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 “electrification” 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 ferite. 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 magnetics 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.

Number of TDK Group employees: 83,581
Consolidated subsidiaries: 116

In the Americas,
- Number of employees: 3,167
- Consolidated subsidiaries: 17
- Net sales: 82,066 million yen (8.4%)

In Europe,
- Number of employees: 6,658
- Consolidated subsidiaries: 31
- Net sales: 139,716 million yen (14.2%)

In Asia,
- Number of employees: 64,607
- Consolidated subsidiaries: 55
- Net sales: 667,838 million yen (67.9%)

In Japan,
- Number of employees: 9,149
- Consolidated subsidiaries: 13
- Net sales: 94,005 million yen (9.5%)

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)
- Magnetic Application Products: 984,525 million yen (32.7%)
- Passive Components: 471,393 million yen (14.2%)
- Other: 119,447 million yen (3.8%)

As of March 31, 2014
Corporate Philosophy

Contribute to culture and industry through creativity

Corporate Principles

Vision Always take a new step forward with a clear vision. The members of the TDK Group are committed to making even minimal progress for the betterment of society.

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 fairness and service.

Corporate Motto

Top Commitment

Realizing the Spirit of Monozukuri Around the World

Corporate 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 shareholders 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 formats to match the requirements of the respective media.

Period Covered

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

Organizations Covered

TDK Group

* TDK Corporation and 11 consolidated subsidiaries in Japan and overseas.

Third-Party Opinion

* Some information covers activities outside this period.

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 hereby welcome your fine comments and suggestions via the accompanying questionnaires.

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 hereby welcome your fine comments and suggestions via the accompanying questionnaires.

How the TDK Group Makes Value Creation Happen

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

ICT (Information and Communication Technology)

Cloud Computing

Highlight 1

How the TDK Group

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Highlight 1

How the TDK Group
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 environmentally friendly cars such as hybrid electric vehicles (HEV) and electric vehicles (EV) as well as for electric vehicles currently under development.

Growthsmith 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.

Industrial Equipment & Energy

The range of renewable energy sources, operating worldwide. The lineup of innovative TDK products in this area is instrumental in promoting/creating energy-saving devices such as global warming and the duration of seasons.

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.

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 innovative solutions for various industries, including automotive, consumer electronics, and industrial equipment. In addition, we are also engaged in research and development of new materials and technologies.

Making Value Creation Happen

Sharing the vision of TDK

TDK is committed to creating new values and solutions that help address the world’s most pressing challenges. Our focus is on providing superior, sustainable solutions that can make a positive impact on society.

Advantages of SPOC aluminum electrolytic capacitors

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.

Highlight 1

Sharing TDK’s vision across borders

TDK is a global leader in creating new value through innovation. Our vision is to contribute to a better world by providing superior, sustainable solutions that can make a positive impact on society.

U.S.A.

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

Ever growing U.S. automotive market

The U.S. light vehicle industry made a comeback after the fourth trimester of 2020 and improved in terms of volumes. The final outcome was significantly improved compared to the previous year. TDK’s technology and solutions are being utilized in several areas, including fuel efficiency, electrification, and durability.

Manufacturing that responds to social change

As a member of the global automotive industry, we are committed to providing innovative solutions that help address the world’s most pressing challenges. Our focus is on providing superior, sustainable solutions that can make a positive impact on society.

Value that TDK provides

Our technologies play a crucial role in supporting the automotive industry, particularly in the areas of fuel efficiency, electrification, and durability. By working closely with our customers, we are able to provide innovative solutions that meet their evolving needs.

SOS of the renewable energy market

In the renewable energy market, we are committed to providing high-quality and sustainable products. Our focus is on developing innovative solutions that can help address the world’s most pressing challenges.

Coordinating with customer requests

We are always looking for ways to improve our products and services to better meet the needs of our customers. We are committed to providing solutions that can help address the world’s most pressing challenges.

U.S.A.

A global perspective: In the U.S. Automotive Market

In the U.S. automotive market, TDK is committed to providing innovative solutions that help address the world’s most pressing challenges. Our focus is on providing superior, sustainable solutions that can make a positive impact on society.

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U.S.A.
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.

1990 – Child labor in the apparel industry, etc., spotlight human rights problems at contract manufacturers
1993 Starts consolidated control of chemical substances
1995 Starts implementation of ISO 14001
1996 Issue of ISO 14001
1999 Issue of OHSAS 18001
2000 Launch of the United Nations Global Compact
2006 Regulation on the use of designated hazardous substances by enforcement of the Restriction of Hazardous Substances (RoHS) directive
2007 Obligation to register chemical substances in the European Union (EU) by issue of the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation

Responsibility in the Supply Chain

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
- Responses to the solution of human rights problems, such as working hours

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.

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.

2012 Establishes the Responsible Minerals Trade Working Group by JETIA
2013 Issue of version 4 of the GRI guidelines
Announcement of International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)
Announcement of Building the Post-2015 Business Engagement Architecture by the UN Global Compact

As an aspect of supply chain management (SCM), interest grows in human rights problems in global corporations.

2004 Establishment of the Electric Industry Code of Conduct (EICC)
2006 ISO resolution on the standardization of social responsibility
2010 Obligation to disclose information on use of conflict minerals through the enactment of the U.S. Financial Regulatory Reform Act (Dodd-Frank Act)

2004 Completes response to RoHS directive for all general-purpose electronic components
2005 Establishes the CSR Task Force
2007 Participates in Japan Article Management Promotion (JAMP) consortium as a promoter
2009 Starts CSR self check based on the EICC and JETIA
2010 Establishes the CSR Promotion Office
2011 Adoption by the United Nations of the Guiding Principles on Business and Human Rights

2007 Obtains ISO 14001 certification by Mikumagawa Plant, first in TDK Group
2009 Acquires OHSAS 18001 certification for the companywide system
2012 Participates in JETIA’s Responsible Minerals Trade Working Group
Revises the TDK Code of Conduct

2000 Start of implementation of ISO 14001
2004 Inaugurates the Product Environment Committee
Establishes the Business Ethics Committee (now the Business Ethics & CSR Committee)
Issues the TDK Code of Conduct
2007 Compilation of the Supply Chain CSR Assessment: Electronic Components by JEITA
2010 Discloses chemical substance information on the “JAMP-SP chemical substances in products information system”

2000 Acquires OHSAS 18001 certification
2004 Completes implementation of OHSMS
2011 Formulates fundamental environmental plan, TDK Environmental Action 2020

2002 Establishes the Business Ethics Committee
2005 Establishes the CSR Promotion Office
2006 Starts implementation of ISO 14001
2008 Compilation of the Supply Chain CSR Assessment: Electronic Components by JEITA
2013 Establishment of the Responsible Minerals Trade Working Group by JETIA
Announcement of International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)
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As an aspect of supply chain management (SCM), interest grows in human rights problems in global corporations.
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.

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 the 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

- Freedom of association
- Child labor and forced labor
- Working hours
- Wages and benefits
- Human rights
- Non-discrimination
- Freedom of association
- Environmental permits and reporting
- Pollution prevention and resource reduction
- Hazardous substances
- Water pollution and solid waste
- Air emissions
- Product content restrictions

### 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 Tsunouka, Sakata, and Iida plants took part in the training in Tsunouka, and 30 people from the Xiamen, Qingdao, Dalian, Suzhou, Sakata, and Iida plants took part in the training in Tsuruoka. Plant managers and other employees from the Tsuruoka, 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 employees about the background to the EICC code and its requirements.

### 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 enrichment 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.
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.

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.

Main Opinions and Proposals from Experts

Makoto Teranaka
Visiting lecturer, Faculty of Contemporary Law, Tokyo Kanto University

The Global Society is now paying large attention to corporations 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 in the way to make it real with a vision of clear direction youself. 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 immesurably. 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 management to indicate the direction and then decision regarding which issues to be dealt with, to what extent, and in what way.

After Dialogue

Juni Yoneyama
Director, Senior VP, 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 of human rights issues related to the value chain of the manufacturing sector, while sharing expertise with other members from different companies, NGOs and experts, is stressed. 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 into concrete actions (Steps H and I).

Endorsement

Statement of Human Rights Due Diligence Status Check

Caux Round Table Japan hereby confirms that TDK Corporation has submitted a holistic approach shown as the framework of Sustainable Navigating, and underlines 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. In addition, at the individual company level, TDK Corporation has mapped existing CSR activities, and had a dialogue with experts (Steps F and G).

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Executive Director, Caux Round Table Japan

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

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

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**TDK Group’s CSR**

The TDK Group’s approach to CSR is based on the principles 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 and also based on 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 as well, TDK will pursue the forms of CSR and information disclosure demanded by society.

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**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 a wide range of CSR issues 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 works in coordination with 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.

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

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2014 Action Plan</th>
<th>FY 2014 Results</th>
<th>FY 2015 Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contribution to realizing social problems through business activities</td>
<td>Continue to promote the development of products which contribute to the resolution of social problems.</td>
<td>Continued to develop and promote various solutions for social issues such as “Nanogeneration Information and Communication business,” and “Group-related”</td>
<td>Continue to promote products that contribute to the resolution of social issues such as “Sustainable Supply Chain” and “Group-related”.</td>
</tr>
<tr>
<td>2. Development of human resources</td>
<td>Continued to grow the TDK Business Activities.</td>
<td>Continued to develop the TDK Business Activities.</td>
<td>Continued to grow the TDK Business Activities.</td>
</tr>
<tr>
<td>3. CSR activities</td>
<td>Promote CSR activities across the company.</td>
<td>Promote CSR activities across the company.</td>
<td>Promote CSR activities across the company.</td>
</tr>
<tr>
<td>4. Environmental activities</td>
<td>Promote environmental activities.</td>
<td>Promote environmental activities.</td>
<td>Promote environmental activities.</td>
</tr>
</tbody>
</table>

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.
Contribution to the World through 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

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

TDK is a company that has achieved steady growth over the years on the strength of ferro- mite materials. The technology 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.

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In the piezoelectric field as well, we succeeded in penetrating the market with the new piezoelectric ceramic materials that do not contain lead — a metal that causes 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 currently in the spotlight as a new technology, through “Challenge” and “Revolution” in technological development.

Applying the Corporate Motto to All Our Activities

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 profusely 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 new 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 “Wisdom, 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 these standards.

Keita Miyachi
Senior Vice President, General Manager, Technology HQ

Technology Development Group.

Atsushi Sano
Lead Projects Manager, Battery Materials Development Team, Advanced Technology Development Center, Technology HQ

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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 supplies are limited and fluctuations in price are fierce. I feel a great sense of challenge and re- warnt in this work, because succeeding will make it possible to supply magnets at stable prices, helping to win trust in the eyes of society and realizing combinations of materials that no one has ever understood before. If we can also define applications on other fronts for the compo- sitional development that are currently advancing, I believe it will 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 cor- ners in any work and do every task to the very best of my ability.

Working for a manufacturer also gener- ates 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 contribute not only in the development field but manufactur- ing as well, which is certainly a wel- come change. I also strongly believe in the idea of maintaining our standards as the “World’s Most Powerful Technology Development Group.” I would also be wonderful to have training opportunities to cultivate “human ties” through interaction with other em- ployees that I do not normally come into contact with.

Tomoko Kitamura
Senior Vice President, General Manager, Materials Development Team, Advanced Technology Development Center, Technology HQ

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, pre- vent 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 un-precedented 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 re- lates to the demands for robustness capable of ensuring accuracy on various different fronts, even under fierce environments of temperature and electromagnetic waves, all the while maintaining uniformity. With TDK, able to address these areas on a fully integ- rated 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 dur- ing that time was very exciting and remains firmly grounded in the essentials of the technologies developed to date, while de- veloping means of interacting with 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. In the future, we will be moving to make extensive contributions to the world through the development of highly efficient, low-cost bat- teries materials.

Keita Miyachi
Senior Vice President, General Manager, Technology HQ

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 ad- vanced at TDK business bases in Japan and overseas. The main thrust of this work con- sists of confirming the state of progress be- ing made on each separate theme, moving to engineer collaboration between different themes, getting new themes off the ground, setting goals and directions for products with un- anticipated 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).

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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,” 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.

Launch of the Global HR Department

TDK launched the Global HR Department in September 2013 to span Japan, Europe, China, the ASEAN countries, South Korea, and the United States. The department’s aim is to optimize the synergy effect in the TDK Group by strengthening global networking in human resource functions and expanding personnel exchange among sites.

At present, specific measures include expansion of the Overseas Trainee Program, which is a program for personnel dispatching and training among sites; the establishment of an infrastructure of common and global educational tools and programs; the improvement of transparency in personnel deployment; and the introduction of a management system that helps to place “the right people in the right positions.”

In the future, the establishment of an environment at the global as well as the domestic level that fully brings out the potential of every employee will be important in order to achieve the sustainable growth of TDK and realize our ranking as the world’s number one electronics components company. The launch of the Global HR Department is a major first step in this direction.

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 languages 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.

Voice

Andreas Keller

General Manager, Global HR Department, TDK Corporation

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 became apparent. If we can share knowledge 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 manufacurization 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.

Voice

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.

### Voice

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

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.

Voice: From an IMD Seminar Participant

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.

### Topic 3

**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

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

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 goes through changes, it becomes 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.

### Case

**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, published it 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.

### Topic 1

**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 enforcement of the ROCCA cycle.

### Topic 2

**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 cooperators in the implementation of surveys and reply surveys so as to identify refiners 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.

### Voice

**Chikako Abe**
Environment & Quality Section, Procurement Management, Procurement & Logistics Group, Manufacturing HQ, TDK Corporation

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Symbiosis with the Global Environment

In order to promote environmental activities, TDK has formulated the TDK Environmental Charter as the company’s 12th Year Plan, which started in 2011, sets specific energy-saving goals for local governments and companies. TDK’s China has been conducting various energy-saving activities in response to its assigned target of reducing energy consumption by 1,750 tons annually (standard coal equivalent). Specifically, TDK’s China has taken such measures as the replacement of superannuated incidental equipment, the installation of more efficient motors, and the use of residual heat recovered from compressors. As a result, we realize a reduction in energy consumption of 2,000 tons a year (standard coal equivalent), which is far higher than both the target set by the Chinese government and the goal for CO2 reduction (environmental load) ≤ zero.

In 2012, TDK’s China set the 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.

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TDK’s Goal of Achieving Carbon Neutrality

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

CO2 emissions in production activities (environmental load) 1.063 million tons
CO2 emission reductions by products (environmental contribution) 886,000 tons

Regarding the reduction of CO2 emissions in production activities, TDK’s China has been conducting various energy-saving activities in China, which accounts for about 50% of TDK’s field, emissions in fiscal 2014 amounted to 886,000 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.

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, we collected high marks from customers. 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 small, 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.

Content Review

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. 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 Katsuhiko Kamiyama: “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 new type of 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 Kamiyama 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.

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