

Opinion from the Third Party

Starting with the year 2011 edition, the TDK Group's CSR report is being presented as a brochure and a web site, with content matched to the respective format. The brochure's theme is "How TDK's technological expertise contributes to society." The report also introduces the profiles and opinions of various people in the workplace. The following third-party observer comments apply to both of the brochure and the web version.

Positive aspects of the CSR Report

The following two highlight reports clearly illustrate the principles of reactive and proactive CSR.

Highlight 1 – TDK's Technological Innovations: Creating Solutions for Global Issues

The stakeholders of a business enterprise have diverse needs and face diverse challenges. For example, consumers want products that provide safety, security, and make their lives more comfortable. Manufacturers have to build products that meet such needs, and they have to look for solutions not only within their own companies but also among their suppliers. TDK responds to the demands of various end product manufacturers, and is applying its advanced expertise in three key technology areas towards solving problems that society is facing. Highlight report 1 clearly illustrates the role played by technological innovation both with regard to society and the core competence areas of TDK. The company's dedication to solid technology was recognized by the Sixth 'Cho' Monodzukuri Innovative Parts and Components Award. I believe that this stance also extends to strategic proactive CSR which TDK implements through its core business operations.

Highlight 2 – New Environmental Vision

As a consequence of the Great East Japan Earthquake, companies need to redouble their efforts in engaging with environmental and energy related problems. Reduction of CO₂ emissions, saving energy, preserving valuable resources will become key responsibilities as industry and society at large move towards a more sustainable pattern. Within this context, the "TDK Environmental Action 2020" platform gives rise to great expectations. In particular, the proclaimed goal of achieving "carbon neutrality," a first in the electronic component industry, represents a combination of reactive CSR, namely the reduction of CO₂ emissions from manufacturing operations, with proactive CSR, namely the contribution to reduced CO₂ emissions through the company's products. President Kamigama of TDK also heads the Electronic Components Board of the Japan Electronics and Information Technology Industries Association (JEITA), which points to the fact that TDK has an important role to play as a trend setter in the industry. In a sign that much is expected of the company also by society, TDK has garnered a top ranking and is the first electronic components manufacturer to receive a special award under the environmental assessment scheme of the Development Bank of Japan (DBJ).

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Suggestions for going forward

I am looking forward to seeing CSR topics being integrated into TDK's annual SR report (Performance + Corporate Governance + CSR Information).

In recent years, a growing tendency originating in Europe is the integration of annual report data and CSR data into a more comprehensive type of report. This is related to various initiatives by entities in the corporate and financial world, such as the disclosure of ESG (Environmental, Social and Governance) information by SRI principals, the United Nations Global Compact, ISO 26000 etc.

The CSR report of TDK for the current year is divided into a brochure and web site, with highlight reports illustrating reactive and proactive CSR activities in response to demands and expectations by society. As mentioned above, since these are also strategic CSR activities implemented through the core business of the company, inclusion of the information in the annual report seems appropriate. On the other hand, disclosure of corporate governance information and ESG information is called for. Because this information is included in the company's annual review and in last year's CSR report, stakeholders may be required to keep track of various information channels.

The CSR Report in the format used until last year was useful as a brochure that provided a comprehensive overview of CSR activities and made it easy to understand what TDK is doing. If the dual approach of CSR report and web site is to be maintained, it is to be hoped that from next year the reports and other features will be systematically organized and issued as a "TDK Annual SR Report," along with ESG oriented performance information, corporate governance information, and CSR highlight articles. I believe this would provide more in-depth information disclosure for the diverse stakeholders and also fulfill accountability obligations.