



CSR Report 2019



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.

Core subjects of ISO 26000



Organizational Governance



Human Rights



Labor Practices



The Environment



Consumer Issues



Fair Operating Practices



Community Involvement and Development



A universal design font is adopted to make the characters easy to read.

Corporate Philosophy

The TANAKA group:

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

Code of Conduct

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

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 •Kyoto Sales Office

Tanaka Denshi Kogyo K.K. (TD)

- Saga Production Headquarters •Tokyo Office •Shonan Satellite Plant

Overseas bases

Tanaka Kikinzoku Kogyo K.K. (TKK)

- Taiwan Tanaka Kikinzoku Co., Ltd. •Taipei Sales Office •Kaohsiung Sales Office •Tanaka Kikinzoku (Ningbo) Co., Ltd.
- Tanaka Kikinzoku (Chengdu) Co., Ltd. •Seoul Branch •Hong Kong Branch •Tanaka Kikinzoku International (Shanghai) Co., Ltd.
- Tanaka Kikinzoku International (Shanghai) Shenzhen Branch •Tanaka Kikinzoku International (Singapore) Pte., Ltd.
- Tanaka Kikinzoku International (Singapore) Pte., Ltd. Manila Branch •Tanaka Kikinzoku International (Thailand) Co., Ltd.
- Tanaka Kikinzoku International (America) Inc. •Tanaka Kikinzoku International (America) Inc. San Jose Branch •Tanaka Kikinzoku International (Europe) GmbH

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.

Metalor Technologies International SA

LT Metal Co., Ltd. (LT Metal)

Nippon PGM Co., Ltd. (PGM)

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

Electroplating Engineers of Japan, Limited (EEJA)

- Headquarters (Tokyo) •Hiratsuka Office

Tanaka Kikinzoku Jewelry K.K. (TKJ)

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

Nippon PGM Co., Ltd. (PGM)

- Headquarters (Tokyo) •Kosaka Plant

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



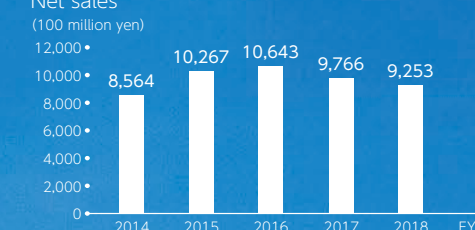
TANAKA is accredited as a Good Delivery Referee for gold and silver by The London Bullion Market Association (LBMA), and also appointed as a Good Delivery Referee by London Platinum & Palladium Market (LPPM). In both cases, TANAKA is one of the only five Good Delivery Referees in the world (and the only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

Financial Condition of the Tanaka Kikinzoku Group

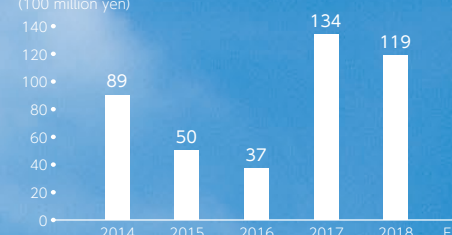
Financial results overview

	FY2017	million yen FY2018	Year-on-year change
Net sales	976,613	925,259	94.7%
Net income	13,391	11,851	88.5%
Total assets	566,196	554,959	98.0%
Capital adequacy ratio	37.0%	40.8%	—

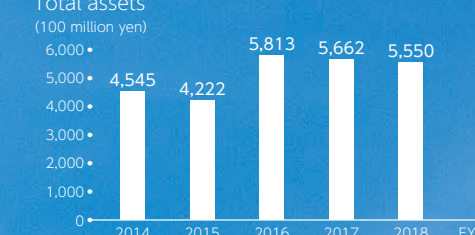
Net sales



Net income



Total assets



Metalor Technologies International SA is included.

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Editorial Policy 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. Last year, this report adopted 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.

Period April 1, 2018 to March 31, 2019
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. However, Metalor Technologies International SA is excluded. Indications are made in areas of the report where the scope differs.

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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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Establishing a solid business foundation that is essential for the realization of the ideal state we would like to achieve in 2020 on a global scale

While pursuing real productivity improvement accompanied by safety and health, we will prepare for a wide range of risks and promote CSR activities that satisfy stakeholders across the world.

Realization of real productivity improvement

While we belong to the manufacturing business and material industry, we have felt more strongly in recent years that the industry is also in the middle of the fourth industrial revolution. The momentum of productivity improvement, which was triggered by the concept of the IoT, has driven the development of AI to prepare for the anticipated shortage of labor, as well as the emergence of huge data centers with big data as a foundation for manufacturing. In Japan, a related law was enforced from the aspect of work style reforms in April 2019. While we have already worked to improve productivity in our manufacturing sites in a continuous manner, our development, sales and management departments also have to further increase productivity. Meanwhile, we consider that we have to accurately identify and respond to the comprehensive business operation risks incurred because of the changing business environment and properly maintain corporate governance as preconditions for real productivity improvement.

What I consider most important as a policy consistently applied to this matter is "productivity improvement based on the safety-first principle" and I always tell it to employees. This is relevant not only to manufacturing sites. I believe that physical and mental health is also a foundation for creating wisdom and ingenuity to keep evolving the work style reforms based on productivity improvement irrespective of job category or position.

Towards the ideal state we would like to achieve in 2020

Tanaka Kikinzoku Group promotes the GOGO Plan 2020, a six-year medium-term management plan launched in fiscal 2015. The fiscal year 2018 was the first year of the second stage for the GOGO Plan 2020. We set the goal to be reached in three years of the second half of the plan as the "ideal state we would like to achieve" and made efforts to meet the performance targets in the three key precious metal businesses, namely industrial products, assets and jewelry.

In the industrial products business, multiple top management staff members were relocated. Metalor, a principal Group company in Switzerland, changed presidents in January 2019 with the new president taking over the business foundation promoted by the former president, and started to develop a business that seeks a new alloy combining TANAKA and Metalor on a full scale. In the assets business, we also started to offer Gold Accumulation Plans in January 2019, which are Tanaka Kikinzoku's new online accumulation account program that is even more convenient for customers. In the jewelry business, we adopted a policy of going back to the basics under the slogan of "Tanaka Kikinzoku is a synonym of gold = Back to the Gold" to satisfy the demands of the customers who love Tanaka Kikinzoku.

In line with the development of these businesses, we identify and address various risks to us through the Risk Management Committee set up to supervise risk management throughout the Group in fiscal 2015. Subdividing the types of risks to be addressed into natural disasters, occupational health

and safety, environmental problems, leakage of personal information, leakage of confidential information, response to conflict minerals and financial derivatives, we evaluate and prioritize the risks and take measures to address them.

Pursuit of manufacturing that creates social value

In the meantime, there were two cases where our manufacturing activities received a commendation in fiscal 2018. Firstly, we had the honor of receiving the Japan Industrial Safety and Health Association Chairperson Prize in the FY2018 Occupational Health and Safety Activity Awards of the Japan Industrial Safety and Health Association (JISHA) in recognition of our activities to promote safety and occupational health in manufacturing with understanding of the activities of JISHA, as well as our contribution to the local community and industry. Secondly, Tomioka Plant of Tanaka Kikinzoku Kogyo K.K., which is our mother factory for the supply of materials, received Reviewer's Prize in the Successful Case of Energy Conservation Category of the FY2018 Grand Prize for Excellence in Energy Efficiency and Conservation, which is organized by the Energy Conservation Center, Japan and sponsored by the Ministry of Economy, Trade and Industry. While Tomioka Plant has many precious metal melting furnaces and large-scale processing machines, its activities to reduce and optimize power consumption by compressors, which represents a high percentage of the total power consumption in the plant, were highly evaluated.

We also continue to enhance customer management based on the concept of KYC (know your customer), as well as measures for CSR procurement, at the initiative of Responsible Business Department, which was newly established in April 2018.

In addition, we took measures to respond to the partial enforcement of the Act on the Arrangement of Related Acts to Promote Work Style Reform in April 2019 one year ahead of the requirement, including encouragement of employees to take annual paid holidays for five days in a planned manner, in fiscal 2018. We also issued "Healthy Company Declaration" in December 2018 and are now enhancing activities to acquire the healthy company "silver" certification by the end of fiscal 2019.

To our stakeholders in the world

These various measures are indispensable for us to maintain our business activities in a stable manner and fulfill our corporate social responsibility (CSR). We will continue to certainly address risks with the Risk Management Committee playing the pivotal role.

We will continue to reinforce our business foundation through the improvement of communication and cooperation within the Group and 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 do our best to live up to your expectations.

GOGO Plan 2020

What Tanaka Kikinzoku Group Wants to Be in 2020

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

Ideal State we would like to achieve

Start

State we need to achieve

FY2015

FY2017

FY2020

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

田苗明

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.

Industrial Products

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

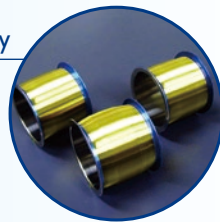
Gold & Silver Products Company

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



Semiconductor Application Company

Supply of materials for semiconductor devices (bonding wires, plating solutions and equipment)



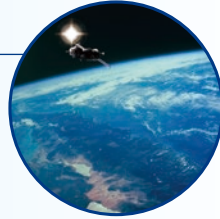
Chemical & Refining Company

Supply of paste, catalyst and compounds with focus on the precious metal recovery and refining business



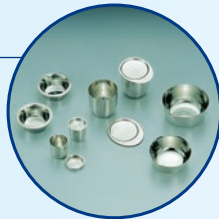
Global Marketing / R&D Division

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



PGM Products Company

Supply of platinum group materials (platinum devices for glass melting, sputtering targets for harddisks, ultrafine wires for sensors and medical uses)



Asset

We offer gold and platinum products to diversify and protect assets in an optimal manner.



Coin



Bullion

Jewelry

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



Jewelry

Bridal jewelry

Artifacts

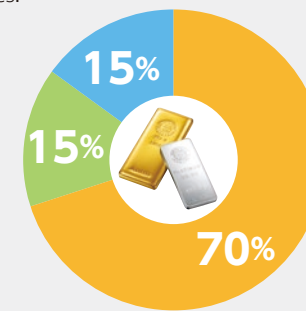
田中貴金属の純金積立 Accumulation services

Strength of TANAKA

Tanaka Kikinzoku Group started life as a money exchange business dealing precious metals in Tokyo in 1885. Since then, we have supported social development through the supply of industrial products made from precious metals. In 1907, we successfully established the commercial production of platinum filaments used in light bulbs. Later, we produced contacts for communications equipment, crossbar contacts for telephone switchboards and other products mainly made from precious metals. We have commercialized ultrafine gold wire for bonding, catalysts for automotive sensors and exhaust gas purification, catalysts for fuel cells, crucibles used to produce sapphire substrates for LEDs, etc. and are now working to develop and commercialize precious metal materials. Under the slogan of "Mastering Precious Metals," through business activities involving the research, development and stable supply of materials with focus on precious metals, we will proactively take measures to tackle environmental issues, energy problems and pollution, contributing to the creation of a prosperous society and a beautiful future for the Earth.

Foundation for the Group's Activities

TANAKA's activities are based on the eight precious metal elements of platinum (Pt), gold (Au), silver (Ag), palladium (Pd), rhodium (Rh), iridium (Ir), ruthenium (Ru) and osmium (Os). Industrial precious metals products account for 70% of our business activities. TANAKA's products play active roles in a wide range of items used in our daily lives such as home appliances, information technology devices and automobiles.



Industrial precious metals products

From supply to recycling, we handle them as materials for a wide variety of industries and products.

Precious metals asset products

From the purchase of bullion and coin to the sales of them, we engage in various businesses including the supply of products to be reserved as assets.

Precious metals jewelry products

Metal, bridal and other jewelry and crafts

Total Solutions

We provide a "One Stop Service" for everything about precious metals, from bullion supply to process and manufacture, sales and recycling. Thanks to the supply routes, extensive technological capabilities, solid research systems, product development strengths and a domestic and international network of facilities that we have built up since the company was established, we provide total support to our customers in solving their issues and making improvements.



Ultimate Cost Reduction Method: Recycling

Valuable precious metals create value only when they are effectively used.

To recycle precious metals contained in a product that has reached its end, they usually have to be traded through a market or processed into a form capable of being physically handled first. The former incurs a cost to go through the market (spread, or difference between the selling and buying prices) and the latter generates extra lead time due to the processing and distribution.

Tanaka Kikinzoku Group offers a fully integrated, one-stop service. We do everything from bullion procurement to material processing, manufacturing, sale and recycling, without trading in the market. This provides our customers with shorter lead times and a reduced cost of procuring bullion. In addition to used industrial products, waste scraps and bullion attached to equipment generated during the manufacturing process can also be recycled, which is also an ultimate cost reduction method.

Exploration of Various Possibilities

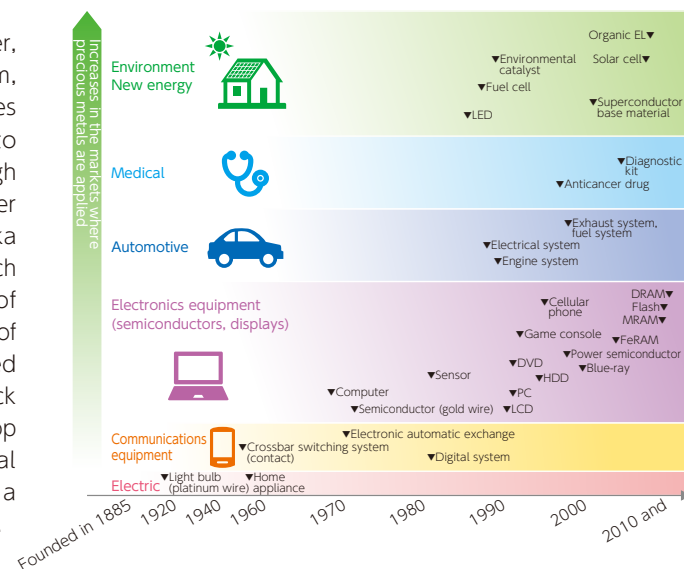
Tanaka Kikinzoku Group has continuously pursued the potential of precious metals based on its creative technological abilities. We make use of the excellent properties of precious metals in a wide range of industrial fields to support various technological innovations for the creation of a sustainable future.



Potential of Precious Metals

Composed of the eight elements of platinum, gold, silver, palladium, rhodium, iridium, ruthenium and osmium, precious metals are materials with infinite possibilities and various properties such as high resistance to chemicals, corrosion resistance, high conductivity, high ductility, thermal resistance and catalytic actions. Under the slogan of "Mastering Precious Metals," the Tanaka Kikinzoku Group has been committed to the research and development, stable supply and recycling of products that make effective use of the properties of precious metals based on its technologies improved over many years. Through business activities that unlock the potential of precious metals, we will try to develop and provide products that help solve environmental and energy issues and contribute to the creation of a prosperous society and a beautiful future for the Earth.

Increases in the markets where precious metals are applied



Industries and Technological Innovations

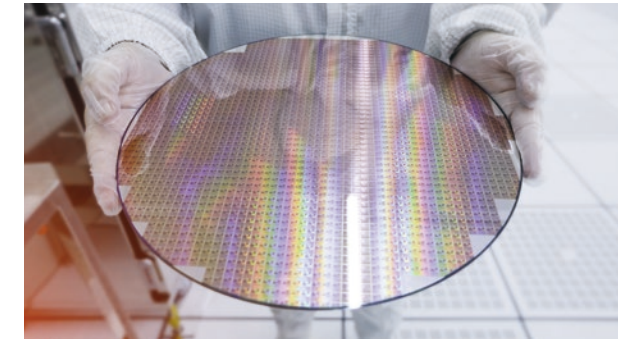
Precious Metal Precursor for CVD/ALD*

With the widespread use of smart devices and progress in computerization in recent years, there has been constant demand for the improvement of the performance of semiconductors and the reduction of their cost. In the commercialization of leading-edge semiconductors, such innovations require the discovery of new processes and new excellent materials. In particular, for the refinement of semiconductor devices, the development of new materials is an urgent task and processes using precious metals are also proposed.

Tanaka Kikinzoku Kogyo K.K. is committed to the development of precious metal precursors for CVD/ALD used to form thin films of ruthenium, which has excellent chemical and electrical properties, as well as platinum, iridium, etc. We will design and develop precious metals precursors that help improve the performance of

advanced semiconductors and reduce the cost based on our original recycling techniques so that we can contribute to technological innovations for information society through semiconductor devices.

* CVD/ALD: chemical vapor deposition and atomic layer deposition



Fuel Cell (FC)

Fuel cells are becoming more widespread on a global scale towards the creation of a hydrogen-based society. Tanaka Kikinzoku Kogyo K.K. has worked for the development of fuel cell electrode catalysts for many years. Its shipments of electrode catalysts for polymer electrolyte membrane fuel cells (PEFCs) are among the largest in the world.

Being small, lightweight and high-power, PEFCs are used for fuel cell cars, residential-use fuel cell "ENE-FARM," etc., and demand for them is expected to increase. Accordingly, in January 2019, we significantly enhanced the production abilities of FC Catalyst Development Center, our R&D and production base for electrode catalysts.

We also exhibited fuel cell electrode catalysts, along with electrode catalysts for water electrolysis, which are

necessary for hydrogen production, palladium hydrogen permeable films, which realize high-purity hydrogen purification, and other items in FC EXPO 2019, one of the world's largest fuel cell trade shows held in Tokyo from February to March 2019. We will work for the research and development and stable supply of products that help create a hydrogen-based society.



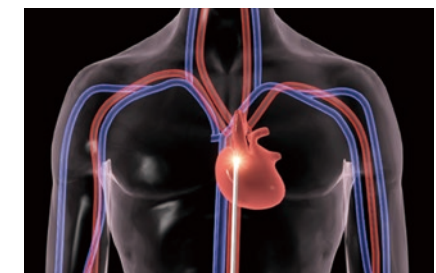
FC Catalyst Development Center, which was expanded in January 2019

Operations and Treatment with Less Physical Burden

In the medical field, in response to the need for treatment with less physical burden, therapeutic techniques using catheters are evolving to minimize anesthesia and skin incision. The instruments used in catheter therapy such as guide wire and stent, as well as markers that indicate their positions in the body, require in vivo safety and high visibility under radiology. To achieve those properties, precious metals such as platinum, gold and iridium are considered to be suitable as the materials.

Tanaka Kikinzoku Kogyo K.K. is committed to the development of platinum materials for such medical indwelling devices based on the high purity and quality of precious metals and its fine processing techniques. For the practical use of products that can properly

and quickly meet the needs in the clinical field in Japan, we are promoting development through a business-academia collaboration with School of Medicine, Tokai University. We would like to contribute to the improvement of people's health and welfare, such as their quality of life (QOL), through the development of precious metals for the medical field.



Quality of TANAKA

Delivery of "good items" to customers is a principle of Tanaka Kikinzoku Group. In addition to the 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.

Quality Management Activities Based on a Quality Management System

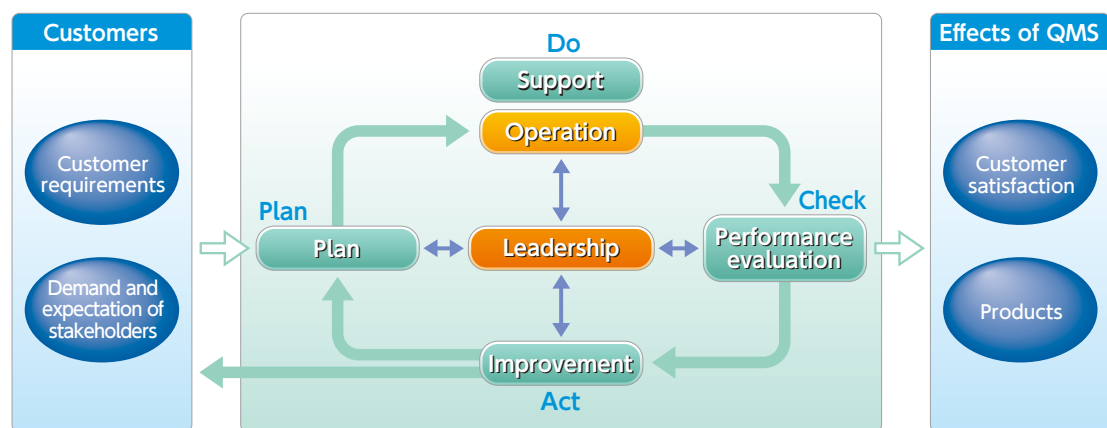
We have established and operated a quality management system (QMS) based on ISO 9001 in all factories of the Tanaka Kikinzoku Group. We also review the effectiveness of the QMS and improve the system through, for example, the introduction of requirements of IATF16949, which is a QMS standard for the car industry, so that we can promptly respond to wide-ranging customer demand on quality and continuously supply safe and secure products that satisfy customers.

Good Delivery Referee

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



Quality Management System Diagram



Evaluation from Customers

Tanaka Kikinzoku Group has received awards, etc. from various customers in appreciation for our efforts to support their production activities.

FY2018 Major awards given by customers

Company	Customer	Award	Reason for the commendation
AuAg	ON Semiconductor	FE Perfect Quality Award	Excellent quality
AuAg	Panasonic Corporation	Special Award for Restricted Material Replacement (technology)	Realization of the elimination of Cd and cost reduction, and contribution to enhancing the added value of products
AuAg	Taiyo Yuden Co., Ltd.	Special Award	Evaluation of actions for the prices and quality of roller/axis electrodes and technical proposals
AuAg	Meidensha Corporation	Excellence Award in the quality category	Achievement of zero defects for four consecutive terms through the promotion of quality activities
Chemical Recovery	NGK SPARK PLUG CO., LTD.	Excellence Prize in the material category	Overall evaluation (management, technical capabilities, quality, contribution to cost reduction, delivery time)
PGM	Nippon Electric Glass Co., Ltd.	2018 Excellent Partner Award	Realization of recasting in China and the launch of TKCC
PGM	Western Digital	2018 Best in Class Award	Overall evaluation (delivery time, quality, prices)
PGM	Fuji Electric Co., Ltd.	FY2018 Partner	Stable quality (received for five consecutive years)
Semiconductor	ASE Group	Best Supplier Award	Highest rate for QCD of gold wire
Semiconductor	Mini - Circuits Technologies Malaysia Sdn. Bhd	Excellent Supplier Award	Outstanding quality and performance
Semiconductor	Japan Semiconductor Corporation	VA Contribution Award	Proposal on recycling and processing of plating solution by EEJA
New Business	The Japan Society of Applied Physics	Excellence Prize in the 6th Exhibition Award	Result of a vote by participants in the academic society

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 and ethics, and has established Tanaka Kikinzoku Group Code of Conduct and Tanaka Kikinzoku Group Standards of Conduct, which are in line with the spirit of the RBA Code of Conduct*1, to meet the demand of customers in the world as well as social expectation. In fiscal 2018, we implemented an audit by a third-party institution accredited by RBA, as well as an audit by a customer, in multiple factories in Japan and overseas and took corrective actions. In addition, we call on approximately 200 suppliers to comply with the RBA Code of Conduct and continuously conduct the survey of their status of compliance and feeding back of the results. In the assessment by EcoVadis*2, a supply chain CSR assessment agency, concerning the environment, society, ethics and supply chain, we were awarded a silver rating again in 2018.



EcoVadis certificate

Efforts for Responsible Procurement of Minerals

We promote responsible 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 including 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. Our transaction of gold is managed based on the LBMA* Responsible Gold Guidance and we obtained certification after an audit by a third party, which has been renewed every year since 2014. With respect to silver as well, we plan to undergo an audit by a third party in May 2019 to obtain certification.



LBMA Responsible Gold Certificate

"Responsible Mineral Management Policy"
http://www.tanaka.co.jp/sourcing_policy/

*1 RBA Code of Conduct: Code of conduct established by the Responsible Business Alliance (RBA)

*2 EcoVadis: CSR assessment platform in which more than 50,000 organizations from 190 business categories and 150 countries in the world are registered. Gold, silver, bronze or no medal (four-grade evaluation) is assigned depending on the rating.

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.

GOGO Plan 2020 ~ Environment ~ "To be a leading company in environmental conservation in Japan"

State we need to achieve
Specific activities and measures to be a leading company in environmental conservation can be designed and launched.

Ideal State we would like to achieve
Environmental activities, including protection of the environment and contribution to biodiversity, are actively performed to be a leading company in environmental conservation.

FY2015 to FY2017

FY2018 to FY2020

We have established the environmental action policy for the whole Group based on the mid-term business plan "GOGO Plan 2020" and specified that the "Ideal State we would like to achieve" in fiscal 2020 is "to be a leading company in environmental conservation in Japan."

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 CO₂ emissions (for prevention of global warming) and industrial waste emissions (for the 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 Central Environmental Committee, which is composed of plant managers and facility 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 the Environment

Structure to promote environmental conservation activities

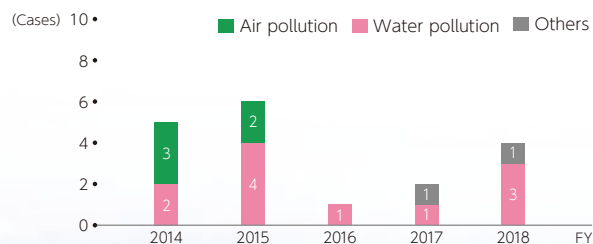


Environmental Incident Eradication Activities

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.

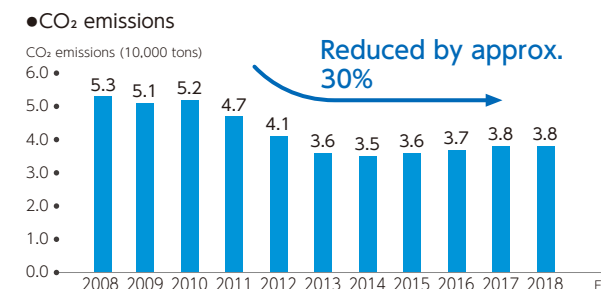
In case of any environmental incident, such as an excess over the internal limit, we respond promptly to it and strive to identify the cause and prevent its recurrence. We convey information internally through "flash reports on environmental incidents" and submit reports to relevant government bodies in accordance with the reporting and notification standards. While we had four environmental incidents in fiscal 2018, we took corrective measures immediately and have worked to prevent their recurrence.

Number of Environmental Incidents



Efforts to Reduce CO₂ Emissions

We strive for the reduction of CO₂ emissions from production activities to contribute to the prevention of global warming. As a result of a company-wide commitment to energy saving activities after the Great East Japan Earthquake in March 2011, we reduced CO₂ emissions by approximately 30% over the past 10 years. However, CO₂ emissions in fiscal 2018 increased by 1.4% from the previous fiscal year to 38,000 tons. In recent years, our energy use has been increasing slightly due to our active business activities. We will continue to enhance energy saving activities such as the efficiency increase and operational improvement of various devices to further reduce CO₂ emissions.



The CO₂ emission factor of TEPCO Energy Partner, Incorporated in FY2017 (0.462 kg-CO₂/kWh) is retroactively applied to the calculation of CO₂ emissions from power consumption for all fiscal years.

TOPICS Tomioka Plant received the Reviewer's Prize of the 2018 Grand Prize for Excellence in Energy Efficiency and Conservation

The plant received the prize in recognition of its efforts to reduce the power use of compressors, which represents a large percentage of power use in the plants, as well as its remarkable results. Grand Prize for Excellence in Energy Efficiency and Conservation is a program to commend great cases of energy saving efforts, products with excellent energy saving performance, etc. in order to contribute to the establishment of energy saving society with higher awareness of energy saving across Japan, the widespread use of energy saving products and other initiatives.



Award ceremony in January 2019



Certificate of commendation and plaque

TANAKA NOW

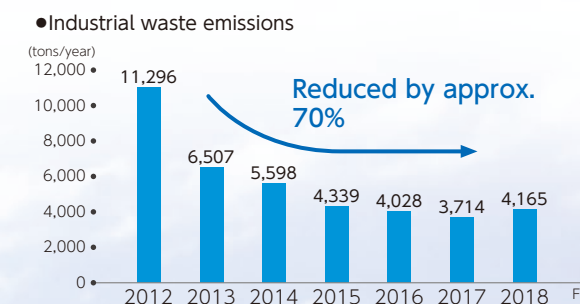
Tomioka Plant uses the largest amount of energy in the whole company and has performed energy saving activities according to the Core Environmental Policy for many years. The Energy Saving Committee in the plant aims to ensure that the activities are maintained while trying to create an environment where staff can exchange opinions easily. In recognition of those energy saving activities with the involvement of all employees, we received the Reviewer's Prize in the 2018 Grand Prize for Excellence in Energy Efficiency and Conservation. The prize was a great encouragement for us and I would like to thank those who have given us instruction as a responsible person. We will continue to make steady efforts to save energy.



KIMURA, Shinichi Leader, Production Engineering Section, Tomioka Plant, Tanaka Kikinzoku Kogyo K.K.

Efforts to Reduce Industrial Waste Emissions

We generate a large amount of acid and alkali waste liquid when precious metals are dissolved, refined or collected from waste precious metal solution. As a result of the thorough separation of waste to promote 3R (reduction, reuse and recycling), we reduced industrial waste emissions by approximately 70% over the past six years. On the other hand, the waste emissions in fiscal 2018 increased by 12% year-on-year due to the impact of our active business activities. We will continuously promote measures to ensure that we can restrain the generation of waste even if our businesses are expanded.



Protection of the Global Environment

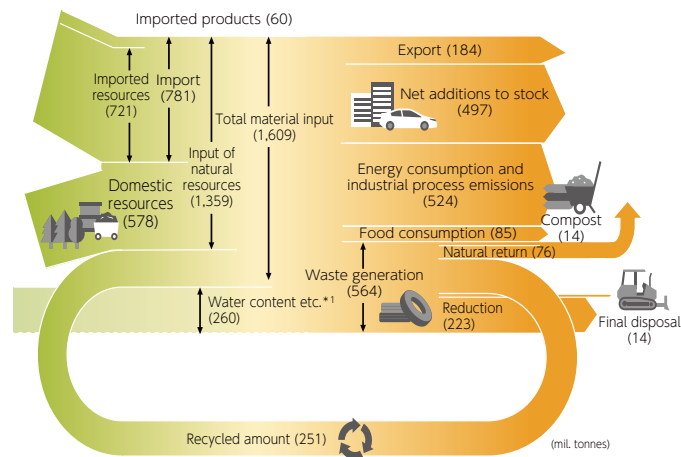
Effective Use of Precious Metals

Actions of the Japanese Government for the Establishment of a Sound Material-Cycle Society

The Fundamental Plan for Establishing a Sound Material-Cycle Society, which was approved by the Cabinet in March 2003, set the diagram of material flow in Japan as a whole and three indicators, namely resource productivity, cyclical use rate and final disposal amount.

In the meantime, Environmental Reporting Guidelines 2018 was published in June 2018. In this revision, entities are required to not comprehensively report on the overall material flow but independently identify and disclose the material environmental impacts they must address.

●Schematic Material Flow Diagram in Japan (fiscal 2016)

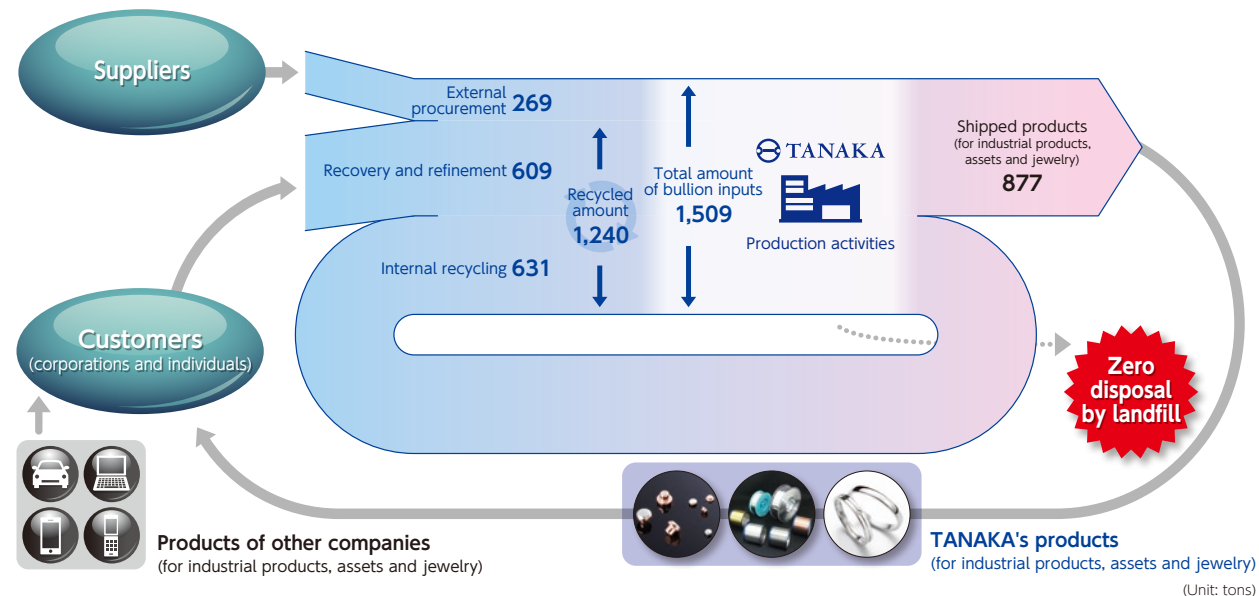


Source: Ministry of the Environment

Formulation of New Environmental Indicators

Accordingly, Tanaka Kikinzoku Group has formulated new environmental indicators. In response to the revision of the Environmental Reporting Guidelines, we defined the material environmental impacts for us as "the amount of precious metal bullion inputs and the recycled amount" and established the bullion flow diagram and two indicators in accordance with the material-cycle fundamental plan of the Japanese Government.

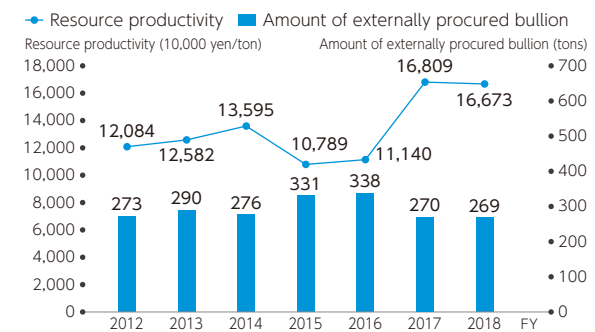
●Bullion Flow Diagram of the Tanaka Kikinzoku Group (fiscal 2018)



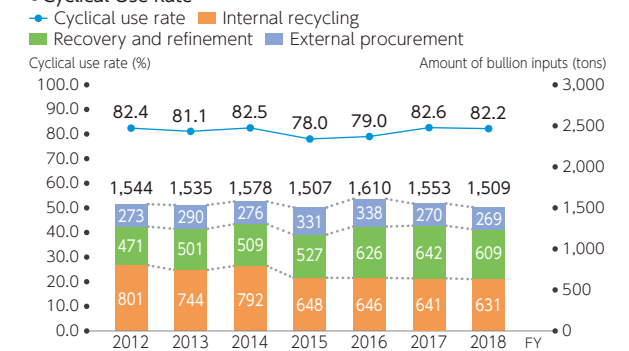
• Kinds of precious metals: Platinum, gold, silver, palladium, etc.
 • External procurement: Bullion purchased through the market from trading companies, mining companies, etc.
 • Recovery and refinement: Bullion refined from the items recovered from customers
 • Internal recycling: Part of bullion generated in the manufacturing process but not used in products. Returned materials.
 • Shipped products: Bullion shipped as products.

	Indicators in the material-cycle fundamental plan of the Japanese Government.	Environmental indicators of the Tanaka Kikinzoku Group
①Resource productivity	GDP/Amount of the inputs of natural resources, etc.	Gross margin on sales/Amount of external procurement
②Cyclical use rate	Recycled amount/Total amount of material inputs	Recycled amount/Total amount of bullion inputs
③Final disposal amount	Amount of landfilled waste	—

●Resource Productivity



●Cyclical Use Rate



Resource productivity represents the profit per ton of externally procured bullion and can be regarded as the earning power from an environmental perspective. The figure reached a record high in fiscal 2017 and remained unchanged in fiscal 2018. Cyclical use rate indicates the ratio of the amount of bullion recycled internally to the total amount of bullion inputs and has been around 80%. Note that we have not established an indicator equivalent to the final disposal amount for the Japanese Government because we do not dispose of any precious metal.

In the future, we will improve those environmental indicators to contribute to the establishment of a sound material-cycle society and the realization of a circular economy (*).

(*) Concept to concurrently achieve a sound material-cycle society and economic activities. It is required to generate wealth from waste materials and from waste in business activities.

Initiatives to Conserve Biodiversity

Support of an NPO

As an initiative to conserve biodiversity, Tanaka Kikinzoku Group started to cooperate with Tsurumi River Basin Networking, which is an NPO in Yokohama, Kanagawa (represented by Dr. Yuji Kishi), in fiscal 2019. We support the Multi-nature River Development Blooming Tsurumi River Project, which was launched by the NPO in April 2019.



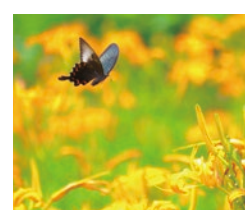
Cultivation of orange daylily and replanting of it in various locations



Orange daylily

In this project, alternative and attractive indigenous plants that need only small maintenance work (e.g. cow parsnip, tawny daylily, orange daylily and coastal daylily) will be replanted in the places that are covered by exotic species causing hay fever, such as hybrid ryegrass, therefore have to be treated regularly with weeding, etc. The project aims to create safe and biologically diverse multi-nature biotopes.

Cow parsnips and the varieties of daylily bloom beautifully from July to September. Various species of swallowtail butterflies such as old world swallowtail and Chinese windmill are attracted to the flowers to suck nectar.



Coastal daylilies and a Chinese peacock butterfly

In the future, we will also consider a participatory program where employees cultivate orange daylilies in their houses for replanting.

Photo courtesy of Non-Profit Organization Tsurumi River Basin Networking

Raising Awareness among Employees and Their Families through Eco Tours

While giving economic support to an NPO specializing in the conservation of biodiversity, we now organize eco tours to raise awareness of the conservation of biodiversity among employees.

As the first tour, we organized a walk in Koajiro Forest in Miura, Kanagawa on Saturday, May 25, 2019.



Forest walk



Walk around a swamp



Walk on a tidal flat



Walk on the seashore



Dance of a small ocypodoid crab



Red-clawed crab brooch

A total of 25 employees and their family members joined the walk to stroll through the forest and around a tidal flat. They watched courtship dance of small ocypodoid crabs and observed fireflies.

We also worked to conserve coastal daylilies, which is endangered due to the damage of tidal waves and illegal digging.



Replanting of coastal daylilies with employees and their families



Coastal daylilies

We will continue to organize eco tours regularly to raise awareness of environmental issues among employees and their families.

Photo courtesy of Non-Profit Organization Koajiro Outdoor Activity Organizing Committee

Contribution to Local Communities and Society

Tanaka Kikinzoku Group aims to develop activities that can 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.

Tokyo 2020 Official Supporter

TANAKA Holdings Co., Ltd. has signed an agreement with the Tokyo Organising Committee of the Olympic and Paralympic Games to become a Tokyo 2020 Official Supporter in the category of "Precious Metals and Jewelry" under the Tokyo 2020 Sponsorship Programme.



Certification as a Tokyo Sports Promotion Company and as a Sports Yell Company

TANAKA Holdings Co., Ltd. sponsors various sports events and also organizes health-promoting events and other programs that encourage employees to have interaction with each other and improve their health through sports activities.

In addition, we became an official partner of the Japanese Para-Sports Association (JPSA) in 2012 and started to co-sponsor the Japan Blind Football Association (JBFA) and the Japanese women's blind football team in 2017. In recognition of those activities, TANAKA Holdings was certified as a Tokyo Sports Promotion Company by the Tokyo Municipal Government for four consecutive years from fiscal 2015 and as a Sports Yell Company by the Japan Sports Agency for two consecutive years from fiscal 2017, respectively.



Support of and Participation in Sports for People with Disabilities

Tanaka Kikinzoku involves employees in Japan Para Championships organized by the Japanese Para-Sports Association, as well as domestic and international competitions of blind football, as cheering spectators and volunteers. Both the number of our employees who have participated in various activities related to such sports and the cumulative total of participants are steadily increasing. To further stimulate the activities, we launched a new program to recruit "para-supporters," who continuously engage in activities to raise awareness of para-sports, from each plant and facility in fiscal 2018. As the first initiative, the supporters watched a goalball game for cheering and joined an event to experience the sport while wearing the same jacket in February 2019. We will continue our efforts to further enhance the understanding of sports for people with disabilities and promote them through various opportunities including spectating and cheering and volunteer activities at the National Sports Festival for People with Disabilities scheduled in October 2019.



Spectating and cheering at a goalball game by para-supporters in February 2019

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 25 teams that have won the round 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.



National competition of Kosen-Robocon in November 2018

Various Activities

[Donation and Fund-raising Activities]

We made a donation to MIDS (a fund for mentally retarded persons) with proceeds from an internal flea market.

Tanaka Electronics Singapore Pte. Ltd. No. of participants: 200 July 2018

We donated part of the proceeds from the sales of pink ribbon products to "Smile Fund" of the Japan Cancer Society

Tanaka Kikinzoku Jewelry K.K. April 2018 to March 2019



Tiny pin with pink sapphire on K18 pink gold

[Sports Promotion Activities]

We provided a total of 12 medals for Tokyo Marathon 2019, which were awarded to the respective top three finishers (gold, silver and bronze medals) in the men's and women's marathon races as well as to those in the men's and women's wheelchair marathon races, which have been international races since 2016.

TANAKA Holdings Co., Ltd. March 2019

Our employees worked as corporate volunteer staff at the first water station in the Penang Bridge International Marathon.

Tanaka Electronics Malaysia Sdn. Bhd. No. of participants: 20 November 2018

Donation and fund-raising activities



Tanaka Electronics Singapore Pte. Ltd.

Sports promotion activities



Gold, silver and bronze medals for Tokyo Marathon 2019

[Cultivation of Human Resources and Development of Art and Culture]

We visited Tokai University Takanawadai Junior High School and gave a lesson to let the students know the properties of precious metals and the scenes of life where precious metals are used.

Headquarters of TANAKA Holdings Co., Ltd., Shonan Plant of Tanaka Kikinzoku Kogyo K.K. November 2018

[Local Cleaning Activities]

The following plants and facilities implement activities to clean plants, their neighborhood and other areas in a regular manner.

Plants and facilities of Tanaka Kikinzoku Kogyo K.K., Saga Production Headquarters of Tanaka Denshi Kogyo K.K., Electroplating Engineers of Japan, Limited, Main Store (Ginza) of Tanaka Kikinzoku Jewelry K.K., Tanaka Electronics (Hangzhou) Co., Ltd.

[Blood Donation]

The following plants and facilities hold a blood drive in a regular manner.

Isehara Plant, Hiratsuka Plant and Shonan Plant of Tanaka Kikinzoku Kogyo K.K., Saga Production Headquarters of Tanaka Denshi Kogyo K.K., Tanaka Electronics Singapore Pte. Ltd., Tanaka Electronics (Hangzhou) Co., Ltd., Tanaka Electronics Taiwan Co., Ltd.

Cultivation of human resources and development of art and culture



Lesson given at the school

Local cleaning activities



Tanaka Electronics (Hangzhou) Co., Ltd.

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

Tanaka Kikinzoku Memorial Foundation

○ Scholarship Program

We set up a scholarship program that aims to support academic, technological and socio-economic development in fiscal 2018. Students majoring in science and technology are applicable. To be the candidates, undergraduate students must be at the age of 23 or younger and postgraduate students must be at the age of 30 or younger. The scholarship period is one year. In the first fiscal year of the program, applications were invited only from Tohoku University and scholarships were provided to three students.

○ Grants for Research on Precious Metals

This grant program has been carried out every year since fiscal 1999 to support research and development on new technologies to which precious metals can contribute. We received a total of 188 applications for this 20th invitation and provided grants of 16.2 million yen in total to 24 research projects.

Development of an iridium oxide microelectrode that can perform localized pH measurements in the body

Gold Award 2 million yen Dr. Tatsuro Goda, Assistant Professor at the Tokyo Medical and Dental University

Creation of an analog nano-spin memory device using CoPt-based nanocomposite material and an application of brain-like information processing

Gold Award 2 million yen Dr. Shunsuke Fukami, Associate Professor at Tohoku University

○ Bond of Love - Cherry Blossom Trees Planting 135

This "Bond of Love - Cherry Blossom Trees Planting 135" program was launched in 2013 as a volunteer initiative to assist the recovery of the Tohoku Region from the Great East Japan Earthquake. In its sixth year, we changed the style of activities and gave "double support" (purchase of goods produced in the affected area) instead of collecting money from employees. The double support consists of the purchase of items produced in the affected area by employees as the first support and the donation of the money equivalent to the purchases by Tanaka Kikinzoku Memorial Foundation as the second support.

With this year's planting, we achieved the goal of planting 135 trees by 2020 when we celebrate our 135th year in business. We were also able to expand the support and added the "maintenance of the cherry blossoms" to the original aims of "creation a row of the trees in the furthest inland areas hit by the tsunami so that they can be landmarks for evacuation," "inheritance of memories" and "peace of mind of the people affected by the earthquake."

The goal of planting 135 trees was achieved



Planting of cherry blossom trees

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 the Tanaka Kikinzoku Group. We are actively working to create such a workplace while paying attention to various aspects.

Actions for Work Style and Vacation Style Reforms

Tanaka Kikinzoku Group is committed to work style reforms to create a work environment where employees can work vividly.

Annual Paid Holidays

While the Act on the Arrangement of Related Acts to Promote Work Style Reform was enforced in April 2019 to require companies to have their employees take five or more annual holidays in a year, we introduced the rule one year ahead and promoted it across the Group from fiscal 2018.

Reduction of Long Working Hours

We take initiatives to reduce long working hours such as the introduction of no overtime day. A monthly overtime cap is set in each department in an effort to reduce long working hours.

Support for Employees to Achieve a Balance between Child Care and Work

We have a short working hour system for pregnant female employees to allow them to avoid crowded transportation and heavy traffic on the way to work. To support employees raising children, they can take child care leave until the child reaches the age of 2 years and use the reduced working hour system until the child becomes a second-grade elementary school student in April. Employees can also take sick/injured child care leave for up to five days per child in a year or for up to 10 days if they have two or more children until the child becomes a second-grade elementary school student in April.

Support for Employees to Achieve a Balance between Nursing Care and Work

To assist employees with nursing care responsibilities, we have a program where they can take nursing care leave for 365 days for each member in need of nursing care. They can also use the reduced working hour system for nursing care for up to three years per family member in need of nursing care.

Employment of Persons with Disabilities

To enhance the employment of persons with disabilities, we regularly participate in an event for the recruitment of persons with disabilities and our plants and facilities actively accept interns from local schools for handicapped children. Our system to help employees adapt themselves to the workplace (job coach program) is also used for job retention of the recruited persons with disabilities.

●In Japan	2018	2017
Number of male employees	1,937	1,942
Number of female employees	837	825
Number of female managers	70	68
Ratio of employees with disabilities	1.52 %	1.86 %
Average number of annual paid holidays taken	11.5 days	8.9 days
Average overtime hours	10.37 hours	19.36 hours
Average service years: male	13.3	13.6
Average service years: female	11.4	11.2
Short working hours during pregnancy	3	1
Child care leave: male	5	3
Child care leave: female	55	41
Reduced working hours for child care: male	3	1
Reduced working hours for child care: female	74	69



"Tomonin" mark

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

TANAKA NOW

When eight months passed from the birth of my daughter, I took child care leave for approximately four months until her first birthday. I would like to take this opportunity to thank all of those who understood and supported me when I took the leave on a very short notice. During the leave, I engaged in daily chores for child care such as changes of diapers and preparation of baby food, as well as domestic tasks including cleaning and washing. I realized the toughness of the housework that my wife does every day. In addition, I was able to directly see my daughter grow day by day, which was irreplaceable time for me. I feel that I have become more patient and tolerant through the experience of child care. I would like to take advantage of such growth for my job in the future.



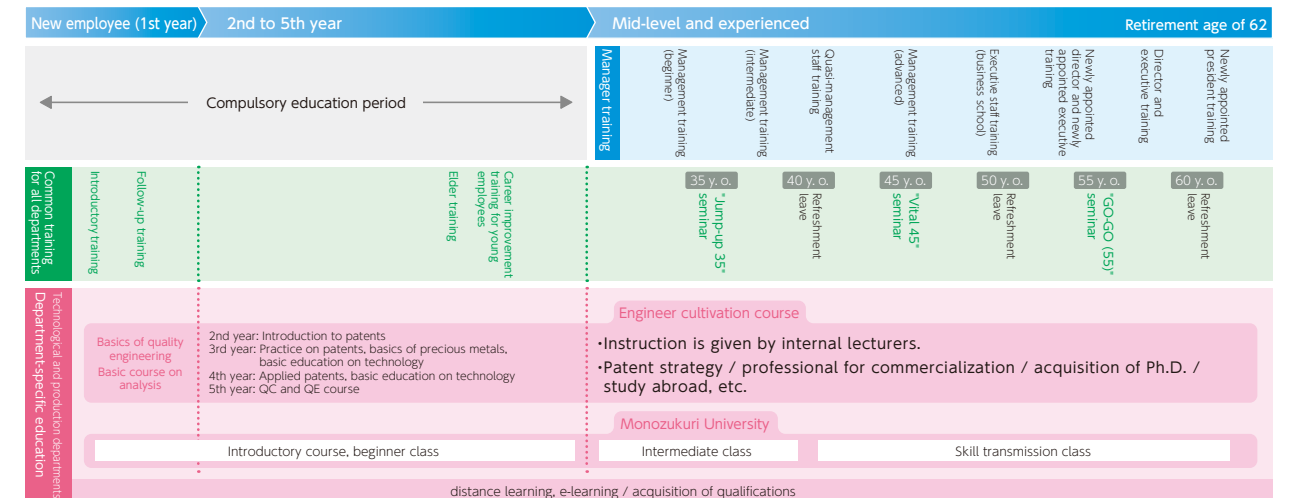
SHIRAIISHI, Koujiro Development Management Department, Technical Development Supervisory Division, New Business Company, Tanaka Kikinzoku Kogyo K.K.

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 so that the growth of each employee leads to the vitalization of the whole organization. We consider that people represent both resources and assets of a company.

Various training courses are provided according to our education program, including new employee introductory training and "jump-up 35" seminar for new employees and mid-level and experienced workers, management training and quasi-management staff training for managers and distance learning training for all employees. In addition, we organize a basic course on precious metals and a QC and QE course to improve knowledge and skills on precious metals.

Education Program



CSR Tsushin

As an internal communication tool for our CSR activities, we issue "CSR Tsushin" (CSR daily news) every day from April 2012. The 1,700th issue was published in June 2019. Subjects related to the core issues of ISO 26000, such as organizational governance, human rights, the environment, labor practice and community involvement, are covered and the articles are prepared by the staff members of CSR Promotion Department in charge of the respective subjects. CSR Promotion Department distributes the newsletter to departments of the plants and facilities by email every day and the departments display it on bulletin boards in worksites, canteens, etc. In 2018, articles extracted from the back issues were re-edited in one brochure named "Book to Make Use of CSR Tsushin," which was distributed to

departments so that they can use it to raise awareness of CSR activities and for other purposes. In the future, we will add articles to update the book for every 500th issue.



Book to Make Use of CSR Tsushin



CSR Tsushin is displayed in canteens, etc.



Creation of a Safer Work Environment

Creation of a workplace where employees can work safely with a sense of security is a challenge that is profound and most important 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

With the aim of ensuring that "Employees cooperate with each other to maintain a safe, secure and cheerful workplace," which is the "Ideal State we would like to achieve" in fiscal 2020, our plants and facilities perform safety activities on a daily basis with the safety managers playing the main role according to the annual policy "Give top priority to safety, and establish a secure and cheerful workplace." In fiscal 2018, they took safety measures to address the priority issues selected for each of the plants and facilities in consideration of their past accidents. The priority issues included "getting caught" and "handling of heavy objects" for machine processing sections and "chemical and burn injuries" for chemical sections while "prevention of fall" was regarded as a common issue. Hazard sources were identified and countermeasures were designed and implemented based on the activity plan. The safety managers of the plants and facilities and the CSR Promotion Department checked the status of implementation. This initiative will be continuously taken in fiscal 2019.



Health Activities (Health Management)

To continue our commitment to the creation of an environment where employees can work actively while maintaining both physical and mental health, we have issued "Tanaka Kikinzoku Group Health Declaration." As a measure to prevent diseases, we organize the "health challenge" program every year to give employees an opportunity to be aware of their health and work to

improve it. We also encourage them to receive a regular health checkup, which can discover diseases early, and have achieved the consultation rate of 100%. The "quit smoking" campaign organized in May every year involves activities to reduce the chances of passive smoking in addition to initiatives for the health of smokers.

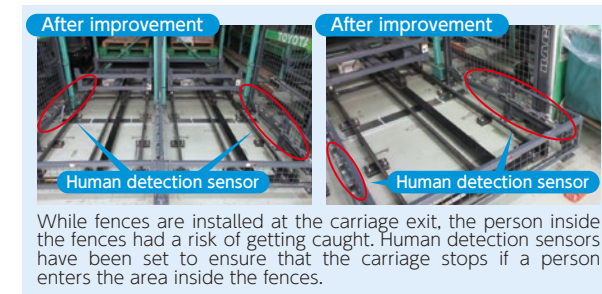
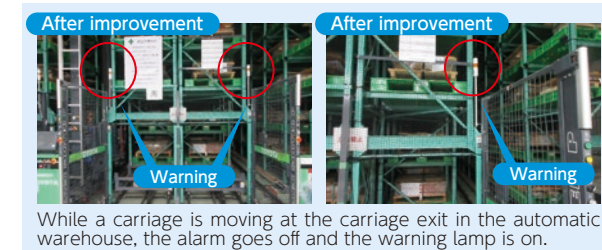
Specific Examples of Improvement with Safety Activities

○ Hiratsuka Plant, AuAg Company

We implement risk assessment using videos as a priority safety measure. Managers and operators shoot videos to identify and assess the risks in dangerous locations, take hardware and software-based measures to address them and prepare a risk assessment (RA) table based on the results. The videos are played for reporting in the meetings of the safety and health committee. Opinions and suggestions from the committee members are adopted to improve the safety of equipment and machines and clarify the work procedures.



○ Iwate Plant, AuAg Company

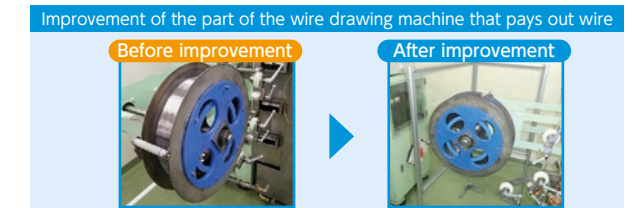


○ Isehara Plant, PGM Company

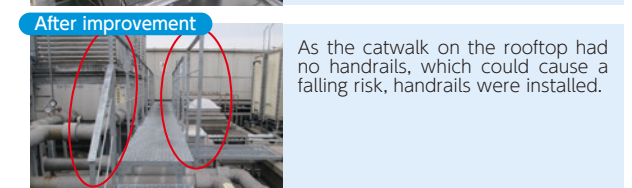
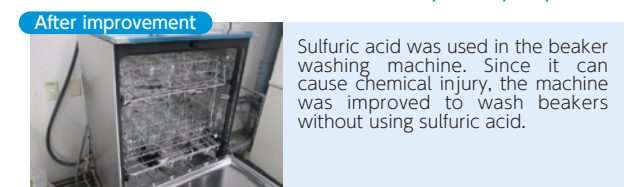


○ Saga Plant, Tanaka Denshi Kogyo K.K., Semiconductor Company

The part of the wire drawing machine that pays out wire was dangerous because the feed material SUS reel was rotating at a high speed. We have attached a cover to it and informed the operators of the risk of getting caught. The conveyor of the spool washing machine also had a risk of getting caught so we attached a cover to the rotating part.



○ Ichikawa Plant, Chemical Recovery Company



TOPICS Japan Industrial Safety and Health Association Chairperson Prize was awarded

TANAKA Holdings received FY2018 Japan Industrial Safety and Health Association Chairperson Prize from the Japan Industrial Safety and Health Association (JISHA). This prize is awarded to the companies, etc. recognized to have produced significant results from efforts to promote and improve industrial safety and occupational health based on a deep understanding of the activities of JISHA and have widely contributed to dissemination and understanding in the relevant region or industry and made outstanding achievements. This time, we received the prize in recognition of remarkable results from our activities to prevent occupational accidents, such as company-wide comprehensive safety inspections, with focus on prevention of accidents of getting caught.



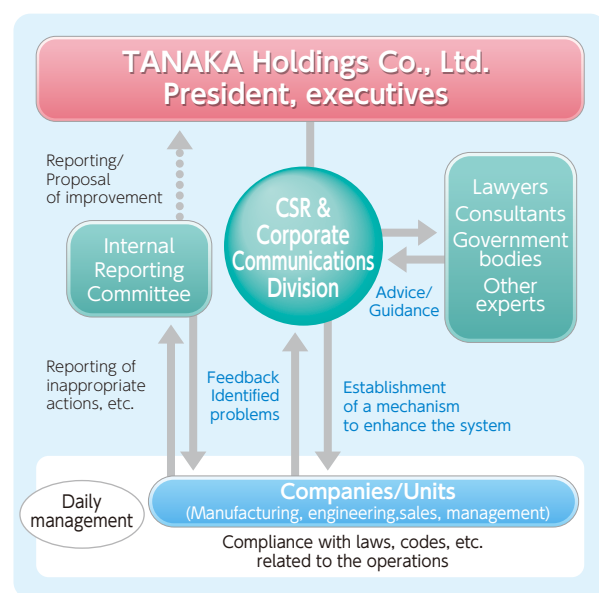
To Be an Honest and Healthy Company

In addition to legal compliance, we continuously promote Group-wide initiatives to develop business activities that are correct in accordance with social ethics on a global scale.

Compliance Promotion System

Along with legal compliance, we strive to ensure the observance of social ethics to conduct fair and sound business activities. CSR & Corporate Communications Division 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 the Group while receiving advice and guidance from lawyers, consultants and external experts.

Compliance Promotion System Diagram



Establishment of a Counterparty Screening System

We have established a counterparty screening system to mitigate the risks associated with the globalization of our transactions. Responsible Business Department, which was newly set up in CSR & Corporate Communications Division, strictly screens counterparties to prevent any involvement in the infringement of human rights, conflicts, corruption, money laundering, funding to terrorists and to avoid transactions with those subject to sanctions or antisocial forces.

Compliance Training

To enhance the awareness of compliance and prevent dishonest acts, we launched e-learning courses for domestic and overseas expatriate staff, as well as local staff in managerial positions, in October 2018. The subjects of the courses include the internal reporting system, compliance with the Antimonopoly Law and protection of personal information and a total of 380 persons have taken them as of May 2019. We also organize seminars that respond to the specific risks of the countries where the bases of the Tanaka Kikinzoku Group are located. In fiscal 2018, the seminars were held at our bases in China and Germany.

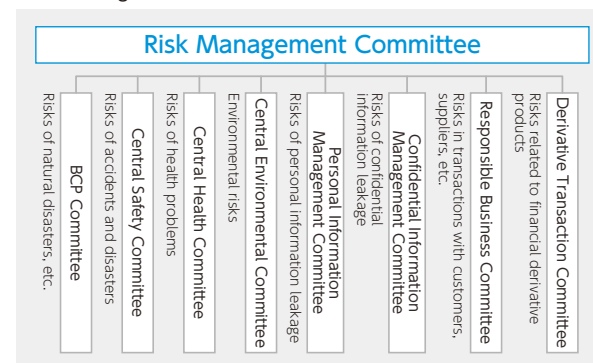
Whistleblowing System

We have established an Whistleblowing system to detect and correct any non-compliance, dishonest act, etc. at an early stage. When a report is made, the Internal Reporting Committee investigates and examines the report and if necessary, orders the relevant persons and departments to take corrective measures. The whistleblowers are strictly protected to ensure that they will not suffer a disadvantage.

Risk Management Committee

Risk Management Committee is composed of the president and division managers of TANAKA Holdings and holds regular meetings, which are also attended by auditors. At the meetings, the committee evaluates risks, checks the status of actions for the risks to be addressed and determines crucial risks in order to reduce management risks. The crucial risks determined in the meetings will be addressed by the respective committees and departments in charge of the individual risks.

Risk Management Structure



Business Continuity Planning (BCP)

In fiscal 2018, in addition to a drill of the emergency task force for the departments of Headquarters, we conducted a drill on the initial response and business continuity that simulated a large earthquake (BCP drill) at the plants and facilities. For the issues identified through the drills, we are making improvements in a planned manner.



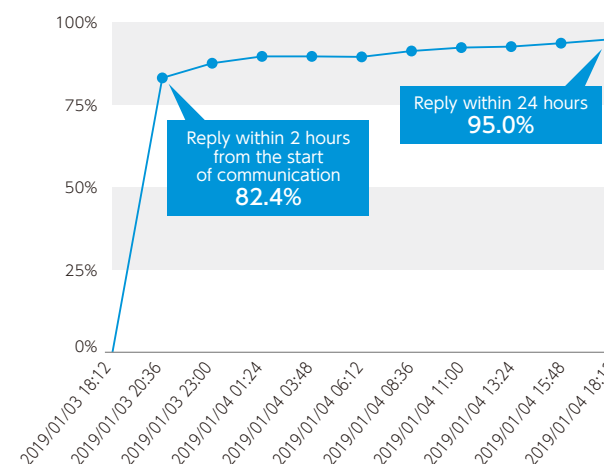
BCP drill at Tomioka Plant of Tanaka Kikinzoku Kogyo K.K.



BCP drill at Hukou Plant of Taiwan Tanaka Kikinzoku Kogyo Co., Ltd.

In addition, we periodically conduct a safety confirmation test to check the safety of all employees in Japan in a prompt and reliable manner. The system registration rate of the employees is 100%. The reply rate within 24 hours from the occurrence exceeded 90% in all cases of Northern Nagano Earthquake in May 2018, Hokkaido Eastern Iburi Earthquake in September 2018 and Kumamoto Earthquake in January 2019.

Reply rate for the confirmation of safety within 24 hours (Kumamoto Earthquake)

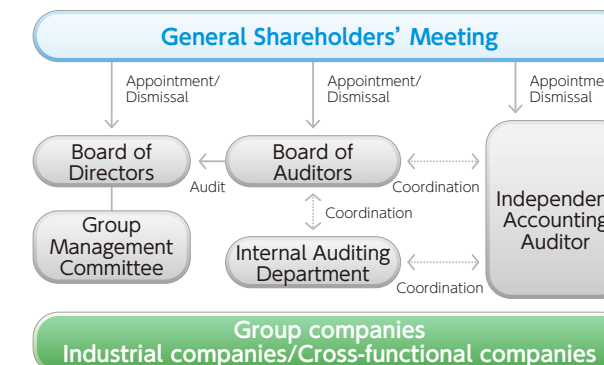


Corporate Governance

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

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 and business operations, accounting and other activities in a legitimate and proper manner. 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.

Governance Structure Diagram



TANAKA NOW

Responsible Business Department was set up in April 2018 to respond to international guidance on CSR and avoid sanctions by countries in association with the globalization of our transactions. We have introduced a counterparty screening system and work to disseminate it in the company to ensure that Tanaka Kikinzoku Group companies would not be involved in the infringement of human rights, conflict minerals, money laundering, funding to terrorists or other issues. In addition, we strive to keep trust from customers through the maintenance of certificates, such as those from LBMA and LPPM, and RBA and other CSR audits and surveys requested by customers.



FUKUSHIMA, Atsushi Manager, Responsible Business Department, CSR & Corporate Communications Division, TANAKA Holdings Co., Ltd.

CSR Management

Approach to CSR

We aim to perform activities to fulfill corporate social responsibility (CSR) not as something isolated from daily operations but as part of our business activities. In addition, the basic approach to all stakeholders mentioned in the Mission Statement has underpinned our CSR activities consistently since our early days. For example, we have continued the recycling of bullion (see P12-13) as part of our daily activities since our founding, which is symbolized by the slogan "Any bullion is Money," and it is a typical initiative to reduce environmental impact. We continuously promote activities to incorporate CSR into our daily business operations through community involvement, which is represented by social contribution activities (see P14-15), as well as activities to conserve biodiversity in the environment (see P13) and other initiatives.

- Mission Statement** Having spent more than 130 years in business since its foundation, we set our basic approach to all corporate activities, including those for corporate social responsibility (CSR), in addition to the improvement of quality, productivity and technology, in the Mission Statement.
- Corporate Philosophy and Code of Conduct** The Corporate Philosophy states that we will lead the precious metals industry, implement various business continuity activities including the conservation of the global environment and work for the creation of a prosperous society based on the basic approach mentioned in the Mission Statement. For the realization of the Corporate Philosophy, we specify five basic stances on actions that should be considered in daily activities as Code of Conduct, along with the Mission Statement.
- Code of Conduct and Standards of Conduct** We describe the principles of corporate activities to fulfill social responsibility and contribute to the creation of a sustainable society in our daily activities in the Code of Conduct and the Standards of Conduct. They have been set in accordance with the seven core subjects of ISO 26000 and based on respect for internationally recognized standards in addition to compliance with domestic laws. We have also established a proper management system to control compliance with the Standards of Conduct.

Tanaka Kikinzoku Group Code of Conduct

Organizational governance	Promote sound business practices with transparency and accountability.
Human rights	Eliminate all forms of discrimination, whether on the basis of race, nationality, sex, age, social status, position or responsibilities, etc.
Work practices	Endeavor to do the best work and prioritize safety in a free and open-minded corporate culture.
Environment	Promote environmental protection and contribute to the future of this beautiful planet.
Fair business practices	Promote sound business activities in the spirit of legal compliance.
Consumer issues	Respond to the trust and expectations of customers, and generate excitement for them.
Community participation and community development	Aim for a well-balanced and prosperous society, and contribute to the revitalization of local communities.

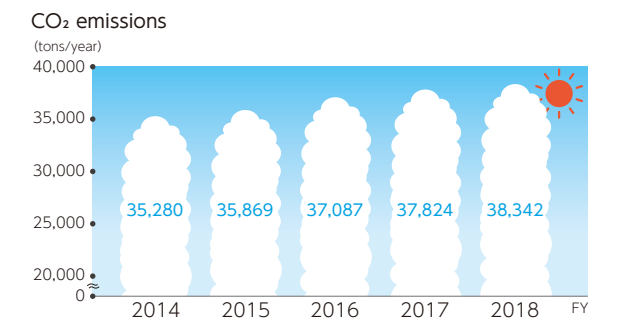
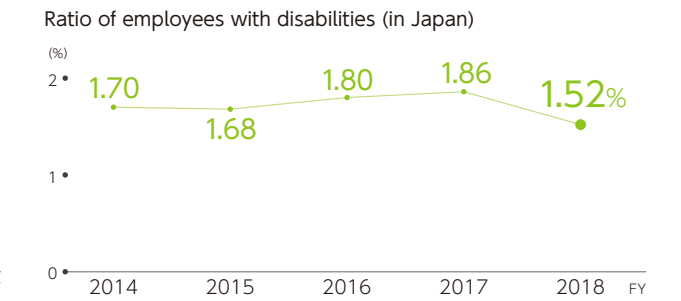
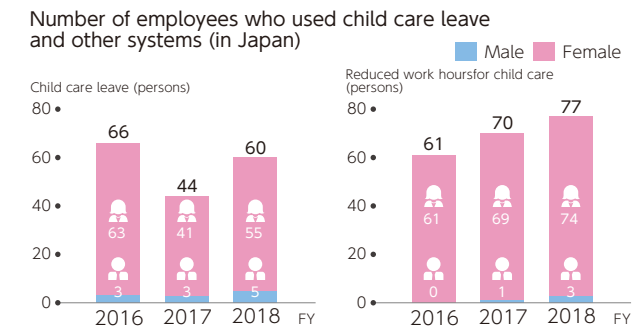
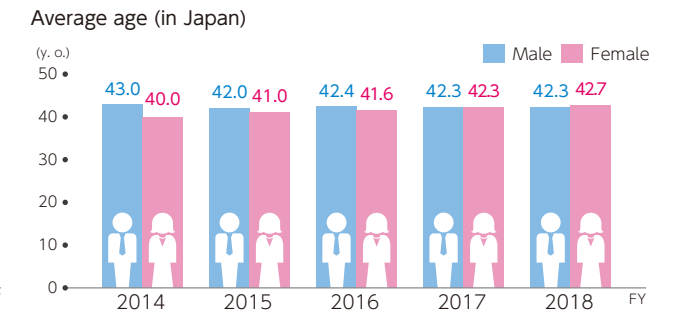
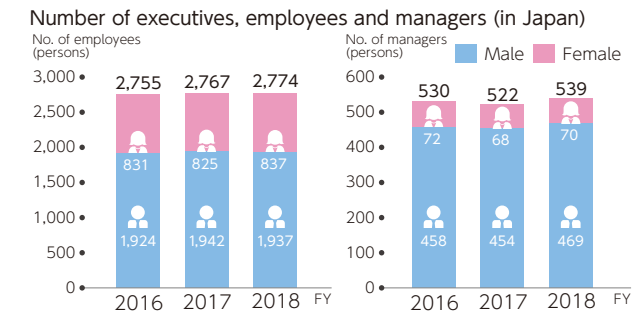
Tanaka Kikinzoku Group Standards of Conduct

- Human rights**
 - Do not behave in any way that discriminates on the basis of nationality, race, ethnicity, skin color, sex, age, religion, beliefs, social status, ancestry, property, existence of physical or mental disabilities or political views.
 - Do not use any child labor or forced labor.
 - Provide an appropriate work environment for young workers.
 - Appropriately manage working hours and payment of wages.
 - Do not mistreat or unjustly coerce someone using your position in work or in sales (i.e., power harassment) through harassment, disdain or words.
 - Do not engage in any speech or conduct related to sex in opposition to the feelings of those around you or the person you are speaking with (i.e., sexual harassment).
 - Do not slander or denigrate any company or individual.
- Work practices**
 - Prioritize respect for human life, and comply with laws and ordinances related to occupational safety and health.
 - Understand the importance of systematic and continuous activities related to health and safety, and actively take part in driving these activities.
 - Understand the dangers and mental and physical hazards related to your own work, prepare for emergencies and implement training, and strive to take measures for disaster and accident prevention.
 - Respect the right of employees to participate in collective bargaining and rallies.
 - Provide appropriate employee benefits.
- Environment**
 - Comply with environmental regulations, regional agreements and in-house rules.
 - Promote the thorough control and reduction of chemical substances that may have a harmful impact on the environment.
 - Promote the conservation of energy and resources, and the reduction of CO₂ emissions and waste materials.
 - Promote appropriate management of water resources.
 - Actively work to recycle precious metals.
- Fair business practices**
 - Comply with laws and ordinances to maintain anti-monopoly laws and other fair competition rules, and compete fairly and freely.
 - For gifts of money and goods, business entertainment, donations and political contributions, behave appropriately and comply with laws, ordinances and in-house rules.
 - Do not commit bribery, corruption, extortion or embezzlement.
 - For the import and export of goods and technologies, comply with international treaties, laws, ordinances and in-house rules and follow the appropriate and necessary procedures.
 - Do not use a dominant position to engage in such behavior as unilaterally changing the terms of business or forcing a purchase.
 - Respect intellectual property rights and do not infringe on them.
 - Have absolutely no dealings with anyone with connections to antisocial groups or armed groups.
 - Contribute to establishing a relationship of mutual cooperation and trust with other businesses.
 - Along with following company rules regarding trade secrets, and controlling and protecting them, do not leak or disclose trade secrets to others or use without permission.
 - Do not behave in any way that is problematic in terms of business ethics, or act or conduct yourself individually in opposition to the profits of the company.
 - Appropriately control company assets (information, products, merchandise, equipment, machinery, consumables, intellectual property, tangible and intangible assets such as the brand) and do not use these assets illegally or unfairly.
 - Do not conduct insider trading based on nonpublic information acquired through the course of business.
 - Implement a whistleblowing system to help prevent compliance violations and protect whistleblowers against disadvantage.
- Consumer issues**
 - Comply with all laws and ordinances applicable to products, merchandise and services.
 - Do not violate laws and ordinances such as competition laws or those related to labeling.
 - Protect the personal information obtained from customers, business partners, employees and others.
 - In advertisements and other publicity, create labeling based on a substantial and objective foundation; do not engage in false or misleading advertising.
 - Ensure product safety and product quality.
 - Provide information related to the correct methods of use, cautions in use and application, and information related to such features as the functions and strengths of products, merchandise and services.
 - Along with disclosing business information and increasing the transparency of management, achieve accountability for the company.
 - Undertake honest sales and service activities.
 - Do not make sales with excessive premiums or use deceptive sales methods.
 - In the event that a quality problem that can harm the company's reputation arises, respond appropriately.
 - For enquiries and complaints from the customer, follow in-house rules and guidelines to deal with the situation, give appropriate feedback and prevent recurrence of the problem.
 - Actively work to reduce material use to a minimum, make use of reclaimed materials and develop products, merchandise and services that save energy.
- Community participation and community development**

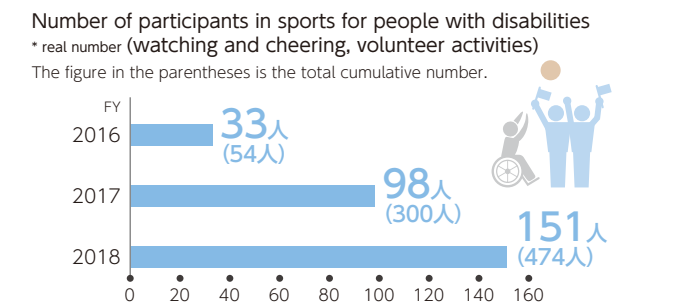
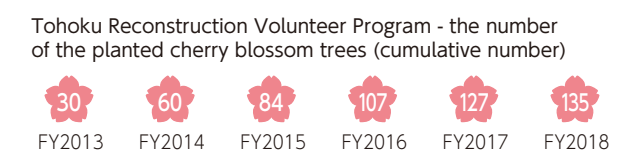
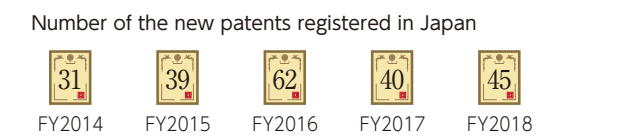
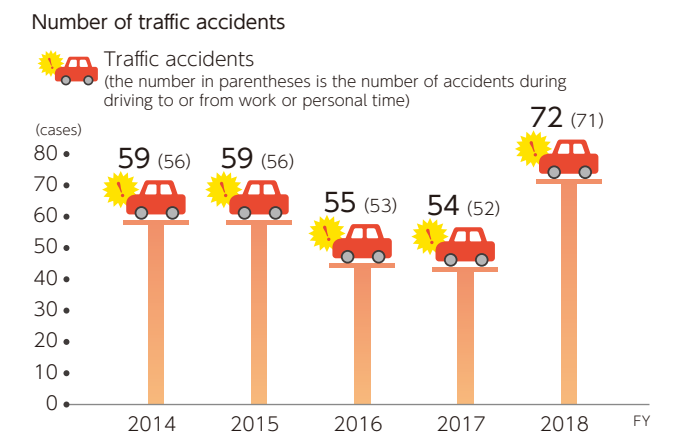
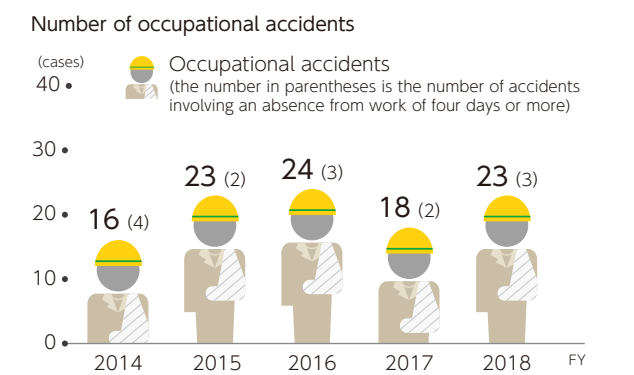
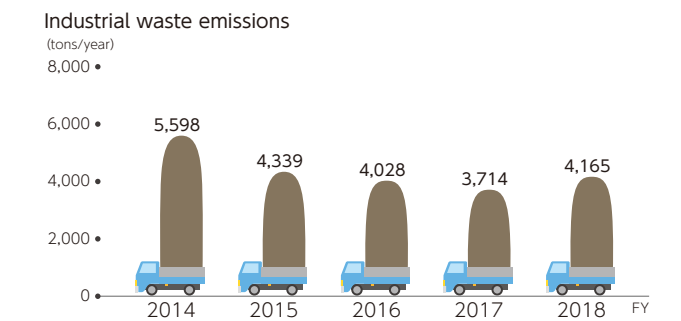
Provide support for activities contributing to society through such work as academic research, education, environmental protection, cultural and artistic activities, and local community service, and work to foster harmony and co-exist with local communities.

Established: November 1, 2008
Revised: October 1, 2016

CSR Performance



The CO₂ emission factor of TEPCO Energy Partner, incorporated in FY2017 (0.462 kg-CO₂/kWh) is retroactively applied to the calculation of CO₂ emissions from power consumption for all fiscal years.



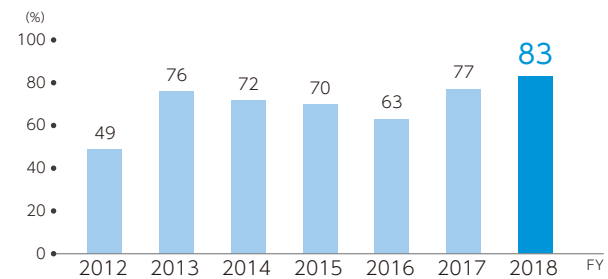
Third-party Assurance of CSR Performance Results of the Questionnaire Survey for CSR Report 2018

Third-party Assurance

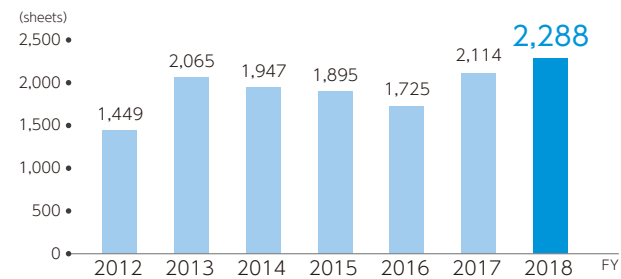


Results of the Questionnaire on CSR Report 2018

Response rate among employees in Japan



Number of the answer sheets collected



How did you feel about the report?

Understandability	Easy to understand	43%	Average	55%	Difficult to understand	2%
Content	Rich	44%	Average	55%	Insufficient	1%
Information volume	Appropriate	83%	Too much	15%	Too small	2%
Design	Good	50%	Average	48%	Not good	2%

Briefing Sessions on the CSR Report

We explain the content of the CSR Report to employees in Japan during mandatory afternoon assemblies and other occasions every year. The response rate for the questionnaire survey reached a record high of 83% in fiscal 2018. We will continuously work to inform employees of the CSR Report and improve their understanding through the briefing sessions.

Reflection of the Responses to the Questionnaire in the Previous Fiscal Year

The responses to the questionnaire survey included opinions and requests such that "There were not many specific examples of safety measures," "All data in the CSR Performance page should be presented in graphs showing the annual trend" and "More research and development activities should be introduced" and they were reflected on this report. We will continue to improve the CSR Report by reference to your opinions.



Briefing Session on the CSR Report at TANAKA Holdings Co., Ltd.

Third-party Opinion

Profile

Mr. Shimizu graduated from College of Economics, Yokohama National University. After working at Japan Management Association, he was a professor at Faculty of International Communication and College of Business Administration, Shukutoku University, and established CCI Research Institute in 2014. His specialties are environmental / CSR communication and public relations management. His major books are "Internal Communication Management", "Management Learning from Eiichi Shibusawa Based on The Analects and The Abacus", "Environmental Communication", "CSR Management: Coexistence with Stakeholders and Corporate Social Responsibility", "Environmental Communication", "CC Theory and practice of strategy," CSR Initiative: CSR Management Philosophy, Charter of Conduct, Recommended Model of Conduct" and many others.

Visiting Professor of Tsukuba Gakuin University, Representative of CCI Research Institute, director and "Management Communication Study Group" department chairperson of the Japan Society for Corporate Communication Studies, examiner of KEIDANREN Internal Media Awards

SHIMIZU, Masamichi



Firstly, I would like to say that something will change in TANAKA and I am looking forward to its future. I have exchanged opinions with staff every year and visited the main plants. I find new things every year. Here, I would like to particularly point out two issues. One is that I was able to take a brief look at the wonderful corporate culture that has been kept inside. The other is that efforts are made to show the effective use of precious metals on a global scale and conservation of biodiversity on a local scale at the same time.

The Corporate Culture Based on "Any Bullion is Money," Which Will Lead to the Future

I noticed it in a meeting room of Saga Plant, Tanaka Denshi Kogyo K.K. I heard that the phrase "Any Bullion is money" was frequently said in the production sites of TANAKA. I considered that the comments I heard in the sites like "There is no waste in our plant" and "Everything is recovered and reborn" are images related to not only the operations in clean rooms but also the future society.

During my visits to TANAKA's plants, I repeatedly thought that it would be difficult to clearly explain something I can understand intuitively in words or images alone. In this context, even if there is no direct

explanation, the description of facts in the previous fiscal year, such as the award for Tomioka Plant in the Grand Prize for Excellence in Energy Efficiency and Conservation and the Japan Industrial Safety and Health Association Chairperson Prize, as well as the certification from Japanese and international specialized agencies in CSR assessment including the RBA Code of Conduct and EcoVadis, is effective because it will externally communicate the actual feeling that can be realized only inside the company in the forms of specific views and opinions.

From Visualization to Sharing of Attitude and Behavior

For any job, the actual situation of diverse corporate activities cannot be understood even by employees in the next line unless it is visualized in society. Especially in business activities like those of TANAKA, it is necessary to develop appropriate indicators due to the high degree of specialization. This is applicable to "CSR Performance." It will be even more persuasive if the design is further improved. This is also same with non-business activities such as sports and contribution to local communities and society because the impression can significantly change depending on the level of attitude and behavior.

For reference sake, I would like to mention that I have conducted joint research with researchers for several years in order to examine how to communicate and

share concepts involving feelings such as dreams and hopes and make others act with the recognition that the concepts are also their own. Through interviews with top management, executives, etc. of 50 companies, I learned that it is important for anyone to show their attitude and behavior in addition to words and that the continuance of such communication without getting tired of it is essential to express and share feelings.

The feature articles in P12-13 visually express this to enhance the interest of readers. Whether resources are recycled or abandoned to cause environmental pollution, it is a result of the ideas and actions of people. The articles represent it effectively.

One Way to Achieve Dreams and Targets Is to Continue to Make Small Efforts

I think that such a persistent approach will lead to the "Exploration of Various Possibilities" in TANAKA. This has already been producing tangible results such as flexible touch panels, fuel cells and items for surgery and treatment, as well as the publication of the 1,700th issue of CSR Tsushin.

CSR Tsushin is a sort of wall newspaper prepared in one sheet every day. It presents the knowledge of CSR and reports on the activities of facilities in a way to ensure that the content can be understood just by viewing the sheet displayed in the company. This initiative is praised and envied by CSR staff in other companies. Even if it is a small step, the continuation of it will produce results

that cannot be imitated by anyone. Today, along with the digital revolution, the "material revolution" is underway. With the demand for the use of precious metals in new ways, their needs will be further enhanced. While Mr. Tanae, President claims "productivity improvement based on the safety-first principle" at the beginning of this report, I wonder that a shortcut to reach the "Ideal State we would like to achieve" in 2020 is to continuously make small efforts, although this may sound paradoxical. I would be happy if this report helps find a shortcut to the future.