

# CSR Report 2016



**Platinum**  
From catalysts to anticancer agents, a promising star with much hidden potential.



**Gold**  
In addition to being used for jewelry, this multitalented element is used for ultrafine wires in mobiles and smartphones, playing a hugely important role when conducting electricity.



**Silver**  
Without silver, photographs would not have been invented. Found all around, including your mirrors.



**Palladium**  
Able to absorb large amounts of hydrogen, so perfect for use with high purity hydrogen generators.



**Rhodium**  
When solidified, cannot be melted by anything. Very hard element used for plating to create hard surfaces.



**Iridium**  
Used for vehicle spark plugs because of excellent hardness and corrosion resistance, and for the crucibles used to manufacture sapphire substrates for LEDs because of high heat resistance.



**Ruthenium**  
Used as an optical catalyst to reduce water to hydrogen. Enables increased storage capacity for hard disks.



**Osmium**  
Useful in biotechnology and forensic sciences.



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The TANAKA Group supports an initiative to preserve forests by promoting the use of domestic timber.



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This report uses a Universal Design (UD) font which is easy to read.



### Corporate Philosophy

#### The TANAKA Group:

A leading company in the field of precious metals,  
With superior creativity and technical excellence,  
We build customer trust through rapid responses that exceed expectations,  
Contribute to the creation of a prosperous society,  
As well as to the future of the planet through sustainable use of precious metals.

### Code of Conduct

#### The Five attributes of TANAKA employees:

TANAKA employees strive to be continuously chosen  
by our customers, yet remain earnest and humble in our efforts,  
and practice the following five principles:

1. Greetings: We cultivate bridges of trust through genuine heartfelt greetings
2. Smile: We smile brightly in a cheerful and open manner
3. Thanks: We express feelings of appreciation and promote humanity
4. Safety: We put safety first and do our best work
5. Challenge: We challenge ourselves with a flexible mindset to realize our dreams

TANAKA

## GOGO Plan 2020

### What Tanaka Kikinzoku Group Wants to Be in 2020

Having inherited the  
**free and vigorous corporate culture,**  
the Tanaka Kikinzoku Group has grown and developed  
to be a **global company** as a result  
of the further promotion of the  
**three key precious metal businesses.**

**Ideal State  
we would like  
to achieve**

Current  
situation

State we need  
to achieve

FY2015

FY2017

FY2020

## Financial Results of the Tanaka Kikinzoku Group

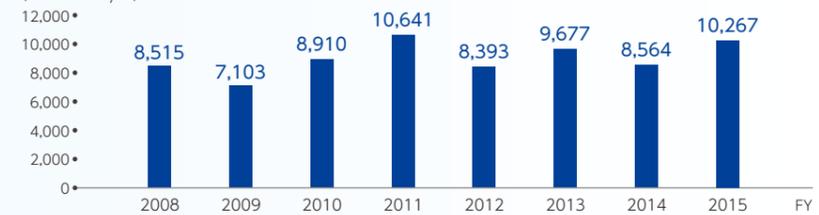
### Financial results overview

	FY2014	FY2015	Year-on-year change
Net sales	856,449	1,026,707	119.9%
Income before income taxes	13,736	8,801	64.1%
Net income	8,989	5,030	56.0%
Total assets	454,541	422,205	92.9%
Capital adequacy ratio	40.7%	43.8%	—

million yen

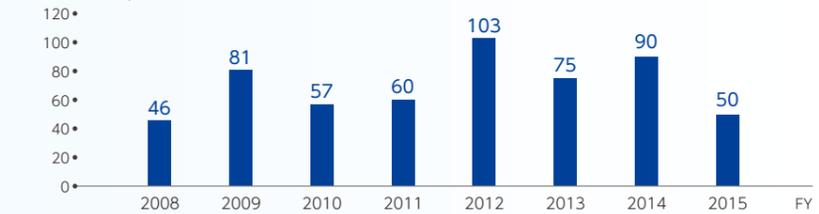
### Net sales

(100 million yen)



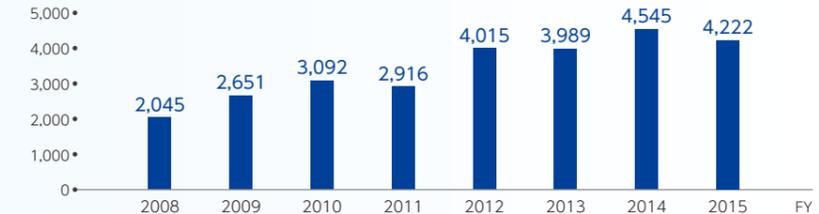
### Net income

(100 million yen)



### Total assets

(100 million yen)



TANAKA is accredited as a Good Delivery Referee for gold and silver by The London Bullion Market Association (LBMA), and also appointed as a Good Delivery Referee by London Platinum & Palladium Market (LPPM). In both cases, TANAKA is one of the only five Good Delivery Referees in the world (and the only one in Japan), which are responsible for assessing Precious metals melting technologies and analytical skills of all accredited gold and silver refiners.

## CONTENTS

- 00 Corporate Philosophy/  
Code of Conduct/  
Financial results
- 02 Message from the President
- 04 About the  
Tanaka Kikinzoku Group
- 06 Organizational Governance
- 08 Human Rights
- 09 Labor Practices
- 12 The Environment
- 16 Fair Operating Practices
- 18 Consumer Issues
- 20 Community Involvement and  
Development
- 22 CSR Performance
- 23 Third-party Assurance
- 24 Third-party Opinion
- 25 Response from the  
Tanaka Kikinzoku Group



## We are promoting activities to be a long-lasting company that shines in the global arena in 2020 and beyond with strong determination

### Launch of GOGO Plan 2020

Fiscal 2015 was a major milestone for the Tanaka Kikinzoku Group. Launching a new medium-term management plan "GOGO Plan 2020", we started full-scale activities to be the "ideal state we would like to achieve," which is "to have grown and developed to be a global company as a result of the further promotion of the three key precious metal businesses while having inherited the free and vigorous corporate culture." One of the significant steps toward the goal during the financial year was the introduction of the in-house company system for organizational change in October 2015. This was accompanied by the transfer of decision-making authority to the in-house companies, which mainly aimed to allow them to respond to customer demand in a more prompt and efficient manner to thereby improve service quality and meet one of the goals for 2020 "G30 (have the top share

globally in 30 items) + No.1 in the customer satisfaction level." As mentioned in the Mission Statement, we would like to continue to promote To satisfy our Valued Customers by delivering products of the highest quality, reasonably priced, in the shortest possible time, (using labor-saving methods) through innovative activities based on mutual trust.

### Social movements and the stance of the Tanaka Kikinzoku Group

Looking back at fiscal 2015, there were many incidents that made us inevitably aware of risks. Japan suffered a series of natural disasters including an earthquake with a seismic intensity 5-upper in Iwate Prefecture in May and volcanic eruptions in Hakone Owakudani and Kuchinoerabu Island. Overseas, a major earthquake hit Nepal and killed many people. They reminded us of

the fact that natural disasters are the risks to which we need to pay constant attention.

In addition, a wide range of incidents occurred other than natural disasters. There were also a series of scandals related to the social responsibility of companies and individuals, including the exposure of the inappropriate use of construction data by a construction company to conceal insufficient driving of piles in the development of condominiums, and the withdrawal of the official emblems of the Tokyo 2020 Olympics due to their similarity to the logo of an overseas theater. Loss of credibility from scandals is a significantly high risk for companies. Such incidents renewed our awareness of the need to establish an internal control system to avoid risks.

On the other hand, we also had good news about Japanese people who made outstanding achievements in the global stage in the year. For example, Japanese researchers won Nobel Prize in Physiology or Medicine and Nobel Prize in Physics, and the Japan national rugby team showed remarkable performances. The stance of the Tanaka Kikinzoku Group in business management is to "value customers," "stick to precious metal" and "try hard with foresight." Like the people who achieved a brilliant success as mentioned above, we would like to continue the challenge as a company, successfully provide quality products and fulfill our social responsibility.

### Further strengthening of risk management

A most conspicuous progress in our CSR promotion activities during fiscal 2015 was the establishment of the Risk Management Committee to further promote the risk management to which we have been committed conventionally. Composed of division managers of Tanaka Holdings Co., Ltd., which controls and administers the Tanaka Kikinzoku Group, this committee has the important function of monitoring risks in the entire Group in the presence of auditors. In the committee, a structure to examine the possibility of various risks, such as violation of antitrust laws, money laundering and leakage of personal information, and promote fair corporate business will be established, and an environment to enhance awareness of compliance among all employees will be developed. In addition, we set up the Business Continuity Planning (BCP) Committee as the core organization of the Business Continuity Management (BCM) system in preparation for natural disasters. While measures against natural disasters are the first step in our BCM activities, we aim to meet the target of implementing the PDCA cycle from the perspective of business continuity irrespective of the cause of the emergency situation in the future.

### Vigorous promotion of social contribution, safety & health and environmental management activities

As an initiative to contribute to society, we continued

to co-sponsor the Japanese Para-Sports Association (JPSA) in fiscal 2015 under the policy of assisting the promotion of sports for the disabled, and our employees also participated in volunteer activities for people with disabilities and had exchanges with them. In recognition of such activities, the Tokyo Metropolitan Government has selected us as one of the 13 model companies in the promotion of sports. The Group companies are also performing social contribution activities in a dynamic manner.

With respect to safety control activities, we are making continuous efforts under the policy of safety first, and the annual occupational accident frequency rate per thousand employees of the Tanaka Kikinzoku Group is less than one third of the average in the entire manufacturing industry. This is a result of the attitude of the Group to give top priority to safety and work to improve the employee satisfaction level. We will unite the efforts of all employees to meet the goal of zero occupational accidents.

As to environmental management activities, we received a commendation for contribution to environmental conservation from the Minister of the Environment of Japan in recognition of our activities to commercialize catalysts for fuel cells, which is a technology to mitigate environmental impact, and reduce waste in our Shonan Plant. In addition, Hiratsuka, Isehara and Shonan Plants of Tanaka Kikinzoku Kogyo K.K. won an environmental award from Kanagawa Prefecture in recognition of their CO<sub>2</sub> emission reduction efforts and the achievements. While we have already reduced CO<sub>2</sub> emissions by 22% from the average between FY2006 and FY2008, we plan to set a new original Group-wide target that exceeds the new goal set in COP21 in 2015, and launch activities to achieve the target.

### Aiming to be a long-lasting company with awareness of sustainability

The Tanaka Kikinzoku Group, which was founded as the Tanaka Shoten in 1885, will celebrate its 135th anniversary since its establishment in the year when "GOGO Plan 2020" is completed. We will continue to aim to be strongly conscious of sustainability so that we can maintain our business for 200 years and even 300 years. Although I made this statement in our CSR Report for the previous fiscal year as well, it is included again this fiscal year to show my determination. This CSR Report presents the future goals of the Tanaka Kikinzoku Group along with its activities in fiscal 2015. I would be happy if you read it and understand the strong commitment of the Group to sustainability.

TANAE Akira  
President & CEO,  
TANAKA Holdings Co., Ltd.

# TANAKA in the World

The Tanaka Kikinzoku Group operates R&D, production and marketing bases for its three fields (industrial products, jewelry and assets) in Asian countries, North America and Europe, in addition to Japan.

## Domestic bases of the Tanaka Kikinzoku Group



### Tanaka Holdings Co., Ltd.(THD)

- Headquarters (Tokyo) •Osaka Head Office

### Tanaka Kikinzoku Kogyo K.K.(TKK)

- Headquarters (Tokyo) •Tanaka Distribution Center •Iwate Plant
- Tomioka Plant •Ichikawa Plant •Sodegaura Plant •Isehara Plant
- Hiratsuka Plant •Shonan Plant •Hiratsuka Technical Center
- Tsukuba Facility / Tsukuba Technical Center •Isehara Technical Center
- FC Catalyst Development Center •Sendai Branch •Nagoya Branch
- Osaka Branch •Okayama Branch •Fukuoka Branch •Shiga Sales Office

### Tanaka Denshi Kogyo K.K.(TD)

- Saga Production Headquarters
- Tokyo Headquarters
- Shonan Satellite Plant

### Tanaka Kikinzoku Jewelry K.K.(TKJ)

- Store : GINZA TANAKA
- Main Store (Ginza) •Shinjuku Store
  - Store at Hotel Chinzanso Tokyo
  - Yokohama-Motomachi Store •Sendai Store
  - Niigata Mitsukoshi •Nagoya Store •Bridal Sakae Store
  - Shinsaibashi Store •Fukuoka Tenjin Store
  - Takamatsu Mitsukoshi •Fukuoka Nishitetsu Grand Hotel Store

### Nippon PGM Co., Ltd.

- Headquarters (Tokyo) •Kosaka Plant

### Electroplating Engineers of Japan, Limited (EEJA)

- Headquarters (Tokyo)
- Hiratsuka Office

### TC Catalyst, Inc.(TCO)

- Headquarters (Tokyo)
- Tsukuba Research Center

## Businesses and Main Products of the Tanaka Kikinzoku Group

### Industrial Products

We pursue the full potential of precious metals as products that underpin industrial development. In recent years, we have focused on medicine, environment and energy, which are increasingly important sectors on a global scale.

- Au and Ag related business •Chemical recovery business
- PGM-related business •HD target business
- Catalyst development business •Bonding wire •Plating process



Electrical contacts



Recovery of precious metals

### Assets

Precious metals can be used as assets. We produce and sell gold and platinum bullion and coins with reliable quality while also offering accumulation plans.

- Bullion •Coins
- Accumulation plans



Gold for assets

### Jewelry

Jewelry shines brightly in various scenes of life. We offer jewelry with reliable quality that is worth treasuring for a long time.

- Jewelry •Artifacts
- Commemorative objects and gifts
- Purchase and recycling



Platinum marriage rings

## Overseas bases of the Tanaka Kikinzoku Group

### Tanaka Kikinzoku Kogyo K.K.(TKK)

- Taiwan Tanaka Kikinzoku Kogyo Co., Ltd. •Tanaka Kikinzoku (Hangzhou) Co., Ltd.
- Tanaka Kikinzoku (Ningbo) Co., Ltd.
- Seoul Branch •Hong Kong Branch •Taipei Branch •Kaohsiung Sales Office •Manila Branch
- Tanaka Kikinzoku International (Shanghai) Co., Ltd.  
Head Office (Shanghai) Shenzhen Branch
- Tanaka Kikinzoku International (America) Inc.  
Head Office (Chicago) San Jose Branch
- Tanaka Kikinzoku International (Thailand) Co., Ltd. •Tanaka Kikinzoku International (Europe) GmbH
- Tanaka Kikinzoku International Malaysia Sdn. Bhd. •Tanaka Kikinzoku International (Singapore) Pte., Ltd.
- TANAKA America, Inc.

### Tanaka Denshi Kogyo K.K.(TD)

- Tanaka Electronics Singapore Pte. Ltd. (TES)
- Tanaka Electronics Malaysia Sdn.Bhd. (TEM)
- Tanaka Electronics (Hangzhou) Co., Ltd. (TEC)
- Tanaka Electronics Taiwan Co., Ltd. (TET)
- Tanaka Electronics Taiwan Co., Ltd. Technical Center (TET/TC)

### Electroplating Engineers of Japan, Limited (EEJA)

- EEJA (Shanghai) Co., Ltd.

### Heesung Metal Ltd.

### CDGM Tanaka Environmental Catalyst Co., Ltd.

### Nippon PGM Co., Ltd.

- NIPPON PGM AMERICA, Inc.
- NIPPON PGM EUROPE S.R.O.

### Chengdu Guangming Paite Precious Metal Co., Ltd.

# With a governance system befitting a global company, we promote CSR activities based on ISO 26000.

## Corporate Governance Structure and Internal Control System

### Basic concept

The Tanaka Kikinzoku Group aims to realize healthy and transparent business management by enhancing the management monitoring mechanism and to always be an efficient and competitive corporate group.

We have also established a corporate governance system and specified principles on internal control to ensure respect for the rights and interests of all stakeholders, business operations in a legitimate and reasonable manner and appropriate and transparent accounting. Based on the system and principles, the Board of Directors, Group Management Committee, the Board of Auditors and Internal Auditing Department play their respective roles in the internal control system designed to facilitate the achievement of our management goals in a reliable manner.

### Board of Directors (Directors)

The term of the directors of the Group companies is one year so that they can efficiently respond to the rapidly changing business environment and their management responsibility is made clearer. The Board of Directors of Tanaka Holdings Co., Ltd. decides the basic policy for the business operations of the company as well as the Group as a whole. The Board of Directors of each Group company makes decisions on important matters and receives reports on the status of the business operations to supervise the operations of the directors.

### Group Management Committee

As to important issues related to the Group as a whole, as well as the matters for which adjustments between Group companies are required, Group Management Committee makes discussions and decisions, undertakes adjustments and gives approval in order to ensure smooth discussions and operations in the Board of Directors. As the president of each Group company attends the committee meeting, the committee also aims to report the respective activities of the companies and share the relevant information.

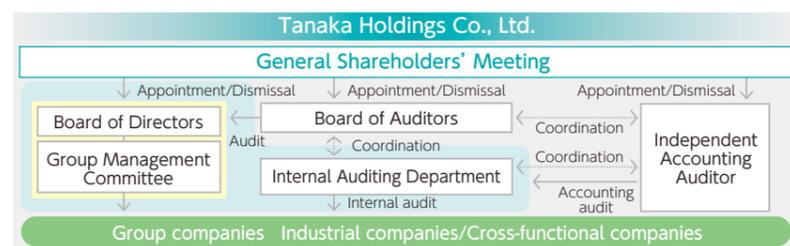
### Board of Auditors (Auditors)

Tanaka Holdings Co., Ltd. has in place the Board of Auditors composed of all auditors, which receives reports concerning important matters related to audits and makes discussions and decisions about them. While auditors are mainly in charge of monitoring business operations of directors, at least one of the auditors is selected from outside the company to ensure the objectivity of business management.

### Internal Auditing Department

Internal Auditing Department has a duty and responsibility to assess and verify whether business is performed in a proper and efficient manner and make recommendations to management on a fair and independent footing in order to help the Group companies achieve the management goals effectively. The department also exchanges opinions with the Board of Auditors and accounting auditors regularly to ensure mutual cooperation.

### Corporate Governance System



## CSR Management

Based on the Corporate Philosophy, the Tanaka Kikinzoku Group will work to promote healthy business activities as a leading precious metals company and fulfill social responsibility as a member of the local community, and contribute to the realization of a prosperous society supported by precious metals and a beautiful future for the Earth. To this end, CSR management based on ISO 26000, which is international guidelines on social responsibility, is actively developed through coordination between CSR & Corporate Communications Division HQ and the Group's bases.

## Introduction of the In-house Company System through Organizational Changes

In October 2015, the conventional division-based organization was restructured to form six in-house companies, and the manufacturing, sales and technical development divisions were integrated into an in-house company while the transfer of authority was reviewed. This was aimed at accelerating decision making on business issues and responding quickly to customer demand to thereby improve the customer satisfaction level. Headed up by the president and vice president, each in-house company clearly identifies its challenges and works to achieve the target.

## Dissemination of Code of Conduct and Standards of Conduct

We present the matters that need to be observed in corporate activities, and develop the environment where they can be confirmed whenever any employee wants to see them. Code of Conduct and Standards of Conduct are described in training programs for new employees and year-round hired workers and in the morning meetings and other opportunities at each worksite. We encourage employees to practice them in their daily work to realize a "healthy and transparent company."

## Basic Policy for Internal Control System

In line with the amendment of Companies Act, along with our organizational changes, we revised the basic policy for the internal control system of THD

and the Group companies by April 2016. Through the development of the internal control system of the entire Tanaka Kikinzoku Group including structures for business management, compliance, risk management, response to anti-social forces, internal audits, etc., we will work to ensure the appropriateness of the business and enhance the corporate value.

## Risk Management Committee

We set up the Risk Management Committee in October 2015 and established a system to identify and assess the risks that may affect business continuity and determine measures to address them. By implementing the PDCA cycle in a reliable manner, we will detect risks early, lower the possibility of the occurrence and lessen the damage in case of the occurrence.

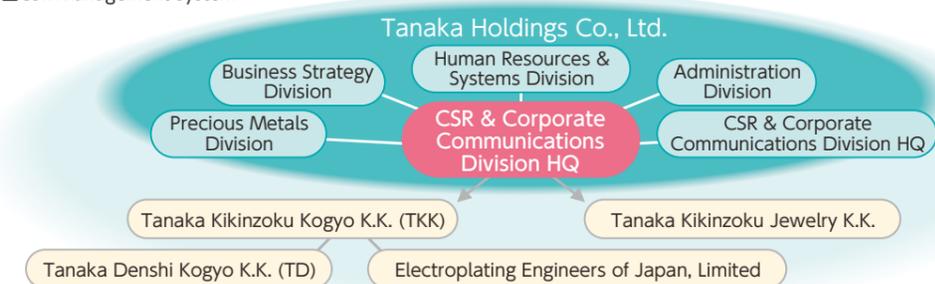
## Business Continuity Planning (BCP) Committee

We launched the BCP Committee in October 2015, and reformulated the conventional business continuity plan and BCP management manual. While disasters can happen any time and it is hard to predict them, the plan has been restructured based on the actions designed to address each type of disasters. This fiscal year, we will organize drills to take such actions to identify any problems in the plan and further improve it, and prepare for business continuity in emergency situations.

## Revision of the Crime Prevention and Security Rules and Standards

In February 2016, we made a significant revision of the internal crime prevention and security rules and standards. While the Group handles multiple types of business, the concept of and approach to crime prevention and security are different between production plants and precious metal ornament stores. We therefore reviewed the basic concept of security to standardize it. Furthermore, we will promote the strengthening of security in the Group including overseas bases in the future to respond to the increased transactions with overseas companies as a result of globalization.

### CSR Management System



## In response to the expansion of our operations in foreign countries, we will enhance our awareness of respect for human rights beyond national boundaries.

### Response to Mental Health Issues

The impact of employees' mental health issues on their families, workplaces and society as well as the employees themselves has been growing in recent years, and it is a crucial challenge to address their mental health in business management. We take measures to prevent mental disorders through four types of care, namely self-care, line care, care by health staff and care by external organizations. In fiscal 2015, we organized self-care training, in which employees learned how to notice stress on themselves quickly, in all worksites, using the training materials prepared by industrial nurses. The training provided employees with knowledge about self-care, and they can now easily ask for advice from nurses. We will continue to take measures to address mental health issues, and promote the development of pleasant working atmosphere where employees can work in a positive and unconstrained manner.

### Efforts to Address Conflict Mineral Issues

With the enforcement of Section 1502 of the United States Dodd-Frank Financial Reform Act concerning conflict minerals, we are now required to survey the use of conflict minerals, namely gold, tantalum, tungsten and tin, mined in the Democratic Republic of the Congo and its neighboring countries, and inform customers of the survey results in order to prevent inhumane acts and cut off funding sources for armed groups.

Tanaka Kikinzoku Kogyo K.K. established its conflict mineral management policy in June 2012 to control risks related to the transaction of gold in the procurement of raw materials and avoid procurement from high-risk areas such as conflict regions infested with violation of human rights, terrorism, money laundering, illegal transactions, etc. We passed a management system audit by a third party based on the LBMA\* Responsible Gold Guidance in June 2014, and have renewed the certificate every year since then.



\* The London Bullion Market Association  
<http://www.tanaka.co.jp/about/trust.html>

## We are providing education in a planned and systematic manner to develop an environment where diverse human resources can work successfully.

### Support of Future Female Scientists

Agreeing with the purpose of the "science work experience and workplace visit tours" for the development of female workers in the science and engineering fields in the "Action Plan on Women's Active Participation in the Workforce" of Keidanren, we organized a work experience and workplace visit program "Summer Holiday Rikejo Tour in TANAKA" at Shonan Plant in the Hiratsuka Technical Center of Tanaka Kikinzoku Kogyo K.K. in August 2015. Five female high school students living around the Hiratsuka area joined the tour to experience analysis using analysis equipment and directly touch real gold and platinum ingots. They had lunch with our female workers in the field of science, and exchanged opinions on various subjects ranging from jobs to club activities in the company and how to spend holidays. The participants commented that it was good to learn how precious metal is used in chemistry, while the female workers in the science field who guided them expressed that they were lucky to have such an opportunity at the time to decide to pursue career in humanities or sciences.



### Recruitment of People with Disabilities

We offered in-plant practical training to people with disabilities from a special school in Kanagawa Prefecture for two years, and three people among them joined us as new employees on April 1, 2016. In addition, two of those trainees are still receiving practical training in the plant. We will continue our initiatives to meet the target of raising the ratio of employees with disabilities to 2%.

#### Tanaka Kikinzoku Group Employees as of March 31, 2016

Domestic	Number of employees	2,734 (2,717)
	Male employees	1,895 (1,870)
	Female employees	839 (847)
	Average age	42 (42)
	Average male age	42 (43)
	Average female age	41 (40)
	Ratio of employees with disabilities	1.68% (1.70%)
Overseas	Number of employees	792 (794)
	Total number of employees	3,526 (3,511)

\* The numbers in parentheses are data from the previous fiscal year.

#### Number of employees who used the child care leave system (fiscal 2015) only in Japan

Short-time work hours during pregnancy	6 (2)
Child care leave	56 (45)
Reduced work hours for child care	55 (53)

\* The numbers in parentheses are data from the previous fiscal year.

### Human Resource Development

We will reform the "manager training" in fiscal 2016. In the new "management training," trainees learn the knowledge and skills needed for managerial positions in a phased manner. In addition, a new training system will be launched with newly added "new president training" and "director and executive training," as well as "assignment to business school" for managers, among others so that workers in higher positions can learn more proactively to make the organization more active.

### TANAKA NOW

If the precious metal we use is not contributing to the happiness of people in the country of origin, or if we are indirectly supporting the funding of organizations involved in conflicts without realizing it... Precious metal is handled through the cycle of mining, manufacturing of products and recovery. We must prevent the flow of payment for precious metal to terrorist or anti-government activities and avoid the use of any precious metal mined with the involvement of child labor in harsh condition even without realizing it. With thorough implementation of the "know your customer (KYC)" process, as well as the declaration of not supporting any conflict, we are committed to prevention of any conflict mineral from being used in our production line. This is part of the responsibility of the companies working actively in the global arena.

International Planning Department, Precious Metals Division, Tanaka Holdings Co., Ltd. Wakako Harada



Number of employees who took child care leave in fiscal 2015 (only in Japan)

# 56

### GOGO Plan 2020 Core Safety Policy

"Give top priority to safety, and establish a secure and cheerful workplace"



Aiming to be the "State we need to achieve" in fiscal 2017 and the "Ideal State we would like to achieve" in fiscal 2020 based on the mid-term business plan "GOGO Plan 2020," we will promote safety management activities under the core safety policy "Give top priority to safety, and establish a secure and cheerful workplace."

#### Safety Activities

In fiscal 2015, which was the first fiscal year for the mid-term business plan "GOGO Plan 2020," we again encouraged all employees to exchange their ideas and perform activities to make their workplaces safe and secure while promoting traditional safety management activities at the same time. Although it was regrettable that the number of occupational accidents increased by about 40% year-on-year to 23, all of them but two accidents involving an absence from work of four days or more and four accidents involving an absence from work of three days or less did not involve an absence from work. With respect to traffic accidents, most of them

occurred during driving to or from work or personal time. The number of traffic accidents was 59 in fiscal 2015, which remained unchanged from the previous fiscal year, and was nearly 60 for three straight years. More than a half of them were the accidents in which our employees were the victims as before. To reduce either occupational or traffic accidents, we believe that it is crucial to enhance everyone's sensitivity to and awareness of safety. Based on this idea, we will promote safety management activities including the strengthening of safety training.

## For further raising everyone's sensitivity to and awareness of safety

#### Risk Assessment of Chemicals

To respond to the obligation to implement risk assessment (RA) of chemicals to be enforced in June 2016, we reviewed our RA table. The working group mainly composed of environmental managers examined the procedures to implement RA of environmental equipment to eradicate

environmental incidents. As a result, while the RA table was traditionally used on safety only, we revised the table to also use it on health and environment as SHE risk assessment table.

\* SHE: safety, health and environment

#### TANAKA NOW

I became the safety manager in Isehara Plant in February 2016. There are lots of things I want to do and lots of work to do, and I would like to do my job with the safety policy of Isehara Plant for fiscal 2016, which is the "establishment of a safe working environment where employees can work without disaster," on my mind. In consideration of the fact that we had lots of traffic accidents, serious potential accidents and human-caused disasters during the previous fiscal year, I will unite the efforts of all plant staff to develop safe worksites.

Isehara Plant, Tanaka Kikinzoku Kogyo K.K. Yuji Kato



Occupational accidents (involving an absence from work of four days or more)

2

#### Safety Diagnosis

In response to the previous fiscal year's increase in occupational accidents, which decreased in fiscal 2014, we had safety officers of the Japan Industrial Safety and Health Association conduct safety diagnosis in all of our production plants. Each production plant underwent one-day safety diagnosis in principle, and the safety officers pointed out unsafe acts and situations that had been missed by our safety managers and other staff in their daily inspections. The safety diagnosis also gave us new knowledge on basic approach to inspections. We will further promote safety management activities to eliminate occupational accidents.

#### A comment made by the safety officers

It is necessary to make sure that the two-hand control button of a metal cutter can be operated only when both hands are used. However, it is currently made possible to operate the button one-handed by using an elbow or knee in this machine, which is dangerous.



Two-hand control button of a metal cutter

#### Health Challenge

In recent years, health management of employees has become increasingly important in corporate management. As lifestyle diseases such as heart disease, high blood pressure, diabetes and cancer are nowadays curable by detecting them early, it is necessary to take early preventive measures. In addition to conducting regular health checkups, it is crucial for companies to develop an environment where they are committed to maintenance and improvement of their employees' health and prevention of diseases. Our survey concerning the awareness of health management found that the employees have difficulty in making efforts to improve their health although they are conscious of health. Then, we planned and implemented initiatives to give them opportunities to start such efforts. In the "quit smoking" campaign, which was of course mainly intended for smokers, we also collected messages to cheer smokers from those who successfully quitted smoking. In the new "health challenge" program, targets on health issues such as dietary and sleep improvement and physical training were selected by the participants so that they could try to achieve them comfortably on their own, and they made efforts to meet the targets for two months and recorded the results. We will continue to organize health improvement activities and develop an environment where all employees are conscious of health issues and can work in a pleasant workplace.



### GOGO Plan 2020 Core Environmental Policy

"To be a leading company in environmental conservation in Japan"



We will promote environmental management activities "to be a leading company in environmental conservation in Japan," which is the goal set in the core environmental policy, as part of our efforts to be the "State we need to achieve" by fiscal 2017 and the "Ideal State we would like to achieve" by fiscal 2020 based on the mid-term business plan "GOGO Plan 2020."

#### Environmental Management System

All of our production bases in Japan have obtained ISO 14001 certification on environmental management, and make continuous efforts to perform environmental conservation activities, including commitment to prevention of global warming and reduction of waste generation, through the implementation of the PDCA cycle. In particular, we set targets for the Group as a whole to reduce CO<sub>2</sub> emissions and industrial waste and eradicate environmental incidents, and aggressively strive to meet the targets.

Such environmental conservation activities are performed in a secure and efficient manner through the structure with the Central Environmental Committee, which is composed of site managers, at the top. In addition, SHE Promotion Office Manager Council, as well as the Environmental Managers Sub-committee composed of environmental managers, holds a meeting periodically to share information and exchange opinions actively.

#### Structure to promote environmental conservation activities

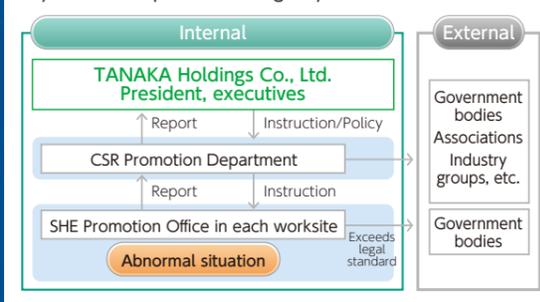


#### Environmental Compliance

To prevent air pollution, water pollution and soil pollution and reduce environmental impact, we endeavor to not only comply with the relevant laws and regulations but also satisfy our voluntary standards, which are internally set to be even stricter than the levels required by law. We set especially strict internal management standards for air and water pollutants, which are 50% of the legal standards.

We respond promptly to abnormal situations and strive to prevent their reoccurrence. Furthermore, we share relevant information through in-house "flash reports" to enhance awareness of the issues among employees, and have in place a communication system to make notifications to relevant government bodies in accordance with the reporting and notification standards.

#### System to Respond to Emergency Situations

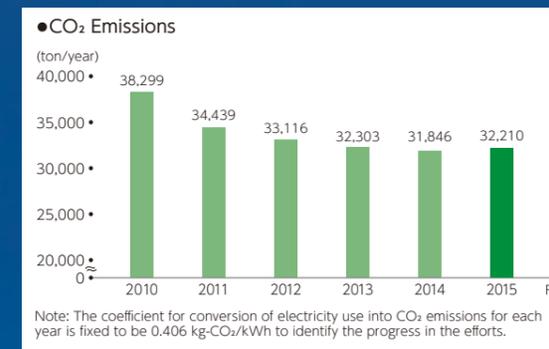


#### Commitment to the Reduction of CO<sub>2</sub> Emissions

As part of our efforts to help prevent global warming, we are working to reduce CO<sub>2</sub> emissions from our production activities.

CO<sub>2</sub> emissions in fiscal 2015 were almost same with the level in fiscal 2013 and 2014 as a result of the expansion of buildings and the increase in production volume.

Each worksite continuously promotes energy saving activities mainly through operational management by Energy Saving Committee, etc. A wide range of energy saving measures were taken during the fiscal year, including optimization of the operating conditions of equipment, adoption of LED lights and replacement with high-efficiency air conditioners.



#### Example of Energy Saving Activities in Tsukuba Facility

Tsukuba Facility replaced an aging absorption cold/warm water generator, which had been used for 25 years, with a high-efficiency cold/warm water generator with high energy saving effect. Renewal of cooling water circulation pump, cooling tower, etc. to introduce high-efficiency models also contributed to the decrease in power consumption. (CO<sub>2</sub> emissions were reduced by about 9 tons/year.)



Cold/warm water generator

Cooling tower

#### Received an environmental award from Kanagawa Prefecture

Hiratsuka, Shonan and Isehara Plants of Tanaka Kikinzoku Kogyo K.K., which are all located in Kanagawa Prefecture, received an environmental award from Kanagawa Prefecture in the global warming countermeasure plan category. Through initiatives to reduce CO<sub>2</sub> emissions including the replacement of lighting and air conditioning devices by those with high energy saving effect, the emissions at these plants in fiscal 2013 fell 20% below the level in the standard year specified by Kanagawa Prefecture (fiscal 2009), which was the reason for the award.

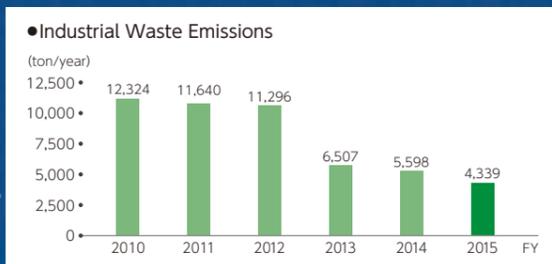
To hand down the beautiful earth to the next generation

# The Environment

## Efforts to Reduce Industrial Waste Emissions

With respect to industrial waste in the Tanaka Kikinzoku Group, a large amount of acid and alkali is characteristically generated from chemical plants when precious metals are dissolved, refined or collected from waste precious metal solution.

We promote activities to reduce industrial waste emissions based on 3R (reduction, reuse and recycling). In fiscal 2015, the industrial waste emissions decreased by 1,259 tons year-on-year.



## Received Commendation for Contribution to Environmental Conservation from the Minister of the Environment

We received this commendation in recognition of our commitment to environmental activities including detoxification of hazardous waste liquid and substantial reduction of waste liquid using precious metal recovery technology, as well as our contribution to the dissemination of fuel cell by the early development of catalyst for fuel cell based on our precious metal-related technology.



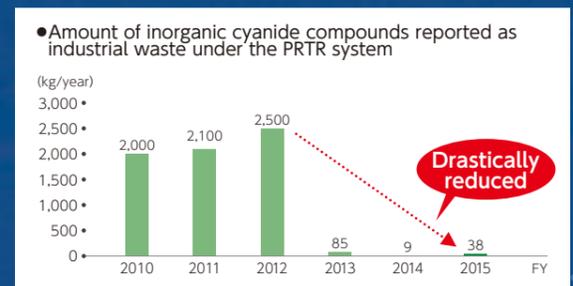
## Example of Activities to Reduce Industrial Waste at Shonan Plant

At Shonan Plant of Tanaka Kikinzoku Kogyo K.K., 90% of the total industrial waste is cyanide-containing waste liquid. A large amount of waste liquid is generated from the manufacturing of chemical products to be used as raw materials for gold plating and from the process to recover precious metals from precious metal plating solution used

by customers, and the waste liquid was conventionally disposed of as industrial waste.

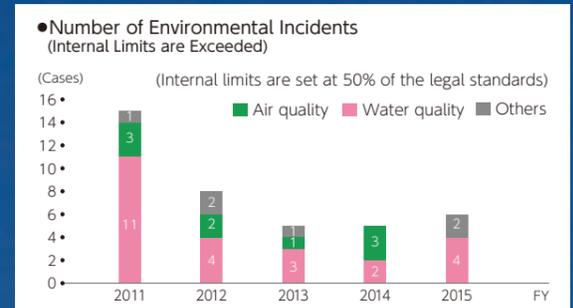
To solve this issue, water in cyanide-containing waste liquid is evaporated to concentrate the liquid until it turns into solid sludge, which is then fired and decomposed in a high-temperature electric furnace under conditions to prevent the generation of cyanogen gas. As a result, the amount of cyanide-containing waste liquid disposed of as industrial waste, which was about 2,000 tons per year before the improvement, has been dramatically reduced to zero.

In the meantime, while the amount of cyanide compounds reported as industrial waste under the PRTR (pollutant release and transfer register) system was 2,500 kg in fiscal 2012, it substantially declined to 85 kg in fiscal 2013, 9 kg in fiscal 2014 and 38 kg in fiscal 2015.



## Number of Environmental Incidents

In fiscal 2015, the number of environmental incidents (cases where internal limits are exceeded) was six, which consisted of four incidents related to water quality and two other incidents. We immediately took measures to address them to prevent the recurrence.



## TANAKA NOW

Ranging from jewelry to familiar home electronics, precious metals are used as essential materials in our life. We at Recycled Chemical Products Sales Department are working to make effective use of finite resources for the next generation based on the idea that "waste is just garbage when mixed but resources when separated." Under the policy of not generating waste from the production sites of customers, we visit customers on a daily basis to help them recycle precious metals and reuse them in products.

While feeling proud of the job to my family and to the world, I am travelling every day.

Recycled Chemical Products Sales Department,  
Chemical Recovery Company, Tanaka Kikinzoku Kogyo K.K. Jun Kobayashi



## Precious Metal Recycling in the Tanaka Kikinzoku Group

### TANAKA Recycle System

Precious metals are used in various forms as familiar materials in our life. The Tanaka Kikinzoku Group has traditionally considered the scrap, waste liquid, used catalyst, etc. containing precious metals as "urban mining" from a unique perspective, and is committed to recycling precious metals.



Purchase of precious metals

### Trust, Security, Technology

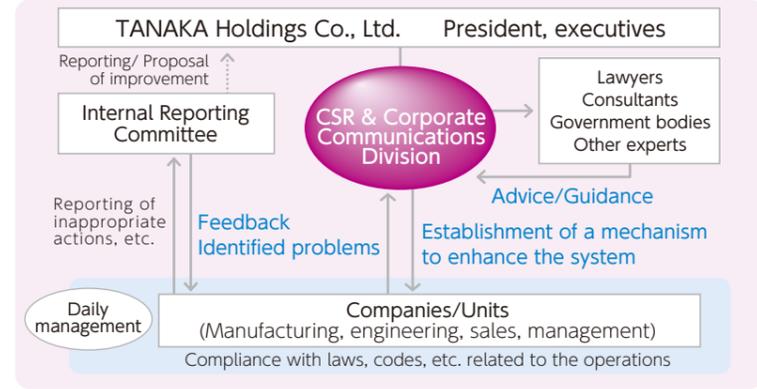


Urban mining: Precious metals are used everywhere

**Compliance Promotion System**

In addition to legal compliance, the Tanaka Kikinzoku Group strives to ensure observance of corporate ethics to conduct fair and sound business activities. CSR & Communication Divisions HQ receives reports on compliance-related problems and external information on compliance in an integrated manner, and promotes compliance throughout the Tanaka Kikinzoku Group.

●Compliance Promotion System



**We operate a Group-wide system to ensure adherence to corporate ethics in business management.**

**Internal Reporting System**

As a measure to prevent non-compliance, we have established an internal reporting system, in which the Internal Reporting Committee responds to reports and consultations from employees, etc. with investigation, corrective actions and follow-up. We prohibit the whistleblowers from being treated in an unreasonable manner due to the reporting.

**Protection of Intellectual Property Rights**

Being aware that intellectual property rights such as patent rights, utility model rights, trademark rights, design rights and copyright, as well as know-how, are important assets for companies, we actively endeavor to develop such rights. In the research of new technology and the development, production and sales of products and goods, we respect the intellectual property rights of third parties and avoid intentional infringement of them. We also deal with any infringement activities of other companies on our rights in a strict manner in accordance with the relevant laws of each country.

●Some of the Patents Acquired in FY2015

- Patent No. 5823285**  
Catalyst for solid polymer fuel cell and method of producing the same
- Patent No. 5807992**  
Palladium (Pd)-coated copper wire for ball bonding
- Patent No. 5768029**  
Target for magnetron sputtering and method of producing the same
- Patent No. 5758361**  
Non-cyanide gold-palladium alloy plating solution and plating method
- Patent No. 5735670**  
Immuno-chromatographic analysis method, immuno-chromatographic analysis device and immuno-chromatographic analysis kit

**Activities as an AEO-Certified Company**

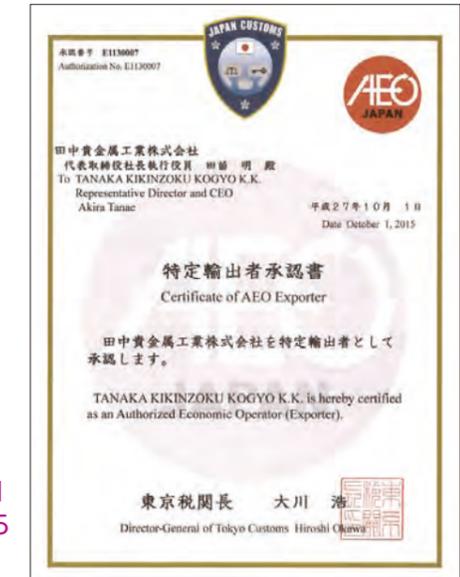
Certified as an AEO exporter, Tanaka Kikinzoku Kogyo K.K. has in place compliance systems for the security of freight, transportation, sites, etc., internal audits, management of contractors, communication networks with custom authorities and within the company, education system and security export controls. Such systems, as well as the activities of the AEO General Management Committee, enable supply of products in a more secure and reliable manner. In fiscal 2015, the management system including import control was reviewed to strengthen compliance related to import and export control as a whole.

\* Authorized Economic Operator (AEO) system: In this system, which aims to secure the safety of international trade and facilitate it at the same time, the customs authorities relax and simplify customs procedures for the companies that have established freight security management and legal compliance systems.



Number of the patents registered in Japan in FY2015

**39**





## Pursuing customer satisfaction from every angle

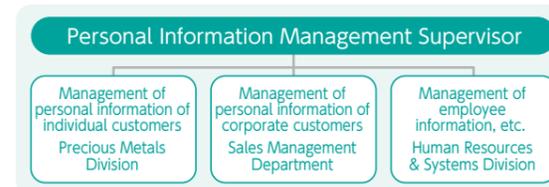


### Quality Management System to Be a Global Company

To supply safe and secure products that satisfy customers in a sustainable manner, we have established and operate a quality management system (QMS) based on ISO 9001. We also review the effectiveness of the QMS and improve the system so that we can promptly respond to ever-changing customer demand on quality and meet the trust and expectation of customers. In addition, ISO/TS16949 requirements are reflected with focus on the prevention of failure and reduction of variation and waste for the continual improvement of the QMS.

### Personal Information Protection and Management System

TANAKA Holdings Co., Ltd. obtained ISO 27001 certification in July 2015 to implement appropriate measures to protect personal information of individual customers. Moreover, the conventional personal information management organization has been further enhanced to additionally manage employee information including their "Social Security and Tax Numbers" and personal information of suppliers in an integrated manner on a Group-wide basis. The managed personal information is classified into personal information of individual customers, personal information of corporate customers and employee information to clarify the departments in charge of information management in the respective categories.

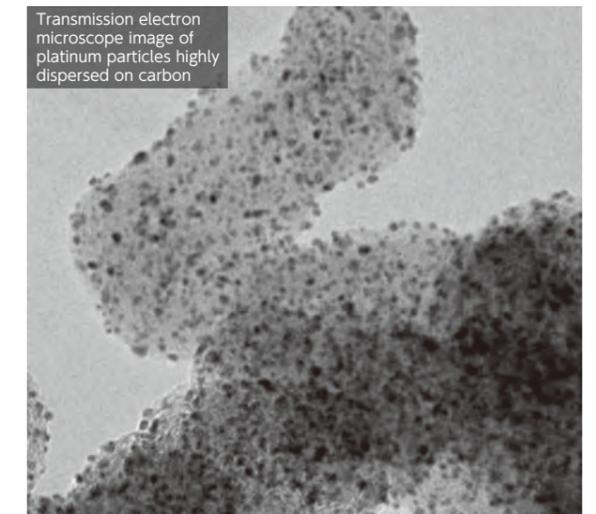


platinum-cobalt alloy catalyst and platinum-ruthenium alloy catalyst.

Fuel cell is considered to be an important power generator in the future, and the development, along with the establishment of the market, is steadily promoted with the policy of the Japanese Government to shift to hydrogen energy society, the ZEV Regulation of California, the United States and other factors.

Currently, the ultimate challenge for fuel cell is to reduce the use of platinum, which is very expensive, as much as possible. To meet the challenge, FC Catalyst Development Center is working for R&D and production of highly active and durable catalyst.

\* ZEV Regulation:  
The ZEV Regulation requires that a certain percent of the cars sold by major automobile manufacturers in California shall be zero emission vehicles (ZEVs).



### Development of Catalyst for Fuel Cell

One of the fields where precious metals are used is catalyst. Catalyst for fuel cell includes platinum catalyst,

#### TANAKA NOW

FC Catalyst Development Center of Tanaka Kikinzoku Kogyo K.K., which is a leading company in electrode catalyst for fuel cell, supplies high-performance catalyst to customers in Japan and overseas. Fuel cell is used for a wide range of purposes including domestic use, vehicles (passenger cars, buses, forklifts, etc.) and backup power supply. In particular, the world's first commercial fuel cell cars were released in 2015, and further growth of the market is anticipated in the future. We are working to meet customer demand on performance, cost, quality and delivery time with the concerted efforts of production, development and sales staff every day. Motivated by the significant role we should play in the realization of future hydrogen society, we will make a continuous contribution with our technology.

FC Catalyst Development Center,  
Chemical Recovery Company, Tanaka Kikinzoku Kogyo K.K. **Minoru Ishida**



# We promote active communication within and outside the company to foster relationships of mutual trust.

## Cultivation of Human Resources and Development of Art and Culture



### Co-sponsorship of Robot Contest for technical college students

We have co-sponsored the contest since 2012 to support the young students who will play pivotal roles in Japan's manufacturing in the future.

Tanaka Holdings Co., Ltd.

#### Other activities

- Participation in Yoshinogari Furusato Fire Festival as corporate volunteer staff (for stage setting, etc.) (Saga Production Headquarters of TD)

## Sports Promotion Activities



### Official partner of the Japanese Para-Sports Association (JPSA)

Tanaka Holdings Co., Ltd.



### Support of children from Seikaen (an orphanage) in sports practice for a prefectural tournament

May to August 2015  
No. of participants: 38

Tanaka Denshi Kogyo K.K.

#### Other activities

- Contribution to sports development in Isehara Rotary Club (Isehara Plant of TKK)
- Partnership to support cheer leaders of Vegalta Sendai soccer team (Sendai Store of TKJ)
- Offer of tennis courts to local residents (Tomioka Plant of TKK)
- Participation in Saga Sakura Marathon 2015 as corporate volunteer staff (for support at water stations, control of spectators on the roadside, etc.) (Saga Production Headquarters of TD)

## Donation and Fund-raising Activities



### Donation of proceeds from an internal flea market to a nursing home

October 2015  
No. of participants: 98

Tanaka Denshi Kogyo K.K.



### Donation of proceeds from the sale of resources obtained from separated waste

500 kg of paper, 25 kg of plastic, 700 kg of cardboard and 30 kg of metal  
Ongoing from June 2009  
No. of participants: 100

Tanaka Electronics Malaysia Sdn. Bhd.



### Fund-raising campaign for a school pocket money fund through an internal flea market

March 2016  
No. of participants: 180

Tanaka Electronics Singapore Pte. Ltd.



### Purchase of sweets handmade by people with disabilities

January 2016

Tanaka Electronics Taiwan Co., Ltd.



### Donation of proceeds from an internal flea market

December 2015  
No. of participants: 60

Tanaka Electronics (Hangzhou) Co., Ltd.

#### Other activities

- Participation in Ginza Illumination Hikarimichi 2015 (Ginza Main Store of TKJ)
- Donation to the "Smile Fund" of the Japan Cancer Society (Marketing Division of TKJ)
- Furusato (hometown) tax payment to support Kumamoto Prefecture and its municipalities (Marketing Division of TKJ)
- Donation of foreign currency to UNICEF (branches of TKK)
- Collection of spoiled postcards to support Tanzania Pole Pole Club in tree planting activities in Africa (branches of TKK)
- Support of door-to-door sales of bread made by Wakakusu Donguri Mura (a welfare institution) (Saga Production Headquarters of TD)
- Campaign to donate blood (400 ml) in a bus of Saga Red Cross Blood Center (Saga Production Headquarters of TD)
- Collection of pull tabs (25 kg) and plastic bottle caps (13,140 pieces) for donation (Saga Production Headquarters of TD)
- Blood donation campaign (TEM, TEC)

## Local Cleaning Activities



### Cleanup of the plant and its neighborhood

June 2015  
No. of participants: 30

Hiratsuka Plant of Tanaka Kikinzoku Kogyo K.K.



### Cleanup in the industrial complex

October 2015  
No. of participants: 6

Tsukuba Facility of Tanaka Kikinzoku Kogyo K.K.

#### Other activities

- River cleanup campaign (Isehara Plant of TKK)
- Sagami River cleanup and planting activities (EEJA, Shonan and Hiratsuka Plants of TKK)
- Ginza central street cleanup event (Ginza Main Store, Headquarters)
- Industrial complex cleanup campaign (Iwate Plant of TKK)
- Cleanup of the areas around the plant/branch (Tomioka Plant of TKK, Nagoya Branch of TKK)
- Cleanup in the area of the Ichikawa Port Development Council (Ichikawa Plant of TKK)
- Industrial complex cleanup event (Saga Production Headquarters of TD)
- Mountain cleanup activity for environmental conservation (TEC)
- Local cleanup activity (Saga Production Headquarters of TD)

## Participation in Local Cultural Activities, etc.



### Sendai Sanja Festival

July 2015  
Sendai Store of Tanaka Kikinzoku Jewelry K.K.



Won the 3rd place in the category of type 1 fire hydrant for specific use in the in-house fire-fighting training performance assessment

Ginza Main Store of Tanaka Kikinzoku Jewelry K.K.

#### Other activities

- Active crime prevention activities (participation of store managers in the council meeting held a few times in a year, and participation in traffic safety and other volunteer activities) (Nagoya and Sakae Stores of TKJ)
- Water sprinkling campaign (around Marunouchi) (Tokyo Sales Department of TKK)
- Local safety campaign (TKK)

## Activities in Fiscal 2016

### Certified as a Tokyo Sports Promotion Model Company for fiscal 2015

Tanaka Holdings Co., Ltd. is one of the 102 companies certified under the Sports Promotion Company Certification System established by the Tokyo Metropolitan Government in fiscal 2015. In addition, the company has been selected from among them as one of the 13 Tokyo Sports Promotion Model Companies that are committed to activities with especially large social impact and ripple effect.

### Monetary donation for the 2016 Kumamoto Earthquakes

We donated 10 million yen to Welfare Town Development Office, Health and Welfare Policy Division, Kumamoto Prefecture for the 2016 Kumamoto Earthquakes.

## Bond of love-cherry blossom trees planting 135

We have performed various volunteer activities to support the rehabilitation of the Tohoku Region since the Great East Japan Earthquake. In fiscal 2013, we commenced support activities to be performed on a continual basis under the theme of "inheritance of memories," and fiscal 2015 was the third fiscal year. Cherry blossom trees will be planted periodically with funds donated by employees to create a row of the trees in the furthest inland areas hit by the tsunami so that they can be landmarks for evacuation. The target is to plant 135 trees by 2020 when we celebrate our 135th year in business, and we have planted 84 trees in total so far.



Cherry blossom planted in March 2014



Scenes of the planting activities in March 2016



## TANAKA NOW

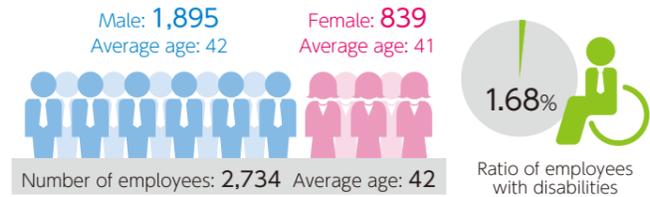
### I participated in "Bond of love - cherry blossom trees planting 135"

Five years have passed since the Great East Japan Earthquake. Thinking that I do not want to forget it or we must not forget it, I participated in the planting of cherry blossom trees in Mori no Sato, a special nursing home for the elderly with a bright and beautiful atmosphere and full of wooden items, on a warm sunny day. I felt fueled by the vitality in the buds of the cherry blossom trees planted last year, and when I heard about the damage caused by the earthquake from a local storyteller, I had a strong feeling that everyone has to visit affected areas. "The whole of Japan has forgotten the miseries of the earthquake disaster. It is important to prepare for a major earthquake, which will surely hit Japan again." This comment was impressive and still sticks in my mind.

President's Office, Tanaka Holdings Co., Ltd. Miho Matsuyama



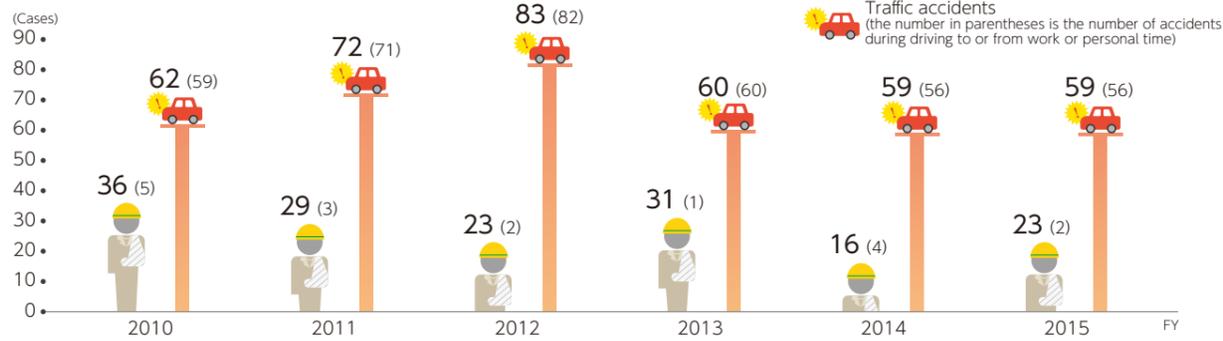
Number of employees (in Japan)  
as of March 31, 2016



Number of employees who used the childcare leave system (in Japan) FY2015



Number of occupational accidents and traffic accidents

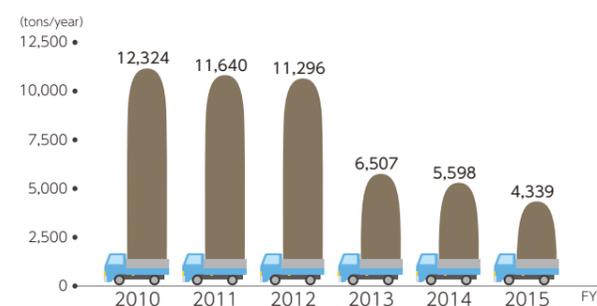


CO<sub>2</sub> emissions

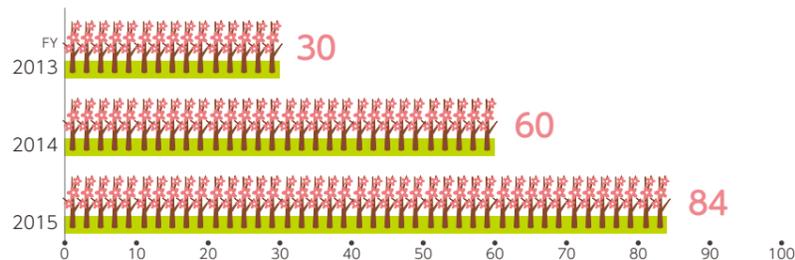


CO<sub>2</sub> emission factor of Tokyo Electric Power in FY2012 (0.406 kg-CO<sub>2</sub>/kWh) is used to calculate CO<sub>2</sub> emissions from power consumption for each of the financial years.

Industrial waste emissions



Tohoku Reconstruction Volunteer Program - the number of the planted cherry blossom trees (cumulative number)



Number of the new patents registered in Japan FY2015



**Independent Assurance Statement**

June 23, 2016

Mr. Akira Tanae  
Representative Director & CEO  
TANAKA HOLDINGS Co., Ltd.

**1. Purpose**

We, Sustainability Accounting Co., Ltd., have been engaged by TANAKA HOLDINGS Co., Ltd. ("the Company") to provide limited assurance on the Company's environmental and Social performance data during the fiscal year 2015 reported in page 22 of the CSR Report 2016 ("CSR Performance"). The purpose of this task is to carry out our assurance procedures and express our conclusion on whether the performance data were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the performance data. Our responsibility is to independently express our assurance conclusion.

**2. Procedures Performed**

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the performance data were calculated in accordance with the Company's standards.

**3. Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the performance data have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

Takashi Fukushima  
Representative Director  
Sustainability Accounting Co., Ltd.



### Masamichi Shimizu

Visiting Professor of Tsukuba Gakuin University, Representative of CCI Research Institute, Executive Director of the Japan Society for Corporate Communication Studies, Auditor of the Public Relations Society of Japan, Environmental Counselor

**【Profile】**

Mr. Shimizu graduated from College of Economics, Yokohama National University. After working at Japan Management Association, he was a professor at College of Business Administration, Shukutoku University, and retired to establish CCI Research Institute in 2014. His areas of specialty are environmental and CSR communication and PR management. His publications include "Strategic Thinking on PR Management," "Companies Learning from Sanpo Yoshi and Loved by People," "Environmental Communication," "Company Friendly to People - Security and Safety, Management Based on Ties," "Introduction to Public Relations," "Theory and Practice of CC Strategies - Environment, CSR and Coexistence," "Introduction to CSR Management for Company Employees" and many more.

I prepared this third-party opinion based mainly on a visit to Iwate Plant of Tanaka Kikinzoku Kogyo and interviews in the plant, as well as this report and information on the website of Tanaka Holdings.

#### Feedback as to the CSR Report for Fiscal 2016

When I read the top message of this report, I was especially impressed by the phrase "We will continue to aim to be strongly conscious of sustainability."

The Tanaka Kikinzoku Group launched the mid-term management plan "GOGO Plan 2020" in fiscal 2015, and assumes its state in 2020, when the Group celebrates its 135th anniversary, as having grown and developed to be a "global company" as a result of the further promotion of the "three key precious metal businesses" while having inherited the "free and vigorous corporate culture."

To achieve one of the specific targets in the plan, "G30 + CS No.1," an in-house company system was introduced and the Risk Management Committee was set up. I understand that the Group has established a "management structure for offense and defense."

In other words, the Group seems to aim to fulfill its corporate social responsibility by performing business activities with sustainability in mind and to improve sustainability by promoting businesses that respond to the expectation of stakeholders.

This is a very important perspective, and I hope that the efforts will bear fruits first.

Now, my opinion on each section is mentioned below.

Firstly, the pages on "Labor Practices" and "Fair Operating Practices" present the engagement of the employees in their jobs in an even clearer manner than before. While those pages are easier to read as a whole with the two-column format, improved layout of photos, highlighted numbers on performance results and simplification of sentences, I suppose that the vitality of the workplace is also reflected on the pages. Secondly, the results of reduction activities and examples of the initiatives in the pages on "Environment" are very impressive.

#### What I Expect from the Group as a Leading Precious Metals Company

While I have visited the headquarters and worksites of the Tanaka Kikinzoku Group several times, I always feel that the field is about to move. A worksite is full of thoughts about work in some form. However, such a feeling does not automatically turn into an action just with codes of conduct or standards written on a paper.

Global companies receive various requests from various parts of the world every year and have to address them first. Nevertheless, as no football or baseball player plays a game with a rule book in his/her hand, it is impossible to work

An outline of the precious metal recycling process, in addition to the current status as to environmental impact, indicates that the Group has an aspect as a next-generation environmental business. If I point out any issue to be improved, the contents should be enhanced next time.

Thirdly, on the other hand, I had difficulty in understanding the contents in the pages on "Organizational Governance" although it might be because of lack of my ability to understand. What system is operated to make business judgments on a daily basis or respond to emergency situations is not clear for outsiders although it may be obvious for people within the company. The mechanism of organizational governance is significant for the promotion of "GOGO Plan 2020" and also related to the core elements of business management such as how decisions are made effectively on a daily basis and how risks are avoided effectively. So I hope that such systems are presented in a comprehensible fashion.

Fourthly, I would like to mention some opinions about the pages on "Consumer Issues" and "Community Involvement and Development." While I visit worksites of the Group every year, I find that each worksite is well controlled and the work is performed smoothly like a river. On the other hand, the social contribution activities of the worksites presented in those pages are wide ranging in terms of time, style and scope.

I assume that the activities of the two aspects of "integrity in work" and "diverse social activities," which are duties of employees, could have been presented more vividly. I believe that it is a very driving force to achieve the goal of the "GOGO Plan 2020."

smoothly like a river unless various rules are taken in as the workers' own "common sense" and shared among the team.

This report gives clues to help diverse people in the Group, which aims to be a global company, confirm what value the company aims to create (the ideal state) through the practice of their daily jobs. I sincerely hope that the top executives and first-line employees, who make continuous efforts to improve communication ("Challengeship"), arrange many opportunities to have a dialogue with various stakeholders through this report.

#### Response from the Tanaka Kikinzoku Group

In fiscal 2015, the GOGO Plan 2020 was launched on a full scale, and we introduced an in-house company system and established the Risk Management Committee. This is exactly a "management structure for offense and defense" in the words of Professor Shimizu, and will be a significant step for the Tanaka Kikinzoku Group to maintain its business for 200 years and even 300 years as mentioned in the top message. We would like to continue to be aware of sustainability in our activities and meet the expectation of stakeholders.

When preparing the CSR Report for fiscal 2015, we tried to make it more interesting and easier to read by reflecting comments from readers, which were collected through the questionnaire survey in the previous fiscal year, on the presentation of the Group's CSR promotion activities. While Professor Shimizu mentioned that the report presents the engagement of the employees in their jobs in an even clearer manner than before, I feel that it is an outcome of this effort. On the other hand, Professor Shimizu also indicated that we need to make efforts to help the readers have a better understanding about organizational governance and other challenges for which we are developing new activities. We recognize them as the issues that need to be improved in the report for the next fiscal year and thereafter, and would like to promote further improvement.

Lastly, Professor Shimizu stated that it is important for everyone to have common sense and share thoughts about work when the Tanaka Kikinzoku Group tries to make a breakthrough to be a global company. This is exactly what we aim to achieve. We hope that this CSR Report helps share thoughts about work among everyone and promotes dialogue with our stakeholders. So, we would appreciate your opinions and comments.



Manager of CSR & Corporate Communications Division  
Corporate Officer  
Tanaka Holdings Co., Ltd.  
Tetsuya Kawagishi

#### Editorial Policy

The Tanaka Kikinzoku Group publishes its CSR Report in order to enhance communication with stakeholders by informing them of the Group's corporate social responsibility (CSR) initiatives that aim to contribute to the realization of a prosperous society and a beautiful future for the Earth supported by precious metals.

This year's report inherits the design concept of "gift," which was newly adopted for the 2013 edition, and has been edited to ensure that the content is easy to read and understand. In fiscal 2015, we received third-party assurance to enhance the reliability of our CSR performance data on the environment and society.

We would be honored to receive feedback from our stakeholders. Your comments and opinions will be used to improve the Tanaka Kikinzoku Group's future initiatives.

#### Period

April 1, 2015 to March 31, 2016  
In order to provide a general view of activities under each topic covered in the report, some contents may represent activities taken outside this period.

#### Scope

Tanaka Holdings Co., Ltd. and consolidated subsidiaries.  
Indications are made in areas of the report where the scope differs.

#### Publication

July 2016

#### Reference guidelines

Japanese Standards Association, ISO 26000:2010

#### Website

This report and past issues are also available on our website:  
<http://www.tanaka.co.jp/english/csr/index.html>

#### Publisher

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