

Third-Party Opinion

Gearing up for Redoubled Progress

TDK made steady progress in promoting its CSR initiatives over the past year. This stance included the issue of an annual report targeting a vast range of stakeholders, edited to be easy to read and understand and address expectations. The report clarifies a number of themes and issues aimed at propelling the Group to even more pronounced progress going forward. Here, I would like to comment on four core issues, as well as make brief mention of compliance.

1. Contribute to the World through Technology

The quest for “*Kotozukuri* through fusion” is a core theme underscored by TDK President Ishiguro. The report clearly conveys the positive social impact of the numerous technologies possessed by TDK, hand in hand with the fusion that they generate. In the midst of the steady surfacing of technical potential throughout society that is certain from here on, endeavors to more precisely communicate the image of the world that TDK seeks to create would provide an even greater support for moving in that direction. Steps to articulate the presence and role of “*Koto* (solutions)” within the dynamics of our society, phrased in even more integrated images, will raise the power of appeals to TDK stakeholders.

2. Develop Human Resources

From the setting of global-scale key performance indicators (KPI), an effort advanced as a major goal in fiscal 2016, the target for the current fiscal year is to deploy a database instilled with an expanded range of tangible facts and conviction. In the setting of global KPI for human resources, the high degree of difficulty proportionally reflects the very importance of such progress. The dilemma involved in achieving the goals in a single fiscal year is understandable. In that sense, this current year’s target of firmly grasping the situation at hand appears appropriate. Having said that, I also believe that more efforts are needed to disclose the status of specific efforts being advanced, to better illustrate the specific difficulties the company seeks to surmount. For development of human resources, stakeholder dialogues have generated significant insights. They deserve high marks for furnishing a birds-eye view of the direction in which TDK is striving to advance. At the same time, disclosure of such progress reports from the systems involved comprises a step best promoted through the setting of KPI. As noted by President Ishiguro, therefore, increased attention should be directed to the vital query of “whether the trust of shareholders will be forthcoming.”

3. Consider the Societal and Environmental Impact of the Supply Chain

TDK initiatives in this field are consistently progressive and worthy of stellar commendation. The setting of global KPI and other targets from the past fiscal year have all been achieved. Likewise impressive has been the strong leadership displayed in formulation of a solid TDK Group Policy on Human Rights and revision of the Conflict Minerals Data Exchange Standard.

From the perspective of disclosure, however, certain issues remain. While partial mention is made of the number of companies to which supplier improvement guidance has been issued as CSR procurement KPI, the report provides no data on the overall ratio of its CSR-compliant suppliers. Consequently, it is difficult to assess the contents of such progress from the outside. There is a critical need to continue to move forward with KPI and human rights policies under the constant scrutiny of society, effectively raising their quality and impact. From that perspective as well, I look forward to such disclosure in the report for next fiscal year. This is even more vital considering the high caliber of TDK efforts in the supply chain, initiatives that serve as excellent models for so many companies to follow.

4. Develop and Prosper in Harmony with the Global Environment

TDK efforts on the environmental front have been outstanding—notably, achievement of the Group’s carbon neutral target ahead of schedule. I harbor high hopes for the commitment by President Ishiguro to increased introduction of ICT into the manufacturing process, as well as the Akita Future Project—a worksite-generated environment countermeasure as an embodiment of that commitment. A core theme in this area is moving to reduce the environmental load throughout life cycle stages.

The targets at the current time are positioned as extensions of the carbon neutral vision. From here on, I look forward to deployment of foundations for activities beyond the scope covered to date, with setting of goals capable of strategically incorporating lifecycle perspectives as well.

5. Compliance

TDK deserves praise for reporting on its cooperation with an on-site investigation by authorities during the past fiscal year. In efforts to bolster corporate compliance systems, the combination of high transparency and after-the-fact responses to problems, comprises a critical key to progress.

On this occasion, it has been my pleasure to comment on the five preceding categories. I award the report solid marks for its high overall quality, while also issuing several requests. For TDK, I would be honored if those suggestions play a role in supporting moves toward redoubled progress throughout the next fiscal year.



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