social responsibility in the supply chain.



CSR internal audit

Enhancing every employee's sensitivity toward social requirements

In recognition of the need to respond to requests for CSR audits from electronic equipment makers, who are our customers, and to the social trends which are part of the background of these requests, such as the increasing awareness of consumers and the enactment of legislation, TDK is taking the initiative in promoting activities. Specifically, as well as strictly observing laws and requirements in the countries in which we operate, while understanding the different requirements and levels of customers, TDK responds to a wide range of CSR-related efforts in such fields as labor, ethics, health and safety, environmental, and management system.

In order to respond smoothly to the diverse requests of customers relating to CSR audits, first of all it is necessary to further deepen our own knowledge and understanding of CSR audits. Accordingly, in 2013 TDK began CSR internal auditor training for employees engaged in work relating to CSR. The objectives of this training are to enable employees to systematically understand customer demands and master the basics for evaluating the CSR activities of their own company, thereby also upgrading the level of these activities. In the first fiscal year, the training was held in Tokyo in 2013, and once each in Tsuruoka (Yamagata Prefecture, Japan) and Shanghai (China) in 2014.

Understanding the code of conduct required of an electronic components manufacturer

This CSR internal auditor training is mainly for general managers, plant managers, and managers engaged in CSR-related work at the manufacturing sites. In fiscal 2014, 21 plant managers and other employees from the Tsuruoka, Sakata, and Iida plants took part in the training in Tsuruoka, and 30 people from the Xiamen, Qingdao, Dalian, Suzhou, Wuxi, Hong Kong, and other sites in China attended the training in Shanghai.

After covering basic thinking on CSR, such as ISO 26000, the training program seeks to deepen participants' understanding of the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, which is the basic code of conduct for electronic components makers like TDK. In the electronic equipment industry's supply chain, it is essential to ensure a safe working environment, to respect the human rights and dignity of workers and maintain friendly working environments, and to accept responsibility for the environmental load in the manufacturing process. The standards that should be kept in order to realize these three points are divided into five sections in the EICC Code of Conduct: labor, health and safety, environmental, ethics, and management system. While also referring to legislation in the country concerned, the training program teaches

participants about the background to the EICC code and its requirements.

Furthermore, the program includes responses to case studies and other activities implemented so that eventually the participants themselves will be able to conduct audits at other sites and suppliers. In addition, at high-risk manufacturing sites, if they do not have an opportunity to receive CSR audits from customers, internal auditing by a third-party organization is required once every two years in an effort to raise the level of CSR activities.

EICC Code of Conduct



Raising the CSR awareness of employees

Employees who have participated in the training have made such comments as, "I was able to understand that the observance of laws and regulations is no more than a precondition for CSR and that, on top of the observance of legislation, it is necessary to address environmental and other problems;" and, "I realized that CSR leads to improvement of the company's brand image and in turn its competitiveness as well."

The training does not simply enable participants to master internal audit skills. By deepening understanding of the basic notion of CSR, it also raises employee awareness of the importance of CSR.

In recent years social interest in environmental, labor, and human rights problems has been increasing, and companies are being called on more and more to actively address these issues. It is the natural duty of a responsible company to make efforts to identify and reduce risks by thoroughly enforcing an internal audit system and to respond smoothly to audit requests from customers.

Through the training of internal auditors and various other activities, TDK will continue to fulfill this obligation and make further efforts to raise the awareness of employees.

Comment by a Training Participant

Through my participation in this training, I realized that the promotion of CSR leads to the provision of pleasant and safe workplaces for employees. This is then directly reflected in low employee turnover rates and higher motivation among employees, which ultimately I think enhances the value and competitiveness of the company as a whole.

As a result of the entrenchment and development of CSR management, while still being based on the EICC Code of Conduct, the standards demanded by customers can be expected to become even stricter in the future. Also, as was the case with the environmental management system, rather than management for the sake of audits, it will be necessary for companies themselves to continuously improve management levels.

Taking advantage of this training experience, at TDK Dalian Corporation, where I work, we are planning to improve internal regulations and systems, for example relating to welfare, set fiscal year objectives for CSR, and conduct internal auditing and reviews. Through these efforts, we hope to realize an even more vibrant working environment for employees.



Renliang Guo
Manager,
Personnel and
General Affairs
Department,
TDK Dalian
Corporation



Internal CSR auditor training

Identification of Human Rights Issues through Dialogue with Stakeholders

At TDK, we have repeatedly held discussions with various stakeholders in order to understand and identify human rights issues in our business activities and relations. The following is the overview of a project in which we have been engaging since FY 2014 and the process by which we identify human rights issues in the Group.

Participation in the Nippon CSR Consortium's Stakeholder Engagement Program

Since the UN Human Rights Council adopted "protect, respect, and remedy" framework, known as the Ruggie Framework, with regards to business and human rights in 2008, a series of international CSR guidelines and UN and EU policies have been introduced in accordance with the framework. This trend represents a strong appeal to companies to specifically identify human rights issues in their business activities and take appropriate actions.

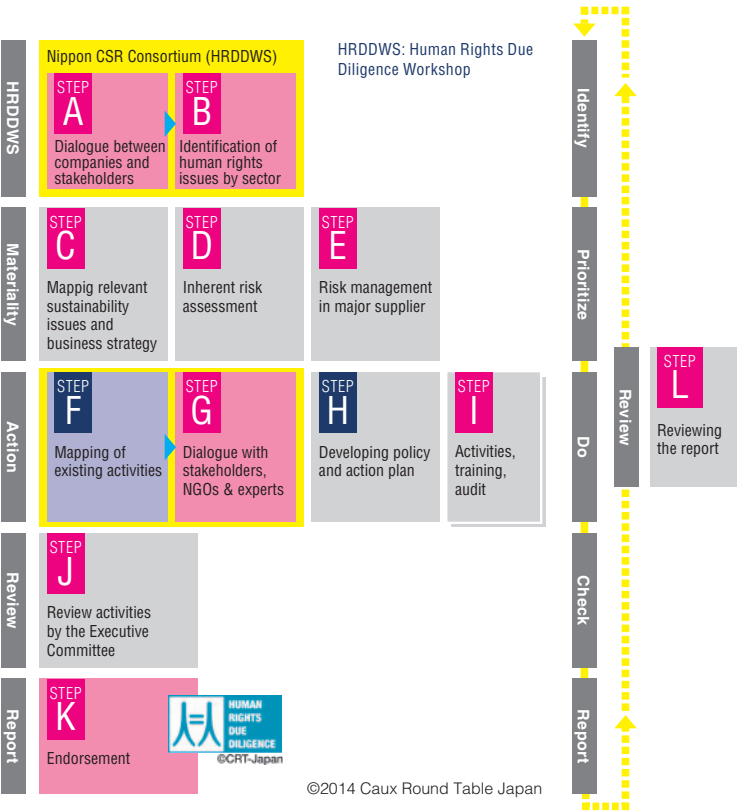
We have been working on addressing the issues of conflict minerals, working environment at sites, and other human rights issues within the company and our supply chain, realizing their increasing importance to corporate management.

In order to further deepen our understandings of human rights issues relevant to TDK, since FY 2014, we have been participating in the Nippon CSR Consortium's Stakeholder Engagement Program*, organized by the Caux Round Table Japan, and holding repeated discussions with other companies, NGOs and NPOs, academics, and experts.

Furthermore, we have also been working on prioritization of human rights issues to be addressed in our value chain, by mapping existing initiatives based on "human rights issues considered important in the manufacturing sector" in the "Human rights Issues by Sector" drawn up through the process shown as diagram below.

* For details about the Stakeholder Engagement Program and sustainable navigation steps, please see the Caux Round Table Japan website: http://www.crt-japan.jp/EN/files/Holistic_Approach/framework.html

Full Process (Sustainable Navigation) toward the Identification of Human Rights Issues, Countermeasures and the State of TDK's Activities



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Dialogue with Experts

On March 4, 2014, TDK held a dialogue with Mr. Makoto Teranaka and Mr. Hiroshi Ishida, who are members of the Nippon CSR Consortium, to identify human rights issues relevant to TDK.

In the dialogue, Mr. Teranaka and Mr. Ishida gave highly suggestive talks, the former about the importance of addressing human rights issues and the latter about global CSR trend and human rights due diligence. Following the presentation on the TDK's current efforts in these areas, a lively discussion was held to identify relevant issues to TDK, noting the importance of gaining trust and participation in rule-making.

The importance of management's involvement was also emphasized in the discussion. Participants commented that management can clarify the company's policy and standpoint, explain the reasons why the specific issues were chosen, and, by prioritizing issues, make it easier to channel resources. On the other hand, a challenge in balancing



Dialogue participants: Junji Yoneyama (Director, Senior Vice President, General Manager, Administration HQ), Masato Ishikawa (General Manager, Corporate Planning Group), Akihiko Ayabe (Senior Manager, Personnel and Labor Administration Department, Human Resources Group, Administration HQ), Ikuo Fukuchi (Senior Manager, Legal Department, Legal Group, Administration HQ), Sachiko Nagahara (General Manager, CSR Promotion Office, Administration HQ), Hiroshi Kobayashi (Assistant Manager, CSR Promotion Office, Administration HQ) (titles and positions at time of dialogue).

between TDK's priorities and customers' requirements was also pointed out.

Main Opinions and Proposals from Experts

Makoto Teranaka

Visiting lecturer, Faculty of Contemporary Law, Tokyo Keizai University



The Global Society is now paying large attention to corporates for their responsibilities on businesses including efforts combating against white-collar crimes and corruption. This inevitably requires to strengthen governance within Japanese companies. The CSR nowadays is not only the matter to be carried out by individual units within a company, but a comprehensive strategy to be dealt by the top management.

Human rights issues are expected to be assessed by each company according to a checklist which items are based upon the UN Guiding Principles. The most important aspect of this procedure is, however, not to get the full score, but to ensure that you have a firm and capable governance structure with a full ability for such assessment. It is essential to share the same purpose, that is to protect human rights, and make sure that your company is on the way to make it real with a vision of clear direction yourself. Creating checklists should be regarded as an useful method, but to be sure, it is not the objectives itself.

Hiroshi Ishida

Executive Director, Caux Round Table Japan



The impact that companies exert on society, both positive and negative, is immeasurable. For this very reason, corporate commitment is essential to create a better-society. In this sense, corporate active participation in rule-making process, while jointly working with other companies, is crucial both for society and for companies themselves.

A company could possibly be associated with a number of human rights issues. What is needed is to prioritize the issues and to allocate limited resources effectively. As addressing human rights issues will be an integral part of corporate management, it will be increasingly important for managements to indicate the direction and their decision regarding which issues to be dealt with, to what extent, and in what way.

After Dialogue

Junji Yoneyama

Director, Senior Vice President, General Manager, Administration HQ



Ever since its founding, TDK has supplied value to society by putting its corporate motto into practice. Business and human rights are closely related, and we are proud to have firmly addressed this issue. As a result of the rapid globalization of business, though, it has become apparent that Japanese values sometimes no longer hold water.

In today's dialogue, we heard some valuable opinions, such as the importance of understanding, prioritizing, and tackling CSR in accordance with business strategy, the importance of understanding goals in tackling human rights issues and selecting the right means to achieve those goals, and the importance of management's awareness. TDK sincerely accepts these opinions and will closely examine them in order to continue its mission of contributing to culture and industry through creativity.

Endorsement

Statement of Human Rights Due Diligence Status Check

Caux Round Table Japan herewith confirms that TDK Corporation has understood a holistic approach shown as the framework of Sustainable Navigation, and undertook the following activities. TDK Corporation participated in a series of Human Rights Due Diligence Workshops at the Nippon CSR Consortium. During the workshops, TDK Corporation contributed to identifying human rights issues related to the value chain of the manufacturing sector, while sharing expertise with other members from different companies, NGOs and experts (Steps A and B). In addition, at the individual company level, TDK Corporation has mapped existing CSR activities, and had a dialogue with experts (Steps F and G). I look forward to seeing how TDK Corporation will determine policy and put this into concrete actions (Steps H and I).

Hiroshi Ishida

Executive Director, Caux Round Table Japan



TDK Group's CSR

Through practice of the corporate motto of “Contribute to culture and industry through creativity,” the TDK Group aims to realize a sustainable society and company. Furthermore, in consideration of the degree of impact on and importance to society and TDK, we have selected four material activity areas from the perspective of CSR in which we are implementing the plan-do-check-act (PDCA) cycle. The following is a report of fiscal 2014 achievements and fiscal 2015 plans in these four areas.

TDK Group's CSR

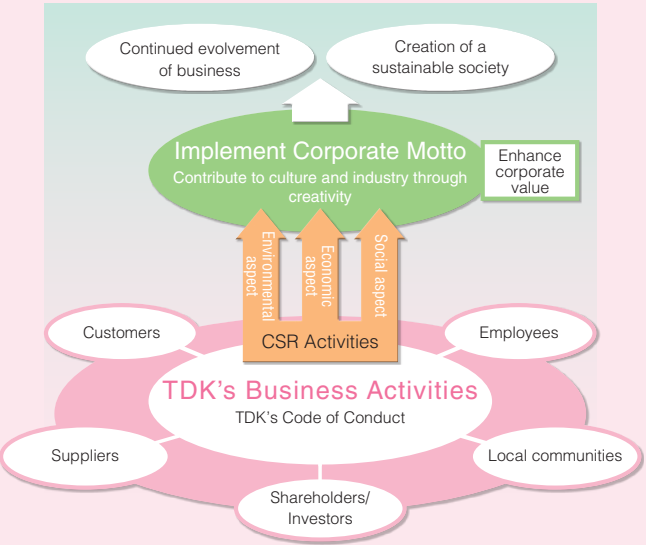
The TDK Group's approach to CSR is based on the practice of the TDK corporate motto and the thorough implementation of corporate ethics. Recognizing that TDK is a social entity supported by stakeholders, such as customers, suppliers, employees, shareholders, investors, and local communities, while maintaining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

In response to the revision and issue of version 4 of the Global Reporting Initiative's Sustainability Reporting Guidelines, we made the following responses in fiscal 2014:

- Analysis of the present level of information disclosure
- Participation in the GRI G4 Certified Training Course
- Arrangement of information sources by stakeholder toward identification of material aspects

From now on also, TDK will pursue the forms of CSR and information disclosure demanded by 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/



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 engages in unison in a wide range of CSR themes through coordination among the CSR Promotion Office and other departments in the headquarters, business groups, and TDK sites around the world.

Business Ethics & CSR Committee

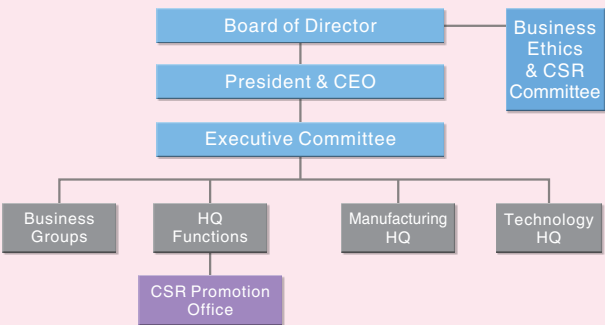
The Business Ethics & CSR Committee reports directly to the Board of Directors and comprises the general manager of the Administration HQ, function managers from the Corporate Planning Group, Corporate Communications Group, Human Resources Group, General Affairs Group, Legal Group, CSR Promotion Office, Finance and Accounting Department, and Management Review and Support Department, and the chief compliance officer (CCO) of TDK-EPC. The mission of the committee is to identify and solve any

issues related to the TDK Code of Conduct involving employees of TDK Group companies around the world.

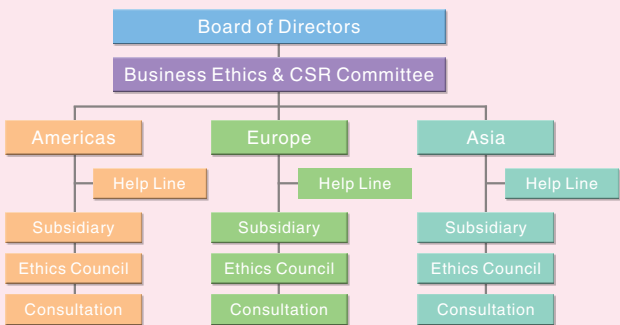
CSR Promotion Office

The CSR Promotion Office has in-depth knowledge of social issues and requirements and promotes CSR activities in a professional manner. The office 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 degree of contribution to society. Working closely with other departments in the company, it formulates policies and implements responsive actions. The CSR Promotion Office also promotes the spread of CSR awareness in TDK and organizes training programs.

| Organization



| CSR Promotion Structure



State of Progress in Important Activity Areas from a CSR Perspective

Item		FY 2014 Action Plan	FY 2014 Results	FY 2015 Action Plan
1	Contribution to the world by technology	Contribute to resolving social problems through business activities	<ul style="list-style-type: none">• Continue to promote the development of products which contribute toward solving problems in the Mid Term Plan, with special-emphasis on "Next-generation Information and Communications" and "Energy-related"	<ul style="list-style-type: none">• Continued development of rare-earth-free magnets; developed lead-free piezoelectric material; continued development of wireless power transfer, etc.
2	Development of human resources	<ul style="list-style-type: none">Innovative craftsmanship trainingDevelopment of global human resourcesCSR awareness within the company	<ul style="list-style-type: none">• Continue the TDK Monozukuri Tradition Seminars• Conduct the seminars at overseas sites according to team composition• Continue cross-cultural communication training and IMD seminars• Continue to bolster the overseas trainee program• Continue to implement e-learning (Japan, China), and expand the overseas implementation areas (increased the number of sites in China, and extended to Europe and the Americas.)• Continue to broaden coverage of the stratified group training• Promote CSR awareness during IMD training	<ul style="list-style-type: none">• Implemented TDK Monozukuri Tradition Seminar (9 participants)• Launched the Global HR Department in September 2013• Continued to implement cross-cultural communication training (59 participants) and IMD seminars (19 participants)• Bolstered overseas trainee program (4 participants)• Continued to implement e-learning and expanded overseas implementation areas (increased number of sites in China and newly extended to ASEAN region, Europe, and the Americas)• Implemented corporate ethics and CSR education in new graduates and assistant manager's training• Implemented CSR awareness raising in IMD seminars
3	Society and environmental considerations in the supply chain	<ul style="list-style-type: none">Promote CSR procurementHandle conflict minerals regulations	<ul style="list-style-type: none">• Periodically revise CSR check sheets for suppliers and continue to provide guidance• Expand supplier CSR audits• Implement CSR training at employment agencies focusing on labor and human rights• Continue gathering information and assessing trends regarding interpretation of SEC's final conflict mineral rules• Continue to provide a proper response for customers and suppliers• Continue to improve the internal company framework	<ul style="list-style-type: none">• Continue to strengthen items in CSR check sheets for suppliers and guidance (93% retrieval rate)• Implemented supplier CSR audits (27 suppliers)• Implemented CSR surveys at employment agencies focusing on labor and human rights• Gathered information and assessed trends through participation in Responsible Minerals Trade Working Group• In anticipation of an increase in survey requests from customers, began operation in July 2013 of a new organization (2,158 replies)• Implemented explanations of conflict mineral survey to suppliers (implemented in May 2013 and June - July 2013 through sponsorship of JEITA/JAPIA (Japan Auto Parts Industries Association))• Began implementation from June 2013 of surveys using the EICC/GeSI (Global e-Sustainability Initiative) conflict minerals reporting template (100% retrieval rate)• In April 2013 held a briefing session internally
	CSR based customer relations	<ul style="list-style-type: none">• Implement regular TDK CSR "Self Checks" at manufacturing sites and promote management level improvement• Implement self-imposed audits by third party organizations (8 sites in China and other Asian locations)• Respond to CSR survey and auditing requests from customers in a timely manner	<ul style="list-style-type: none">• Implemented regular TDK CSR self-checks at manufacturing sites and promoted management-level improvements centering on labor and human rights• Implemented audits by third-party organizations (of the eight sites, five sites underwent customer audits and the other three sites conducted voluntarily)• Responded to CSR survey and auditing requests from customers in a timely manner	<ul style="list-style-type: none">• Implement regular TDK CSR self-checks at manufacturing sites and promote risk-management-level improvements relating to labor and corporate ethics• Continue to implement third-party audits once every two years (including requests from customers)• Respond to CSR survey and auditing requests from customers in a timely manner
4	Symbiosis with the global environment	Promote environmental activities	<ul style="list-style-type: none">• Promote environment-oriented activities based on the TDK Environmental Action 2020• Continue to work towards achieving carbon neutrality:• Reduce CO₂ emissions (environmental load) from manufacturing operations to no more than 1,090,000 t-CO₂• Increase the reduction of CO₂ emissions through products (environmental contributions): implement TDK calculation standards for environmental contributions, and obtain contribution allocation	<ul style="list-style-type: none">• Promoted environment-oriented activities based on the TDK Environmental Action 2020• Toward achievement of carbon neutrality:• CO₂ emissions in manufacturing operations (environmental load): 1.063 million tons• Offset CO₂ reductions in products (environmental contribution): 886,000 tons; expanded range of products for which environmental contributions can be determined

Contribution to the World by Technology

In what ways and means can TDK create value for society? We feel that the answer to this question lies most precisely in the motto of "Contribution to the world by technology" In this feature, we introduce the zeal of the top manager of our Technology HQ, along with the determination of engineers working on the frontlines of that division, as they mobilize the spirit of craftsmanship and the unique technological prowess of TDK since the company's inception in the quest to emerge as the "World's Most Powerful Technology Development Group."

Striving to Become a Company that Works through "Challenge" and "Revolution" in Technological Development, Constantly Supporting the Social Infrastructure

Kaoru Matsuoka

Senior Vice President,
General Manager, Technology HQ
General Manager,
Advanced Technology Development Center

Kaoru Matsuoka, head of the TDK Technology HQ, reflects back on fiscal 2014 with regard to "Contributing to the World through Technology" — a theme that can be said to be tantamount to the core business of TDK as a corporate entity — while also sharing his passionate view of what lies ahead.

Contributing to Society with Materials Technology — Looking Back on FY 2014

TDK is a company that has achieved steady growth over the years on the strength of ferrite, the material that provided the impetus for the company's foundation, and other materials technology. This was motivated by the desire to contribute to society through the development of materials that had yet to exist in the world. There has been no change in that passion over the years since, right up to the present day. In that sense, 2013 was a year of major progress for the TDK family.

First, in magnetic materials, we are mobilizing the development of new materials and process technologies to carry on the development of magnets that do not use rare earth metals, and remain determined to realize the stable supply and low pricing of such products.

In the piezoelectric field as well, we succeeded in the development of piezoelectric materials that do not contain lead — a metal exerting adverse impact on the human body and the environment. Looking ahead, we are determined to excel as the leader in the move to expand this lead-free movement throughout the industry as a whole.

In "wireless power transfer," an area currently in the spotlight as a new technology, we are pushing on with R&D aimed at making key contributions through the development and manufacture of ferrite, coils and other products. We fully recognize such

wireless power transfer, which also inspires high expectations for application in electric vehicles, power supplies to railways and other areas, as an important technology for supporting the ever-evolving social infrastructure.

In this way, it is our mission to create from scratch breakthroughs that are viewed as necessary by the world in which we live. To put that conviction into action, we will continue to rise to each "challenge" and bring about "revolution" in the arena of technological development from here on as well.

Applying the Corporate Motto to All Benchmarks

Human resource development is the core of the company. In our view, however, it is not just high technological skills that are vital, with the goal being to cultivate personnel capable of profoundly grasping and implementing the TDK mindset.

It is difficult to specifically train employees to be contributing human resources, with capable personnel prone to naturally mature and blossom on the job. For companies, it is critical to "create environments in which people can develop." During fiscal 2014, we prepared a human resource database that renders it possible to grasp our technical employees' careers at a glance, while we also bolstered our job rotation scheme to empower employees to vigorously experience other fields from early on in their

careers. It is our firm conviction that rotating our personnel around and adopting a thorough approach to putting the right people in the right posts will support the realization of diversity in the true sense of the word.

Last year, we announced the goal of making TDK the "World's Most Powerful Technology Development Group." To realize that aim, we believe that the most important requirements are for each and every employee to clearly envision the presence of our customers as the "end recipients" of their own work; together with progress in further expanding the ranks of so-called "self-directed personnel" capable of uncovering themes on their own and taking action with full independence. Regarding engineers, for whom the greatest joy lies in creating breakthroughs that have not existed in the world before, I am confident that this is truly the right and proper stance.

I want our employees to muster the courage never to give up, even if they encounter failures along the way, and rise to the challenges of reaching their own special aspirations. At such times, the benchmarks for all of our judgments should be the TDK corporate motto of "Contribute to Culture and Industry through Creativity," in tandem with our corporate principles of "Vision, Courage and Trust." As a member of the TDK management team, I am determined to do everything in my power to achieve wider and deeper acceptance of and compliance with this stance.



The Desire to Contribute in Numerous Fields, while Remaining Closely Grounded in the Essentials of Technology

I am engaged in both coordinating and promoting the development themes for next-generation battery materials being advanced at TDK business bases in Japan and overseas. The main thrust of this work consists of confirming the state of progress being made on each separate theme, moving to engineer collaboration between different themes, getting new themes off the ground, setting goals compatible with business needs and taking other steps. What I strive to achieve as a leader is to convey clear indications of each project's aims and the individual targets along the way. My efforts are channeled into advancing close communications and raising the motivation of each and every member of the team.

Among the materials that we work with, there are various different structural components. When we realized the high goals set for each of those components, with products completed by pooling those components together to reach the final target values, all members of the project team shared in a tremendous sense of accomplishment.

At TDK, we have built up the technology, which could be very well be equated to our own "corporate DNA," of handling ferrite and other types of fine powders. Batteries, which harness the properties of such powders, comprise a field that takes maximum advantage of the in-house technology at TDK.

Going forward, my goal is to remain firmly grounded in the essentials of the technologies developed to date, while devising means of utilizing such know-how in other fields. More specifically, in energy, health care and other sectors, for example. Batteries are also an indispensable element in the technology for smart grids and other domains, and I will be moving to make extensive contributions to the world through the development of highly efficient, low-cost battery materials.



Atsushi Sano

Leader,
Battery Materials Development Team,
Advanced Technology Development Center,
Technology HQ

Steadily Rising to Meet the Challenges of Highly Specialized Themes

I am assigned to development of "angle sensors" — devices used to detect the current position of rotating motors. In automobiles, for example, they are applied in controlling everything from wheels to windshield wipers, to improve driving performance, prevent malfunctions and for other purposes. To cope with the growing enhancement of safety in recent years, meanwhile, there is soaring demand for products built with unprecedented high precision and robustness (the capacity to prevent changes in certain characteristics due to the impact of shifts in the environment or other external factors).

My team is in charge of IC development aimed at heightening sensor precision and enriching function. One area that proves challenging in this development work relates to the demands for robustness capable of ensuring accuracy on various different fronts, even under fierce environments of temperature and electromagnetic waves, all the way through to breakdowns. With TDK able to address these areas on a fully integrated basis, from the sensor design through the IC design, we have high hopes that early problem-solving abilities will provide a key edge.

I was previously stationed in Germany for two years through a technology exchange program. The high level of specialization among the young technicians I met during that time was quite inspiring, while at the same time making me keenly aware of my own weaknesses. While still far short on the experience needed to contribute to the TDK goal of becoming the "World's Most Powerful Technology Development Group," I am determined to rise to the challenge of addressing more highly specialized themes. My aim is to reach beyond myself and bring those around me onboard this push, working together to further hone our skill levels as a tightly knit team.



Keita Miyachi

Engineer,
Mechanism Development Team,
Advanced Technology Development Center,
Technology HQ

The Challenge of Developing Materials that the World has Never Seen Before

I am involved in the work of developing materials for magnets that reduce the amounts of rare earth metals — a resource for which supplying nations are limited and fluctuations in price are fierce. I feel a great sense of challenge and reward in this work, because succeeding will make it possible to supply magnets at stable prices, helping to win trust in the eyes of our customers and realizing combinations of materials that no one has ever undertaken before. If we can also define applications on other fronts for the compositional development that we are currently advancing, I believe it will also be possible to contribute to raising the efficiency of overall TDK materials development.

Nearly six years have passed since I joined TDK. It is my sense that all of my experiences to date, including both the successes and the failures, have combined to help create who I am today. It is my conviction that remaining diligent in everything you do will provide benefits in the end, encouraging me never to cut corners in any work and do every task to the very best of my ability.

Working for a manufacturer also generates the motivation of contributing to the release on the marketplace of products that I have personally helped to develop. With the job rotation system, there are also opportunities to experience working not only in the development field but manufacturing as well, which is certainly a welcome touch. In addition to that, in order to manifest our strengths as the "World's Most Powerful Technology Development Group," it would also be wonderful to have training opportunities to cultivate "human ties" through interaction with other employees that I do not normally come into contact with.



Tomoko Kitamura

Researcher,
Magnetic Materials Development Team,
Advanced Technology Development Center,
Technology HQ

2

Development of Human Resources

In order to realize TDK's corporate motto of "Contribute to culture and industry through creativity," ideally every individual member of the organization should engage in work autonomously. The following is an introduction to the human resource development conducted by the TDK Group as a whole.

Summary of Efforts in FY 2014

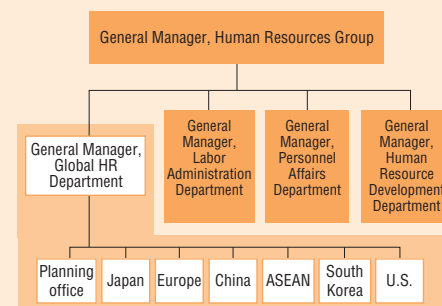
In fiscal 2014, TDK promoted human resource development, which is an important activity from the CSR perspective, in accordance with the priority themes of "Develop human resources to promote manufacturing reform," "Develop global human resources," and "Promote in-house awareness of CSR." Regarding "promotion of diversity," which has been advocated as a theme so far, TDK first of all has been giving priority to the urgent issue

of "cultivating global human resources." TDK has been promoting the three above-mentioned themes with the aim of cultivating autonomous employees who are capable of thinking things out for themselves, courageously facing challenges, tenaciously responding to changes in an optimum manner, and seeing things through to the finish.

Topic

1

Organization of the Global HR Department



Voice Role of the Global HR Department

Over the years our customers have expanded across the globe, requiring us to serve them better from a global point of view. The Global HR Department will be active in promoting personnel exchange across national borders as we aim to establish a unified global human resource development and training policy. We plan to provide training that comprises not only language skills and functional knowledge but also managerial skills for laying the foundation for strong future leaders.

Our primary goal is to create an environment that brings out the strengths of every employee and provides training to take their skills to a higher level. Recognizing that human resources are a company's most valuable asset, I believe that making outstanding products and technologies will depend heavily on this environment building. Our department can further magnetize the "One TDK" spirit and help to make TDK a truly attractive global enterprise that will allow us to cultivate and draw upon a wealth of talent.

Andreas Keller

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



Topic

2

TDK Monozukuri Tradition Seminars

TDK has been holding TDK Monozukuri Tradition Seminars, a training program for next-generation management personnel and plant managers, since 2010. This training cultivates manufacturing leaders capable of seeing the whole monozukuri (manufacturing craftsmanship) process and thinking in terms of total optimization. The aim of the program is to pass TDK's spirit of monozukuri on to the next generation, and the basic principle is the spirit of "self-training and self-development," which encourages participants to think, practice, and study by themselves.

The centerpiece of the seminars consists of monozukuri lectures by veteran employees, who convey the spirit and origins of monozukuri through their own abundant experiences. In addition, participants visit plants for training, take part in small group discussions, engage in Zen meditation to deepen their thinking, and also have opportunities for direct talks with top management.

Another characteristic of the seminars is that leaders in various fields broadly related to monozukuri, such as development, design, sales, quality assurance, and production technology, participate as team units. The aim here is that after the training has finished, all sectors will cooperate to improve the monozukuri process as a whole.

So far an aggregate total of 90 employees have participated in the seminars, including a lot of employees from overseas sites in China and the ASEAN region. Amid the expansion of business globally, TDK will inherit and evolve the spirit of monozukuri, which is our starting point. TDK Monozukuri Tradition Seminars are a manifestation of this profound wish.



Shop-floor practice



The final seminar class, attended by the president, features reports.

Voice Participation in TDK Monozukuri Tradition Seminar

I think the foundation of the spirit of monozukuri, which is what the TDK corporate motto is all about, is to foresee market needs based on material technology and develop and supply the best products for customers. Moreover, TDK's starting point is the "shop-floor approach," which means that not only manufacturing but also not directly involved divisions, engineering, development, and sales, are always cooperating with one another.

In the TDK Monozukuri Tradition Seminar program, I visited four domestic sites and one overseas site together with the other trainees to inspect the production process and plant management there. I had visited some of the sites before, but still, through the discussions among trainees and other activities, things that I had not noticed before now became apparent. If we can share know-how in common areas, such as production

methods and element technology, we can expect great improvements in the TDK Group as a whole. I realized how important it is to enforce thorough manualization and build a system so that workers can explain goals, procedures, and workmanship.

Making use of my experience in the seminar, at TDK Xiamen, where I am now working, I am planning to launch a kind of Xiamen version of the TDK Monozukuri Tradition Seminar, in which selected persons from seven manufacturing sections and indirect sections in four business groups will gather, go round all the processes together, and formulate reform proposals. Amid the current globalization of business, I think it is extremely important to convey TDK's spirit of monozukuri to local managerial-level staff through such efforts. I believe that this will lead to the solution of customers' problems and in turn society's problems as well.

Tamotsu Aiba

Chairman,
TDK Xiamen Co., Ltd.



IMD Seminars Aimed at Fostering Leaders from Around the World

The series of IMD Seminars was inaugurated in 1997. It is aimed at managerial candidates at overseas affiliates of the TDK Group, with the intention of putting human resources on a truly global footing and strengthening solidarity in the Group across national borders. Each seminar lasts for about a week, with all participants lodging together at the venue. The seminar program comprises lectures and workshops to foster a deeper understanding of corporate ethics, widen the horizons of participants, and enhance their awareness of management viewpoints. The creation of a global human network is another objective. Former participants of the program have gone on to become presidents of overseas affiliates, demonstrating its importance for human resources development in the TDK Group.

IMD Seminar: International Management Development Seminar



Somruedee Promtep

Department Manager,
Quality Assurance Dept.,
TDK (Thailand) Co., Ltd.



Voice From an IMD Seminar Participant

I am in my 17th year with the company, and am working as the manager of the quality assurance team in the manufacturing division.

Hearing the background story related to the founding of TDK is one of the things that impressed me most at the IMD Seminar. The realization that contributing to society through one's work has been the defining philosophy of the company since its very beginning made me feel inspired and motivated. After my return, I immediately told my team members about it, wishing to convey

the same DNA also to our group.

The fact that I was able to meet TDK members from various countries around the world and exchange opinions with them also was a great benefit, as was the opportunity to learn in depth about topics such as how to become a good leader and how to effectively communicate with the people around you. I realized that I still have a long way to go, but I want to apply what I learned to my future work as well as my daily life.

Face-to-Face Talks between the President and Young Employees

From June to July 2013 face-to-face talks between President Takehiro Kamigama and young employees took place at six sites in Japan. The discussions were planned with the aim of actively incorporating the frank opinions and suggestions of young employees in management. First of all group discussions were held at sites in Japan, and on the basis of the contents of these discussions, six sites were chosen as venues for face-to-face talks. President Kamigama visited these sites and engaged in talks for more than two hours each with both group and individual participants. The discussions covered a range of topics, including the present state of TDK, the problems it faces, and its future image.

Voice Participation in Face-to-Face Talks

Through the discussions with President Kamigama, I realized that my own work horizons are very narrow. Rather than just adhering to a certain theme, I strongly felt the need to look at products as a whole and the market as a whole in development.

Another thing I learned was that the president has the same feelings as us concerning various issues and future goals. When an organization gets bigger, it tends to become more difficult for the opinions of ordinary

employees to reach the top, so such opportunities are very valuable. I think that deepening communication like this in the division and between divisions will lead to the creation of greater value.

Personally, I was very impressed by the president's encouragement for us to make mistakes while we are still young. As an engineer, I want to challenge many things and learn from mistakes rather than being afraid of making them.

Yuya Ishima

Assistant Manager,
Multilayer Components
Business Unit,
Magnetics Business
Group,
TDK-EPC
Corporation



CASE

3

Society and Environmental Considerations in the Supply Chain

As a midstream company, TDK promotes social and environmental considerations in both the upstream and downstream supply chain. Activities were steadily developed in fiscal 2014 as well.

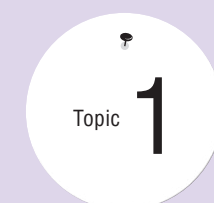
Summary of Efforts in FY 2014

Regarding CSR response to customers, TDK has been implementing CSR self-checks at the main production sites of the TDK Group every year since 2009. In addition, TDK responds to CSR audit requests from customers, which have been increasing in recent years, and conducts voluntary internal CSR audits. In response to any issues detected, TDK develops risk assessment tools and takes other measures as necessary.

In the promotion of CSR procurement, TDK uses the existing Supplier Partnership System and requests business partners to answer CSR check sheets in order to understand the situation. To

further improve activities, TDK has revised the CSR check sheets and conducted CSR audits at main suppliers.

Regarding its response to conflict minerals, TDK has formulated a conflict mineral policy, publicized it both inside and outside the company, and reviewed its survey and reply setup. Recognizing that the cooperation of industrial circles is essential to solve this problem, TDK also participates in Responsible Minerals Trade Working Group as a managing company.



Implementation of Supplier CSR Audits

At TDK Xiamen we implement CSR audits at supplier companies in response to requests from customers. First of all, we select the suppliers to be audited in consideration of such factors as their importance and our degree of dependence on them in product delivery to customers. After receiving guidance from the TDK head office on such things as audit procedures, we started audits in July 2013. By March 2014, we had conducted audits at 16 companies.

As a result of the audits, I feel that awareness of the meaning and necessity of CSR has deepened at suppliers. At the same time, though, regarding several of the problems pointed out in the audits, it is difficult for suppliers themselves to make improvements. For example, they have commented that, "If we improve the working environment for employees, it will be difficult for us to meet delivery dates," and, "If costs increased, we would have to reflect them in prices." The clarification of TDK's response to these conditions will be an issue from now on.

Making use of this experience and the knowledge I have gained in the CSR internal auditor training, I want to improve the quality of auditing in the future and contribute toward raising the CSR level in suppliers, including entrenchment of the PDCA cycle.



Meijuan Li

Section Manager,
Procurement Department,
Corporate Planning HQ,
TDK Xiamen Co., Ltd.



Implementation of Conflict Minerals Supplier Surveys

In order to conduct procurement in line with TDK's policy on conflict minerals, we select the purchased products to be surveyed, request suppliers to cooperate in the implementation of surveys and replies so as to identify refineries handling the minerals concerned, and register the results in TDK's own database. Since many suppliers have almost no understanding of the problem of conflict minerals, the first challenge is to make them aware of the issue and understand the importance of the survey. Sometimes we make specific suggestions regarding survey methods and the like, thereby endeavoring to enhance the survey recovery ratio.

The reality, however, is that even if a purchased product contains materials that might be a source of funding for armed forces, we have not reached the stage of being able to give clear instructions regarding specific action. Eventually, I think a clause stipulating that "No materials funding armed forces are used" should be included as a condition for selection when concluding a new purchase agreement.

My involvement in these surveys has been a good opportunity for me to think deeply about what kind of people my work impacts and in what ways. In the future, I want not only to aim to achieve goals but also to be constantly aware of the people who exist beyond them.



Chikako Abe

Environment & Quality Section,
Procurement Management
Department,
Procurement & Logistics Group,
Manufacturing HQ,
TDK Corporation

4

Symbiosis with the Global Environment

In order to promote environmental activities, TDK has formulated the TDK Environmental Charter as the environmental policy of the TDK Group as a whole and aims to contribute to sustainable development.

In accordance with the TDK Environmental Action 2020 initiative, announced in fiscal 2012, TDK is conducting activities toward the goal of becoming the first company in the electronic components industry to achieve carbon neutrality.

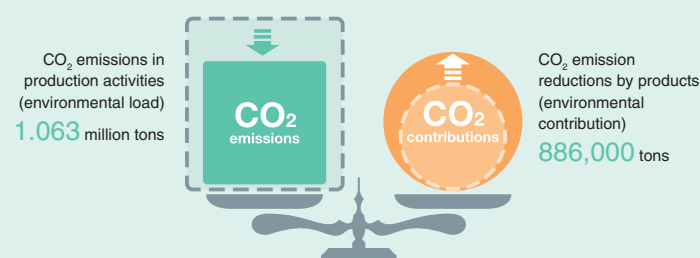
Summary of Efforts in FY 2014

Regarding the reduction of CO₂ emissions in production activities (environmental load), TDK placed priority on strengthening energy-saving measures in China, which accounts for about 50% of TDK's CO₂ emissions, as well as establishing a setup to promote independent activities and coordinating energy-saving activities with the cost-reduction efforts of business sites in China. As a result, the TDK Group's emissions in fiscal 2014 amounted to 1.063 million tons, which was greater than the target of 1.09 million tons.

Regarding the expansion of CO₂ emission reductions by products (environmental contribution), as a result of expanding the calculable scope of offset environmental contributions by product group and field, emissions in fiscal 2014 amounted to 886,000 tons.

TDK's Goal of Achieving Carbon Neutrality

CO₂ emissions in production activities (environmental load)
- CO₂ emission reductions by products (environmental contribution) ≤ zero



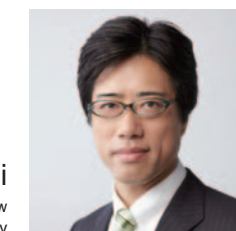
Third-Party Opinion

All around us today, human rights and environmental issues relevant to the supply chain have emerged as a strong area of interest not only for NGOs, but for regulatory authorities as well. For companies, meanwhile, these challenges represent the most difficult area to address among the many CSR themes demanding our attention. This year's TDK CSR Report tackles the subject of supply chain CSR head on, providing a special feature of truly thoughtful content. I give the highest marks to the article's attempt to shed light on the efforts being mounted behind the scenes to effectively cope with this tough demand. The message that multifaceted endeavors are critical for contemporary corporate management in the relations with society was conveyed to readers in easily graspable terms. I found particularly stimulating the details of the internal CSR auditor training, as well as initiatives aimed at maintaining and strengthening response capacity by autonomously seeking out internal audits by third-party organizations when CSR audits are not conducted by customers. In my view, both these areas closely reflect the commitment pledged by TDK President Takehiro Kamigama: "Strive to incorporate CSR thinking throughout the entire supply chain." I also find highly constructive the clear mention of specific proposals, rooted in the experience of dealing with such issues at TDK itself, for deploying a system in support of industry-wide sharing of audits and other key information. I very much look forward to continued strong leadership by TDK in spearheading the formulation of this type of new rule system.

Next, I wish to touch upon the launch of the Global HR Department. For companies, and especially those actively engaged in global business development, furnishing both fair evaluations and equal opportunities for growth, regardless of nationality, employment systems or other parameters is one key pillar of social responsibility. The start of the Global HR Department is a vital first step in that direction.

Another area deserving mention concerns generating social value through TDK technology. For TDK, one of its key strengths lies in the capacity to "Create what society demands from scratch," and, "Supply unique products available at no other company." Stated within the TDK Code of Conduct is the goal: "Resolution of social issues." President Kamigama also goes on record with his resolve to contribute to working out solutions to future-oriented social issues. The act of supplying the world with totally new technology and products will pave the way to lasting solutions for social challenges. This is because social issues act as beacons of the emerging direction for development of new technologies and products. The key for TDK in generating value over the long term is the ability to strike a working balance between the resolution of social issues and earning stellar evaluations on the marketplace. From that perspective, the successful visualization of the environmental contributions made by transformers is an achievement that should never be underrated. In my view, efforts to resolve social issues must always be accompanied by equal attempts to translate those solutions into concrete market value.

Finally, I want to briefly state my expectations for the future. Regarding initiatives focused on the social responsibilities of the supply chain, I support disclosure of objective data, pertaining to audit results and other areas, to the greatest extent possible. For the global human resources system, I heartily encourage the issuing of regular reports on the progress made in promoting operation in that format from here on. Finally, I believe that global business management is defined by the enduring mission of grasping and absorbing the values of different peoples and societies, in a perpetual push to create commensurate global values for companies themselves. Taking this to heart, I am confident that TDK's CSR is set to emerge as the cornerstone of this precious challenge.



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

Topic

1

Energy-Saving Activities Achieve Substantial Reduction of CO₂ Emissions at TDK Xiamen

In China the 12th Five-Year Plan, which started in 2011, sets specific energy-saving goals for local governments and companies. TDK Xiamen has been conducting various energy-saving activities in response to its assigned target of reducing energy consumption by 1,750 tons a year (standard coal equivalent).

Specifically, TDK Xiamen has taken such measures as the replacement of superannuated incidental equipment, the installation of motor inverters, and the use of residual heat retrieved from compressors. As a result, we realized a reduction in energy consumption of 2,000 tons a year (standard coal equivalent) in 2013, which was far higher than both the target set by the Chinese government and the goal for CO₂ reductions requested of manufacturing sites by the TDK Group. We have also received subsidies from the Chinese government for the replacement of fuel boilers and a project to improve turbo refrigerators.

We aim to achieve even more results from now on by sharing and utilizing best practices at other sites and make efforts to publicize them so as to further raise the motivation of employees.

Linhai Shen (left)

Assistant Manager,
Engineering Department

Yingzhong Zhao
(right)

Senior Engineer,
Engineering Department,
TDK Xiamen Co., Ltd.



Topic

2

Visualization of Environmental Contributions Boosts Competitiveness

We have calculated the offset environmental contribution of transformers, which are one of the products handled by our company. In the past also, we received high marks from customers from the perspective of consideration for the environment by utilizing TDK's strength in the development of magnetic materials to supply unique products not available from other companies. But now, thanks to the visualization of offset environmental contributions, we believe it will be possible for us to propose even more competitive products.

Transformers are used in a variety of ways and are essential for daily living. As well as large household appliances like air conditioners, refrigerators, and washing machines, they can be found in audiovisual equipment like televisions and recorders. Precisely for this reason, although the contribution of individual products might be tiny, together they have an enormous impact on the environment. It is extremely important, therefore, to be aware of their contribution to the environment at the design stage.

As well as the innate characteristics of TDK's transformers in terms of materials, manufacturing, and design, from now on, in addition to waste-free design and easy-to-make design, we will seek to realize environment-considerate design.

Tomohiro Furuichi
(left)

Katsuhiko Ishigaki
(center)

Masaki Matsushita
(right)

Coil Products Department,
Transformer & Ferrite BU,
Magnetics Business Group,
TDK-EPC Corporation



TDK CSR REPORT 2014

English version