

Compliance and Risk Management

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Basic Approach regarding Compliance

Companies must be aware that they have a social presence supported by all of their stakeholders including their customers, suppliers, employees, shareholders, and the local community, comply with social norms in the form of laws and regulations as a good corporate citizen, and be fair and equitable with respect to society. In order to fulfill the Company's social responsibilities, TDK has explicitly inserted these points in its TDK Code of Ethics, and every person who is a member of the TDK Group acts strictly in accordance with the standards of behavior set down in that Code. The Business Ethics and CSR Committee also has worked to thoroughly familiarize everyone with the Corporate Motto and Corporate Principle that together comprise the management philosophy of the TDK Group, along with the Code of Ethics, and strives to spread awareness about putting the Corporate Motto into practice and social responsibility.

Risk Management Efforts

To deal appropriately with possible risks involving its business activities, the TDK Group has established a Risk Management Committee reporting directly to the Executive Committee (the members are corporate officers selected based on company regulations). TDK has also implemented and worked to promote an enterprise risk management (ERM) framework. TDK is working to identify from among the risks that are significant to business operations those that will prevent the achievement of business objectives; to assume its management functions as the risk owner by carrying out company-wide activities that function cross-sectorally to mitigate risks; and also to improve operations companywide through risk management activities.

The Crisis Management Committee plays a central role in carrying out activities in terms of measures taken when an unforeseen situation (crisis) arises. TDK has also established ground rules in companywide regulations, detailed rules, and procedures as well as in the departmental procedures set down for each department with respect to individual risks (risks related to legal affairs, financial affairs, IT, disasters, and environmental matters). The persons responsible for executing business in each domain deal with everyday risks. Additionally, Company Auditors and the Management Review & Support Department—the company's internal auditing division—monitor the implementation of risk countermeasures and provide advice and support to reduce risks. The Company also receives advice as necessary from corporate attorneys regarding possible risks that could face the Group.

New Influenza Countermeasures

TDK began to study new influenza countermeasures from the 2007 fiscal year. During the 2009 fiscal year, TDK formulated its "Provisions for (New) Influenza" dated January 2009 so that employees would have a proper awareness of new influenza and it has worked to familiarize them with correct information and the action plan corresponding to each phase of the World Health Organization's pandemic alert level. Furthermore, based on experiences with the attenuated form of new influenza that broke out during the 2010 fiscal year, TDK has also been engaged in formulating countermeasures to deal not only with highly virulent strains but also with strains of attenuated virulence.

Information Security

In July 2005, TDK set down its information security policy in order to maintain and improve information security. All employees carry out their work based on the six guidelines for action. The activities that specifically are being carried out are listed below. These activities together comprise TDK's information security control system.

- Strengthen control of information received from customers and data on trade secrets
- Information Security Management System (ISMS) certification (obtained December 2005), focused on the functions of TDK's information systems
- Response to the Act on the Protection of Personal Information that went into full force in April 2005

The following activities were undertaken during fiscal 2010 to take into account the many wishes expressed by our customers to strengthen information security controls.

- Changed and improved methods for accessing information from outside the company with respect to information devices taken out of company offices
- Re-training in methods for classifying TDK in-house information (e-learning)
- Begin independent internal evaluations (shared evaluation categories) of facility security



e-Learning training sessions are held regularly in order to promote proper awareness of information security among all staff members.