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

Overview of the Tanaka Kikinzoku Group

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (100 million yen)</td>
<td>9,677</td>
<td>8,564</td>
<td>10,267</td>
<td>10,643</td>
</tr>
<tr>
<td>Income before income tax</td>
<td>5,645</td>
<td>4,222</td>
<td>5,813</td>
<td>5,663</td>
</tr>
<tr>
<td>Net income attributable to owners (100 million yen)</td>
<td>75</td>
<td>89</td>
<td>50</td>
<td>37</td>
</tr>
<tr>
<td>Total assets (100 million yen)</td>
<td>9,766</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Tanaka Kikinzoku Group publishes its CSR Report to report the corporate social responsibility (CSR) activities promoted by the Group for making contribution to the realization of a prosperous society and a beautiful future for the Earth supported by precious metals, as well as to enhance communication with stakeholders for the improvement of the Group’s initiatives in the future.

This year’s report adopts a new design concept of “spring,” which symbolically represents that new values are generated from the activities of the Tanaka Kikinzoku Group like a spring that never runs dry and make a social contribution.

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

Tanaka Kikinzoku Group has established a Code of Conduct for its Group entities.

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

For Customers, for the Environment and for Society

Free, Vigorous and Honest Corporate Culture

Quality of TANAKA
Protection of the Global Environment
Contribution to Local Communities and Society
Creation of a Safer Work Environment
Active Role of Each Employee
Compliance, Risk Management and Corporate Governance
CSR Performance Third-party Assurance
ISO 26000 and SDGs Comparison Table
Message from the President

Promoting CSR activities on a global scale for sustainability toward 2020 and beyond

Compliance, governance, cybersecurity, disasters, safety, the environment… We will manage various risks and move toward the "State we need to achieve."

Understanding rapid changes in the business environment deeply and comprehensively and responding to risks with foresight

In Fiscal 2017, we were keenly reminded of the need to analyze risks from multiple perspectives and constantly develop and strengthen legal compliance and corporate governance as foundations of the company. Some very famous leading companies caused financial mismanagement and quality fraud scandals. Evolution of IT resulted in problems related to cybersecurity and the protection of personal information. The geopolitical situation in the world has been changing more rapidly than ever. In such a business environment, we believe that we are strongly required to understand and follow up issues on risk management deeply and comprehensively and maintain business activities with foresight.

Fiscal 2017 was the third year of the first stage for the GOGO Plan 2020, a six-year medium-term management plan of the Tanaka Kikinzoku Group and the end of the fiscal year was the halfway point for the plan. We set the goal to be reached in the first half of the plan as the "State we need to achieve" and made efforts to steadily meet the performance targets in the three key precious metal businesses, namely industrial products, assets and jewelry. To this end, we worked to establish our business base through the strengthening of communication and cooperation among the Group. During the three years, we enhanced and expanded our business base at a faster pace than ever. Our achievements in the period included the restructuring to establish the in-house company system in fiscal 2015, acquisition of 100% of the outstanding shares of Metàlor Technologies International, a peer company based in Switzerland that has a history of more than 100 years like our Group, in fiscal 2016 and the conversion of Electroplating Engineers of Japan, Limited (EJEIA) and Taiwan Tanaka Kikinzoku Kogyo Co., Ltd., each of which had been a joint venture company set up with an overseas partner since its foundation, into wholly owned subsidiaries of Tanaka Kikinzoku Kogyo K.K. in fiscal 2017.

Prior to those business development activities, we established the Risk Management Committee for risk management of our Group as a whole in fiscal 2015 and have identified various risks and promoted countermeasures against them since then. We now conduct risk assessment while clearly segmenting the areas to be addressed into natural disasters, occupational accidents, health hazards, environmental problems, leakage of personal information, leakage of confidential information, issues related to conflict minerals and issues related to financial derivative products. Based on the assessment results, we determine the priority and take countermeasures against the risks.

With respect to safety, in particular, we conducted a comprehensive safety inspection of all production sites to thoroughly ensure safe operations as a manufacturing company. We implemented a review of procedures for non-regular work and improvement measures to reduce the risk of being caught and also checked the implementation status. The implementation of the improvement measures with the concerted efforts of all employees did not only promote the improvement steadily but also enhanced their safety awareness. As a result, we successfully reduced the number of accidents on production sites to the lowest level ever in fiscal 2017.

In addition, to monitor risks related to financial derivative products properly, we set up the Derivative Transaction Committee in fiscal 2017. Furthermore, based on the concept of KYC (know your customer), which was originally shared by financial institutions and is widely recognized now, we established Transaction Screening Department in April 2018. This new organization has functions to handle issues on so-called conflict minerals and eliminate transactions with antisocial forces. The department is also designed to address issues on CSR procurement, which has been demanded on a global scale in recent years, such as RBA (former EICC) and LMAB. These various measures are indispensable for us to maintain our business activities in a stable manner (for the sustainability of the company) and fulfill our corporate social responsibility (CSR). We will continue to certainly address risks with the Risk Management Committee playing the pivotal role.

In the second stage of the GOGO Plan 2020, which starts in fiscal 2018 and continues for three years, we aim for our growth and development to be a global company in order to achieve the "Ideal State we would like to achieve" for the Tanaka Kikinzoku Group. While accelerating the progress, we will further promote and develop CSR activities to satisfy all stakeholders including customers, suppliers and partner companies all over the world. I would be happy if you read this report and place your expectation on the Tanaka Kikinzoku Group, which will promote CSR activities in a more global way. We will also do our best to live up to your expectations.

TANAKA Akira President & CEO, TANAKA Holdings Co., Ltd.
Businesses of TANAKA and Values Provided by It

TANAKA has delivered special values based on precious metals to the world for more than 130 years since the foundation. We will continue to try everything we can do with precious metals and develop new fields.

We provide customers in a very wide variety of fields, ranging from semiconductors and electronic parts to medicine and food, with products that solve their problems. We underpin the industry in general and the foundation of society through the supply of precious metal materials as an "unsung hero."

AuAg Company
Supply of gold, silver and alloy metal-based materials (electrical contacts, target materials, joining materials, etc.)

PGM Company
Supply of platinum group materials (platinum devices for glass dissolution, targets for hard disks, ultraline wires for sensors and medical uses)

New Business Company
Creation and commercialization of new precious metal products that contribute to society

Chemical Recovery Company
Supply of metals, catalysts and compounds based on the worldwide precious metal recovery and refining technology

Semiconductor Company
Supply of materials for semiconductor devices (bonding wire, plating, solutions and devices)

Overseas bases
- TANAKA Kikinzoku Kogyo K.K. (100)
  - Taiwan TANAKA Kikinzoku Kogyo Co., Ltd. • TANAKA Kikinzoku (Hongkong) Co., Ltd. • TANAKA Kikinzoku (China) Co., Ltd. • Kina Branch • Hong Kong Branch
  - Taipei Branch • Kaohsiung Sales Office • TANAKA Kikinzoku International (Shanghai) Co., Ltd. • TANAKA Kikinzoku International (Shanghai) Sales Office
  - TANAKA Kikinzoku International (Thailand) Co., Ltd. • TANAKA Kikinzoku International (America) Inc. • TANAKA Kikinzoku International (America) Inc. San Jose Branch
  - TANAX America, Inc. • TANAKA Kikinzoku International (Europe) GmbH

- TANAKA Kikinzoku Kogyo K.K. (100)
  - TANAKA Kikinzoku Kogyo Co., Ltd. • TANAKA Kikinzoku (Hongkong) Co., Ltd. • TANAKA Kikinzoku (China) Co., Ltd. • Kina Branch • Hong Kong Branch
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  - TANAX America, Inc. • TANAKA Kikinzoku International (Europe) GmbH

Electroplating Engineers of Japan, Limited (BEA)

- Headquarters (Tokyo) • Hiroshima Office
- TANAKA Kikinzoku Kogyo K.K. (100)
- Nippon PGM Co., Ltd. (IPBG)
- Heesung Metal Ltd. (IPBG)
- Nippon PGM Co., Ltd. (IPBG)
- *NIPPON PGM AMERICA, INC. • NIPPON PGM EUROPE S.r.l.s.

We offer options to readily use platinum, gold and silver as valuable and reliable assets.

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

Industrial products

Bullion

Accumulation services

Bridal jewelry

Artefacts

Values Created by TANAKA

TANAX America, Inc. • TANAKA Kikinzoku International (Europe) GmbH

(As of May 31, 2018)
Development of a Hydrogen Society

Hydrogen energy is gaining attention as energy for the next generation. The Tanaka Kikinzoku Group will help realize a hydrogen society through its precious metal businesses.

Mitigation of Global Warming and Expectations for the Use of Hydrogen

While efforts to reduce greenhouse gas emissions are being made with a focus on the Paris Agreement that came into force in 2016, the use of hydrogen is recognized as a core technology for the shift from fossil fuels. Hydrogen, which generates no CO2 when used, is an ultimate clean energy source if it is produced with renewable energy such as sunlight, wind, and biomass. The use of hydrogen for various applications such as automobiles and households is promoted in Japan and other countries.

Tanaka Kikinzoku Kogyo K.K. has developed and manufactured products that are essential for the production and use of hydrogen based on the precious metal technology that it has accumulated for many years, including electrode catalyst and electrolyte membrane used for fuel cell and water electrolysis, as well as reforming catalyst and palladium alloy hydrogen permeable film used for hydrogen purification. We are actively working to help realize a hydrogen society by supplying these products to the market.

Development of Electrode Catalyst for Water Electrolysis

The expanded introduction of renewable energy is accompanied by the growing importance of large-scale power storage technologies to store surplus power for a long time. One of the most promising large-scale power storage technologies is Power-to-Gas, a technology to produce hydrogen through water electrolysis using surplus power, store the hydrogen and use it for power generation or as fuel when needed. Tanaka Kikinzoku Kogyo K.K. develops and manufactures electrode catalyst used for solid polymer water electrolysis, which is a significant technology for Power-to-Gas and started to supply samples of catalyst coated membrane (CCM), which is electrolyte membrane with catalyst, for evaluation in 2018. We will provide CCM that is suitable for devices and requests from infrastructure equipment manufacturers to help shorten the period of technological development and contribute to the development of even more efficient devices.

Potential of Fuel Cell and FC Catalyst Development Center

Tanaka Kikinzoku Kogyo K.K. started to recognize the potential of fuel cell more than 30 years ago and has developed electrode catalyst for it since then. We especially focus on catalyst for polymer electrolyte fuel cell (PEFC), which features small size, light weight and high output and is used in fuel cell vehicles as well as ENE-FARM, fuel cell for domestic use. The use of ENE-FARM has been expanding, as exemplified by the cumulative installations exceeding 200,000 units in 2017. PEFC is composed of two electrodes (positive and negative) and a solid polymer membrane that partitions them. Hydrogen (H2) is decomposed into hydrogen ion (H+) and electron (e⁻) at the negative electrode and the electron moves to the positive electrode via an external circuit, which is a mechanism to generate an electric current. The hydrogen ion passes the solid polymer membrane and reaches the positive electrode, at which it reacts with electron and oxygen (O2) to generate water (H2O).

While we established FC Catalyst Development Center in Kanagawa Prefecture in 2013 as a base for research, development and production of catalyst for PEFC in order to develop a system for the stable supply, we are now constructing a new building of the center to respond to demand growth in consideration of the circumstances such as the widespread use of fuel cell buses.

Electrode catalyst for PEFC

Fuel cell solutions provided by TANAKA

- TANAKA’s products used
  - Electrode catalyst for fuel cell for using hydrogen
  - Electrode catalyst for using hydrogen
  - Electrode catalyst for using hydrogen
  - Electrode catalyst for using hydrogen
  - Electrode catalyst for using hydrogen
  - Electrode catalyst for using hydrogen
  - Electrode catalyst for using hydrogen
  - Electrode catalyst for using hydrogen

- TANAKA’s technologies used
  - Reforming/RDOX catalyst for producing hydrogen
  - Catalyst for water electrolysis for producing hydrogen
  - Hydrogen permeable membrane (high-temperature type high output type)
  - Hydrogen permeable membrane (high-temperature type high output type)
  - Hydrogen permeable membrane (high-temperature type high output type)
  - Hydrogen permeable membrane (high-temperature type high output type)
**Effective Use of Precious Metals**

While the Tanaka Kikinzoku Group manufactures and supplies industrial products using precious metals, the production of such metals is limited. So we fulfill our duty to reuse and recycle the resources and circulate them into the market and society.

### Circulating All Precious Metals

The precious metal bullion handled by our Group can be roughly divided into the following two types:

1. Precious metal bullion purchased from suppliers
2. Recovered and refined used products (waste)

While precious metals are limited and valuable resources that are recycled across the world, the precious metals procured by our Group from external sources as raw materials (1) can be regarded as reused articles and those recovered and refined internally as recycled articles (2). Manufacturing and selling them in the forms of products for industrial use, products for assets and products for jewelry, we do not landfill precious metal bullion by landfill as waste but circulate all of the bullion we purchase into the market.

### ‘Bullion is Money’

Our group thoroughly manages precious metal bullion under the slogan ‘Bullion is money.’ In addition to bullion in our production equipment, we spare no pains to recover even a trace amount of bullion attached to work uniforms and waste clothes in a careful manner to thoroughly make effective use of it.

### To Realize a Circular Economy

An increased number of companies, especially those in EU, have been working for a circular economy (CE) in recent years. CE is a concept to balance the realization of a recycling-oriented society and economic activities and requires the generation of wealth from waste materials and from waste in business activities. In the meantime, our Group procures all of the precious metal bullion to be used as raw materials from recycled resources and dispose of no bullion by landfill. We have thus already realized the ‘closed loop’ recycling of precious metals. We will continue to contribute to the realization of CE through the effective use of precious metals.

### Image of the precious metal cycle

- **Supplier**
- **Tanaka Kikinzoku Group**
- **Customers** (corporates and individuals)
- **Other companies**

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**Precious metals recycling system [RE: TANAKA]**

This is a precious metals jewelry recycling system of Tanaka Kikinzoku, which was launched with “Recycling 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 jewellery will be refined and then reused for industrial products, etc.

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**Research and Development to Create a Wide Range of Values**

**Application of Precious Metals Technologies to the Medical Field**

Based on various technologies concerning gold nanoparticles, our Group is developing and manufacturing a wide variety of simple test kits. Our technologies directly related to gold nanoparticles include those for changing the surface shape, controlling the particle diameter and chemically modifying the surface while our indirectly related technologies include those for fixing proteins, nucleic acid, sugar, etc., to the surface of a gold nanoparticle and suppressing the nonspecific adsorption of organic materials to gold nanoparticles.

In addition, we own the technology to screen the antibodies suitable for simple test agents and the technology to manufacture gold nanoparticles and simple test agents, for example.

Based on these technologies, we have developed various simple test agents that can be handled easily and enable a low-cost examination and quick determination, including simple test agents for respiratory diseases, skin diseases, mosquito-borne infections, maternal-fetal transmissions and other infections, simple test agents to be used for checking lifestyle-related diseases, which are expected to increase in the aging society, and for home healthcare and simple test agents to detect ingredients in food and hazardous substances in water.

**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.

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**Some of the Patents Acquired in FY2017**

- **Patent No. 0622908** ♦ Titanium member and manufacturing method thereto and member for electrolysis cell
- **Patent No. 06232496** ♦ Cad material for an ultrathin sealing of electronic component and manufacturing method thereto
- **Patent No. 06147382** ♦ Embolic coil and manufacturing method thereto
- **Patent No. 06131764** ♦ Catalyst for polymer electrolyte fuel cell and manufacturing method for the same
- **Patent No. 06143818** ♦ Immunochromatographic analysis device for detecting mycoplasma pneumoniae
- **Patent No. 06198343** ♦ Non-cyan-based electrolytic gold plating solution
- **Patent No. 06266914** ♦ Method for analyzing precious metal product using the fluorescent X-ray analyzer, and a computer program for precious metal analysis
- **Patent No. 06276501** ♦ Bonding wire for white light-emitting diode
- **Patent No. 06309842** ♦ Photocurable electroconductive ink composition
- **Patent No. 06187740** ♦ Method for producing silver particle

* except
Evaluation from Customers
Tanaka Kikinzoku Group has received awards, etc. from various customers in appreciation for our efforts to support their production activities. Taking this as encouragement, we will continue to promote the efforts.

<table>
<thead>
<tr>
<th>Company</th>
<th>Customer</th>
<th>Award</th>
<th>Reason for the commendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>AuAg</td>
<td>Hakkoide NDK Co. Ltd.</td>
<td>Best Supplier Award</td>
<td>Overall evaluation received for six consecutive years</td>
</tr>
<tr>
<td>AuAg</td>
<td>CNI Semiconductor</td>
<td>PE Perfect Quality Award</td>
<td>Excellent quality</td>
</tr>
<tr>
<td>AuAg</td>
<td>DAMON MALAYSIA</td>
<td>Excellent Supplier Award</td>
<td>On-time delivery rate of 100%</td>
</tr>
<tr>
<td>AuAg</td>
<td>Ushibata Industries Co., Ltd.</td>
<td>Excellent Supplier Commendation (bronze prior)</td>
<td>On-time delivery rate of 100%, zero defect</td>
</tr>
<tr>
<td>Chemical Recovery</td>
<td>NGK SPARK PLUG CO., LTD.</td>
<td>Grand Prize in the material category</td>
<td>Overall evaluation, management, technical capabilities, quality contribution (cost reduction, delivery time)</td>
</tr>
<tr>
<td>PGM</td>
<td>Nippon Electric Glass Co., Ltd.</td>
<td>Excellent Proposal Partner Award</td>
<td>Contribution to the improvement of glass fiber production efficiency</td>
</tr>
<tr>
<td>PQA</td>
<td>Seagate</td>
<td>Supplier award</td>
<td>Stable quality</td>
</tr>
<tr>
<td>PGM</td>
<td>Fuji Electric Co., Ltd.</td>
<td>FY2017 Partner</td>
<td>Stable quality received for four consecutive years</td>
</tr>
<tr>
<td>Semiconductor</td>
<td>J Devices Corporation</td>
<td>Excellence Award</td>
<td>Overall evaluation</td>
</tr>
<tr>
<td>Semiconductor</td>
<td>ASE Group</td>
<td>Best Supplier Award</td>
<td>Highest rate for QCD of copper-based wire (received for two consecutive years)</td>
</tr>
</tbody>
</table>

Realization of CSR Activities That Satisfy Customers

- **Efforts to Enhance the Reputation of Our CSR Activities**
  Tanaka Kikinzoku Group performs business activities in consideration of CSR issues including human rights, the environment, health and safety, ethics and other issues in the process of producing products.

- **Efforts for Responsible Procurement of Minerals**
  We promote conflict-free procurement of raw materials. To this end, Tanaka Kikinzoku Kogyo K.K. has established its Responsible Mineral Management Policy 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. With respect to the transaction of gold, we obtained certification after an audit by a third party based on the LBMA® Responsible Gold Guidance, and have renewed the certificate every year since 2014.

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 IATF16949, a quality management system for the automotive industry that requires a sophisticated quality management structure, are reflected for the continual improvement of the QMS.

Good Delivery Referee
Tanaka Kikinzoku Kogyo K.K. serves as a Good Delivery Referee that assesses accredited refiners to guarantee the quality of precious metals distributed in the world. The company 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 System Diagram"
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 PCRCA cycle. In particular, we set targets for the Group as a whole to reduce CO2 emissions (for prevention of global warming) and industrial waste (for establishment of a recycling-oriented society) and eradicate environmental incidents (for prevention of 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 Group 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.


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 regulatory values 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 two environmental incidents in fiscal 2017, we took corrective measures immediately and have worked to prevent their recurrence.

For Customers, for the Environment and for Society

GOGO Plan 2020 Core Environmental Policy
To be a leading company in environmental conservation in Japan

<table>
<thead>
<tr>
<th>Ideal State we would like to achieve</th>
</tr>
</thead>
<tbody>
<tr>
<td>State we need to achieve</td>
</tr>
<tr>
<td>Specific activities and measures to be a leading company in environmental conservation be designed and launched.</td>
</tr>
</tbody>
</table>

A system to be a leading company in environmental conservation is established.

<table>
<thead>
<tr>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>5PMJDZ</td>
<td>5TVLVCB’BDJMJUZ</td>
</tr>
</tbody>
</table>

Introduction of Photovoltaic Power Generation
Isahara Plant and Tsukuba Facility of Tanaka Kikinzoku Group introduced photovoltaic power generation in March 2018. Each of them estimates that the introduction will reduce CO2 emissions from the whole plant by 4%.

In addition to the bases above, we have already introduced photovoltaic power generation at Isahara Plant of Tanaka Kikinzoku Group, and Saga Production Headquarters of Tanaka Demshi Kogyo K.K. We will promote the introduction at other plants in a planned manner.

Efforts to Reduce CO2 Emissions
We strive for the reduction of CO2 emissions from production activities to contribute to the prevention of global warming.

Our CO2 emissions in fiscal 2017 grew by 2% from fiscal 2016 due to the construction of additional buildings; and the expansion of production. While our CO2 emissions have slightly increased due to our active business activities in recent years, we actually reduced CO2 emissions by about 70% over the last 10 years. In particular, we were committed to energy saving activities with the full cooperation of the whole company after the Great East Japan Earthquake in March, 2011, which resulted in a significant reduction of energy consumption after fiscal 2011.

We will continue to enhance energy saving activities such as the efficiency increase and operational improvement of various devices to further reduce CO2 emission.

Efforts to Reduce Industrial Waste Emissions
Tanaka Kikinzoku Group generates a large amount of acid and alkali waste liquid when precious metals are dissolved, refined or collected from waste precious metal solutions. We thoroughly separate waste to promote 3R (reduction, reuse and recycling). In fiscal 2017, the waste emissions decreased by approximately 2087 ton/year compared to fiscal 2016.

Best Energy Saving Subject Discovery Award
As a program for the Energy Saving Month, we organized the Best Energy Saving Subject Discovery Award for all employees in February 2018. We received 295 applications, such as ‘an energy saving item based on a totally new idea’ and ‘an idea to achieve energy saving with a little ingenuity’, and commended 61 of them. The subjects we commended will be actively adopted as energy saving measures in the respective workfiles. We will also share all of the subjects in the applications through the Environmental Managers Subcommittee and the internal database and work to introduce them in the whole Group.

An example of the subjects commended
In the Best Energy Saving Subject Discovery Award

<table>
<thead>
<tr>
<th>Compressor</th>
<th>Press area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air supply</td>
<td>Distribution center area</td>
</tr>
<tr>
<td>Wire-drawing area</td>
<td>Contact point list</td>
</tr>
</tbody>
</table>

[Before the improvement]
A remote control panel has been installed for each process to make it a rule to press the stop button after the use of the compressor. Now, the compressor is stopped when the stop button is pressed, which reduces excess power consumption.

[After the improvement]
We have adopted a remote control panel for each process to make it a rule to press the stop button after the use of the compressor. Now, the compressor is stopped when the stop button is pressed, which reduces excess power consumption.

Effort: Power saved: Reduced by 47 thousand KWh/year
Cost reduced by 847 thousand yen/year

<table>
<thead>
<tr>
<th>Industrial waste emissions (ton/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
</tr>
<tr>
<td>6,558</td>
</tr>
</tbody>
</table>
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.

Tanaka Kikinzoku Memorial Foundation
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 of 167 applications for this 19th invitation and provided grants of 15.2 million yen in total to 23 research projects.

Bond of Love - Cherry Blossom Trees Planting 135
We have performed various volunteer activities to support the rehabilitation of the Tohoku Region since the Great East Japan Earthquake. In fiscal 2013, we launched support activities under the theme of "inheritance of memories" with the initial target of creating a row of cherry blossom trees in the furthest inland areas hit by the tsunami so that they can be landmarks for evacuation. Now we develop the support activities funded by donations from employees with the aims of maintaining the planted cherry blossom trees and passing down the story of the great tsunami to next generations. The goal is to plant 135 trees by 2020 when we celebrate our 135th year in business, and we have planted 127 trees in total so far.

Tanaka Kikinzoku Group has co-sponsored the Kosen-Robocon.

Support for Sports People for Disabilities
Tanaka Kikinzoku supports and cheers sports people with disabilities through an agreement to become an official partner of the Japanese Para-Sports Association and other initiatives. Furthermore, we started to co-sponsor the Japan Blind Football Association (a non-profit organization) and the Japanese women's blind football team in April 2017.

In fiscal 2017, in addition to watching and cheering as well as participation in volunteer activities at Japan Para-Championships organized by the Japanese Para-Sports Association and domestic and international competitions of blind football, we organized events to experience "bocca" as a measure to promote sports for people with disabilities within the company. More than 750 employees in total participated in the events, which were held at the worksites and as part of the corporate sports festival in October 2017. Selected as a model company in the promotion of sports in Tokyo for fiscal 2017 for three consecutive years.

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 up to 26 teams are selected to move into the national competition held in Tokyo.

Main Activities
[Donation and Fund-raising Activities]
We held internal flea markets and donated two recumbent bicycles purchased from the proceeds to a community activity support center.

Worker: Saga Production headquarters, Tanaka Demshi Kogyo K.K.
No. of participants: 128
Date: August to December 2017
We donated proceeds from internal flea markets and the sales of used PCs and miscellaneous goods in the company to a children's shelter.

Worker: Tanaka Electronics Singapore Pte. Ltd.
No. of participants: 202
Date: July 2017

[Sports Promotion Activities]
We supported children from Selkirk (an orphanage) in sports practice for prudential tournaments (minis basketball and women's volleyball).

Worker: Saga Production headquarters, Tanaka Demshi Kogyo K.K.
No. of participants: 39
Date: May to August 2017
We provided a total of 12 medals for Tokyo Marathon 2018, which were awarded to the respective top three finishers (gold, silver and bronze medals) in the men's and women's categories, as well as to the men's and women's wheelchair marathon races, which have been international races since 2016.

Date: February 2018

For other activities, see our website: https://www.tanaka.co.jp/about/csi/communication.html
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

For comprehensive safety inspection of all production sites, we reviewed procedures for non-regular work, implemented improvement measures to reduce the risk of being caught and checked the implementation status in fiscal 2017. The implementation of the improvement measures with the concerted efforts of all employees also enhanced their safety awareness and we successfully reduced the number of accidents on production sites in fiscal 2017 to the lowest level ever. However, many employees had a falling accident on their way to work or in an administration-related workplace. Accordingly, we now give training to prevent falling accidents with DVDs and safety training materials in a constant manner. We also had safety managers mutually patrol their and other worksites and conducted safety diagnosis by safety officers of the Japan Industrial Safety and Health Association as we did in the previous year. The number of traffic accidents was 54 in fiscal 2017, which remained almost unchanged year-on-year, while most of the accidents occurred during driving to or from work or personal time as before. The situation that more than a half of them were the accidents in which our employees were the victims has not changed either.

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"

State we need to achieve

Employees have enhanced their awareness of safety and can ensure their safety by themselves

Ideal State we would like to achieve

Employees cooperate with each other to maintain a safe, secure, and cheerful workplace

Having gone through the “State we need to achieve” in fiscal 2017 and aiming to be 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

The physical and mental health of employees leads to improvement of productivity. Our Group organizes the “health challenge” program once a year to encourage employees to enhance their awareness of health on a daily basis. In this program, the participants freely select targets from among 17 items related to health maintenance and promotion and try to achieve them during the challenge period (about two months). The program is designed to give employees an opportunity to make it a habit to maintain and promote their health and prevent diseases, etc. In addition, while a stress check has been conducted since 2016, we are working to disseminate its purpose and significance as a measure for mental health among employees so that more employees take a stress check.

TOPICS

Imperial Palace Walking

We promote programs to encourage and assist employees to be involved in sports activities including “doing,” “watching” and “supporting” them. As a program for the promotion of “doing” sports activities, we organized an “Imperial Palace Walking” event in October 2017 to promote the health of employees. Twenty-three employees and their family members in total joined the event and walked for about one hour on the approximately 5-km walking course around the Imperial Palace. We received comments from the participants such as “I joined the event with my child and enjoyed it as a family event” and “The event made me feel like doing more exercise.”

TANAKA NOW

As a retail company, Tanaka Kikinzoku Jewelry K.K. is responsible for ensuring the safety of customers as well as employees. To establish an environment where customers can enjoy shopping safely, it is essential that employees enhance their awareness of safety. We actively conduct initiatives for it, including enlightenment activities to encourage employees to submit proposals on potential accidents and KIT (Kiken yochi kurenai danger prediction training) activities. In addition, we have notified employees to use an elevator in principle as a measure to prevent a falling accident, which occurred often during the previous fiscal year, and gave safety education to all employees on a temporary basis. We will continuously work to enhance the awareness of safety among all employees through various initiatives.

OTA Takahito

Safety Manager, Tanaka Kikinzoku Jewelry K.K.
Active Role of Each Corporate 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 Kikinzoku Group. We pay attention to various aspects of diversity and actively introduce new approaches.

Work-style Reforms
Tanaka Kikinzoku Group is committed to work-style reforms to establish a workplace where employees can work with vitality. We encourage employees to take more paid holidays through various measures and actively send related information from the company in an effort to develop an atmosphere where employees can balance work and child care or family care. We will continue to make efforts to establish a flexible and comfortable working environment.

Human Resource Development
Tanaka Kikinzoku 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. Again in fiscal 2017, many employees took various training courses ranging from new employee introductory training to management training according to our education program. Especially in the manager training, which was reformed in 2016, many managers became aware of various issues through the training and used the outcomes for the management of their own departments. While listening to comments from the participants, we will improve and update the education program every year.

<table>
<thead>
<tr>
<th>FY2017 (In Japan)</th>
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<tbody>
<tr>
<td>Number of male employees</td>
<td>1,942 (1,924)</td>
</tr>
<tr>
<td>Number of female employees</td>
<td>825 (931)</td>
</tr>
<tr>
<td>Number of female managers</td>
<td>69 (74)</td>
</tr>
<tr>
<td>Short-time work hours during pregnancy</td>
<td>1 (1)</td>
</tr>
<tr>
<td>Child care leave</td>
<td>44 (66)</td>
</tr>
<tr>
<td>Reduced work hours for child care</td>
<td>70 (61)</td>
</tr>
<tr>
<td>Ratio of employees with disabilities</td>
<td>1.86% (1.80%)</td>
</tr>
<tr>
<td>Average age: male</td>
<td>42.3 (42.4)</td>
</tr>
<tr>
<td>Average age: female</td>
<td>42.3 (41.6)</td>
</tr>
<tr>
<td>Average service years: male</td>
<td>13.6</td>
</tr>
<tr>
<td>Average service years: female</td>
<td>11.2</td>
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</tbody>
</table>

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

Engagement Survey
Tanaka Kikinzoku Group (TKG) conducts an engagement* survey (employee awareness survey) of all employees including local staff in other countries every three years in recognition that the improvement of employee satisfaction is an engine for the growth of the company. The timing of the survey is set in a way to allow the survey results to be reflected on the measures in the first fiscal year of each of the two three-year terms of GoGoGo Plan 2030, our six-year medium-term management plan. The most recent survey was conducted in September 2017 and the results were announced in the TKG quarterly manager meeting in November of the same year. We will incorporate the results into the measures for the three-year plan that starts in 2018 and develop them.

* Engagement means the mind of employees to make continuous effort without giving up until they produce greater results than expected with an idea that each worker is always playing the main role as pride and passion for their own jobs.

Book to Make Use of CSR Tushin
As an internal communication tool for our CSR activities, we have issued “CSR Tushin” (CSR daily news) every day since April 2, 2012. When the 1,000th issue was published on June 17, 2016, four years after the start of issuance, we extracted and re-edited approximately 230 articles and prepared ‘Book to Make Use of CSR Tushin.’ The printed version of the book is distributed to all workplaces and the data are also shared in electronic form to make it easy to use the book as a CSR-related education or presentation material. Employees can browse and use it freely at any time. In addition to the daily issuance of CSR Tushin, we will regularly update the Book to Make Use of CSR Tushin to enhance internal communication.

TANAKA NOW
Founded in 2010, Morozuki University has provided education and training for human resource development in various forms to new employees, young mid-career employees, year-round employed workers and equipment maintenance staff. In particular, the new employee training gives top priority to education on safety, health and the environment and also includes education and training on the basics of precious metals and the basics of manufacturing. The lecturers are senior workers who are playing active roles in the production field and have much practical experience. We will continuously work to provide education and training to develop human resources that can immediately work effectively for the assigned destinations.

YAMAZAKI Hiroshi
Chief Manager, Human Resource Development Sections, Business Administration Department
Tanaka Kikinzoku Chugoku K.K.
Free, Vigorous and Honest Corporate Culture

Compliance, Risk Management and Corporate Governance

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.

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 Kikinzoku Group while receiving advice and guidance from lawyers, consultants and external experts.

Corporate Governance Structure and Internal Control

Tanaka Kikinzoku Group aims to realize healthy and transparent business management by enhancing the management monitoring mechanism and to always be an efficient and competitive corporate group. We have also established a corporate governance system and specified basic policy for 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 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.

Internal Reporting System

As a measure to enhance compliance and detect and correct any non-compliance, dishonest act, etc. at an early stage, we have established an internal reporting system. The content of a report made to the Internal Reporting Committee is examined in a fair manner, which is followed by an investigation of it if necessary. When the fact of non-compliance, dishonest act, etc. has been confirmed, the relevant persons and departments are ordered to take corrective measures. The whistleblowers are strictly protected to ensure that they are not treated in an unreasonable manner.

Promotion of Personal Information Management

To manage personal information, Tanaka Kikinzoku Group classifies the information into the three categories of “personal information of individual customers,” “personal information of corporate customers” and “personal information of employees,” etc. Especially for the management of personal information of individual customers, we have obtained ISO 27001 certification to promote proper management of the information.

Harassment Prevention Training

To prevent human rights violations including abuse of power, sexual harassment and workplace discrimination against pregnant women, we have organized harassment prevention training since fiscal 2014. In fiscal 2017, training for general employees was organized in all domestic bases and provided to a total of 1,657 employees. In the training, the participants also deepened their understanding of LGBT*

Risk Management Activities

To respond to various risks we face through our business activities, we regularly conduct a risk assessment and work to reduce the risks. A risk management committee meeting is held every six months to summarize the situation of responses to risks in the whole Group.

Business Continuity Planning (BCP)

We conducted a drill of the BCP emergency task force in preparation for a major earthquake hitting the Tokyo area in February 2018. In this fiscal year’s drill, we focused on the response in case of a major earthquake occurring at night or on a holiday (outside working hours) and the president and managers discussed countermeasures and improvement plans. Remedial measures against the issues and problems identified in the drill are taken in a planned manner.

Corporate Governance and Risk Management in the Tanaka Kikinzoku Group

As the chairman and executive officer, we intend to develop the Group as a whole in the direction specified in the basic business strategy of the Group as follows.

- To enhance the Group’s competitive strength by promoting the Group’s basic business strategy
- To improve the Group’s management efficiency and support the Group’s management strategy
- To improve the Group’s cost competitiveness and engage in social contribution activities

Tanaka Kikinzoku Group

Tanaka Kikinzoku Group is one of the leading Japanese global enterprises. With the aim of realizing a sustainable society through the development of our technological capabilities and human resources, we are working to contribute to the advancement of society and the development of the global economy.

TANAKA NOW

Export Trade Control Office works as a department dedicated to security export control, which aims to prevent any product or technology of TANAKA from being used for international terrorism or crime or diverted to nuclear or biochemical weapons, etc. Through careful inspection, our office is also in charge of aviation security and the management of the Aero certification system to ensure the safety of air transportation and smooth export clearance at the same time. While complying with Customs Act, Foreign Exchange Act and other relevant domestic laws and also paying close attention to international matters such as the impact of secondary sanctions by the US Government on overseas companies, we will work hard to underpin the credibility of TANAKA.

YONEKAWA Takashi

Manager, Export Trade Control Office, Administration Department
Tanaka Kikinzoku Holdings, Inc.
**CSR Performance**

**Number of executives and employees (in Japan)**
- Male: 1,942
- Female: 825
- Total: 2,767

**Number of managers and higher-level personnel**
- Male: 512
- Female: 69

**Ratio of employees with disabilities**
- Male: 143%
- Female: 1.70

**Number of employees who used the childcare leave system (in Japan)**
- Total: 581

**Short-time work hours during pregnancy**
- Male: 44
- Female: 70

**Average age**
- Male: 42.6
- Female: 43.8

**Industrial waste emissions**
- Total: 3,714

**Number of new patents registered in Japan**
- 2013: 60
- 2014: 84
- 2015: 107
- 2016: 127
- 2017: 135

**Topsoil Reconstruction Volunteer Program - the number of the planted cherry blossom trees (cumulative number)**
- Target number: 30
- Actual cumulative number: 98

**Third-party Assurance**

**Independent Assurance Statement**

*Mr. Akira Tanaka*
President & CEO
TOKAI Holdings Co., Ltd.

1. **Purpose**

We, Sustainability Accounting Co., Ltd., have been engaged by TOKAI Holdings Co., Ltd. ("the Company") to provide limited assurance on the Company’s CSR Performance data during the fiscal year 2020, which is included in page 222 of the CSR Report 2020. The purpose of this task is to verify our assurance procedures and express our conclusion on whether the performance data was 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 Standards on Assurance Engagements 3400 (ISAE 3400). 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 recalibration to determine whether the performance data were calculated in accordance with the Company’s standards.

3. **Conclusion**

Based on the procedures performed, we have come to our opinion that the performance data have not been calculated in all material respects in accordance with the Company’s standards.

Tatsuko Nakai
Representative Director
Sustainability Accounting Co., Ltd.
Third-party Opinion

SHIMIZU Masamichi

Recently, I visited the main plants of TANAKA Holdings Co., Ltd. and constantly exchanged opinions with the staff over the past six years. Then, when I read the final draft of this report, I got an especially strong impression in comparison with previous years because this year’s report contains more comments from employees than the report for fiscal 2017 and indicates advances in the efforts to establish "honest corporate culture" through the development of "human assets" and the "corporate governance" structure for modern management.

What the Globalization of Companies and Society Means

I also paid attention to the attitude to face reality and the look toward the future, both of which are found throughout the report including the pages from "Message from the President" to "Values Created by TANAKA," as well as articles on safety, quality, environmental conservation, and activities to contribute to local communities. To understand the business of ichikawa Plant to recycle components for automobile exhaust gas, I had to see a world map, I felt that this represents the influence of the company on society. "In reality" and "in the future" as well as on a global scale.

Our Future Has Already Become Reality

I also noticed concerns in reality, which are the figures for CO2 emissions and traffic accidents. Although they have decreased over the past 10 years, it is quite possible that some problem triggers criticism of reality from the future in consideration of the situation that information on the role of automobiles, which are a product of modern civilization, appears on newspapers and magazines almost every day. Although this is also a difficult challenge from a technological perspective, I believe that the company makes even more efforts to improve the figures.

Turn Awareness of Today into Ingenuity of Tomorrow

Today, the recognition that the digital revolution will be followed by a "material revolution" is presented. While the company is further expanding its potential for the future, I feel strongly encouraged by the message from Mr. Tanabe, the president, in the opening of this report mentioning that the company aims for its growth and development to be a global company and that it will promote CSR activities in a more global way. The message presents his determination to take further steps together with each of the employees. I hope that the company turns awareness of today into ingenuity of tomorrow while using this report as a clue.

ISO 26000 and SDGs Comparison Table

<table>
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<th>Efforts of TANAKA</th>
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<td>Management System</td>
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<td>Human Rights</td>
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<td>Labour</td>
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<td>Environment</td>
<td>Environmental management system</td>
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<tr>
<td>Stakeholder Engagement</td>
<td>Efforts to reduce CO2 emissions; introduction of photovoltaic power generation and -large strategy; support to University Award</td>
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<tr>
<td>Safety</td>
<td>Efforts to reduce industrial waste emissions</td>
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<td>Supply Chain Management</td>
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<td>Community Development and Social Investment</td>
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<td>Message from the President about the Tanaka Kokusai Group</td>
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<td>Delivery of New Values to Society</td>
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<td>Research and Development</td>
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<td>Quality of TANAKA</td>
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<td>Protection of the Global Environment</td>
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<td>Contribution to Local Communities and Society</td>
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<td>Risk Management</td>
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<tr>
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<td>CSR Performance</td>
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</tbody>
</table>

Results of the Questionnaire Survey for CSR Report 2017

What articles were especially interesting for you? (multiple answers allowed)

<table>
<thead>
<tr>
<th>Article</th>
<th>Number of answers</th>
</tr>
</thead>
<tbody>
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<td>Message from the President</td>
<td>211</td>
</tr>
<tr>
<td>About the Tanaka Kokusai Group</td>
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</tr>
<tr>
<td>Delivery of New Values to Society</td>
<td>211</td>
</tr>
<tr>
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<td>Foundation of CSR and Business Management</td>
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<tr>
<td>CSR Performance</td>
<td>211</td>
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</tbody>
</table>

How did you feel about the report?

<table>
<thead>
<tr>
<th>How did you feel about the report?</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficult to understand</td>
<td>2%</td>
</tr>
<tr>
<td>Not good</td>
<td>3%</td>
</tr>
<tr>
<td>Too much</td>
<td>12%</td>
</tr>
<tr>
<td>Appropriate</td>
<td>82%</td>
</tr>
<tr>
<td>Good</td>
<td>49%</td>
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