

Third-Party Opinion

1. Articulating Determination for the Future

The TDK CSR Report continues to steadily evolve and grow each year. This year's report expresses with strong determination the mission of the new president, Shigenao Ishiguro, based on the Vision 2035 announced in 2015. Clearly, this year's report consists of highly motivated contents above and beyond the previous year's version.

2. Materiality Settings

I give high marks to the "materiality settings" for success in raising TDK Group CSR to a new and more systematized stage. In particular, detailed indication of the process for establishment of four different steps, along with mention of benefiting from participation by overseas experts makes this a very convincing approach. The arrangement of each pivotal theme in the value chain provides a bird's-eye view of the overall plan, along with the path to be followed from here on.

3. Deference to Diversity and Cultivation of Global HR

The consistent devotion to respect for people and globalization inherent in TDK corporate management is clearly manifested in each year's report, especially as it pertains to the cultivation of human resources. Within this latest edition, mention of the International Management Development (IMD) training is highly encouraging for underscoring the strong commitment of the participants at that gathering to obtaining solid leadership skills. For some time, I have advocated the view that when treating social responsibilities pertaining to HR in the context of management globalization, the need for fair evaluations rooted in globally integrated assessment standards comprises one of the major issues faced by Japanese companies today. On this front, however, TDK excels as a perennial and recognized pioneer. As such, I hope that the company will not be content to rest on past laurels, and push forward to further tweak and improve its global human resource management system.

4. Initiatives as a Supplier and Buyer

When asked for my third-party opinion on the TDK CSR Report issued in 2014, I opened with the following words: "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." Two years on, nothing has changed. Looking to the future, meanwhile, it is clear that there will be no decline in the importance of these issues, which can be expected to continue to grow. From that standpoint, there are numerous aspects that deserve our attention and praise for indicating the strength of the TDK commitment to the question of human rights. They include the company's prompt and voluntary acceptance of a CSR audit in Malaysia, where forced labor by foreign workers emerged

as a keen social issue. The results of that audit revealed that the setup in response to the requirements of the Electric Industry Code of Conduct (EICC) was inadequate. In addition, I also welcome the company's expansion of CSR audits of its major processing subcontractors, along with ready disclosure of the fact that, as a result of that move, it has chosen to implement strengthened guidance on the handling and management of hazardous substances, as firm evidence of important progress.

5. Formulation of an Environmental Vision for 2035

On the environmental front, TDK has come out with "Environmental Vision 2035"—a newly phrased mission statement in reflection of last year's Paris session of the United Nations Climate Change Conference (COP 21) and other global developments relevant to the environment. With this, the company has effectively gained a compass for what is shaping up as the need for "super-long-term" initiatives in coping with the environmental challenge.

6. Upcoming Themes and Hopes

First, as a truly indispensable step after the setting of "materiality standards," I point to what I see as the need to draft Key Performance Indicators (KPI) and implement the PDCA (plan-do-check-act) cycle as the most critical theme on the immediate horizon. Regarding human rights issues within the supply chain, my advice is to opt for disclosure of more detailed data on the results of major processing subcontractor audits. Conflict minerals, meanwhile, pose an issue characterized by technological limitations for the mounting of independent initiatives. In that sense, I definitely hope to see TDK contribute to the creation of an international framework positioned to improve the level of traceability. On the environmental front, I have stellar expectations for tenacious efforts toward the goal of to reduce the CO₂ emissions intensity throughout life cycle stages by half by 2035.

All in all, I find the contents of this year's CSR Report to be highly substantial and appropriate as the definition of a new push for progress by the 100th anniversary of the inception of TDK to be celebrated in 2035. In that regard, I have high hopes that it will prove possible to confirm that solid and reliable progress was made during the first year of this new environmental vision within the pages of next year's CSR Report.



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