

# CSR Report 2017



**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 Choral-Kai" (Forest Neighborhood Association)-Supporting sound forest management.



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.



TANAKA PRECIOUS METALS

## Corporate Philosophy and Code of Conduct

### 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

1. Greet Everyone
2. Show your Smile
3. Give thanks
4. Maintain Safety
5. Challenge Yourself



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.

#### Editorial Policy

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 2016, we classified the contents into the three major categories of "Values Created by TANAKA," "Business Activities Based on Social Responsibility" and "Free, Vigorous and Honest Corporate Culture," and attempted to present them with focus on their relationships to corporate activities. We would be honored to receive feedback from our stakeholders. Your comments and opinions will be used to improve Tanaka Kikinzoku Group's future initiatives.

#### Period

April 1, 2016 to March 31, 2017  
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. (Metalor Technologies International SA is excluded). Indications are made in areas of the report where the scope differs.

#### Publication

July 2017

#### 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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## Message from the President

# Promoting CSR activities that support our growth to become the “ideal state we would like to achieve in 2020”

Widely and strongly... We will accumulate more CSR activities to make steady growth and development together with all stakeholders.

### Start of the new Tanaka Kikinzoku Group that promotes global business development

In fiscal 2016, which was the second year for the GOGO Plan 2020, a medium-term management plan of Tanaka Kikinzoku Group, we made concerted efforts to establish the in-house company system, which was introduced in fiscal 2015, and started to achieve the results of the efforts gradually. This in-house company system is a core system of the business management in our commitment to achieving the "ideal state we would like to achieve" set in the GOGO Plan 2020, and we will further evolve it in the future.

Our highlight during fiscal 2016 was the acquisition of 100% of the outstanding shares of Metalor Technologies International SA ("Metalor"), a peer company based in Switzerland and expanding on a global scale. Some of Metalor's business activities overlap with those of our Group, such as recovery and refining, plating solution and electrical contacts. The business approach that focuses on precious metals as management resources, as well as the corporate climate that treats employees well and lets them work freely and vigorously, is very similar to our Group. As a result of this acquisition, we have got like-minded colleagues, and the synergetic effect will give us a great opportunity to dramatically promote the global development of the business of the "new" Tanaka Kikinzoku Group.

On the other hand, cooperation with Metalor, which is widely expanding worldwide, requires us to further enhance risk management and corporate governance in a comprehensive manner. We would like to promote the management and operation of the new Tanaka Kikinzoku Group through mutual cooperation of the top management and various exchanges of employees between the two companies.

### Aiming to further enhance risk management and compliance

The activities of the Risk Management Committee, which was established for risk management of our Group as a whole, were in their second year, too. The operation has also been getting on track, and the committee identified and addressed various risks related to natural disasters, customer transactions, compliance, etc. last year. As a measure to address natural disaster risks, we conducted a drill of the emergency task force of the Headquarters in preparation for a major earthquake hitting the Tokyo area in the last fiscal year. All division managers of TANAKA Holdings Co., Ltd. and I, who are members of the emergency task force, participated in this drill and directly learned what response and instruction should be given in an emergency situation, such as liaison and cooperation with relevant divisions. We learned various lessons through the drill, and the

## GOGO Plan 2020

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



results will be reflected on the BCP in the future. In fiscal 2017, we plan to promote the review of the BCP of our production bases, which is still in progress, to further improve it and ensure that we can fulfill responsibility to supply products to customers. The training for BCP, along with the improvement activities, will be continued in the future.

Another important risk countermeasure is protection of personal information. Corporate scandals due to leakage of personal information have recently attracted much attention while "My Number Act" was newly enforced in January 2016 and the Act on the Protection of Personal Information was amended in May 2017. We have to consider leakage of personal information to be a crucial corporate risk. Tanaka Kikinzoku Group receives personal information from customers in all of its business fields, namely industrial products, assets and jewelry, and has therefore taken measures to ensure the protection of personal information for a long time. We revised the policies and rules relating to management of personal information in fiscal 2015 to strengthen the management throughout the Group. Tanaka Kikinzoku Jewelry K.K. and Precious Metals Retail Department of Tanaka Kikinzoku Kogyo K.K. obtained ISO 27001 certification for the protection of personal information of customers while Personnel and General Affairs Department thoroughly control the individual number (for the social security and tax number system in Japan, nicknamed "my number") of each employee. In fiscal 2016, to implement PDCA of personal information management in the whole Group, we divided personal information into the three categories of "personal information of individual customers," "personal information of corporate customers" and "personal information of employees, etc." and appointed the director of the department that controls each type of the information as the supervisor. We also established a personal information management committee composed of those supervisors. While this committee will take the initiative in our personal information management from now on, we will enhance the management even more.

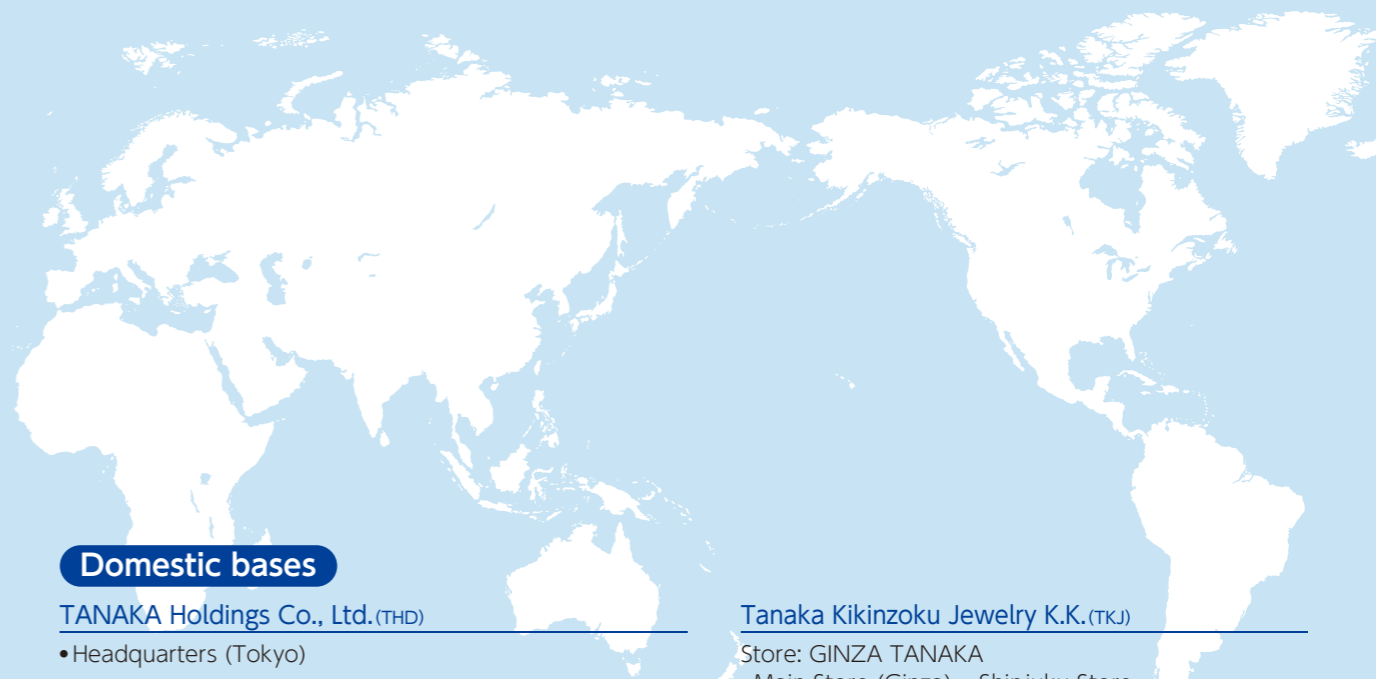
In addition, we reviewed Tanaka Kikinzoku Group Action Rules to further promote activities for CSR procurement including response to EICC. Since these initiatives for risk management and compliance are essential for corporate sustainability,

we will continue to surely monitor them under the initiative of the Risk Management Committee.

### Start of new social contribution activities toward the year 2020

Lastly, our Group has conventionally regarded social contribution activities as part of our significant activities. Our activities for "practice of sports" and "support of sports for the disabled" have recently gained recognition of the Tokyo Metropolitan Government, and we were selected as a model company in the promotion of sports in Tokyo again in 2016, for two consecutive years from 2015. We also set up Office for Promotion of Sports for the Disabled in Communications and Advertising Department in November 2016 to enhance our system to support sports for people with disabilities, and decided to co-sponsor the Japan Blind Football Association from April 2017 as a prompt initiative. Toward the year 2020, we will promote activities to support sports for people with disabilities (by "knowing", "watching" and "supporting" them) in and outside the company. We also supported victims of natural disasters actively in fiscal 2016. For the victims of the Kumamoto Earthquake in April 2016, we made monetary donation to Kumamoto Prefecture in hope of quick recovery of the affected area. In addition, as part of our activities to assist rehabilitation of the Tohoku Region, we continuously plant cherry blossom trees in the furthest inland areas hit by the tsunami under the theme of "inheritance of memories," using the money raised in the company, from fiscal 2013. We will continue to further promote the social contribution activities of our Group. While the overseas expansion of Tanaka Kikinzoku Group will be accelerated with the acquisition of Metalor, we will keep promoting CSR activities in a way to receive empathy from all stakeholders including customers around the world as well as suppliers and local residents. I would be happy if you read this report, obtain an image of how Tanaka Kikinzoku Group is promoting CSR activities on a global scale and look forward to our future activities.

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



## 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
- Bonding wire business
- Plating process business



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

### Domestic bases

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

- Headquarters (Tokyo)

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

- Headquarters (Tokyo) ● 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 Distribution Center
- Nagoya Branch ● Osaka 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 ● Isetan Tachikawa
- Yokohama-Motomachi Store ● Sendai Store
- Niigata Mitsukoshi ● Nagoya Store
- Bridal Sakae Store ● Nagoya Mitsukoshi Sakae
- Shinsaibashi Store ● Takamatsu Mitsukoshi
- Fukuoka Nishitetsu Grand Hotel Store

#### Nippon PGM Co., Ltd.(PGM)

- Headquarters (Tokyo) ● Kosaka Plant

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

- Headquarters (Tokyo) ● Hiratsuka Office

### Overseas bases

#### 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.(HEESUNG)

#### Nippon PGM Co., Ltd.(PGM)

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

#### CDGM Tanaka Environmental Catalyst Co., Ltd.(CGTEC)

#### Chengdu Guangming Paite Precious Metal Co., Ltd.(GMPT)

#### Metalor Technologies International SA

Tanaka Kikinzoku Kogyo K.K. completed the acquisition of all of the outstanding shares of Metalor Technologies International SA, which is based in Switzerland and develops precious metal plating, electric contact and recovery and refining businesses, on September 27, 2016.

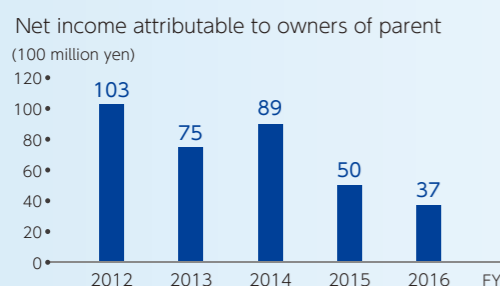
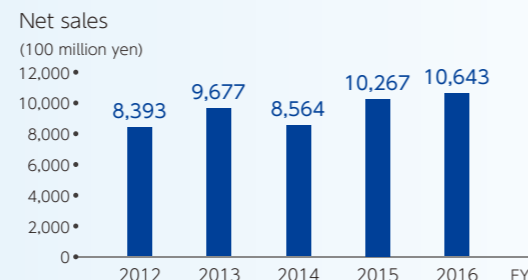


With the attendance of Mr. Philippe Royer, Metalor CEO, the first board of directors' meeting as a member of the Tanaka Kikinzoku Group was held in December 2016.

## Financial Results of the Tanaka Kikinzoku Group

### Financial results overview

	million yen		Year-on-year change
	FY2015	FY2016	
Net sales	1,026,707	1,064,259	103.7%
Income before income taxes	8,801	6,128	69.6%
Net income attributable to owners of parent	5,030	3,690	73.4%
Total assets	422,205	581,304	137.7%
Capital adequacy ratio	43.8%	33.4%	—



(Data as of June 30, 2017)

# Delivery of New Values to Society

In its history of 131 years since the foundation, Tanaka Kikinzoku Group has grown and continuously delivered special values to customers, as well as to society as a whole. While pursuing the potential of precious metals, we will continue to expand the "depth" and "range" of the values to be created for the world.

## Industrial products

### Industrial

Manager of Business Strategy Division  
Senior Managing Director and  
Corporate Officer  
TANAKA Holdings Co., Ltd.  
Vice President and Corporate Officer  
Tanaka Kikinzoku Kogyo K.K.



TANAKA Koichiro

Supporting the foundation of society and encouraging the shift to a sustainable society

We supply products to customers in a very wide variety of fields ranging from semiconductors and electronic parts to medicine and food. We are proud that we underpin the industry in general and the foundation of society through supply of precious metal materials as an "unsung hero" and we feel rewarded by it. For such areas as solar batteries, fuel cells and electric vehicles, which are also symbols of the shift to a sustainable society, we provide "parts in which electrical current flows," including electrodes, electric wires and contacts. Catalysts used for treatment of exhaust gas from cars are included in our key products as well. We develop products with higher performance and higher quality and deliver them in a stable manner so that our customers can surely improve the performance and safety of their final products and our products help solve resource and energy problems and global

environmental issues. With this in mind, we are making efforts every day. We recover the precious metals used in products as rare resources to the extent possible and recycle them as raw materials for products. Precious metals are contained in an enormous number of products used in modern society, and it is a major social challenge to make effective use of such precious metals, which are expressed as "urban mine." Backed by our technical capacity, total solutions offered by TANAKA are also handling this issue. While constantly paying attention to society, we are trying to create products that please customers. We believe that an accumulation of such work will eventually contribute to the establishment of "a prosperous society" and to "the future of the planet," which are goals mentioned in our corporate philosophy.



## Assets and Jewelry

### Assets Jewelry

Manager of Precious Metals Division  
Director and Corporate Officer  
TANAKA Holdings Co., Ltd.  
President and Corporate Officer  
Tanaka Kikinzoku Jewelry K.K.

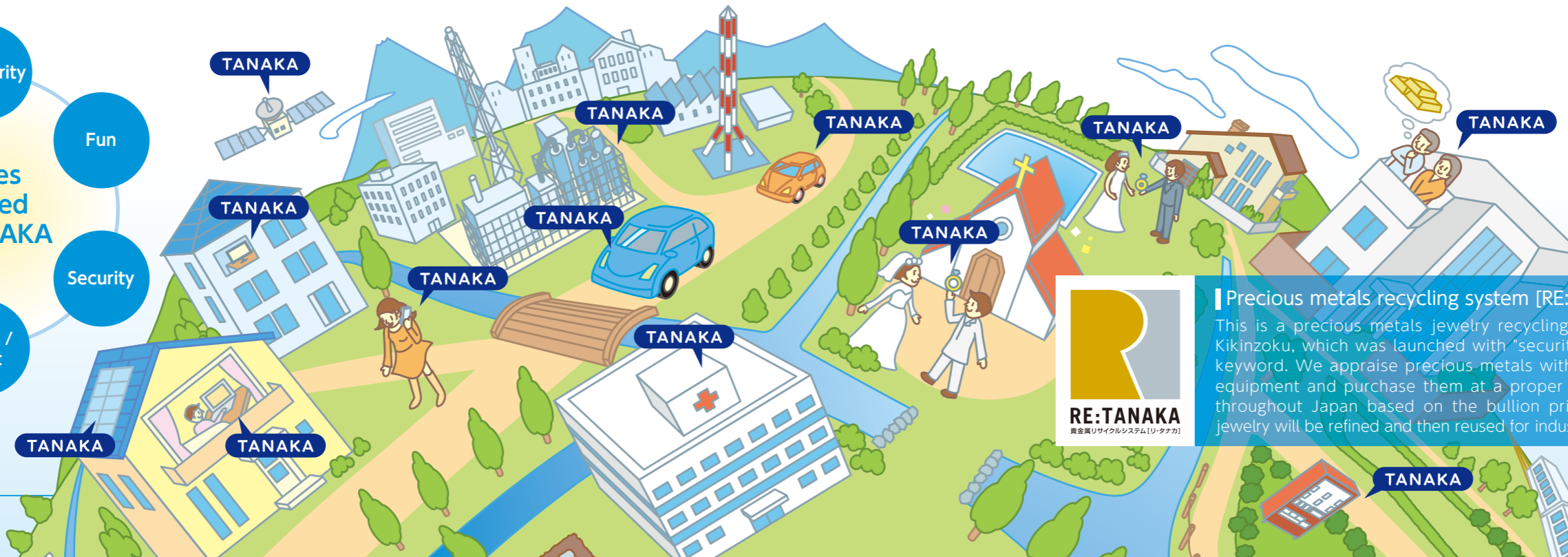


TANAKA Masakazu

Accumulation of jobs that "realize credit" in a careful manner

A feature of TANAKA's products for assets and jewelry, in contrast with the industrial products, is that they are easily recognizable. Their value is also mostly understandable in an intuitive manner. For this reason alone, our daily attitude is even more significant. Products for assets, such as gold and platinum bullion, have stable value as real assets and can therefore dependable in an emergency situation. Accordingly, they can give a sense of security to people in the present day, who tend to feel worried about the future. TANAKA has established and maintained a high reputation as a Good Delivery Referee for gold, silver, platinum and palladium. We continuously deliver high-quality and socially valuable products to customers. With respect to jewelry, we have placed importance to not only producing quality products but also making

them amusing and exciting. Moreover, we are making best efforts to ensure that we can offer our products with confidence, including guarantee that the place of origin of rough diamond has no social problems. The products that have been loved and ended their lifetime are then recycled to give them new life. We begin production of each jewelry item by imagining what feeling customers would have on it, which also motivates our efforts. These values are based on our consistent attitude to "do simple things in a proper manner." With a sense of tension that comes from an idea that "the attitude to never disappoint customers is reflected on products and customer services," we would like to perform each job carefully and accumulate such jobs to realize credit.



**Precious metals recycling system [RE: TANAKA]**  
This is a precious metals jewelry recycling system of Tanaka Kikinzoku, which was launched with "security and trust" as the keyword. We appraise precious metals with dedicated testing equipment and purchase them at a proper price set uniformly throughout Japan based on the bullion price. The purchased jewelry will be refined and then reused for industrial products, etc.



## Research and Development

For Tanaka Kikinzoku Group, research and development is a source of value creation. We will pursue the potential of precious metals with a broad perspective to open the door to a more prosperous society as well as a beautiful future of the Earth in a steady and continuous manner.

### Development of a reagent for the detection of Zika virus

We developed the world's first reagent for directly detecting Zika virus in bloods based on the immunochromatography method. This reagent can detect Zika virus quickly in a short period of 10 to 15 minutes to realize a simpler and less time and money consuming detection procedure in comparison with conventional ones.

Behind the development of this detection reagent, Zika virus has continuously been epidemic mainly in Brazil since 2015. When infected with the virus, the patient suffers Zika fever, which is associated with fever, conjunctival congestion and other symptoms. It has been required to develop a reagent that can be used to directly detect the virus in a simple, quick and specific manner from an early stage after infection.

Our Group developed a reagent that can directly detect the virus by applying the accumulated technologies, as well as our original antibody screening technique and the technology to manufacture gold nanocolloid we have accumulated over many years.



Gold colloid



#### TANAKA NOW

We at Diagnosis Kit Business Unit are vigorously committed to development every day to provide diagnostic kits that can be handled easily to customers all over the world. This diagnostic kit contains gold colloid that is physically and chemically controlled and modified to enhance the performance of the diagnostic kit. Due to population growth in developing countries, aging in developed countries, pandemic of infectious diseases facilitated by the expansion of transportation systems and other reasons, medical cost keeps rising to be a social challenge. We will continue to develop and produce diagnostic kits useful for diagnosis in order to make both medical and economic contributions.

Leader, R&D Department, POCT Products Business Unit, Global Marketing / R&D Division SUZUKI Keita

### Creation and 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 FY2016

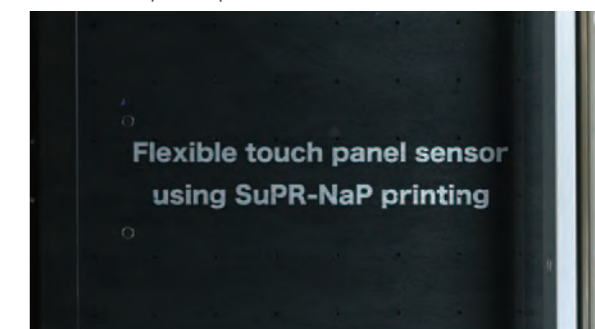
\*excerpt

Patent No. 5912559	Method for producing FePt-C-based sputtering targets
Patent No. 5917201	Test strip for immunochromatography
Patent No. 6006647	Mesh for spraying machines and method for producing the same
Patent No. 6049480	Stirrer for producing glass
Patent No. 6093224	Peroxide decomposition solid catalyst, and method for decomposition treatment of peroxide using the same solid catalyst
Patent No. 5913556	Sliding contact material and method for producing the same
Patent No. 6091019	Thermal and electrical conductive adhesive composition
Patent No. 6068406	Nano-size silver particle ink and silver particle sintered body
Patent No. 6053223	Catalyst for solid polymer fuel cell and method for producing the same
Patent No. 6002300	Palladium (Pd)-coated copper wire for ball bonding
Patent No. 6014848	Electroless platinum plating solution

### Development of a printing technology based on a new principle that can print an ultra-fine circuit on a large area in a simple and quick manner

We developed a groundbreaking printing technology called "SuPR-Nap technique" in collaboration with the National Institute of Advanced Industrial Science and Technology, the University of Tokyo and Yamagata University. In this SuPR-Nap technique, the surface of a base material patterned by ultraviolet irradiation is coated with silver nano-ink to chemically adsorb silver nanoparticles selectively to only the irradiated parts, and self-fusion of the adsorbed particles forms low-resistance silver wiring. With this technique, super high-definition metal wiring with a minimum line width of 1 micrometer strongly bonded to a base material can be printed on a base material of a large area in a simple manner at a high speed without any vacuum technology.

It is scheduled to put flexible touch sensors based on this technique to practical use.



#### TANAKA NOW

We at Chemical Materials Development Department develop nanoparticles and compounds of precious metals. In this development project, we are tackling printing on a film, a field in which we had no experience before, and accordingly failed due to an elementary error often at first. Nevertheless, we have earned know-how on film processing through discussions with people in and outside the company, and combined it with the precious metal particle technology of TANAKA to successfully develop unique techniques that our competitors currently do not have. We will be continuously committed to research and development to support TANAKA's development of new businesses in the product category of printing with functional precious metals.

Chemical Materials Development Department, Technical Development Supervisory Division, New Business Company, Tanaka Kikinzoku Kogyo K.K. MAKITA Yuichi

# Quality of TANAKA



Delivery of "good items" to customers is a principle of Tanaka Kikinzoku Group. In addition to quality of products, we also pay attention to human rights, the environment, health and safety, ethics and other issues in the process of producing products.



### Good Delivery Referee

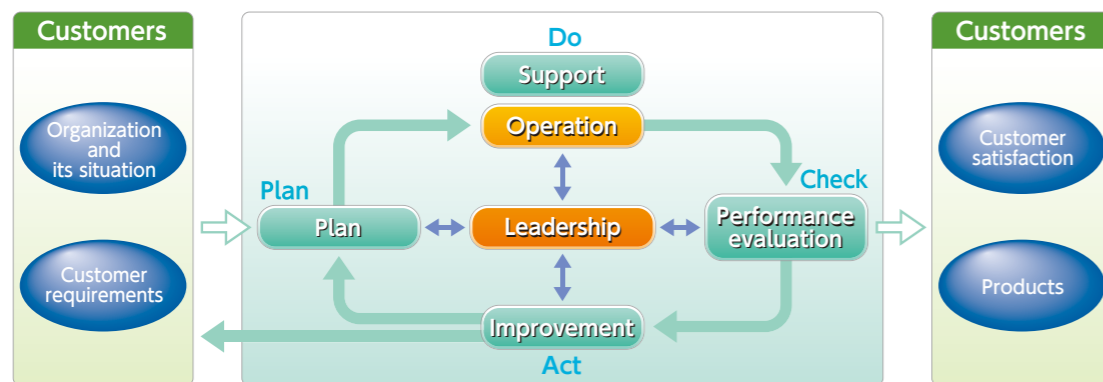
To guarantee the quality of precious metals distributed in the world, Tanaka Kikinzoku Kogyo K.K. is accredited as a Good Delivery Referee for gold and silver by The London Bullion Market Association (LBMA), and also appointed as a Good Delivery Referee for platinum and palladium by London Platinum & Palladium Market (LPPM).



### Quality Management Activities Based on QMS

To supply safe and secure products that satisfy customers in a continuous 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, requirements of ISO/TS 16949, a quality management system for the car industry that requires a sophisticated quality management structure, are reflected for the continual improvement of the QMS.

### Quality Management System Diagram



### Ensuring of Social Quality

#### CSR supply chain management

Tanaka Kikinzoku Group performs business activities in consideration of CSR issues including human rights, the environment, health and safety and ethics, and complies with Tanaka Kikinzoku Group Code of Conduct and Tanaka Kikinzoku Group Standards of Conduct, which are in line with the spirit of the EICC Code of Conduct\*. In fiscal 2016, we called on approximately 170 suppliers to comply with the EICC Code of Conduct and also surveyed their efforts to promote compliance. We also pursue improvement through simulated audits conducted by an external organization based on the EICC Code of Conduct, as well as voluntary checks performed by the secretariat in the company.

\* EICC Code of Conduct: Code of conduct established by the Electronic Industry Citizenship Coalition (EICC)

#### Efforts to Address Conflict Mineral Issues

We promote conflict free procurement of raw materials. To this end, Tanaka Kikinzoku Kogyo K.K. established its conflict mineral management policy in June 2012 to control risks related to the transaction of conflict minerals, namely gold, tantalum, tungsten and tin, in the procurement of raw materials and to avoid any procurement involving violation of human rights, terrorism, money laundering, illegal transactions, inhuman acts and armed groups.

In particular, we attach importance to control of risks related to the transaction of gold, and have therefore established the conflict mineral management policy on gold. We also 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.



LBMA Responsible Gold Certificate

"Conflict mineral management policy" and "Conflict mineral management policy on gold": [http://www.tamnaka.co.jp/sourcing\\_policy/](http://www.tamnaka.co.jp/sourcing_policy/)

#### Efforts to Address Conflict Diamond Issues

Each of the diamond industry organizations in the world agreed to introduce voluntary regulations in 2003 so as to complement the Kimberley Process set up by the governments of the countries involved in the diamond trade.

Tanaka Kikinzoku Jewelry K.K. welcomes the introduction of this global system to eliminate improper transaction of conflict diamonds, and actively supports the voluntary regulations in the industry.

We ask all diamond suppliers to comply with the System of Warranty to declare that the diamonds they supply do not involve funding for conflicts.

# Protection of the Global Environment



To hand down the beautiful earth to the future is a task shared by the international community and also a major challenge. Tanaka Kikinzoku Group is pursuing every possibility to minimize the environmental impact of its business activities.



## 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 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 (for prevention of global warming) and industrial waste (for establishment of a recycling-oriented society) and eradicate environmental incidents (for prevention of environmental pollution), and aggressively strive to meet the targets.

To promote environmental conservation activities in a steady and smooth manner, we have set up a Group-wide 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.

\* SHE: Safety, Health and Environment.

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

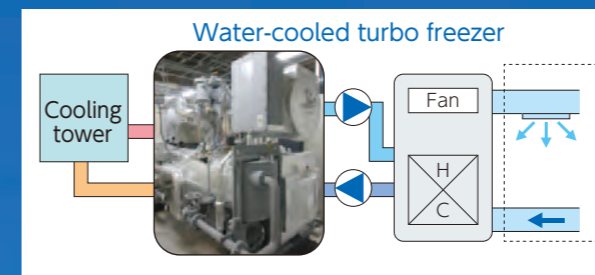
In the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21), the Japanese Government made a commitment to the international community to reduce CO<sub>2</sub> emissions by 26% from the fiscal 2013 level in fiscal 2030. Tanaka Kikinzoku Group has also set a long-term target of reducing CO<sub>2</sub> emissions by 30% from the fiscal 2013 level by fiscal 2030.

Our CO<sub>2</sub> emissions in fiscal 2016 grew by around 3% from the previous fiscal year due to increases in the construction of buildings and production. Since the reduction has been sluggish in recent years, we have shifted the focus to improvement of operational management by Energy Saving Committee at the respective worksites in our efforts to promote energy saving activities while also receiving advice from external experts. The energy saving measures we took during fiscal 2016 included optimization of the operating conditions of equipment, adoption of LED lights, replacement with high-efficiency devices and installation of photovoltaic power generation equipment.

## Examples of Energy Saving Activities

### ●Iwate Plant (replacement of equipment)

As a result of replacement with high-efficiency equipment, the electrical load of air conditioning (especially in summer) was reduced. (Annual CO<sub>2</sub> emissions were reduced by approximately 26 tons.)



### ●Shonan Plant (photovoltaic power generation)

Photovoltaic power generation panels with a power generation capacity of 50kW were installed. The electricity generated by them is used for lighting in the plant.



## Efforts to Reduce Industrial Waste Emissions

Plants in Tanaka Kikinzoku Group generate a large amount of acid and alkali when precious metals are dissolved, refined or collected from waste precious metal solution. We thoroughly separate waste to promote 3R (reduction, reuse and recycling). In fiscal 2016, the waste emissions decreased by approximately 300 tons or 7.3% year-on-year.

## Examples of Activities to Reduce Industrial Waste Emissions

### ●Tanaka Denshi Kogyo K.K. (reduction of waste liquid)

The company introduced concentration equipment to reduce waste lubricating oil, which represented 80% of its industrial waste, and successfully reduced industrial waste by about 70%.

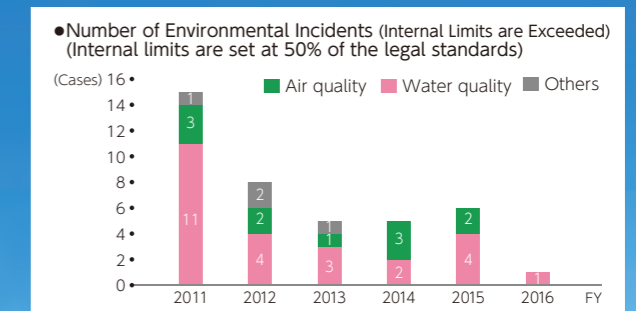


Waste lubricating oil concentration equipment

## Environmental Incident Eradication Activities

To prevent air pollution, water pollution and soil pollution, we have set internal limits that are even stricter than the levels required by law. In particular, the internal limits for air and water pollutants are set to be 50% of the legal standards in principle.

In case of any abnormal situation, we respond promptly to it and strive to identify the cause and prevent its recurrence. We convey information internally through "flash reports" and submit reports to relevant government bodies in accordance with the reporting and notification standards. While we had an environmental incident where an actual value exceeded the relevant internal limit in fiscal 2016, it was addressed based on the mechanism mentioned above.





**Business Activities Based on Social Responsibility**



Campaign to eliminate malicious soliciting

Blood donation

Fund raising for the Tohoku Reconstruction Volunteer Program

Ginchakai (open-air tea ceremony)

Hokubu Industrial Complex cleanup event

Sendai Sanja Festival

Industrial complex cleanup event



Participants in volunteer activities for the National Sports Festival for People with Disabilities in October 2016

**Support of Sports for People with Disabilities**

Tanaka Kikinzoku Group supports and cheers sports for people with disabilities through an agreement to become an official partner of the Japanese Para-Sports Association and other initiatives. To further develop our activities of "knowing", "watching", and "supporting" the sports, we organized a program to experience sports for people with disabilities in a company sports event, and also participated in volunteer activities for the National Sports Festival for People with Disabilities, while also taking other initiatives such as a photo exhibition at a worksite and distribution of brochures to introduce the sports, in fiscal 2016. Moreover, in April 2017, we started to co-sponsor the Japan Blind Football Association (NPO) and the Japanese women's blind football team.

**Contribution to Local Communities and Society**



Tanaka Kikinzoku Group is committed to the activities we can perform to contribute to the local communities and countries with which we are linked through our business activities so that they can be more healthy and prosperous. We are developing support activities as corporate efforts, as well as volunteer activities of the employees, in various places with focus on continuity.

**Co-sponsorship of Robot Contest for Technical College Students (Kosen-Robocon)**

Competition of ideas - Robot Contest of National Colleges of Technology (Kosen-Robocon) is an event where technical college students think outside the box and create robots by themselves to experience the joy of manufacturing. Students from 62 campuses of 57 technical colleges all over Japan compete in a preliminary round in eight regions, and the surviving 25 teams move into the national competition held in Tokyo.

Tanaka Kikinzoku Group has co-sponsored the Robocon for technical college students since 2012 to support manufacturing activities of young engineers, and President Akira Tanae presents a special award in the national competition. While the Kosen-Robocon marks its 30th anniversary in 2017, Tanaka Kikinzoku Group will continue to support it.



**Tanaka Kikinzoku Memorial Foundation**

TANAKA Holdings Co., Ltd. established Tanaka Kikinzoku Memorial Foundation on April 1, 2015 to celebrate its 130th anniversary in business. The foundation aims to create and nurture new fields of precious metals and contribute to academic and technological development as well as social and economic development.

**Grants for Research on Precious Metals**

To support various efforts for "the new world developed by precious metals," this grant program invites research projects on precious metals in any discipline, such as research on new technologies to which precious metals can contribute. We received a total 177 applications for the invitation in fiscal 2016, which was the 18th, and provided grants of 16.3 million yen in total to 19 research projects.



**Platinum Award**

Associate Professor at Tohoku University  
Dr. FUKUSHIMA Takafumi  
Development of technology that contributes to expanded directed self-assembly wiring generated by block polymers and metal nanoparticles



**Gold Award**

Professor at Hokkaido University  
Prof. MIURA Seiji  
An attempt to create precious metal-based high-entropy alloys and experimental formation of multi-element phase equilibrium

**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 the support activities launched under the theme of "inheritance of memories" in fiscal 2013, we plant cherry blossom trees 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 goal is to plant 135 trees by 2020 when we celebrate our 135th year in business, and we have planted 107 trees in total so far.



Bond of Love - Cherry Blossom Trees Planting 135

**TANAKA NOW**

Six years have passed since the Great East Japan Earthquake, and we now have fewer opportunities to see the tragedy of the disaster, the current situation of the affected areas or other related news in the media. While it is often said that the opposite of love is indifference, I participated in volunteer activities because I felt that the interest was waning and I wanted to do something. In the affected area where we planted trees, I heard an affected person say that we can do nothing to stop what comes, but we can do something to survive. I would like to surely pass this comment to others.

Leader, Contact Point Processing Section, Hiratsuka Plant, AuAg Company, Tanaka Kikinzoku Kogyo K.K. **OBO Toshikazu**

TANAKA's social contribution activities <https://www.tanaka.co.jp/about/csr/communication.html>



Planting of tulip bulbs

Christmas catering

Cleanup of the neighborhood of a plant

Planting of shibazakura by the Greening and Beautification Sub-committee

Shibazakura (moss pink)

Site of the first planting for the Tohoku Reconstruction Volunteer Program

Donation to a welfare fund

Donation of old newspapers, etc.

Free, Vigorous and Honest Corporate Culture

# Creation of a Safer Work Environment



Creation of a workplace where employees can work safely with a sense of security is a basic but profound challenge for companies. Tanaka Kikinzoku Group strives to ensure the safety and health of employees while focusing on the development of relationships that facilitate mutual cooperation between them.

### Safety Activities

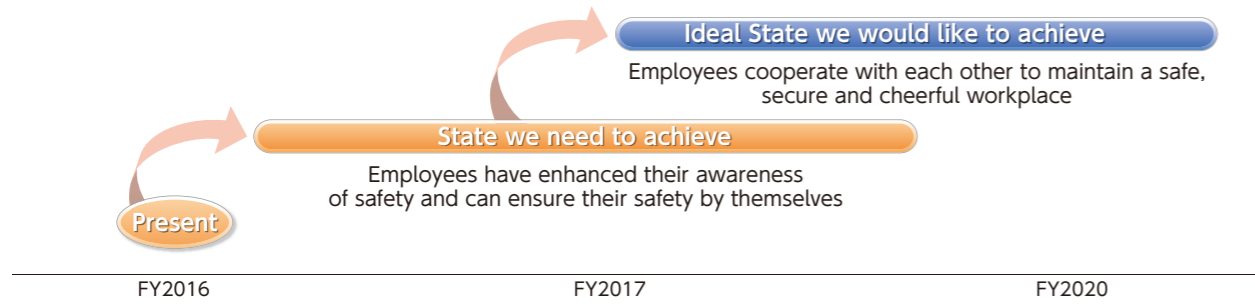
Our safety activities during fiscal 2016 included post guard reports by plant managers, check of the implementation of measures to address past accidents and safety diagnosis conducted by safety officers of the Japan Industrial Safety and Health Association (continued from the previous fiscal year) in addition to conventional activities. It was, however, regrettable that the number of occupational accidents increased by one year-on-year to 24 and a serious accident also occurred. In response to the occurrence of the serious accident, the production sites pay additional attention to the operation of auxiliary movable parts (in addition to main movable parts) of machinery, as well as unsafe

acts and situations due to irregular works, and conduct full inspection and measures to prevent accidents. Traffic accidents decreased by four year-on-year to 55 in fiscal 2016. As before, most of them occurred during driving to or from work or personal time, and more than a half of them were the accidents in which our employees were the victims. To prevent 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.



## 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."



### Health Activities

As a result of the amendment to the Industrial Safety and Health Act of Japan in December 2015, business operators are required to conduct stress checks. We introduced a system based on the act, created an environment where all employees can answer and then conducted the first stress check in July 2016. The stress checks will be effectively used to develop a pleasant working environment for employees in the future. We will also continue the "health challenge" program and the "quit smoking" campaign, both of which aim to enhance the health of employees. In addition, we organize a life-saving training course in a continuous manner so that employees can take life-saving actions in case of an emergency patient. In recognition of this initiative, we received a certificate of gratitude from the Tokyo Fire Department in fiscal 2016.

### Health Challenge

Although people are conscious of health, they often tend to postpone efforts to improve their health. In the "health challenge" program, which was introduced in fiscal 2015 to encourage employees to work to promote their own health, the participants select health-related targets that they can try to achieve privately and comfortably, such as dietary and sleep improvement and physical training, make efforts to meet the targets for two months and record the progress and results.



### TANAKA NOW

Tsukuba Facility has been operated for more than 10 years since the start of target production in December 2006. During the period, seven human-induced accidents occurred. To eliminate accidents including traffic accidents, we will confirm the implementation of RA and KYT\* and enhance efforts to respond to serious potential accidents and to promote safety awareness activities while effectively applying the safety measures we learned through the inspection of worksites in our Group and other activities to our worksites.

\* RA: risk assessment; KYT: kiken yochi kunren (danger prediction training)

Safety Manager, Tsukuba Facility, Tanaka Kikinzoku Kogyo K.K. MATSUSHIMA Mitsutaka

Free, Vigorous and Honest Corporate Culture

# Active Role of Each Employee



While employees are being diversified, creation of a workplace where each of them can fulfill their potential is essential for the future of Tanaka Kikinokoku Group. We pay attention to various aspects of diversity and actively introduce new approaches.

Free, Vigorous and Honest Corporate Culture

# Compliance



In addition to legal compliance, we continuously promote initiatives to develop the business activities that are appropriate in light of ethics of society on a global scale throughout the Group.

## Human Resource Development

Tanaka Kikinokoku Group is cultivating personnel in a planned and systematic manner in accordance with its 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. We consider that people represent both resources and assets of a company.

### Reform of the manager training

We reformed the "manager training" in fiscal 2016. In the first fiscal year for the renewed program, a total of 66 managers ranging from managers to the newly appointed president took the appropriate training courses. In fiscal 2017, the scope of the managers who receive the "management training" will be particularly expanded. We will also create a new "semi-administrator training" program to provide it to the persons to be newly promoted to a semi-administrative position. While improving various training programs every year, we will help managers increase the level of their management skills.

## Diversity of Employment

For the future of Tanaka Kikinokoku Group, diverse human resources are essential. In addition to recruitment of new university graduates, we actively hire non-Japanese and people with disabilities, and are working to create an environment where all of them can play an active role. To develop a pleasant working environment, we have set up child care leave, child care short-time work, nursing care leave and other 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 also work to create an atmosphere where employees can use the services easily by, for example, disseminating them through the internal portal website.

### Data in fiscal 2016

Number of male employees	1,924	(1,895)
Number of female employees	831	(839)
Number of female managers	74	
Short-time work hours during pregnancy	1	(6)
Child care leave	66	(56)
Reduced work hours for child care	61	(55)
Ratio of employees with disabilities	1.80%	(1.68%)

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



Our Group is committed to promoting the development of a working environment where employees can balance work and family care.

## CSR Tsushin (CSR daily news)

As a communication tool for the CSR promotion activities, CSR Promotion Department issues "CSR Tsushin" (CSR daily news), which is presented in a page prepared with PowerPoint, every day. Five years have passed since the first issue on April 2, 2012, and the issue number has already reached 1,200. The issued CSR Tsushin is posted on the internal portal website electronically (in a PDF format), and also printed on an A3 paper and displayed on bulletins, etc. at each worksite. Eight staff members in CSR Promotion Department prepare the daily news report by rotation, mainly on the seven core subjects of ISO 26000.

A feature article on safety, the environment, etc. is sometimes produced based on interviews with safety managers and environmental managers about activities at their worksites. In the meantime, the participants in our program to plant cherry blossom trees for social contribution are asked to submit an article with their comments and photos.

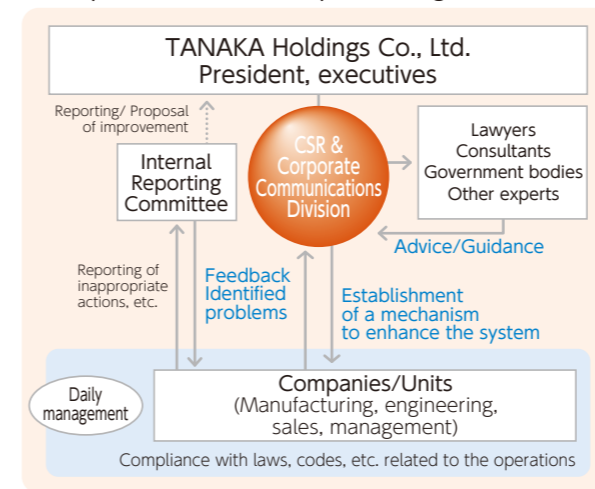
We started to prepare a daily publication schedule in May 2017 to announce the subjects of the CSR news to be published in advance. We are also promoting a plan to compile roughly 1,000 issues of CSR Tsushin published in the past five years into a brochure.



## Compliance Promotion System

Along with legal compliance, we strive 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, takes corrective actions and promotes measures to prevent recurrence throughout Tanaka Kikinokoku Group while receiving advice and guidance from lawyers, consultants and other external experts.

### Compliance Promotion System Diagram



## 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 with investigation. When the committee concludes that there has been any inappropriate action, it takes corrective actions on the relevant departments. The whistleblowers are protected to ensure that they are not treated in an unreasonable manner.

## Establishment of the Personal Information Management Committee

Personal information of individual customers is managed properly based on ISO 27001 (the certification was obtained in 2015). In addition, the Personal Information Management Committee has been established to manage individual numbers and other personal information of employees, as well as personal information, etc. of corporate customers, in an integrated manner on a Group-wide basis. The management method is specified for each type of personal information in accordance with ISO 27001 to manage it in a proper manner.

## Harassment Prevention Training

To prevent abuse of power, sexual harassment and various forms of discrimination, we have organized harassment prevention training since fiscal 2014. The training is provided to managers/supervisors and general employees alternately every two years. In fiscal 2016, training for managers and supervisors was organized in all domestic bases. In the training sessions for the fiscal year, a total of 657 participants deepened their understanding of LGBT\*.

\* LGBT: lesbian, gay, bisexual and transgender

## Compliance Training in Overseas Bases

To prevent non-compliance in overseas bases, we disseminate the revision of the Standards of Conduct in each country, and provide basic legal training for expatriate staff and compliance training for local staff. In fiscal 2016, training was provided to a total of 208 participants at 16 bases in seven countries including Taiwan, China, Malaysia and Singapore.



Training session at a sales base in Thailand





Tanaka Kikinzoku Group promotes activities to predict risks from a broad perspective and prepare for them, including business continuity at the time of a disaster, etc. and security measures.

## Risk Management Activities

Companies are required to address risks emerging one after another through management activities to prevent information leakage, drills to respond to natural disasters, review of the system in accordance with legal changes, responses to the internationalization of transactions and other measures. We review risk items and activate the function to check and confirm the situation of responses to them in the company while summarizing the overall situation in a committee meeting every six months.

## Security

With respect to security measures at our domestic worksites, we have basically completed the establishment of a system where employees serve as guard and development of manuals and other related documents, and are now at a stage to work to recruit human resources and update the machine guarding equipment in sequence. While it is likely that the security industry in Japan as a whole also has problems due to shortage of personnel until 2020, we will promote preparation to ensure that security tasks are performed in an efficient and effective manner while also using problems at our overseas worksites as references.



## Business Continuity Planning (BCP)

We conducted a drill of the emergency task force in preparation for a major earthquake hitting the Tokyo area in February 2017. While it is difficult to avoid a large-scale earthquake, which is anticipated to occur within the next 30 years with a probability of 70% or more, we are making continuous efforts to minimize the damage through preparation of related equipment, review of the manuals and implementation of the drills. In particular, we are restructuring the plan that simulates responses to various situations caused by natural disasters.

In fiscal 2017, we will conduct emergency response drills with focus on business continuity in the production field, identify any problems and further improve the plan in order to prepare for emergencies.

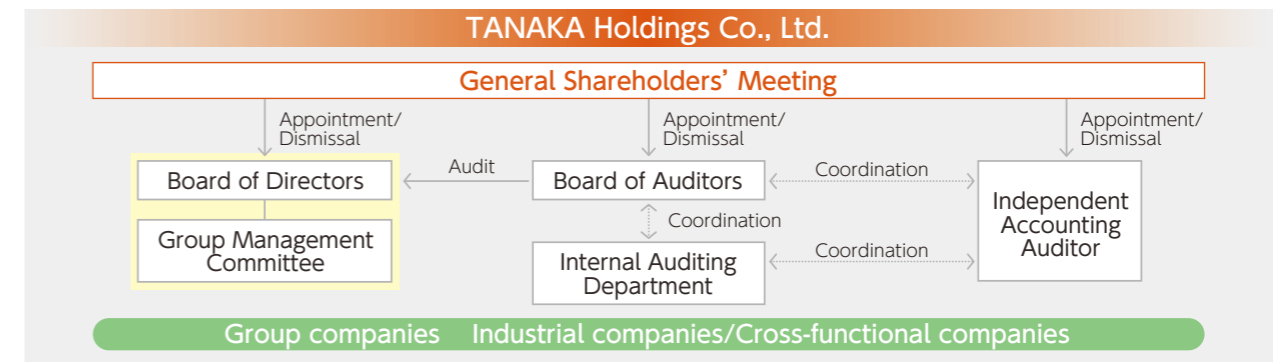
## CSR Management

Based on the Corporate Philosophy, we 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 Kikinzoku Group is establishing and strengthening a mechanism to maintain healthy and transparent business management that respects the positions of all stakeholders.

## Corporate Governance System Diagram



## 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 facilitate 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. Auditors are mainly in charge of monitoring business operations of directors.

## Internal Auditing Department

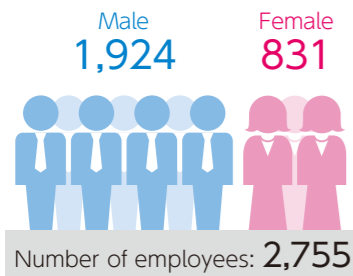
Internal Auditing Department has a duty and responsibility to assess and verify whether business is performed in a proper and efficient manner and make recommendations to management on a fair and independent footing in order to help the Group companies achieve the management goals effectively. The department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

## Corporate Governance Structure and Internal Control

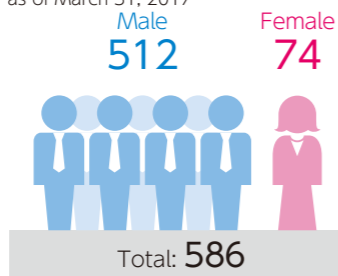
We aim to realize healthy and transparent business management by enhancing the management monitoring mechanism and to always be an efficient and competitive corporate group.

We have also established a corporate governance system and specified basic policy for the internal control system 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 basic policy, 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.

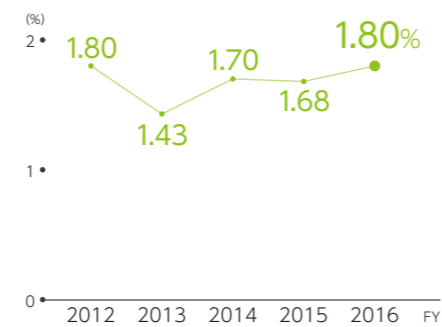
Number of employees (in Japan) as of March 31, 2017



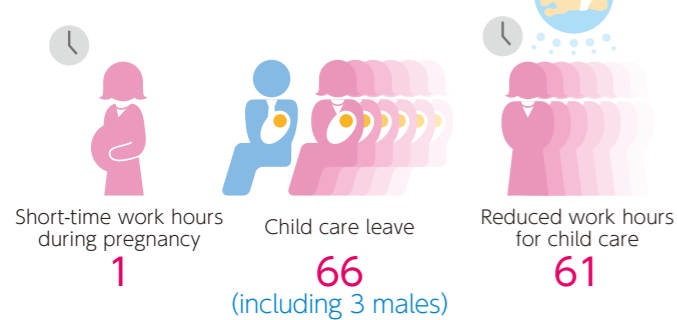
Number of managers and higher-level personnel as of March 31, 2017



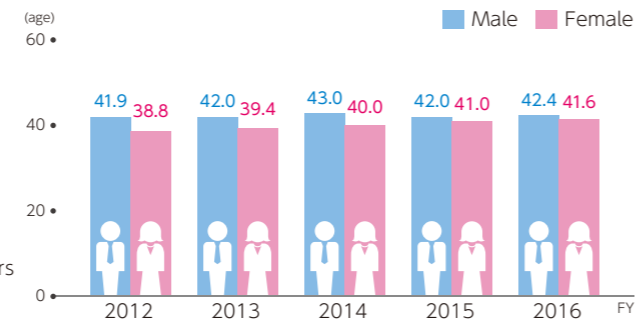
Ratio of employees with disabilities (%)



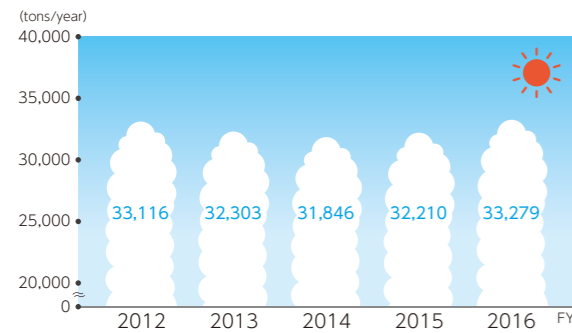
Number of employees who used the childcare leave system (in Japan) FY2016



Average age (age)

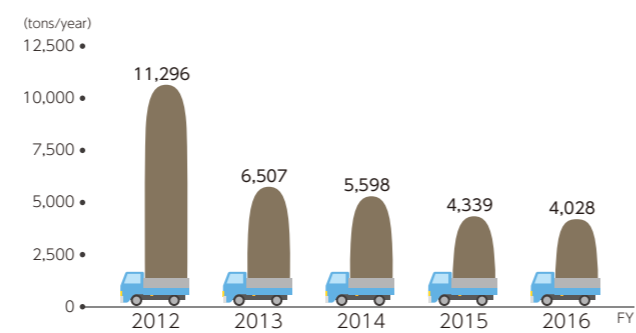


CO<sub>2</sub> emissions (tons/year)

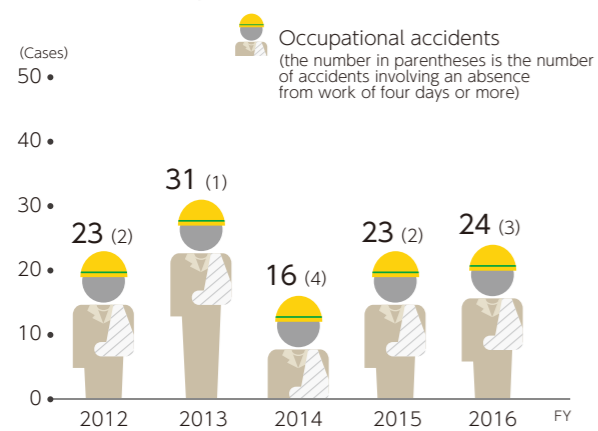


CO<sub>2</sub> emission factor of Tokyo Electric Power in FY2012 (0.406 kg-CO<sub>2</sub>/kWh) is used to calculate CO<sub>2</sub> emissions from power consumption for each of the financial years.

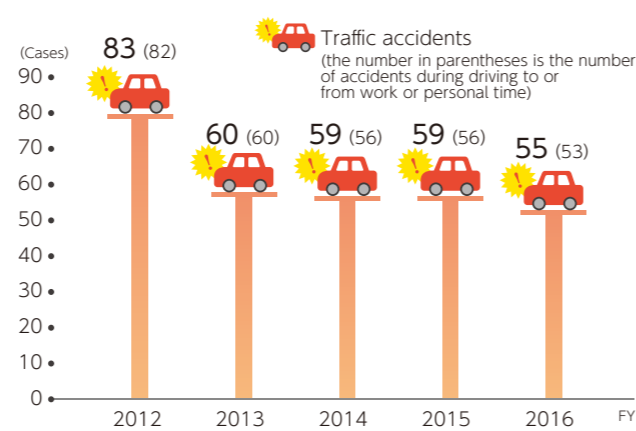
Industrial waste emissions (tons/year)



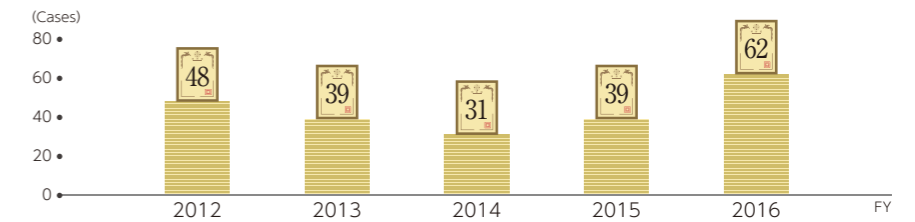
Number of occupational accidents (Cases)



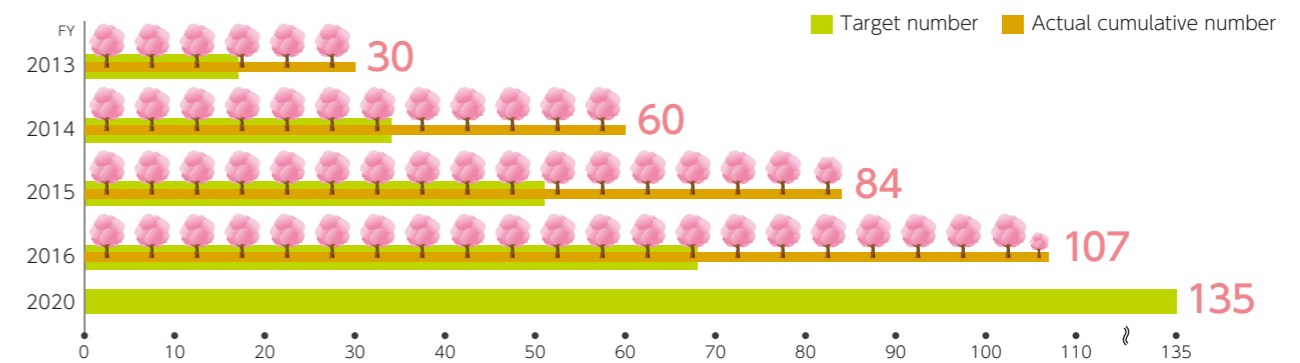
Number of traffic accidents (Cases)



Number of the new patents registered in Japan (Cases)



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



Third-party Assurance

**SUSA**  
Sustainability Accounting Co., Ltd.

**Independent Assurance Statement**  
June 29, 2017

Mr. Akira Tanne  
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 CSR Performance data during the fiscal year 2016 reported in page 22-23 of the CSR Report 2017. 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.



**SHIMIZU Masamichi**

Visiting Professor of Tsukuba Gakuin University, Representative of CCI Research Institute, Management Communication Study Team Leader 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.

If I am asked what my impression of Tanaka Kikinzoku Group is, I would answer that it is a company that sows the seeds of corporate value. I felt so when I saw minute parts on a line flowing like a river, as well as fresh smiles, at its Hiratsuka Plant. I will give my comment on this report based on that experience.

**Three Keywords: Free and Vigorous, "Connection" and Corporate Value**

The Message from the President in this year's report clearly mentions offensive and defensive measures for the achievement of the goals of the medium-term management plan, which sets 2020 as the target fiscal year, as in the previous year's report. Then, the phrases of "free and vigorous corporate culture" and the "Ideal State we would like to achieve" in 2020 came to my attention.

They were also followed by the announcement of commitment to the two major initiatives of "support of sports for people with disabilities" and "support of the rehabilitation of Kumamoto and Tohoku."

I reread the message several times to find implications in the words of the leader. Then, I finally started to gradually understand why "Values Created by TANAKA" was newly incorporated this year.

The page on industrial products refers to "electrodes, electric wires and contacts" and "catalysts," which are actually what I saw at the plant. Meanwhile, on the right-hand page about assets and jewelry, the explanation of "a sense of security," "credit" and "recycling" includes an impressive comment that "the attitude to never

disappoint customers is reflected on products and customer services."

I assume that the products of the company, as well as its customer services, focus on "connecting" goods and goods or people and people. The parts are delivered to not only domestic customers but also overseas ranging from Asian countries to Europe and the United States. The raw materials are also imported from every corner of the world and used to create new values in the Tanaka Kikinzoku Group.

I referred to "corporate value" at the beginning because I think that the businesses and activities of the company are firmly connected to the industry and people around the world even if the connection is not directly visible. In addition, the financial results on page 4 indicate that the company has sales of more than 1 trillion yen. Japan has only 150 companies or so with sales of that size. Both environmental management standards and social responsibility standards require "activities appropriate for the power of influence" and the company therefore needs to achieve a balance on this aspect as well.

**What connects the year 1997 and the year 2020**

In 2020, which is the target year for the company's medium-term management plan, the Tokyo Olympic and Paralympic Games will be also held. Various actions for the preparation, ranging from development of facilities to recruitment of volunteers, will become apparent from this year to next year. At the same time, efforts to consider the environment, which have been made since the Sydney Olympic Games, will be also accelerated.

The Organizing Committee has already announced the Sustainable Sourcing Code, and ISO 20400 (sustainable procurement) was issued in April this year. Accordingly, the commitment to actions in consideration of the environment and CSR will be enhanced but never weakened. In this new current, the Group should solidly

play a leading role that is appropriate for it. I believe that one of the essential conditions for a leader is to gather talented human resources around and make effective use of their abilities. However competent the leader is, he or she can do nothing alone. Abilities to involve those nearby and suppliers, as well as abilities to make full and effective use of human resources, should be utilized to find and grow the seeds of business and CSR activities.

To this end, I sincerely hope that the mutual relationships between the sections of this CSR report are clearly understood and also that the report is read in relationship to various types of information posted on the Group's website as well as experiences at worksites and lines.

**Response to the Third-Party Opinion**

To realize the ideal state we would like to achieve in 2020 in the GOGO Plan 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," the Tanaka Kikinzoku Group is actively committed to CSR activities that aim to improve the brand value of the company and contribute to the realization of a sustainable society through activities giving top priority to safety, efforts to reduce industrial waste, to reduce CO<sub>2</sub> emissions and to eradicate environmental incidents and other initiatives.

The CSR Report for fiscal 2017 introduced "Values Created by TANAKA" as a new component. This is based on the indication of Professor Shimizu concerning the previous year's report that we needed to make efforts to help the readers have a better understanding about our CSR promotion activities, aiming to make the structure of the report clearer and help our stakeholders deepen their understanding.

As to the task indicated in his comment for this fiscal year that "In this new current, the Group should solidly play a leading role that is appropriate for it," we consider it to be an important task for the Tanaka Kikinzoku Group in its efforts to grow and develop into a global company, and will expand efforts for the task actively across the Group along with CSR promotion activities.

We hope that this CSR Report helps our stakeholders deepen their understanding and that they use the report as a tool for mutual communication. So, we would appreciate your opinions and comments.



Manager of CSR & Corporate Communications Division, Corporate Officer, TANAKA Holdings Co., Ltd. **KAWAGISHI Tetsuya**

**ISO 26000 Comparison Table**

Core subjects of ISO 26000	Issues	Efforts of TANAKA	Page
 Organizational Governance	Risk management	Risk management activities / Business continuity planning (BCP) / CSR management	P.20
	Security	Security	P.20
	Corporate governance	Corporate governance system diagram / Corporate governance and internal control / Board of Directors (directors) / Group Management Committee / Board of Auditors (auditors) / Internal Auditing Department	P.21
 Human Rights	Supply chain CSR	Good Delivery Referee / Quality management activities based on QMS / Quality management system diagram / CSR supply chain management / Efforts to address conflict mineral issues / Compliance with the Kimberley Process	P.10 P.11
	Compliance	Compliance promotion system / Compliance promotion system diagram / Internal reporting system / Harassment prevention training / Compliance training in overseas bases	P.19
 Labor Practices	Safety	Safety activities / Core Safety Policy	P.16
	Health	Health activities / Health Challenge	P.17
	Human resource development	Human resource development / Diversity of employment / Data in fiscal 2016 / CSR Tsushin	P.18
 The Environment	The environment	Core Environmental Policy / Environmental management system / Efforts to reduce CO <sub>2</sub> emissions / Example of energy saving activities at Iwate Plant / Example of energy saving activities at Shonan Plant / Efforts to reduce industrial waste emissions / Example of activities to reduce industrial waste emissions in Tanaka Denshi Kogyo K.K. / Environmental incident eradication activities / Number of environmental incidents	P.12 P.13
 Fair Operating Practices	Creation and protection of intellectual properties	Creation and protection of intellectual properties / Some of the patents acquired in FY2016	P.09
 Consumer Issues	Research and development approach	Development of a reagent for the detection of Zika virus / Development of a printing technology based on a new principle that can print an ultra-fine circuit on a large area in a simple and quick manner	P.08
	Information security	Establishment of the Personal Information Management Committee	P.20
 Community Involvement and Development	Social contribution activities	Support of sports for people with disabilities / Co-sponsorship of robot contest for technical college students (Kosen-Robocon)/ Bond of love - cherry blossom trees planting 135 / Grants for research on precious metals	P.14 P.15