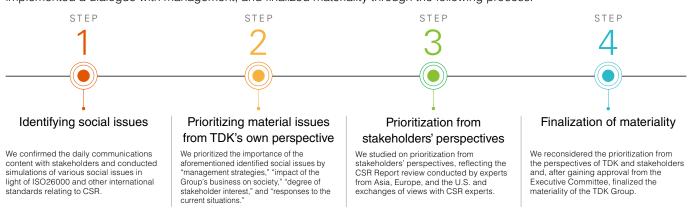# The TDK Group's Materiality

TDK believes it is important to promote CSR activities that respond to changes in stakeholders and the social and business environment surrounding the Group. From fiscal 2013 TDK has promoted the study of materiality in accordance with the fourth edition of the Global Reporting Initiative guidelines (GRI-G4),[1] and in fiscal 2015, with the approval of management, we finalized our materiality. With regard to the designated important CSR issues of "Contribute to the World through Technology," "Develop Human Resources," "Consider the Societal and Environmental Impact of the Supply Chain," and "Develop and Prosper in Harmony with the Global Environment," we are continuing to promote activities.

[1] The details of the Materiality Finalization Process may be viewed on the following website. http://www.global.tdk.com/corp/en/csr/csr_philosophy/csr02000.htm

The Materiality Finalization Process

GRI-G4 made a revision from requiring comprehensive information disclosure to requiring information disclosure with the focus on materiality. The objective of this revision was to encourage companies to determine their reporting content purposefully by getting management to be more deeply involved in CSR. TDK held discussions with stakeholders outside the company, implemented a dialogue with management, and finalized materiality through the following process.

STEP 1	STEP 2	STEP 3	STEP 4
Identifying social issues	**Prioritizing material issues from TDK's own perspective**	**Prioritization from stakeholders' perspectives**	**Finalization of materiality**
We confirmed the daily communications content with stakeholders and conducted simulations of various social issues in light of ISO26000 and other international standards relating to CSR.	We prioritized the importance of the aforementioned identified social issues by "management strategies," "impact of the Group's business on society," "degree of stakeholder interest," and "responses to the current situations."	We studied on prioritization from stakeholders' perspectives, reflecting the CSR Report review conducted by experts from Asia, Europe, and the U.S. and exchanges of views with CSR experts.	We reconsidered the prioritization from the perspectives of TDK and stakeholders and, after gaining approval from the Executive Committee, finalized the materiality of the TDK Group.

Finalization of the Materiality

The prioritization in Steps 2 and 3 was conducted on the basis of 46 items chosen in consideration of items required by the GRI-G4, and 19 material issues were identified. These issues were further sorted and classified and finally condensed into the following 10 important themes for the promotion of activities from now on. After approval has been received from the Executive Committee, the competent departments in the TDK headquarters are taking the initiative in setting key performance indicators in coordination with TDK Group companies in order to promote related activities.

Important CSR Issues		Important Themes
1	Contribute to the World through Technology	• Addressing social issues by developing new kinds of products the world has not yet seen • Pursue zero-defect product quality
2	Develop Human Resources	• Develop global human resources • Cultivate a corporate culture that respects diversity
3	Consider the Societal and Environmental Impact of the Supply Chain	• Consider the work environment at manufacturing sites • Consider the work environment of suppliers • Response to conflict minerals
4	Develop and Prosper in Harmony with the Global Environment	• Reduce environmental load throughout life cycle stages • Creating a framework for gauging product contributions
	Management	• Ensure corporate governance and compliance

Importance for stakeholders — High

Contribution to regions and communities

Protection of water resources

Business activities in consideration of biodiversity

Supply of product information to consumers

Protection of customer privacy

Importance for the TDK Group — High