

Third-Party Opinion

To start, I would like to highlight two of the statements made by President Shigenao Ishiguro. The first is the aim to connect electronic components to solutions and the other is his vision of a society in which no one is left behind. The former is the core of his management philosophy and latter lays the foundation of TDK's ideals. In other words, the vision of a truly inclusive society directly informs the solutions which TDK is producing. This fiscal year's report foregrounds the connections that TDK has made between the technical strength of its electronic components and the realization of integrated solutions which promote a society with "no one left behind." These connections operate on all levels of the production chain and exemplify TDK's corporate social responsibility. I would like to share my observations on how CSR connects to such a grand aspiration. First, TDK actively looks externally for necessary assets which link technologies to solutions rather than relying solely on in-house expertise. M&A play a critical role in this process, and one which mandates that TDK develops its social awareness. The investment made into these social considerations will equip TDK to rise to any CSR challenges.

Next is the supply chain. As of this year, TDK has effectively embarked upon the Plan-Do-Check-Act (PDCA) cycle of improvement actions. This is a commendable new development. Among the topics reviewed, supply chain management in fiscal year 2017 was unique in that it did not meet the set goals. With any M&A, the acquired company's supply chain becomes part of the supply chain of the purchaser - suddenly expanding the scope and scale of what must be managed. Though the managers responsible for making such acquisitions face numerous challenges, it is critical that all involved prioritize this goal. In this way, each individual will be included in the effort to connect electronics components and solutions.

And then there is the human factor. The key to TDK group's growth rests on shared corporate values and how they are practiced. TDK will need leaders, more than ever before, who can contribute to an environment with shared common values and a commitment to work together toward the realization of those values. For this reason, one of the articles in this year's CSR Report I found particularly engaging concerns the development of the company's workforce. I congratulate the company on its development of 'trusted enablers' (those who are trusted by others and are able to actualize the ideals). These trusted enablers personify the type of people who can transcend national and cultural boundaries to help create an inclusive society with 'no one left behind'.

I was also very interested in the interviews with engineers in the section titled "Contribute to the World through Technology". Each engineer's heightened awareness and passion for their work is palpable, and their desire to generate high-quality solutions unites a truly global engineering team.

Next, I would like to comment on some steps TDK can take to add to this strong momentum. Increasing transparency, by sharing the information that guides decision-making, will support the company's goal of building Social Value. In supply chain matters, though the ratio of current suppliers who meet the CSR criteria is noted, neither prior compliance status of these suppliers nor the standards applied appear. In next year's report, I hope to see these criteria clearly identified. Ideally, the report would specify the areas that did not meet the criteria and resulting actions taken with non-compliant suppliers.

On the environmental front, the application of the life cycle perspective obliges TDK to investigate and report the quantity of CO₂ emissions in each production stage including product use and disposal. Effective methods of reduction are specific to each stage, making this information essential for the formulation and prioritization of countermeasures.

Finally, I believe TDK should foreground the concept of 'no one left behind' in its CSR policy. Management decisions informed by a solid CSR policy link growth with values. As such, TDK stands to benefit by clarifying the inclusive and inter-connected future which it seeks to create; doing so allows discernment of the decisions that facilitate the realization of such a society. By advocating measures the company is taking to move toward an ideal society, TDK's CSR and the company's management will step forward together as one.

Thank you for allowing me to share my opinions with you regarding this year's CSR report. I sincerely believe this year's report does an excellent job illustrating the ways that TDK is contributing to the future of our society - in Japan and throughout the world.



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