

# CSR Report 2015

For the future  
of the planet



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



**Gold**  
In addition to being used for jewelry, this multitasking 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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Printed on paper made with wood from forest thinning. "Morino Chonai Kai" (Forest Neighborhood Association)-Supporting sound forest management.



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



This report is printed using vegetable oil ink.



Printed by waterless printing method, which produces no hazardous waste liquid.



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



## Corporate Philosophy and Code of Conduct of the TANAKA Group

### 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



In accordance with the new Corporate Philosophy and Code of Conduct established in October 2012, the TANAKA Group strives to improve communications between employees in daily operations while all Group companies continuously unite their efforts in the business activities. We named the initiative “Challengeship” to improve communication, and created the symbol mark. We will promote activities more vigorously in this fiscal year.



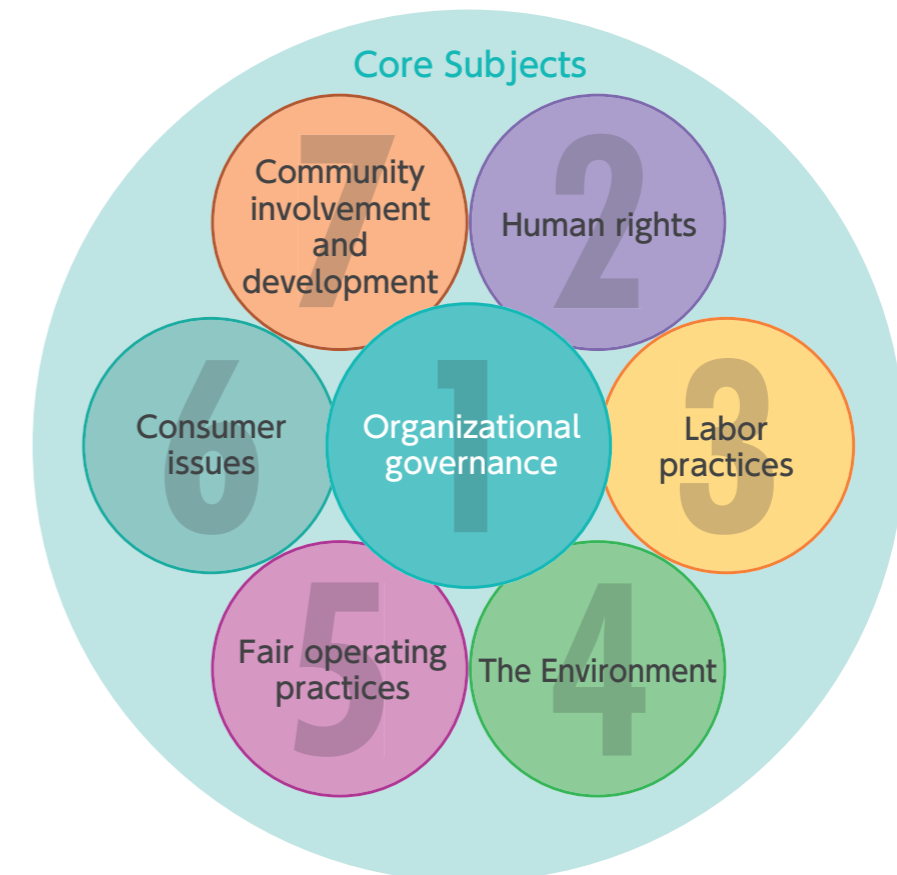
LONDON  
PLATINUM &  
PALLADIUM  
MARKET

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.

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## CSR Management of the TANAKA Group





# Promoting CSR activities that support our growth to become “what we want to be in 2020”

We aim to respond to the trust and meet the expectations of our customers quickly and to constantly create inspirations. While living up to our commitments to the customers by providing reliable quality, we also make efforts to surpass their expectations.



## Maintaining the business to fulfill our social responsibility

For companies, “how to prevent risks from arising” and “how to minimize the risks that have arisen” are major challenges. The Tokaido Shinkansen (bullet train) line from Tokyo to Shin-Osaka, which marked its 50th anniversary in October 2014, has transported as many as 5.6 billion passengers in total but has had no fatal accident involving passengers. This is a good example of how JR Tokai’s stance on risk management has yielded results. While the TANAKA Group celebrates its 130th anniversary in 2015, we believe that we have been able to maintain our business as a result of our commitment to risk management.

As a measure of the soundness of business management, “sustainability” currently attracts much attention. Companies are now required to not only generate short-term profits but also keep providing value to customers, suppliers, shareholders, employees and other stakeholders and continue to operate their business. Corporate social responsibility (CSR) and sustainability are closely linked like two wheels on an axle. To maintain sustainability, it will remain important for companies to fulfill their social responsibility.

## Developing CSR activities in various fields based on the new mid-term business plan

The TANAKA Group launched its new mid-term business plan called “GOGO Plan 2020” in fiscal 2015. Through this plan, which serves as a core of our future business management, we will properly fulfill our corporate social responsibility.

In fiscal 2014 as well, we promoted CSR activities on a group-wide scale. The first effort was the revision of the code of conduct and standards of conduct, which were then published on the TANAKA Group’s website. As foundations of CSR promotion activities, the revised code of conduct and standards of conduct are configured in line with ISO 26000 to be strongly linked to such activities, and published on the website so that more people can recognize the activities of the TANAKA Group.

Our social contribution activities in fiscal 2014 were developed with “communication” as the theme. Our employees attended a sports convention organized by the Japanese Para-Sports Association (JPSA), which we co-sponsor continuously as part of our assistance of promotion of sports for the disabled, and interacted with people with disabilities. Since fiscal 2013, we have also planted cherry blossom trees in the areas struck by the Great East Japan Earthquake under the theme of “inheritance of memories” with the ultimate goal of planting 135

cherry blossom trees in total by fiscal 2020, which is the 135th anniversary for the TANAKA Group since its establishment. In fiscal 2014, our employees participated in the planting activities and interacted with people in the affected areas. They renewed their awareness of the horrors of disasters and the importance of preventing them, and also had a good opportunity to share the feelings of the local people.

In terms of safety, we dramatically reduced the number of occupational accidents to 16 in fiscal 2014 from 30 in the previous fiscal year. This is an outcome of the commitment of all employees to the establishment of safe workplaces in accordance with the code of conduct, which states that we put safety first and do our best work. We will continue to promote safety activities to reduce accidents and disasters and also prevent serious incidents with the concerted efforts of the whole company.

For the environment as well, we set ambitious targets for reduction of CO<sub>2</sub> emissions and waste, as well as eradication of environmental incidents, and all employees are working to achieve these goals.

To ensure that companies fulfill their social responsibility, it is essential to establish an environment where employees can work with a strong sense of responsibility and high motivation. Our mid-term business plan has set a target of improving employee satisfaction (ES), and various activities are in progress to meet the target. We plan to continue to provide employees with compliance education for prevention of harassment, compliance with the Anti-monopoly Act and other issues.

Lastly from fiscal 2015 we have adopted the policy of promoting CSR activities with a strong awareness of the EICC (Electronic Industry Citizenship Coalition) Code of Conduct, which is followed by many of the customers of the TANAKA Group, especially those outside Japan. Based on this policy, we will make the progress of our CSR activities clearer and promote them more actively.

The TANAKA Group, which was founded as Tanaka Shoten, will celebrate its 135th anniversary since its establishment in the year when “GOGO Plan 2020” is completed. We will continue to aim to focus on sustainability so that we can maintain our business for 200 years and even 300 years. I would be happy if you read this report that comprehensively presents the Group’s CSR activities and understand our commitment.

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

## Businesses of the TANAKA 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

### Jewelry



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

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

### Assets



- Bullion
- Coins
- Accumulation plans

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.

## Main Products and Businesses

### Industrial Products



Vapor deposition materials, sputtering targets



Electrical contacts



Recovery of precious metals

### Jewelry



Platinum marriage rings

### Assets



White gold and gold for assets

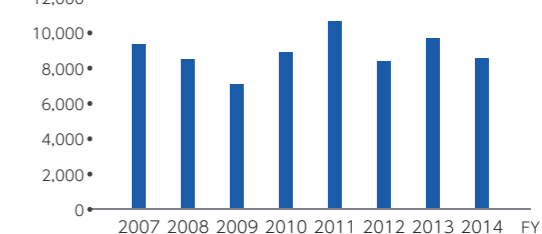
## Financial Results of the TANAKA Group

### Financial results overview

	FY2013	FY2014	Year-on-year change
Net sales	967,665	856,449	88.5%
Income before income taxes	12,177	13,736	112.8%
Net income	7,510	8,989	119.7%
Total assets	398,955	454,541	113.9%
Capital adequacy ratio	42.8%	40.7%	—

million yen

### Net sales (100 million yen)



### Net income (100 million yen)



### Total assets (100 million yen)



## GOGO Plan 2020

### What We Want to Be in 2020

Having inherited the **free and vigorous corporate culture**, the TANAKA 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

FY2014

FY2017

FY2020



Business Locations of the TANAKA Group

# TANAKA in the World

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



10 companies of the TANAKA Group in Japan



**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

**Tanaka Kikinzoku Hanbai K.K. (TKH)**

- Headquarters (Tokyo) • Sendai Branch
- Yokohama Branch • Nagano Branch • Nagoya Branch
- Osaka Branch • Okayama Branch • Fukuoka Branch
- Shiga Sales Office



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

- Tokyo Headquarters
- Saga Production 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
  - Nagoya Store • Bridal Sakae Store
  - Shinsaibashi Store • Fukuoka Tenjin Store
  - Niigata Mitsukoshi



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

- Headquarters (Tokyo)
- Hiratsuka Office



**Nippon PGM Co., Ltd.**

- Headquarters (Tokyo)
- Kosaka Plant

**Tanaka Kikinzoku International K.K. (TKI)**

- Headquarters (Tokyo)

**TC Catalyst, Inc.**

- Headquarters (Tokyo)
- Tsukuba Research Center

**Tanaka Kikinzoku Business Service K.K. (TKBS)**

- Headquarters (Tokyo)

Overseas bases of the TANAKA Group

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

- Taiwan Tanaka Kikinzoku Kogyo Co., Ltd. • Tanaka Kikinzoku (Hangzhou) Co., Ltd.



Taiwan Tanaka Kikinzoku Kogyo Co., Ltd.

**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



Tanaka Electronics Singapore Pte. Ltd.



Tanaka Electronics Malaysia Sdn.Bhd.



Tanaka Electronics (Hangzhou) Co., Ltd.



Tanaka Electronics Taiwan Co., Ltd. Technical Center

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

- EEJA America Inc.

**Tanaka Kikinzoku International K.K. (TKI)**

- Seoul Branch • Hong Kong Branch • Taipei Branch • Kaohsiung Sales Office • Manila Representative Office
- 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.

**Heesung Metal Ltd.**

**Nippon PGM Co., Ltd.**

- Nippon PGM America, Inc. (U.S.A.) • Nippon PGM America, Inc. (Europe)

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

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



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

The TANAKA Group establishes an appropriate governance system as a company developing its operations on a global scale to promote CSR activities based on ISO 26000.

**Corporate Governance Structure and Internal Control System**

The TANAKA 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 execute their respective duties 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 dramatic changes in the 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.

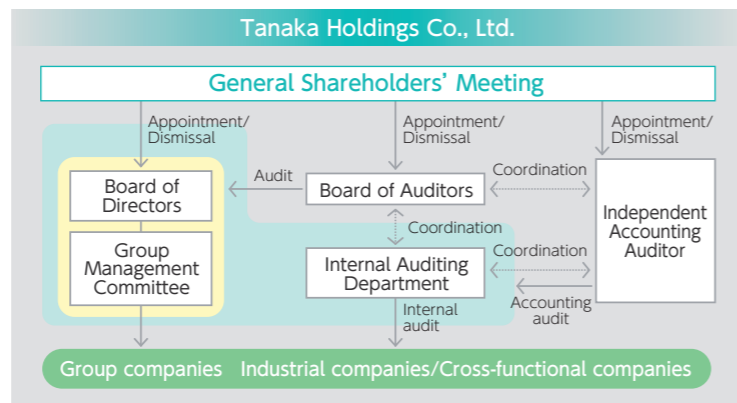
**◆ Board of Auditors (Auditors)**

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, more than half of the auditors are 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 activities are performed in a proper and efficient manner 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**



**Code of Conduct and Standards of Conduct of the TANAKA Group**

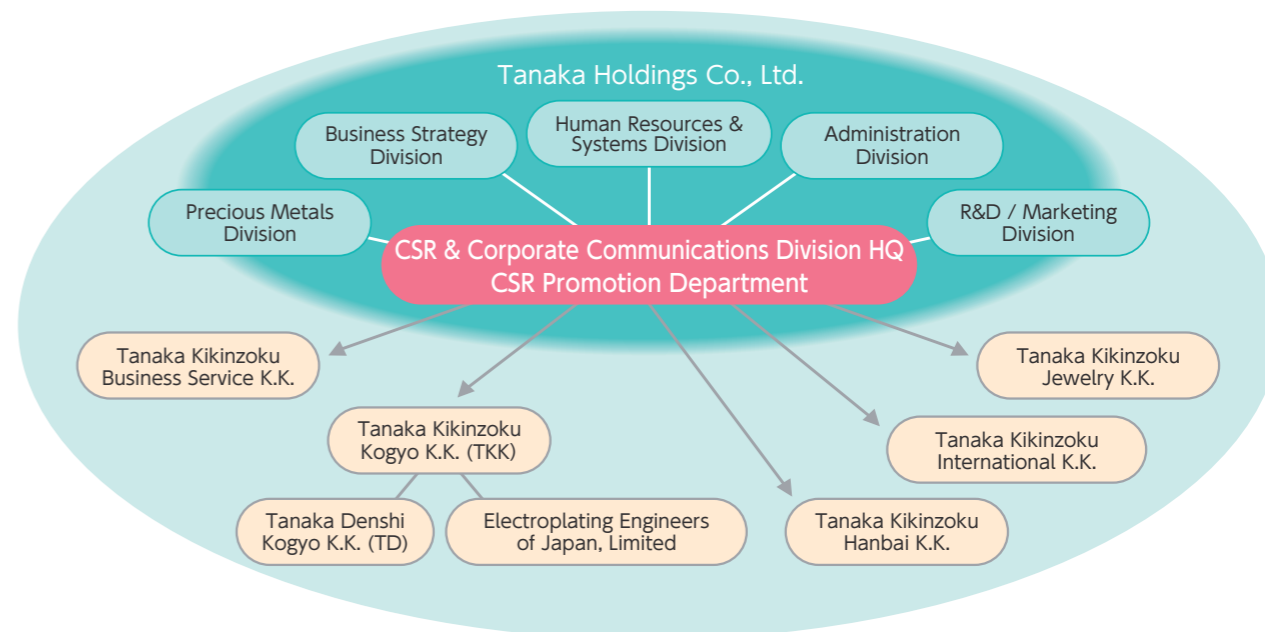
In 2008, we established Corporate Governance and Internal Control Principles to conduct business management in a way to ensure respect for the rights and interests of customers, suppliers, shareholders, employees and other stakeholders as well as legitimate and transparent accounting. To achieve the goals, we specified Code of Conduct and Standards of Conduct as the rules that have to be followed by all employees, and distributed them to all employees including those working overseas to make them aware of the code and standards.

In recent years, we have been often required by customers to fulfill corporate social responsibility (CSR) as a condition for transactions, and the frequency and level of such requirement have been increasing year by year. To meet such customer demand, it is becoming more important to raise the awareness among all employees. Accordingly, in fiscal 2014, the information was provided through the TANAKA Group's website instead of distributing booklets. We also reconstructed the content of the code and standards in line with ISO 26000 and also revised the description in a more concise and easy-to-understand manner.

**CSR Management**

Based on the Corporate Philosophy, the TANAKA 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 and a beautiful future for the Earth supported by precious metals.

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, CSR Promotion Department and the Group's bases.



TANAKA NOW

General Manager, CSR Promotion Department, CSR & Communications Divisions HQ, Tanaka Holdings Co., Ltd. **SASAKI Masahiro**

CSR Promotion Department has conventionally been committed to various CSR activities together with Legal Department and Communications and Advertising Department, which also belong to CSR & Corporate Communications Division HQ. In fiscal 2015, the new Compliance Promotion Office was set up in the HQ, which has made the duties of CSR Promotion Department clearer. We will brace ourselves again to fulfill the duties. In addition, we would like to not only perform conventional "defensive" activities but also contribute to "offensive" activities of the TANAKA Group for its global development in the future.





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

All employees not only in Japan but also abroad are aware of respect for human rights when performing business activities.

Harassment Prevention Education

Harassment infringes the human rights of the victims and denies their dignity. This issue can also lower the productivity of the company as a result of the deterioration of the work climate and low morale in the workplace as a whole. All employees of the TANAKA Group seriously work to tackle this issue based on the principles of "never let harassment occur" and "never tolerate harassment" to promote elimination of harassment from their workplaces.

The education was launched for managers and supervisors in all Group companies including overseas bases in January 2014, and a total of 740 people from all divisions have received it. In fiscal 2015, we will continue to provide the education while expanding the scope of the employees who receive it to ensure that harassment could never occur in any workplace.

**Prevention of Harassment**  
What the TANAKA Group should do now  
**Toward the TANAKA Group with no harassment**

<p><b>4 types of harassment</b></p> <ul style="list-style-type: none"> <li>Power harassment</li> <li>Sexual harassment</li> <li>Maternity harassment</li> <li>Secondary harassment</li> </ul>	<p><b>Other types of harassment and legal responsibility</b></p> <ul style="list-style-type: none"> <li>Risks for companies</li> <li>How superiors should respond</li> <li>Introduction of relevant lawsuits</li> </ul>
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TANAKA ELECTRONICS MALAYSIA Sdn. Bhd. **Stella Loo**

I am Stella from General Affairs Division. I am happy that I can contribute to the CSR report by writing for the human rights page. In TEM, I have worked under a male boss for four years and the workplace has an atmosphere to respect each other without discrimination. With a paid maternity leave system, female workers can continue to work after childbirth without long overtime, and the pleasant working environment helps us balance work and family life. While the majority of the employees are women, everyone enjoys the job, supports each other and works hard to contribute to the company.



TANAKA ELECTRONICS (HANGZHOU) Co., Ltd. **Wang Lin**

I am Wang Lin from the Inspection Group of Manufacturing Department. I am very glad that I participate in TANAKA NOW. It is almost nine years since I started to work for TEC. During that period, I got married with a colleague, and we are now both working. When I gave birth, I made full use of the paid maternity leave system and other benefit packages of the company.

While I continue to work after the childbirth, I do not face any discrimination from my male superiors but feel respected. In particular, the president, manager and other people show concern for me, and I feel that the company is very human. I hope to keep contributing to this company full of humanity.



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

We are working to create workplaces where various workers can demonstrate their abilities. In addition, we are cultivating personnel in a planned and systematic manner in accordance with our policies of using employee training to build self-awareness and self-reliance, linking education closely to business and spending as much as 20% of work time on education.

Employment

We believe that a diverse and multi-faceted workforce is essential in our quest to survive competition on a global scale. In addition to recruitment of new university graduates, we have actively hired non-Japanese and people with disabilities, who are now playing important roles. The TANAKA Group considers that people represent both resources and assets of a company.

●TANAKA Group Employees as of March 31, 2015

Number of employees	3,511 (3,507)
Domestic employees	2,717 (2,714)
Overseas employees	794 (793)
Average age	42 (41)
Average male age	43 (42)
Average female age	40 (39)
Ratio of employees with disabilities	1.70 % (1.43 %)

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

Efforts to Support Child Care and Nursing Care

We have set up child care leave, child care short-time work and nursing care leave systems that exceed the legal requirements. We also provide 24-hour consultation services concerning child and nursing care and other general health issues in cooperation with external organizations. The services are available to TANAKA Group employees working overseas and their families as well. We are now promoting the services through the internal portal website for expansion of the use.

●Number of employees who used the child care leave system (fiscal 2014)

Short-time work hours during pregnancy	2
Child care leave	45
Reduced work hours for child care	53

Club Activities in the Company

Club activities are promoted as a measure to facilitate communication between employees. We hope that the activities serve as a catalyst for smooth operation as they can help employees from different departments and different companies build friendship and get to know each other. We also expect that the club activities give them opportunities to do sufficient exercise and relax, as well as have more prosperous business life by sharing time with colleagues who enjoy same hobbies outside their workplaces, and stay physically and mentally healthy.

As of April 2015, a total of approximately 1,500 people, including employees, former employees and their family members, belong to the clubs, which are composed of 82 clubs on sports (e.g. baseball, tennis and futsal), travel and outdoor activities (about 1,300 people) and 20 clubs for culture such as music, go (board game), shogi (Japanese chess), movies and cooking (about 200 people).

Akira Tanae, President of THD, also belongs to the shogi club.



Shogi Club "Tanaka Kikinzoku Shogi Association" (Tanae on the left in front)

Activities of Tanaka Kikinzoku Labor Union

Tanaka Kikinzoku Labor Union works to maintain labor-management cooperation, improve the living standard of employees and create an environment where they can work in a physically and mentally healthy manner with a sense of security, based on the policy that the union members should pay attention to the current situation and support each other. The main activities of the union include discussion and conclusion of labor-management agreements, participation in labor-management negotiations and meetings and examination of what requirements should be made. In labor-management negotiations, the union particularly requires the company to improve the working conditions as well as safety and hygiene conditions based on opinions and information from the members. As some problems come to attention of the company only after the request from the union, the activities also contribute to the company, in addition to providing benefits to the members.



Study session of central executive committee members (Board of the Top Three Officers)





We had fewer occupational accidents while the number of traffic accidents remained unchanged.

To be a company where employees cooperate with each other to maintain a safe, secure and cheerful workplace, which is a state we would like to achieve by fiscal 2020, we promote safety management activities.

## GOGO Plan 2020 Core Safety Policy

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



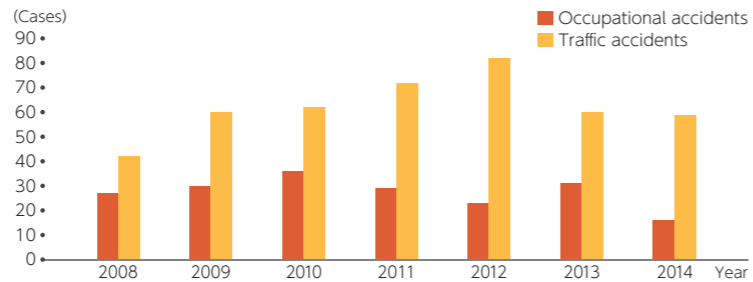
FY2014                      FY2017                      FY2020

Based on the mid-term business plan "GOGO Plan 2020," we completed the preparation stage in fiscal 2014, and have specified the "state we need to achieve" by fiscal 2017 and the "Ideal state we would like to achieve" by fiscal 2020. The core safety policy is to "Give top priority to safety, and establish a safe, secure and cheerful workplace."

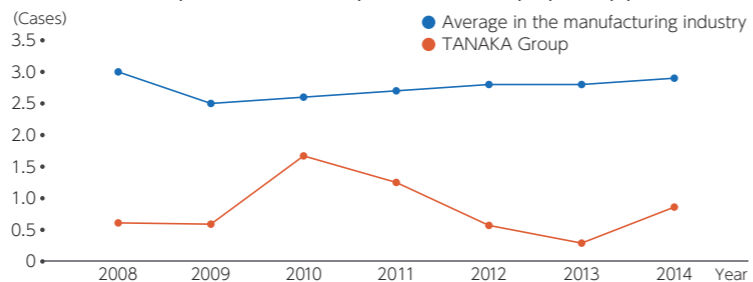
### Progress in Safety Management Activities

We positioned fiscal 2014 to be the preparation stage for the mid-term business plan "GOGO Plan 2020," which is a period when "all employees exchange their ideas and perform activities to make their workplaces safe and secure while promoting traditional safety management activities at the same time." The number of accidents in production sites dropped and the number of commuting accidents in indirect sections, which was large in the previous fiscal year, also declined in fiscal 2014. As a result, we reduced occupational accidents to 16, which was close to the target number. However, we had two serious accidents although we had had no such accidents in recent years. We will make efforts to prevent serious accidents in particular in addition to conventional activities. The number of traffic accidents was 59, which was similar to the level in the previous fiscal year, and this indicates that road safety activities have become part of our daily life.

●Number of occupational accidents and traffic accidents by year



●Number of occupational accidents per thousand employees by year



## Safety and Health Activities at Individual Worksites in Fiscal 2014

### Continuation of zero accidents and commendation of Encouragement Award from the Director of the Kanagawa Labor Bureau / Electroplating Engineers of Japan, Limited

The company has continued zero accidents for seven years and six months as of April 2015. This has been achieved by an increased interest in safety among the departments and the steady implementation of the PDCA cycle to address proposals for prevention of potential accidents (encouragement of submission of proposals on potential accidents => examination of the proposals => implementation of countermeasures => confirmation of the results). The proposals are submitted through the members of the safety and health committee of each department in the monthly committee meetings. In addition, the growing awareness of the need to ensure each of the proposals on potential accidents is addressed until the countermeasures are completed, as well as the concerted efforts of all employees to perform safety activities to meet the target of responding to all issues, has contributed to the result. For this achievement, the company was recommended as a candidate for commendation of an excellent company by the Kanagawa Prefecture Labor Safety Association (Hiratsuka Branch) in April 2014, and then received Encouragement Award from the Director of the Kanagawa Labor Bureau in July.



To continue zero accidents, all employees of EEJA will:

- ① Enhance their awareness of safety;
- ② aim to enlighten each other instead of acting independently;
- ③ implement measures to respond to all of the proposals on potential accidents; and
- ④ enhance activities to eliminate human errors to "establish a safe, secure and cheerful workplace."

Safety and health award from the Director of the Kanagawa Labor Bureau

Number of occupational accidents and traffic accidents in fiscal 2014

**16** occupational accidents  
(including 3 accidents involving an absence from work of four days or more)

**59** traffic accidents  
(including off-duty accidents)

**22** accidents in which our employee was responsible

**32** accidents in which our employee was the victim

**5** single vehicle accidents

### Health Manager, Shonan Plant, Tanaka Kikinzoku Kogyo K.K OBA Yuka

The duties of a health manager are wide ranging from the health management of employees to site inspection to assess the working environment of each workplace, as well as identification of safety and health problems (especially health problems) and provision of guidance to remedy them in cooperation of industrial physicians and other health management staff. While nearly three years have passed since I was designated as a health manager, I have found many things to do in the course of my duties and I am still in the process of growing and a long way from being an expert. Although the job is always busy and demanding, I feel motivated by the responsibility. I will continue to do my best to help create a pleasant working environment for my colleagues.



TANAKA NOW



### Safety and Health Manager, Tanaka Electronics Taiwan Co., Ltd. Amy Chang

As a safety and health manager, I promote creation of a safe working environment, as well as activities to secure safety for employees, under the safety conduct policy of the company. In January 2015, AEDs were introduced and installed in our bases. As no specific legal regulations on AEDs have been adopted in Taiwan, only a small number of the devices are used at present. A first aid training course has also been provided to all employees so that they can give first aid treatment in an emergency situation inside or outside the company. Hearing comments from those who received the course, such as "I can now use an AED without fear if I have to use it to save a life of someone" and "I may face a situation where first aid treatment is needed any time, and I would like to use the knowledge learned from the course in such a situation," I am sure that it was right to introduce the devices.





We promote continuous reduction of environmental impact to contribute to a beautiful future for the Earth.

The whole Group is committed to improvement of the quality of environmental management in a comprehensive manner based on the environmental management system.

### GOGO Plan 2020 Core Environmental Policy

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



FY2014                      FY2017                      FY2020

Based on the mid-term business plan "GOGO Plan 2020," we went through the preparation stage in fiscal 2014, and have set the "State we need to achieve" by fiscal 2017 and the "Ideal State we would like to achieve" by fiscal 2020, as well as the core environmental policy of "To be a leading company in environmental conservation in Japan."

### Environmental Management System

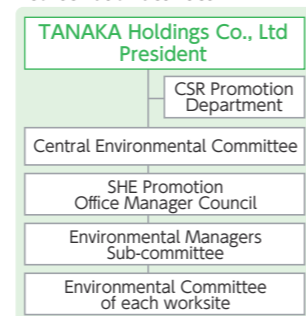
All of our production worksites and sales company in Japan have obtained ISO 14001 certification, an international standard on environmental management, and make continuous efforts to perform environmental conservation activities.

Setting targets for the Group as a whole, we actively strive to reduce environmental impact such as CO<sub>2</sub> emissions and waste.

To perform such environmental conservation activities in a secure and efficient manner, we have organized the structure shown below.

The Central Environmental Committee, which is composed of the general safety and health managers of each worksite, is at the top of the structure. 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 to promote environmental conservation activities in an efficient and effective manner.

●Structure to promote environmental conservation activities

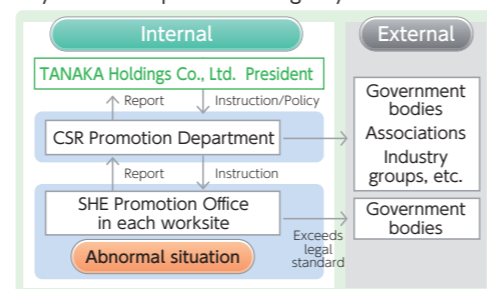


### Environmental Compliance

The TANAKA Group aims not simply to comply with the law but also to minimize environmental impact of its business activities. For example, we have set internal management standards for air and water pollutants at a stricter level than stipulated, at 50% of the legal standards.

To respond without delay to abnormal situations and prevent their reoccurrence, we have established a communication system to internally share information in a rapid manner and make notifications to relevant government bodies in accordance with the reporting and notification standards.

●System to Respond to Emergency Situations



### Activities to Reduce CO<sub>2</sub> Emissions

We are committed to reduction of emissions of carbon dioxide (CO<sub>2</sub>), which is one of the major greenhouse gases. In fiscal 2013, we substantially reduced CO<sub>2</sub> emissions by 22% from the baseline value (the average from fiscal 2006 to 2008). We set the average from fiscal 2011 to 2013 as a new baseline value in fiscal 2014, and further reduced CO<sub>2</sub> emissions by 6.4% from the new baseline value. In fiscal 2015, we will set a new target in line with GOGO Plan 2020, and continue to make company-wide efforts to further reduce CO<sub>2</sub> emission with involvement of all employees.



LPG boiler for air conditioning installed in fiscal 2014

### Reduction of CO<sub>2</sub> emissions by using LPG as fuel for boilers

CO<sub>2</sub> emissions depend heavily on what fuel is used. Iwate Plant is replacing boilers using A-type heavy oil by LPG boilers to greatly reduce CO<sub>2</sub> emissions. In fiscal 2014, a boiler for hot water supply was renewed to reduce 59.0 tons of CO<sub>2</sub> emissions per year. The plant also plans to renew two boilers for air conditioning in fiscal 2015 to further reduce CO<sub>2</sub> emissions.



Note: The coefficient for conversion of electricity use into CO<sub>2</sub> emissions for each year is fixed to be 0.406 t-CO<sub>2</sub>/kWh to identify the progress in the efforts.

### Industrial Waste Reduction Activities

A large part of the waste generated in the TANAKA Group is characteristically water-soluble acidic or alkaline waste liquid, which is generated as a result of dissolution, refinement, recovery, etc. of precious metals in chemical plants.

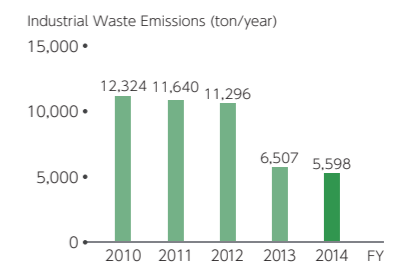
Industrial waste in the Group decreased dramatically by 51% from the baseline value (average from fiscal 2006 to 2008) in fiscal 2013. In fiscal 2014, with the average from fiscal 2011 to 2013 set as a new baseline value, we further reduced industrial waste by 44% from the new baseline value. We will continue to promote reduction of industrial waste by enhancing waste separation in the chemical plants in Shonan, Ichikawa and Sodegaura and renewing waste liquid treatment facilities.



Membrane waste liquid separator

### Treatment of oil-containing water with membrane waste liquid treatment equipment to reduce waste

Hiratsuka Plant used to dispose of 11 tons of oil-containing water per month as industrial waste because the effluent from the production process contains a small amount of oil. To reduce the amount of oil-containing water treated as waste liquid, a membrane waste liquid separator was introduced. This equipment removes the oil contained in the water to produce process wastewater with no oil, and the removed oil is condensed and treated as waste. As a result, the amount of industrial waste has dropped to one-third of the previous level.

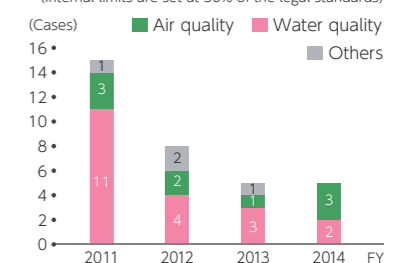


### Environmental Incident Eradication Activities

In fiscal 2014, the number of environmental incidents (Internal Limits are Exceeded) was five, which was same with the previous fiscal year. We take measures to address the sources of the environmental incidents that have occurred to prevent the recurrence.

While environmental incidents have been on the decrease in recent years due to our daily environmental conservation activities, we will make continuous efforts to eradicate them.

●Environmental Incidents (Internal Limits are Exceeded)  
(Internal limits are set at 50% of the legal standards)



TANAKA NOW

Energy Manager, Tsukuba Facility, Tanaka Kikinzoku Kogyo K.K. **OTA Takashi**

In accordance with the environmental policy of the facility manager, we have promoted measures for improvement with focus on reduction of the fixed power consumption of continuously operating equipment. The measures included inverter control of air conditioners, as well as AC control of pumps for hot and chilled water generators. For our energy saving efforts with these measures, we received the grand prize from Kanto Electricity Use Rationalization Committee. We will continue to promote improvement and work to save energy.

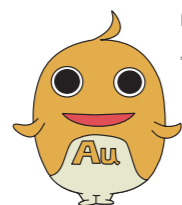






We operate a Group-wide system to ensure adherence to corporate ethics in business management.

In addition to legal compliance, the TANAKA Group strives to ensure observance of corporate ethics to conduct fair and sound business activities.



### Activities as an AEO-Certified Company

The Authorized Economic Operator (AEO) system aims to secure the safety of international trade and facilitate it at the same time, and the customs authorities relax and simplify customs procedures for the companies that have established freight security management and legal compliance systems. Certified as an AEO exporter, Tanaka Kikinzoku International 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. The AEO General Management Committee set up in the TANAKA Group supervises the activities in a comprehensive manner. These initiatives enable supply of products in a more secure and reliable manner.



### Legal Education on the Antimonopoly Act

We organized a training course on the Antimonopoly Act to strengthen compliance in fiscal 2014. All of those who are required to take the course (executives, managers in Japan, sales staff, etc.) have participated in them. Provided overseas as well, the course has been taken by a total of 1,121 people worldwide including Japan. Lawyers with knowledge on the legal systems of the respective countries and regions were appointed as the lecturers, and the content was enhanced to include reference to the Subcontract Act and anti-corruption laws. The course helped the participants increase their interest in the legal system. We plan to continue to provide the education and prepare a compliance manual in the future.



Session in a domestic base



Session in an overseas base

### Efforts to Use No Conflict Minerals

Conflict minerals are mineral resources mined in the Democratic Republic of the Congo and its neighboring countries. They are traded through illegal practices such as smuggling and used as a financial source for armed groups in the area. The United States established the Dodd-Frank Financial Reform Act in July 2010 to cut off funding sources for such armed groups. This act requires U.S. listed companies to disclose information on the use of four minerals mined in the areas, namely gold, tantalum, tungsten and tin, to U.S. Securities and Exchange Commission (SEC).

The TANAKA Group was certified as an EICC Conflict-Free Smelter (CFS) in June 2012. In addition, in June 2014, we passed a management system audit by a third party based on the LBMA\* Responsible Gold Guidance to obtain certificate of non-use of conflict minerals.

\* London Bullion Market Association

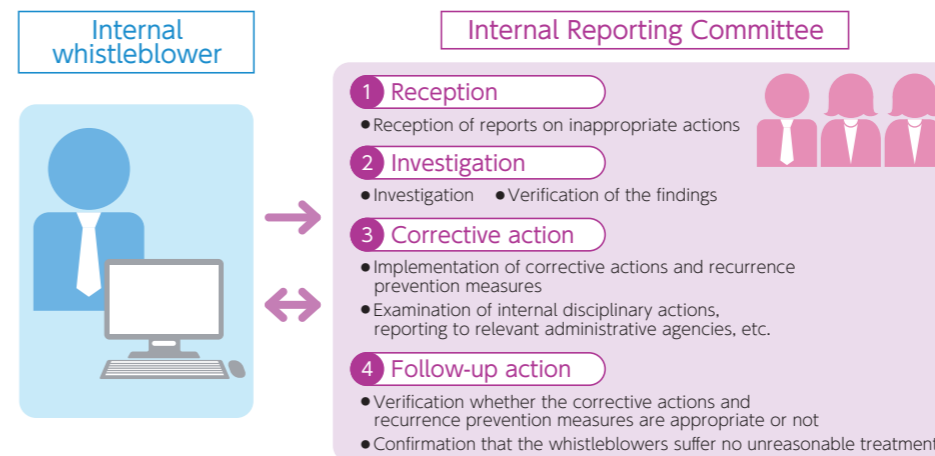


### Protection of Intellectual Property Rights

The Intellectual Property Department attaches importance to compliance and focuses on respect for and monitoring of patents, copyrights and other intellectual property rights of other companies, as well as security of internal patents and copyrights. We have expanded IP-related enlightenment activities in recent years to provide IP education to sales staff in charge of industrial products and jewelry in addition to in-house engineers.

### Internal Reporting System

As a measure to ensure compliance, we have established an internal reporting system, in which the Internal Reporting Committee responds to reports from employees, etc. with investigation, corrective actions and follow-up.



### Some of the Patents Acquired in FY2014

- Patent No. 5689340**  
• Method for recovering platinum group elements
- Patent No. 5669335**  
• Silver and gold alloy bonding wire
- Patent No. 5580142**  
• Detection method of urine antigen with immunoassay
- Patent No. 5531125**  
• Catalyst for solid polymer fuel cell and method of producing the same
- Patent No. 5674697**  
• Contact material suitable for fuel sender brush, and fuel sender brush

Number of the patents registered in Japan in FY2014

31

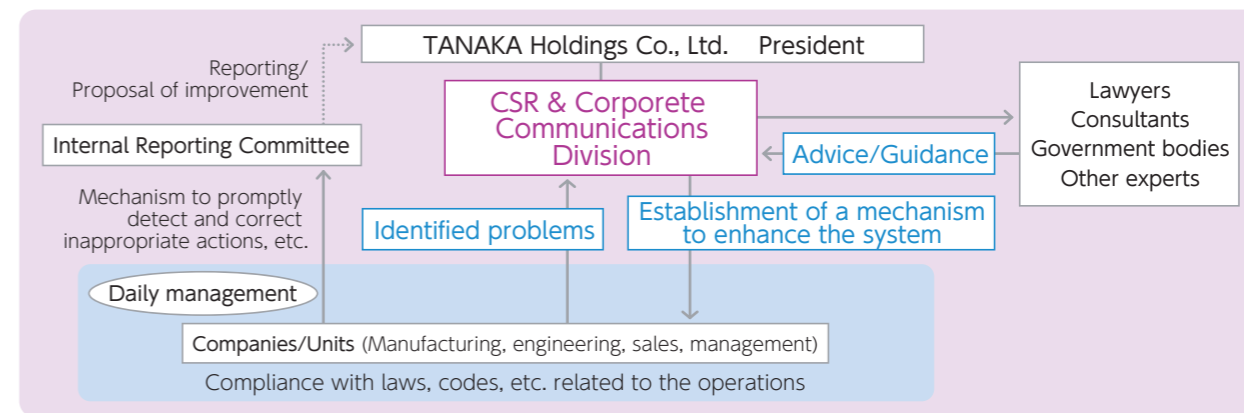
Number of internal reporting in FY2014

5

### Compliance Promotion System

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 Group.

#### Compliance System



International Sales Department, Tanaka Kikinzoku International K.K. **YAZU Kosuke**

As the secretariat of the AEO General Management Committee, we operate the committee and provide education to the departments involved in exporting in order to maintain AEO certification. Since our activities are developed across Group companies, we are busy for internal coordination and communication with the customs authorities. While our job thus requires many efforts, I am also motivated by working as a partner of customs authorities and helping the company ensure compliance in its export transactions. I hope to see continued support and cooperation from the relevant departments.





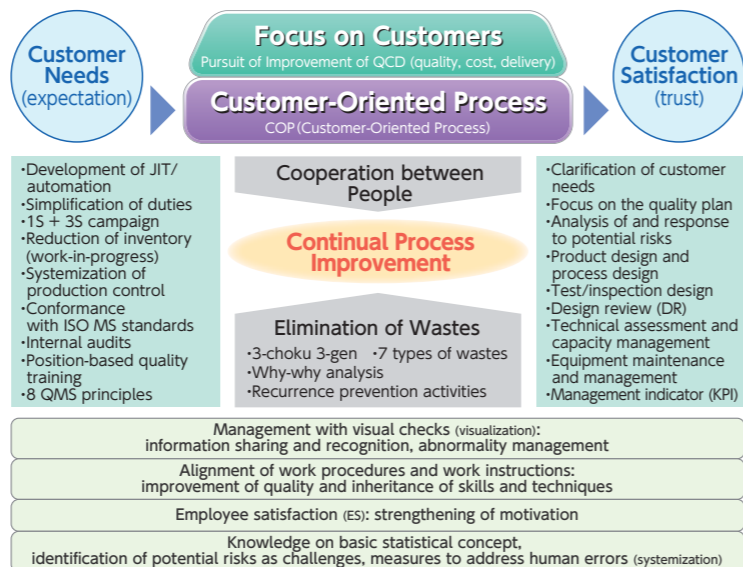
Always keeping promises with customers, we also pursue responses that exceed their expectations.

While keeping our promises with customers by offering reliable quality, we also focus on making responses that exceed their expectations.

### Approach to Quality Assurance

In our basic approach, quality assurance is to guarantee that the quality of the products satisfies customers and is reliable and economical, and quality assurance activities are that the persons responsible for each stage guarantee what they should guarantee ("autonomous process guarantee" and "quality improvement in the process" are advocated). Based on a concept that "the next (following) process is the customers," we consider that we should guarantee quality for the next step in each step of the process so that we eventually guarantee the quality for customers. We are committed to quality assurance with the aims of "establishing the culture of giving priority to quality for customers," "making everyone responsible for quality assurance" and "improving the work quality to achieve the principle of customer first and quality first."

●Quality Control Activities



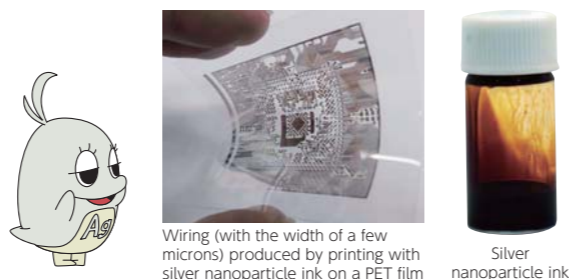
### Development of Silver Nanoparticle Ink

Precious metals are essential materials in various fields. For example, they are used for electrical wiring. Manufacturing in this field is expected to experience major transformations within a few years to face an era when electrical wiring is produced by printing, which is called "printed electronics." This technology is currently under development with a goal of forming electrical wiring on flexible films such as OHP sheets, which are heat sensitive. A key material to the development is silver nanoparticle ink, which can be sintered below 100°C.

This silver ink is the material of the wiring and required to form patterns. It is therefore important that the material is not only sinterable at a low temperature but also suitable for printing.

Using the nanoparticle and colloid technologies that we have developed over long years, we are developing various technologies related to printed electronics.

We have been committed to high-definition wiring printing technologies since 2014, and the development is now in progress with a view to application of them to touch screens and other products as well.



Wiring (with the width of a few microns) produced by printing with silver nanoparticle ink on a PET film

Silver nanoparticle ink

### Information Security

As part of corporate internal control, we have established an information security management system (ISMS) to respond to growing demand for information security and progress in the information society, and promote activities to obtain ISO 27001 certification in order to take proper measures to protect personal information of customers.

### Support of SPACE EXPO 2014

"SPACE EXPO 2014 The Great Challenge of NASA/JAXA" was held at Makuhari Messe International Exhibition Halls for 67 days from July 19 to September 23, 2014, which exhibited about 500 items related to space development including model machines and original documents.

We supported the exhibition because precious metals are closely linked to space development. Some panels in the venue explained the relationships between the universe and precious metals to give visitors a good opportunity to learn the features and characteristics of precious metals. We also invited customers to a special private exhibition on August 1, and they enjoyed the world of space development.



### From Manufacturing to Sales - Platinum Marriage Rings "TANAKA PREMIUM LINE"

Joint development making use of the technologies of Tanaka Kikinzoku Kogyo K.K., which has pursued various possibilities of precious metals to be known as "TANAKA of the precious metal industry products," as well as the knowledge and experience of Tanaka Kikinzoku Jewelry K.K., known as GINZA TANAKA, jeweler with a history of more than 120 years, has created new platinum marriage rings "TANAKA PREMIUM LINE." It is said that platinum is more valuable when the purity increases, and harder when the purity decreases. However, the technical capacity of TANAKA has made it possible to develop ideal platinum with high purity and hardness at the same time, which has been named Royal Pure Platinum. The marriage rings are also designed in a simple manner to pursue the wear comfort and beauty, and a weight mark is engraved on each ring to prove that it is produced in a plant directly operated by Tanaka Kikinzoku Kogyo.



TANAKA NOW

Chemical Materials Development Department, Technical Development Division, Tanaka Kikinzoku Kogyo K.K. **KUBO Hitoshi**

Currently composed of slightly less than 30 employees, Chemical Materials Development Department is working everyday to achieve the goal of creating businesses with focus on "compound" and "nanoparticle" technologies. In the global circumstances where anything can happen, successful development does not necessarily mean successful launch of a business. Our development group therefore diversifies the subjects widely without making the content of each development task insufficient, and conducts development that connects different points to form a plane. We often ask ourselves whether we are really doing a right thing or not in the development process. So, all of us are committed to development with awareness of contribution to society and advance in science and technology to keep motivated. We are accumulating technologies and preparing for the launch of businesses, and I am confident that we will be successful. Please look forward to it.



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

We develop a wide range of activities to meet the great goal of "Contribute to the creation of a prosperous society through sustainable use of precious metals."

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

### Grant program for research on precious metals

This grant program has been conducted since fiscal 1999. In fiscal 2014, which was the 16th year for the program, we provided grants for 43 research projects.



Gold Award presented to Associate Professor Yu-Ching Lin from Tohoku University



Gold Award presented to Assistant Professor Tsuyoshi Minami from Yamagata University

Tanaka Holdings Co., Ltd.

### 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.

## Local Cleaning Activities

### Osaka Marathon cleanup campaign

October 2014  
No. of participants: 15

Osaka Branch of Tanaka Kikinzoku Hanbai K.K.



### Cleanup of an orphanage

March 2015  
No. of participants: 12

Tanaka Kikinzoku International (Malaysia) Sdn. Bhd.



### Cleanup of Lake Michigan

September 2014  
No. of participants: 4

Tanaka Kikinzoku International (America) Inc.



## Other activities

- Cleanup of areas around plants and branches (Tokyo Headquarters of TKH/I, Hiratsuka Plant, Iwate Plant and Tomioka Plant of TKK, Nagano Branch and Okayama Branch of TKH, Saga Plant of TD, TEC)
- Participation in local cleaning activities (Hiratsuka Plant, Shonan Plant and Isehara Plant of TKK, EEJA, Hong Kong Branch of TKI, Malaysia TKI, TEC)

## Sports Promotion Activities

### Official partner of the Japanese Para-Sports Association (JPSA) Tanaka Holdings Co., Ltd.



## Other activities

- Support of sports practice in a children's home (Saga Plant of TD)
- Support of a full marathon event as volunteer staff (Saga Plant of TD)

## Other

### Factory tours for families of employees

August 2014  
No. of participants: 23

Saga Plant of Tanaka Denshi Kogyo K.K.

July 2014  
No. of participants: 32

Shonan Plant of Tanaka Kikinzoku Kogyo K.K.



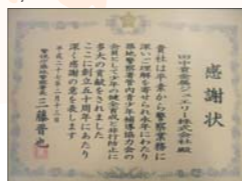
Saga Plant of TD

### Commendation from Tsukiji Police Station

Commended for contribution to sound development of the juvenile and prevention of delinquency as a member of the juvenile guidance cooperation association in the jurisdiction of Tsukiji Police Station.

February 2015

Ginza Main Store of Tanaka Kikinzoku Jewelry K.K.



### Participation in an emergency drill to open an evacuation shelter in Shinsaibashi

Participated in the drill organized at Osaka Municipal Minami Elementary School.

November 2014

Shinsaibashi Store of Tanaka Kikinzoku Jewelry K.K.



## Other activities

- Water sprinkling project in Marunouchi (Sales Department of Headquarters of TKH/I)
- Blood donation campaign (Shonan Plant of TKK, Saga Plant of TD, TEC)
- Participation in local traffic safety activities ("Safety 123") (Sendai Branch of TKH)
- Support of sales of bread made by people with disabilities (Saga Plant of TD)

## Donation and Fund-raising Activities

### Invitation of Children's Cancer Foundation (CCF) to watch a movie together and make a donation on the Family Day of the company

March 2015  
No. of participants: 200

Tanaka Electronics Singapore Pte. Ltd.



### Collection of used clothes in a residential complex for donation

November 2014  
No. of participants: 17

Tanaka Electronics (Hangzhou) Co., Ltd.



### Organization of a flea market and donation of the proceeds to Ashinaga (a scholarship fund)

December 2014  
No. of participants: 150

Tokyo Headquarters of Tanaka Kikinzoku Hanbai K.K.

Tokyo Headquarters of Tanaka Kikinzoku International K.K.



### Installation of vending machines with a donation function (for a mangrove planting project and support of providing school meals to children in developing countries)

Shonan Plant of Tanaka Kikinzoku Kogyo K.K.



## Bond of love - cherry blossom trees planting 135

The TANAKA Group has performed various volunteer activities to support the rehabilitation of the Tohoku Region on a group-wide scale 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." Cherry blossom trees will be planted periodically to create a row of the trees in the furthest inland areas hit by the tsunami so that they can be landmarks for evacuation. As of April 2015, we have planted 60 trees.

### TANAKA Group as a whole

Planting in the first year (fiscal 2013): Yoshida District Exchange Center, Watari-cho, Watari-gun, Miyagi Prefecture

March 2014



November 2014



April 2015



Cherry blossoms are in bloom

Planting in the second year (fiscal 2014): Mori no Sato, a special nursing home



TANAKA NOW

Isehara Plant, Tanaka Kikinzoku Kogyo K.K. **HITOMI Naoko**

After the Great East Japan Earthquake, I always wanted to do something for those who were affected by the disaster. This is why I participated in the Tohoku Reconstruction Volunteer Program. Many people around me have been involved in support of the reconstruction in various ways including direct visits to the affected areas and contribution through meals and shopping, as well as indirect involvement like this initiative. Through participation in the program, I experienced the warmth deep inside of people. I always like the spirit of Japanese people to offer a helping hand to those who are in trouble without being asked to do so.



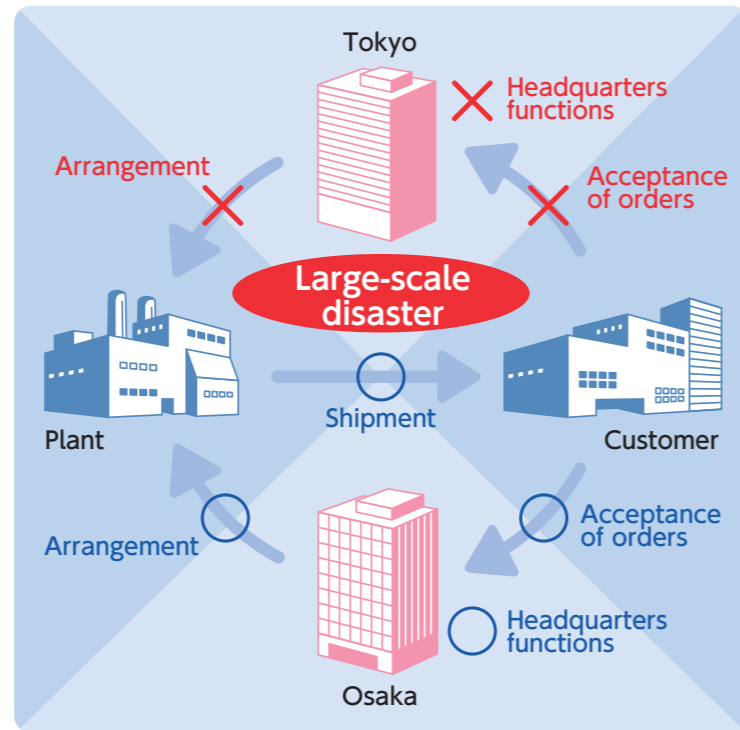


With a multi-faceted approach, we prepare for risks to ensure business continuity at the time of emergency.

We are committed to ensuring business continuity to fulfill our responsibility for stable supply of products even at the time of disasters and other emergency situations.

BCP (Business Continuity Plan) for Headquarters Functions

Tanaka Holdings Co., Ltd. has established its Osaka Head Office as an alternative for the headquarters functions to ensure that either Tokyo or Osaka Headquarters can control the whole Group based on a shared information system. A system to ensure that all data can be stored in two backup facilities in the Kanto and Kansai regions is also in place. Based on this information system environment, the two headquarters share various functions such as daily operations and administrative tasks ranging from reception of orders for products from Japanese and other customers to delivery, as well as export/import operations and management and other trade-related activities and trading operations including procurement and pricing of bullion and entry of sales/purchase, so that either of the headquarters can perform these activities. In fiscal 2014, we conducted initial response training at Osaka Headquarters under a scenario where a disaster occurred in Tokyo.



Training to launch Osaka Headquarters

Participation of TKK Security Staff in a Disaster Prevention Drill and AED Training Session

All of the dedicated security staff of the TANAKA Group are its employees, and receive three-day introductory training designed for new security guards when assigned to a position. Nevertheless, it is difficult for security staff to spare time to receive training other than the introductory one because they work night shift in turns. We therefore organized a training session for them on the day when a general meeting was held with the participation of all security staff. The session, which aimed to learn how to use a fire extinguisher and AED in an emergency situation, was composed of a lecture and demonstration with cooperation of Marunouchi Fire Station. We have received comments from dedicated security staff that the session was very useful and encouraging.

We also plan to organize study sessions to improve their telephone and reception skills to learn a manner suitable for security staff of the TANAKA Group in the future as part of our initiative to enhance their quality as front persons of the company.



No. of the persons who participated in the self-protection fire-fighting training

34

Training on how to use an AED and fire extinguisher at Marunouchi Fire Station of Tokyo Fire Department

Security by internal staff in TKJ

Based on the security policy of the TANAKA Group that "companies have to take care of themselves," TKJ also started to use internal staff for security tasks in May 2014. While the shift was initially scheduled in April 2014, it was postponed to May because the stores were very crowded due to a rush in demand ahead of an increase in the consumption tax rate from 5% to 8%.

While the production plants of Tanaka Kikinzoku Kogyo K.K. had already promoted shift to patrol by internal security staff, security tasks for BtoC business are different from those for plants, which are mainly the prevention of intrusion by suspicious individuals. Core security tasks for BtoC business include discovery of suspicious individuals and objects and prevention of robbery during the business hours of the stores. Accordingly, posted security guards are always under the strain. They perform their duties everyday to ensure safety and security of customers and employees.



Security training in TKJ

Each branch store organizes a robbery simulation drill in the presence of local police every year. This annual training aims to ensure that in case of robbery, employees can respond to it calmly without being panicked and act in a way to give priority to the safety of customers and employees.

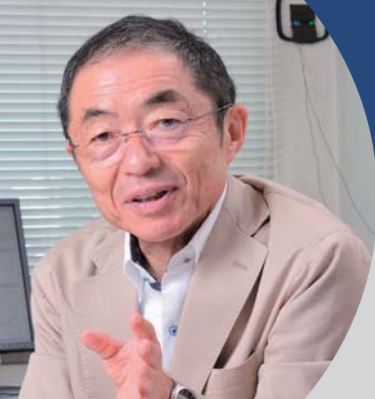


A police officer plays the part of the robber, who actually holds a knife and fires a pistol (toy gun). As the officer gets used to it, the performance is realistic. If such a crime should really occur, the staff must not fight back against the robber but press the alarm button directly connected to the police, remember the features of the robber as well as how the robber has fled and maintain the crime scene to support investigation of the police. This series of training is organized every year to keep employees aware of crime prevention.

Security Section, Management Department, Tanaka Kikinzoku Jewelry K.K. **HATTORI Toshiyuki**

Based on the concept that "companies have to take care of themselves," we are working to ensure safety and security of customers and employees in the three stores in the Tokyo Metropolitan Area. We provide security services everyday to serve as a deterrent to crimes with awareness of crime prevention. While working as guards, we wear a suit with an armband and name plate, and are often spoken to by customers. As employees of GINZA TANAKA, we aim to provide security services while also paying attention to the promise of the brand to give customers "moments of excitement."





### Third-party Opinion

Representative of CCI Research Institute, Board Chairperson of the Japan Society for Corporate Communication Studies, Board Member of the Public Relations Society of Japan, Member of the CSR Study Group of the Japan Society for Business Ethics Study, Environmental Counselor

## SHIMIZU Masamichi

**【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.

My opinion stated below is based on visit to Tsukuba Facility and interviews with staff of CSR & Communication Divisions HQ, as well as a draft of this report and the corporate website.

In fiscal 2014, the TANAKA Group revised the code of conduct and standards of conduct and actively developed social contribution activities with "communication" as the theme to realize both corporate social responsibility (CSR) and sustainability. In fiscal 2015, the Group launched a mid-term business plan "GOGO Plan 2020" with fiscal 2020, when Tokyo Olympic and Paralympic Games are held, as the target year.

This report provides clues to what value the company aims to create in this era of change with progress in globalization, changes in the demographic structure and reforms of legal and social systems, which can be compared to the time of the Meiji restoration. I hope that this report is used as a forum for dialogue between top management/employees, who make continuous efforts to improve communication ("Challengeship"), and many stakeholders.

### Feedback as to the CSR Report for Fiscal 2015

I have confirmed that the wide-ranging CSR activities of the TANAKA Group are aligned with the mid-term business plan and that the issues I pointed out last year have been addressed actively. Nevertheless, I have also found some concerns, each of which are mentioned below.

Firstly, the report as a whole is easier to read than previous issues. The explanation in the opening part including Corporate Philosophy, Code of Conduct and business outline is also much easier to understand. The photos and messages of employees presented in many pages give readers a sense of familiarity.

On the other hand, it is not easy to express the characteristics of the company's businesses and specific activities in each worksite in the limited space of the report. The company will be more attractive if the content of the printed version is linked with information in the website to describe "why" and "how" good practices have been achieved more specifically.

For example, the responsive actions taken by Tsukuba Facility at the time of the great earthquake, "CSR Tsushin" (CSR daily news) issued daily by CSR Promotion Department and the company-wide efforts to reduce industrial waste serve as good examples not only within the company but also for whole society. In addition to reporting of the achievements to a wide range of people, presentation of concrete facts to specific people is also part of the CSR activities to meet the potential expectation of society.

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

When I visited headquarters and offices of the TANAKA Group several times, I felt that "I am now standing in a worksite of a leading company." Unfortunately, however, this report as a whole does not sufficiently give such an impression. I hope that the value of the Group's state-of-the-art materials and products is presented in a rich manner in this report as well as in the workplace.

Many difficult challenges are ahead in the current world.

The second concern is about initiatives to promote and report comprehensive or holistic activities. When the Japan Society for Corporate Communication Studies conducted a survey on internal communication in large companies last year, the negative effects of vertical and horizontal segmentation were identified as a challenge. Important information is not communicated effectively.

Even if excellent rules and systems are established, they are not effective unless each person follows them. While the employees in all of the company's worksites seem to act in accordance with the five principles of the Code of Conduct, even famous large companies experience scandals according to media coverage. The company must consider when, how and with whom mutual communication, which extends in vertical, horizontal and even diagonal directions, should be "connected."

Thirdly, numerical results of improvements and reforms are presented in many pages and make it easier to understand the achievements and challenges. Numbers are a common language across the world. The company, which is promoting globalization, will have more diverse employees in terms of language, value and lifestyle in the future. To respond to it, the company has to further develop common languages including numbers. Each person has surprisingly different images about the words used daily in the workplace. This may cause a problem at a critical moment.

Precious metals are not only used in jewelry and as assets but also have potential to contribute to solution of difficult social challenges in the 21st century through the industrial system. The efforts based on both promotion of business through material revolution and CSR activities will lead to creating shared value (CSV), which currently attracts much attention. I look forward to further development.

### Response from the TANAKA Group

The TANAKA Group launches a new mid-term business plan (GOGO Plan 2020) in full scale in fiscal 2015. Fiscal 2014 was positioned as the preparation stage. We have examined the issues to be tackled for the achievement of what the TANAKA Group wants to be by 2020, and identified CSR activities as one of the key challenges. Companies should not just make profits but also promote CSR in various forms including security, environmental conservation, compliance and social contribution, as well as contribute to society through supply of products and services. This realizes sustainability so that companies can survive for 200 or even 300 years. Such CSR activities cannot be performed just by order of superiors but it is essential that all of those who are involved in business activities participate in them voluntarily. To this end, as mentioned in the third-party opinion, it is significant to enhance awareness among employees and promote mutual communication activities. The TANAKA Group will give full support to employees to actively promote CSR activities, and focus its efforts on strengthening awareness and communication. This CSR report is also a compilation of the CSR activities performed by our employees during the previous fiscal year. While we strive to make the report easier to read and understand based on comments from the readers every year, we have also tried to present the report in a way that readers can read it with fun this year. Please read this report to enhance awareness of CSR and also use it as a tool for mutual communication.



Manager of CSR & Corporate Communications Division  
Director & Managing Corporate Officer  
Tanaka Holdings Co., Ltd.  
IKEDA Osamu

#### Editorial Policy

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

#### Period

April 1, 2014 to March 31, 2015  
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

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#### 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>

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