

CSR Report 2014

For the Beautiful Future
of the Earth



Corporate Philosophy and Code of Conduct of the Tanaka Group

Corporate Philosophy

The TANAKA Group:

A leading company in the field of precious metals,

With superior creativity and technical excellence,

We build customer trust through rapid responses that exceed expectations,

Contribute to the creation of a prosperous society,

As well as to the future of the planet through sustainable use of precious metals.

Code of Conduct

The Five attributes of TANAKA employees:

TANAKA employees strive to be continuously chosen

by our customers, yet remain earnest and humble in our efforts,

and practice the following five principles:

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

TANAKA

Editorial Policy

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

This year's report inherits the design concept of "gift," which was newly adopted for the 2013 edition, and has been edited to ensure that the content is easy to read and understand.

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

Period

April 1, 2013 to March 31, 2014

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

Scope

Tanaka Holdings Co., Ltd. and consolidated subsidiaries.

Indications are made in areas of the report where the scope differs.

Publication

July 2014

Reference guidelines

Japanese Standards Association, ISO 26000:2010

Website

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

Publisher

Tanaka Holdings Co., Ltd. CSR Promotion Department, CSR & Communication Divisions HQ

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Businesses of the TANAKA Group

Industrial Products

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



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



Jewelry

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

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



Assets

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

- Bullion
- Coins
- Accumulation plans

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Financial Results of the TANAKA Group

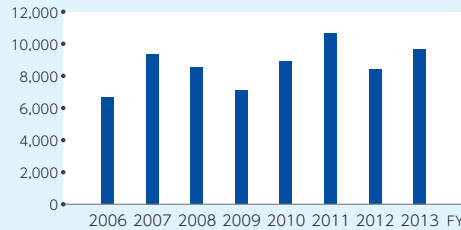
Financial results overview

	FY2012	FY2013	Year-on-year change
Net sales	839,264	967,665	115.3%
Income before income taxes	17,141	12,177	71.0%
Net income	10,338	7,510	72.6%
Total assets	401,485	398,955	99.4%
Capital adequacy ratio	40.3%	42.8%	—

million yen

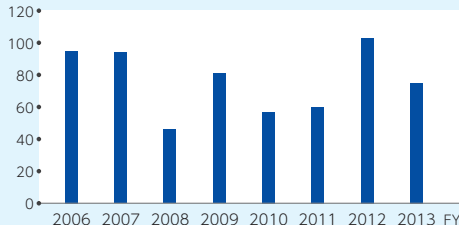
Net sales

(100 million yen)



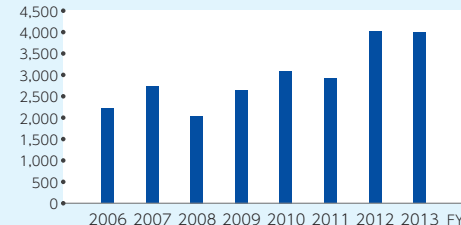
Net income

(100 million yen)



Total assets

(100 million yen)



LONDON PLATINUM & PALLADIUM MARKET

TANAKA is accredited as a Good Delivery Referee for gold and silver by the London Bullion Market Association (LBMA), and also appointed as a Good Delivery Referee for the 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.

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

We actively promote our CSR initiatives to support our growth and development to be a global company by inheriting the free and vigorous corporate culture and further promoting the three key precious metal businesses, namely precious metals for industrial products, assets, and jewelry.

Message from the President

With launch of the Abe administration in December 2012, fiscal 2013 started with a new political regime in Japan. The new prime minister Shinzo Abe called his administration a “crisis breakthrough Cabinet” and has pursued bold economic policies to end deflation and achieve economic growth based on the “three arrows” of 1) an aggressive monetary policy, 2) a flexible fiscal policy and 3) a growth strategy that stimulates private investment. With these economic policies, which are called Abenomics, positive signs of economic recovery have started to be visible, such as rise in stock prices, depreciation of yen, lower unemployment rates and higher job opening-to-application ratio. As a result, exporting and other companies improved their performance, and real GDP has also continued to grow since the first quarter of fiscal 2013. In addition, consumer price index has been positive, and it is likely that the inflation rate of 2%, one of the initial targets for the Abe administration, can be achieved.

On the other hand, capital investment and wages, which were assumed to rise as a result of better corporate performance, have not increased sufficiently. In addition, due to the Fukushima Nuclear Power Station accident caused by the Great East Japan Earthquake dependency on energy derived from fossil fuels is forced, which is worsening the trade balance. As the administration also proposes policies that may have adverse impact on the Japanese economy, such as participation in TPP negotiations and consumption tax hike, the prospects of the domestic economy are uncertain. Amid such circumstances, the TANAKA Group continues its business activities with a stronger unity of the employees to keep pace with the economic recovery. Consequently, corporate performance has been recovering slowly since the first half of fiscal 2012, and sales of precious metals for jewelry were particularly strong in the second half of fiscal 2013. We have also established a new mid-term business plan called “GOGO 2020” and will launch it in fiscal 2014. This

mid-term business plan identifies our ideal state, which is to: 1) have a corporate culture that encourages employees to express their constructive opinions freely to each other irrespective of position, service years and professional background when tackling the same issue together, and improve their business performance; 2) offer excellent levels of products, goods, technologies and services in the development of the three key business fields of precious metals for industrial products, assets and jewelry; and 3) be a company that is respected by competitors and customers around the world and can develop operation with the same quality on a global scale.

What We Want to Be in 2020

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

As companies around the world are now required to undertake CSR activities, promotion of such activities is essential for us to grow to be a global company, which is what we want to be as described in the GOGO 2020, and we aggressively pursued CSR activities in fiscal 2013 as well.

A notable achievement in our CSR activities was substantial reduction of CO₂ emissions and industrial waste discharge, which we addressed as one of the key issues in the mid-term business plan. More specifically, in the mid-term business plan from fiscal 2009 (called “Phoenix 5”), we set aggressive targets of reducing CO₂ emissions by 25% and industrial waste discharge by 50% from the baseline values (averages between fiscal 2006 and



fiscal 2008) by fiscal 2013, and have worked to meet the targets. As a result, we reduced CO₂ emissions by 22% and industrial waste discharge by 51% from the baseline in fiscal 2013. While regrettably failing to meet the target for the reduction of CO₂ emissions, we are still proud of the achievement in comparison with progress in the efforts in the world. We consider that this outcome was achieved by the concerted efforts of production staff and all other employees under the corporate philosophy of “contributing to the future of the planet.”

In terms of social contribution, we have planned and implemented volunteer programs to support the reconstruction of the areas affected by the Great East Japan Earthquake every year since the earthquake. In fiscal 2013, under the theme of “inheritance of memories,” 30 cherry blossom trees were planted in the affected areas through fund-raising activities of employees. We will continue this initiative with the ultimate goal of planting 135 cherry blossom trees in total by fiscal 2020, which is the final fiscal year for the GOGO 2020 and also the 135th anniversary for the TANAKA Group since its establishment. The cherry blossom trees will be planted near the furthest inland areas hit by the tsunami as landmarks for evacuation. In three years the trees will produce beautiful flowers as they watch over the safety of people.

Moreover, we are actively involved in various other social contribution activities, including assistance

to promotion of sports for the disabled as an official partner of the Japan Paralympic Committee, support of young generations who are to be scientists in the future through co-sponsorship of Robot Contest for technical college students, as well as volunteer activities such as participation in cleanup of the local neighborhood and donations to various charity organizations.

As another topic in fiscal 2013, we were certified as an AEO exporter in recognition of our focus on security and compliance. This allows us to export cargo more promptly and smoothly and deliver our products to overseas customers with a much shorter lead time.

We give top priority to the health and safety of our employees. As the code of conduct states that we put safety first and do our best work, the whole company is committed to elimination of accidents and disasters.

This CSR report summarizes our efforts to promote CSR activities during fiscal 2013, and we believe that you will reaffirm through this report that the TANAKA Group is a global company actively promoting CSR activities.

President & CEO, TANAKA Holdings Co., Ltd.



Tanaka Holdings Co., Ltd. (THD)
 Stock holding entity of Tanaka Kikinzoku Group
 Headquarters : ① Marunouchi, Tokyo
 Osaka second headquarters : ② Osaka



Tanaka Kikinzoku Kogyo K.K. (TKK)
 Manufacturing, research and development of all types of industrial precious metal products
 Headquarters : ① Marunouchi, Tokyo
 Distribution center : ⑬ Shonan Distribution Center



② Iwate Plant

• Clad materials, etc.



③ Tomioka Plant

• Wire and plate materials • Electrical rivet contacts
 • Precious metal pipe • Silver blazing alloys
 • Gold and silver targets, etc.



④ Ichikawa Plant

• Recovery and refining of platinum precious metals
 • Platinum precious metal compounds
 • Manufacturing of various catalysts, etc.



⑤ Sodegaura Plant

• Recovery and refining of platinum precious metals



⑥ Isehara Plant

• Platinum equipment for glass melting
 • Materials for various sensors
 • Platinum targets, etc.



⑦ Hiratsuka Plant

• Cross-bar contacts
 • Materials for electronic parts
 • Welded products, etc.



⑧ Shonan Plant

• Recovery and refining of gold and silver precious metals, recovery equipment
 • Gold and silver precious metal compounds
 • Insoluble electrodes
 • Thick film pastes



⑨ Hiratsuka Technical Center

• Development of high-performance materials that use precious metals (for medical, automobile and energy sectors)



⑩ Tsukuba Facility (Technical Center)

• Development of chemical compounds
 • Manufacturing of platinum targets



⑪ Isehara Technical Center

• Development of high-performance materials



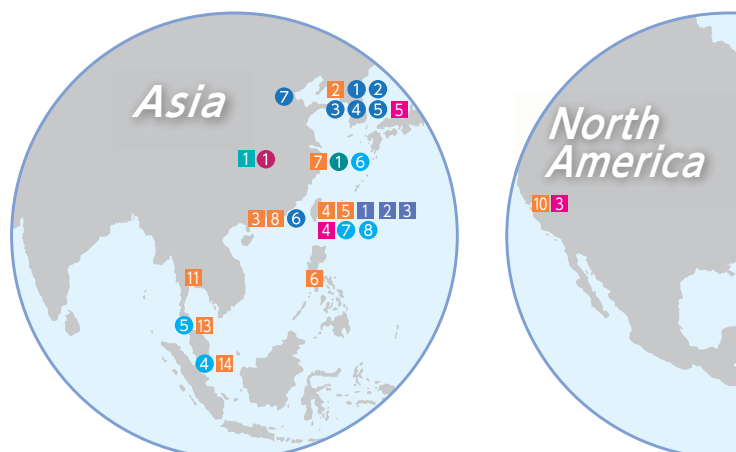
⑫ FC Catalyst Development Center

• Development and manufacturing of electrode catalysts for fuel cell



TANAKA in the World

The TANAKA Group operates R&D, production and (industrial products, jewelry and assets) in Asian



Tanaka Kikinzoku International K.K. (TKI)

Export/import and sale of the products of the Tanaka Kikinzoku Group

- Headquarters : ① Marunouchi, Tokyo
 Overseas base : ② Seoul Branch
 ③ Hong Kong Branch
 ④ Taipei Branch
 ⑤ Kaohsiung Sales Office
 ⑥ Manila Representative Office
 ⑦ Tanaka Kikinzoku International (Shanghai) Co., Ltd.
 ⑧ Tanaka Kikinzoku International (Shanghai) Shenzhen Branch
 ⑨ Tanaka Kikinzoku International (America) Inc.
 ⑩ Tanaka Kikinzoku International (America) San Jose Branch
 ⑪ Tanaka Kikinzoku International (Thailand) Co., Ltd.
 ⑫ Tanaka Kikinzoku International (Europe) GmbH
 ⑬ Tanaka Kikinzoku International (Malaysia) Sdn. Bhd.
 ⑭ Tanaka Kikinzoku International (Singapore) Pte., Ltd.



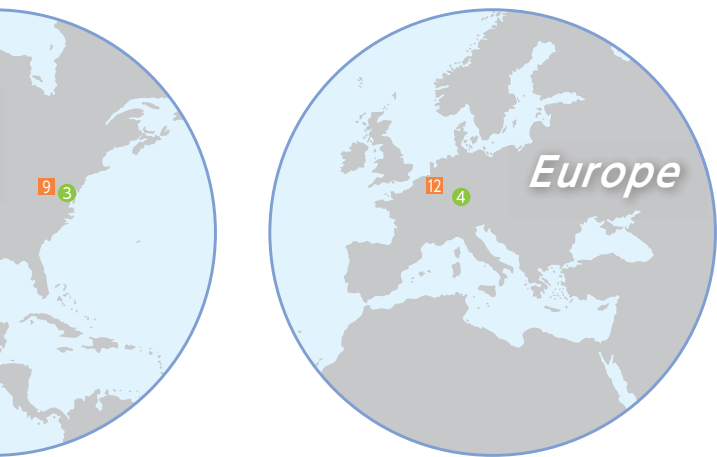
Tanaka Kikinzoku Hanbai K.K. (TKH)

Sale of the products of the Tanaka Kikinzoku Group in Japan

- Headquarters : ① Marunouchi, Tokyo
 Branch/office : ② Sendai Branch ⑥ Osaka Branch
 ③ Yokohama Branch ⑦ Okayama Branch
 ④ Nagano Branch ⑧ Fukuoka Branch
 ⑤ Nagoya Branch ⑨ Shiga Sales Office



marketing bases for its three main businesses countries, North America and Europe, in addition to Japan.



Taiwan Tanaka Kikinzoku Kogyo Co., Ltd. (T-TKK)

Various electrical contacts, wire rod processing, recovery and refining

- Headquarters : 1 Taipei (Taiwan)
Plant : 2 Hsinchu (Taiwan)
3 Hukou (Taiwan)



Tanaka Kikinzoku (Hangzhou) Co., Ltd.

Recovery, refining, processing and sale of precious metals, related products and parts

- Headquarters : 1 Hangzhou (China)

Tanaka Kikinzoku Jewelry K.K. (TKJ)

Sale of gold and platinum jewelry, imported jewelry, bridal jewelry, artifacts and various commemorative gifts; remodelling of jewelry; sale and purchase of gold and platinum bullion and coins; and RE:TANAKA (jewelry purchase and recycling business).

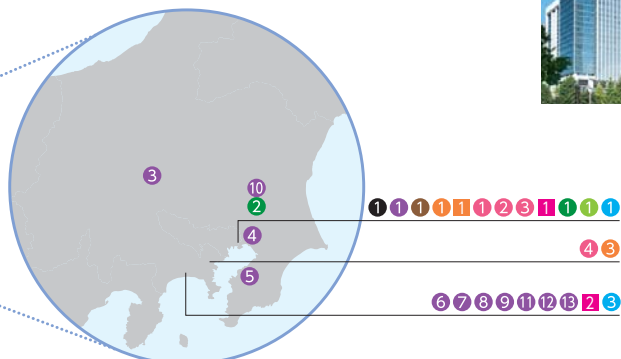
Store : GINZA TANAKA

- 1 Ginza Main Store 2 Shinjuku Store
3 Store at Hotel Chinzanso Tokyo
4 Yokohama-Motomachi Store 5 Sendai Store
6 Nagoya Store 7 Sakae Store (Bridal)
8 Shinsaibashi Store 9 Fukuoka Tenjin Store
10 Niigata Mitsukoshi Store



Tanaka Kikinzoku Business Service K.K. (TKBS)

Outsourcing and management of indirect operations of the Tanaka Kikinzoku Group
Headquarters : 1 Marunouchi, Tokyo



Tanaka Denshi Kogyo K.K. (TD)

Development and manufacturing of various bonding wires and supply of technical support services to customers

- Headquarters : 1 Marunouchi, Tokyo
Plant : 2 Saga 3 Shonan



Tanaka Electronics Singapore Pte. Ltd. (TES)

Manufacturing of various bonding wires and supply of technical support services to customers

- Headquarters : 4 Singapore



Tanaka Electronics Malaysia Sdn.Bhd. (TEM)

Manufacturing of various bonding wires and supply of technical support services to customers

- Headquarters : 5 Penang (Malaysia)



Tanaka Electronics (Hangzhou) Co., Ltd. (TEC)

Manufacturing of various bonding wires and supply of technical support services to customers

- Headquarters : 6 Hangzhou (China)



Tanaka Electronics Taiwan Co., Ltd. (TET)

Manufacturing of various bonding wires and supply of technical support services to customers

- Location : 7 Zhongli (Taiwan)

Tanaka Electronics Taiwan Co., Ltd. Technical Center (TET/TC)

Supply of technical support services to customers

- Location : 8 Taichung (Taiwan)



Electroplating Engineers of Japan, Limited (EEJA)

Manufacturing, sale, research and development of precious metal plating solutions and other surface treatment agents, as well as plating, testing and other equipment

- Headquarters : 1 Marunouchi, Tokyo
Office : 2 Hiratsuka
Laboratory : 3 California (U.S.A.) 4 Hsinchu (Taiwan)
5 Incheon (South Korea)



TC Catalyst, Inc. (TCC)

Development, manufacturing and sale of catalyst equipment for purification of exhaust gas from gasoline and diesel engines

- Headquarters : 1 Marunouchi, Tokyo
Laboratory : 2 Tsukuba
(located in Tsukuba Facility of TTK)



Heesung Metal Ltd. (HEESUNG)

Various types of precious metal products

- Head office/plant : 1 Juan (South Korea)
Office : 2 Seoul (South Korea)
Plant : 3 Namdong (South Korea) 4 Gajwa (South Korea)
5 Dohwa (South Korea) 6 Shenzhen (China)
7 Tianjin (China)



Nippon PGM Co., Ltd. (PGM)

Recovery of precious metals from used catalysts for the purification of automobile exhaust gas and used petrochemical catalysts

- Headquarters : 1 Akihabara, Tokyo
Plant : 2 Kosaka, Akita
3 New Jersey (U.S.A.) 4 Liberec (Czech)



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

Development, manufacturing and sale of catalyst equipment for the purification of exhaust gas from gasoline and diesel engines

- Head office/plant : 1 Chengdu (China)

Chengdu Guangming Paite Precious Metal Co., Ltd.

Sale of precious metals, production and sale of processed precious metals
Headquarters : 1 Chengdu (China)

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

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

Corporate Governance

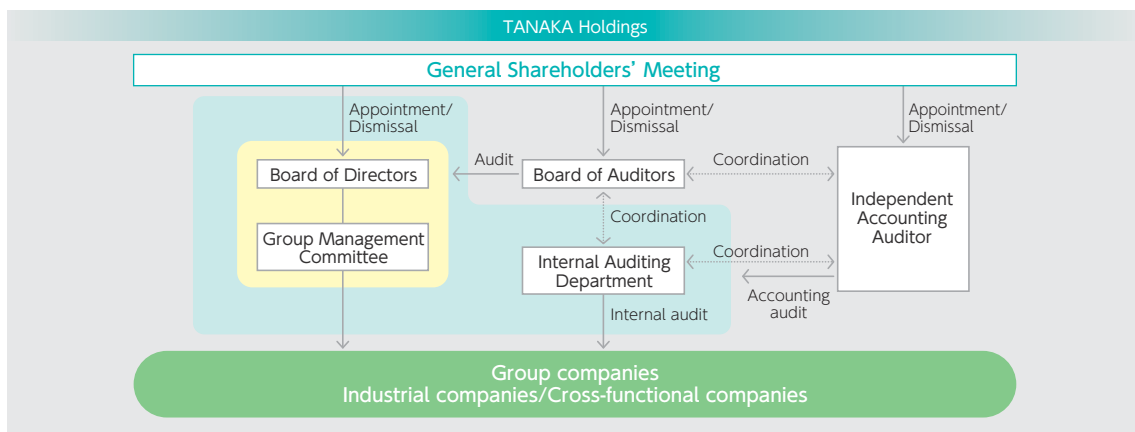
Corporate Governance Structure and Internal Control System

The TANAKA Group ensures efficient and competitive corporate management through the establishment of an optimal management structure and appropriate business operations. To facilitate execution, the Group strives to enhance its management and oversight framework to practice highly sound and transparent management.

We have also established principles on corporate governance and internal control to ensure respect for the rights and interests of customers, employees, shareholders and other stakeholders, as well as business operations in a legitimate and reasonable manner and appropriate and transparent accounting, in corporate management.

Based on these principles, an internal control system has been established and is operated to facilitate the achievement of our management goals. This system is designed to ensure that the Board of Directors, Group Management Committee and the Internal Audit Department execute their respective duties.

■ Corporate Governance System



CSR Management

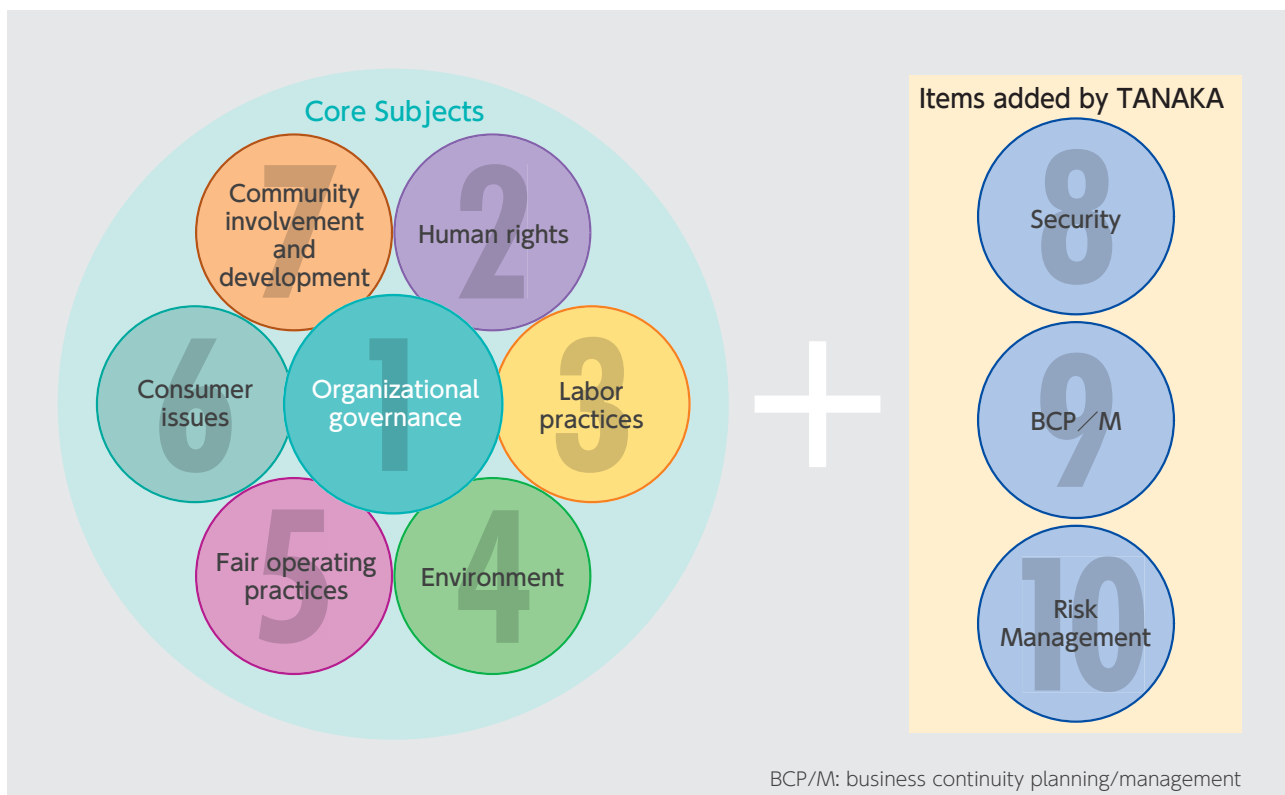
Approach to CSR

The TANAKA Group plans and executes mid-term business plans to promote the three key businesses of precious metals for industrial products, assets and jewelry and to grow as a global company. Under this plan, the TANAKA Group continues to respond to the trust and expectations of customers in a rapid manner as a leading precious metals company. In addition, we will promote sound business activities, and fulfill our social responsibility as a member of the local communities in which we operate not only in Japan but also in the overseas bases. We aim to establish global presence by contributing to the realization of a prosperous society and a beautiful future for the Earth supported by precious metals.

Nowadays, both in Japan and overseas, companies are required to reflect compliance with law, protection of human rights, improvement of the working environment, environmental conservation, protection of consumers and contribution to the local community into their management activities. Accordingly, companies now need to consider impact on their stakeholders more carefully and enhance their commitment to CSR activities. In fiscal 2013 as well, we promoted CSR activities on the basis of 10 issues, which consisted of the seven core subjects of ISO 26000, international guidelines on social responsibility, and the three original issues that the TANAKA Group has tackled conventionally.

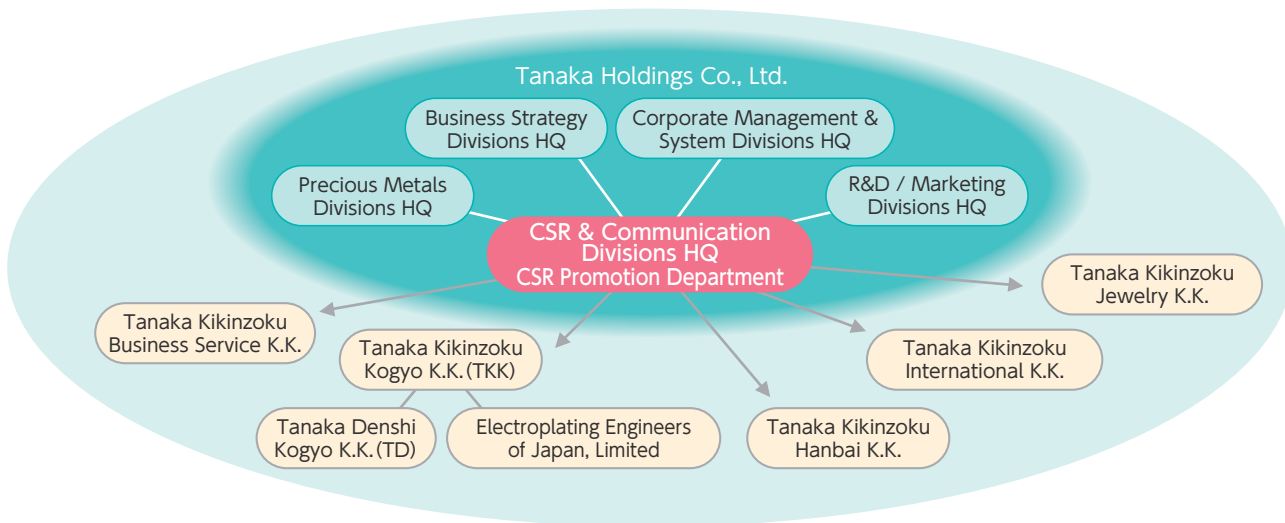


■ Approach to CSR Management



CSR Promotion Activities

The TANAKA Group promotes CSR activities as an important management issue through coordination between CSR & Communications Division HQ, CSR Promotion Department and the Group's bases.



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

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



Basic Approach

The TANAKA Group is making efforts to promote sound business activities and establish steadfast credibility and trust as a leading precious metals company.

Respect for human rights is an important subject in such efforts. In addition to compliance with the relevant provisions of the Labor Standards Act, we declared in the code of conduct and standards of conduct published in November 2008 that we will respect basic human rights and avoid any discriminatory treatment in all business activities and that we will not allow child labor or forced labor. We also prepared English and Chinese versions of the codes and standards in February 2009, and distributed them to staff abroad to train them with the materials. Thus, the environment to respect human rights has been created in overseas sites as well.

To address such issues as power harassment and sexual harassment, we have also established a system to seek prompt and fair resolutions based on an internal reporting system.



In-house Training on Human Rights

With the cooperation of the Tokyo Metropolitan Human Rights Promotion Center, we provided training on human rights for executives in the Group in order to enhance their awareness of human rights issues. A lecture on discrimination based on ancestral background and other human rights issues in Japan was given, which reminded the attendants of the significance of human rights.



Source: Tokyo Metropolitan Government

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

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



Employment and Human Resource Development

Employment

On the belief that precious metals are the future, the TANAKA Group values diversity of the workforce. While putting effort into recruiting new university graduates, we are also working to establish appealing work environments for female employees and offering job opportunities for non-Japanese and for people with disabilities based on their capabilities. We believe that harnessing the combined capabilities of a diverse and multi-faceted workforce is critical in our quest to survive international competition and raise the global presence of TANAKA. We consider that people represent both resources and assets of a company.

■TANAKA Group Employees as of March 31, 2014

Number of employees	3,507 (3,509)
Domestic employees	2,714 (2,733)
Overseas employees	793 (776)
Average age	41.2 (41.0)
Average male age	42.0 (41.9)
Average female age	39.4 (38.8)
Ratio of employees with disabilities	1.43% (1.80%)

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

Efforts to Create a Comfortable Work Environment for Women

We have provided childcare leave and short-time work systems that exceed the legal requirements. Various personnel systems have been revised since fiscal 2013 to improve the work environment so that female employees can continue to work and further demonstrate their capabilities. We will make further efforts to operate the systems in a stable manner and create an environment that encourages employees to utilize them.

■Number of employees who used the childcare leave system (fiscal 2013)

Reduced work hours during pregnancy	2
Childcare leave	45
Reduced work hours for childcare	48

Promotion of Employment of People with Disabilities

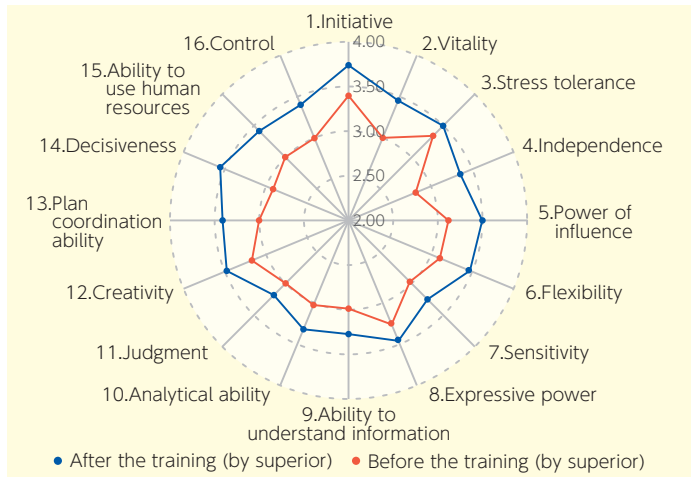
The TANAKA Group is making concerted efforts to employ people with disabilities. Examples of these efforts include employment of an individual with Asperger syndrome on a trial basis, and providing people with intellectual disabilities with practical training in our plants. In April 2014, we hired three new graduates with disabilities.

Human Resource Development

We provided leadership training for the frontline supervisors of workplaces. Those who attended the course received evaluations from their superiors in terms of all 16 items including "Independence," "Power of influence" and "Decisiveness." In addition to leadership training, we organize other human resource development programs such as management training and external executive training. <Comments from superiors after the training>

They now express their opinions aggressively more often and are dependable. They act as a leader and reach out to their members much more frequently. They are more vigorous. They strongly demonstrate a sense of responsibility as a leader in their work approach. They have started to take proactive actions as a leader such as by speaking out during meetings and issuing clear instructions in the course of their routine work.

■Evaluation by Superiors Before and After the Training (Average Scores of 24 People Who Received the Training)



We had fewer occupational accidents and traffic accidents.

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

Safety and Health

FY2013 Core Safety Policy Promote communication between different positions and within the workplace to enhance information sharing and accelerate the development of a safety culture.

- Priority measures**
1. Improve skills to predict dangers and enhance awareness of safety to establish the foundation to develop a safety culture
 2. Make thorough use of SA, RA, etc. and promote safety management activities to identify accidents and disasters beforehand
 3. Develop measures and systems based on the achievements of the sub-committees to maintain the activities
 - 3-1) Development and establishment of a safety education system
 - 3-2) Revision/abolition of existing rules and standards and formulation of new ones in accordance with the safety management rules

- Activity guidelines**
- Safety management activities start with personal declaration (commitment) by every employee
- I. Managers and supervisors express their ideas and initiatives on safety (commitment) in advance, and then engage in management and supervision of lines
 - II. In response to the advance commitment of their superiors, all employees declare their own personal targets (commitment) on elimination of accidents, disasters and traffic accidents and work to achieve them.

Progress in Safety Management Activities

From the second half of fiscal 2010 to fiscal 2013, we developed a campaign to eradicate unsafe conditions by actively removing any unsafe actions and conditions, in addition to traditional safety activities. This initiative resulted in fewer occupational accidents in production units in fiscal 2013. Indirect sections, on the other hand, had an unusually large number of commuting accidents.

While traffic accidents, including those during commuting as well as holidays and other off-duty hours, continuously increased from fiscal 2008 and peaked in fiscal 2012, we managed to decrease such accidents in fiscal 2013 through daily efforts such as traffic risk prediction training. In fiscal 2014, we defined the state we would like to achieve by fiscal 2020 in concert with the new mid-term business plan. We will plan, design and implement a series of measures to fill the gap between our ideal state and the current state, and further promote safety management activities to achieve our ideal state by fiscal 2020.

Campaign to Eradicate Unsafe Conditions

Campaign period: October 2012 to March 2014

Main activities:

Activities in the company-wide safety months (May and November)

Financial incentive for identification of potential accidents

Commendation of and provision of prizes for zero human-caused accidents on a semiannual basis

Safety patrol by general safety and health managers for up to one hour each time, three times a week

We will continue these activities to achieve our ideal state by fiscal 2020.

GOGO 2020 Core Safety Policy

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



TANAKA NOW Shonan Plant, Tanaka Kikinzoku Kogyo K.K. Yuri Sasao

Various recovered materials are delivered to Shonan Plant, ranging from light ones to those which exceed one ton in weight. A forklift is needed to weigh them. In order to contribute more to work, I voluntarily obtained the license to operate the forklift. Doing so made me more interested in my job, and I also gained confidence by widening the scope of my work. It is good that women can demonstrate their capabilities in more various workplaces. I will be sure to operate the forklift carefully and do my best to contribute to my workplace.



TANAKA NOW Hiratsuka Plant, Tanaka Kikinzoku Kogyo K.K. Rie Shimizu

In order to unload delivered materials, we always had to ask someone with a forklift license to do the task, which took time and trouble. My supervisor saw female workers in other companies taking forklift license courses and suggested that I also take the lessons. After obtaining the license, it was difficult to steer a forklift at first, but I learned how to steer the machine smoothly by operating it every day. Now I can engage in a wider variety of jobs, and I am glad to have obtained the license.





Safety and Health Activities at Individual Worksites in Fiscal 2013

Tomioka Plant, Tanaka Kikinzoku Kogyo K.K. / Work Towards Zero Traffic Accidents

At Tomioka Plant, all employees participate in efforts to eliminate traffic accidents. Monthly training sessions are organized to improve abilities to predict traffic risks while driving a vehicle and learn driving skills with tips for safe driving. Trainees' reports are displayed with comments from the manager, so information can be shared between the groups. In addition, traffic safety related issue is chosen as the topic in the morning meeting at each workplace at least once a week to keep employees aware of safe driving. While we had 16 traffic accidents during fiscal 2012, which was the largest number ever, the number was significantly reduced to only two in fiscal 2013, which consisted of one in which our employee was responsible and one in which our employee was the victim. We will continue the efforts to achieve the target of zero traffic accidents.



Training session to predict traffic risks (left) and trainees' reports displayed on a bulletin board (above)

Saga Plant, Tanaka Denshi Kogyo K.K. / Commendation by the Director of Saga Labor Bureau (FY2013)

We received Encouragement Award from the director of Saga Labor Bureau for recognition that we maintain a high safety and health level in the region and set a good example of remedial efforts for other companies.

Reasons for the award

- 1) The plant has established a safety and health system based on OHSAS, and the PDCA cycle has firmly become a part of the annual safety and health plan.
 - 2) It is consistently committed to initiatives to fundamentally improve the safety of machines, such as safety assessment of machines at the time of introduction.
 - 3) It employs innovative measures to raise the safety awareness of workers and prevent human errors.
- As one example, each worker is encouraged to submit at least three reports on potential accidents in a month, and more than 500 reports are submitted every month.



Industrial Safety and Health Convention in Saga Prefecture

Ichikawa Plant, Tanaka Kikinzoku Kogyo K.K. / Playing Music While Hydrogen is Used

We have upgraded equipment so that music is played and the warning light is on while the hydrogen valve is open for hydrogen reduction of analytical samples. This notifies workers nearby that operation is underway, and also prevents operators from forgetting to turn off the valve.



This measure was taken because only the supply valve had been turned off after the operation without turning off the hydrogen branch valve. Such a situation may lead to leakage of raw gas the next time the equipment is used if the operator does not confirm that the branch valve is turned off.

Electroplating Engineers of Japan, Limited / Display of the Areas Where Protective Goggles Must be Worn and a Measure to Prevent Cargo from Collapsing

The boundaries of the work areas where protective goggles must be worn are marked with blue tape to visualize the areas.



Four plastic containers are fixed together as one unit with rubber bands to prevent them from collapsing.



We enhance the transparency of environmental management through operation of the environmental management system.

Based on an environmental management system, we are committed to continuous reduction of environmental impact on a Group-wide basis. We also endeavor to improve the quality and transparency of environmental management by comprehensively identifying the environmental impact and adopting environmental efficiency indicators and environmental accounting.

Environmental Management System

All of our worksites in Japan have obtained ISO 14001 certification, an international standard on environmental management, and are committed to environmental conservation activities in a continuous manner. We also set environmental targets on a Group-wide scale and work to reduce CO₂ emissions and other environmental impacts. To ensure the implementation of these activities, we have organized a structure for the environmental management system. The Central Environmental Committee, which is composed of the general safety and health managers of each worksite, is at the top of the structure. SHE Promotion Office Manager Council, as well as the Environmental Managers Sub-committee composed of environmental managers, holds regular meetings to actively share and exchange information to promote environmental conservation activities in an efficient and effective manner.

Environmental Compliance

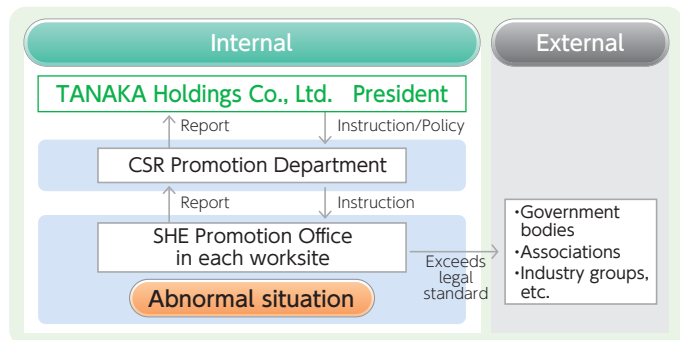
The TANAKA Group aims not simply to comply with the law but also to minimize environmental impact of its business activities. For example, we have set internal management standards for air and water pollutants at a stricter level than stipulated, at 50% of the legal standards.

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

■ Environmental Management System



■ System to Respond to Emergency Situations



FY2013 Environmental Policy and Targets

Policy	Respond to the rapidly changing energy situation with a flexible approach to reduce environmental impact
Priority measures	<ol style="list-style-type: none"> I. Accelerate CO₂ emission reduction activities with involvement of all employees and by replacing old and inefficient equipment with new and efficient one to offset the energy cost increase. II. Seek to effectively use resources and reduce waste through thorough separation (by property and concentration) and 3Rs (reduce, reuse and recycle). III. Aim to eradicate environmental incidents with a proactive approach based on the safety assessment (SA) method.
Targets	<ol style="list-style-type: none"> I. Reduction of CO₂ emissions: reduction by 25% from the baseline years II. Reduction of industrial waste: reduction by 50% from the baseline years III. Eradication of environmental incidents: occurrence of no incident <p style="text-align: right; font-size: small;">* The baseline values are the average values during the baseline years (three years from fiscal 2006 to fiscal 2008).</p>

Basic Approach

With enhanced environmental awareness among all employees as an essential factor, we aim to meet the specified target values based on this policy. In fiscal 2013, which was the final fiscal year for the activities to reduce CO₂ emissions and industrial waste from the baseline years of fiscal 2006-08, we sought to meet the targets of reducing CO₂ emissions by 25% and industrial waste discharge by 50%. We also worked to eradicate environmental incidents by taking proactive measures.

In fiscal 2014, we set new target values to continue the efforts.



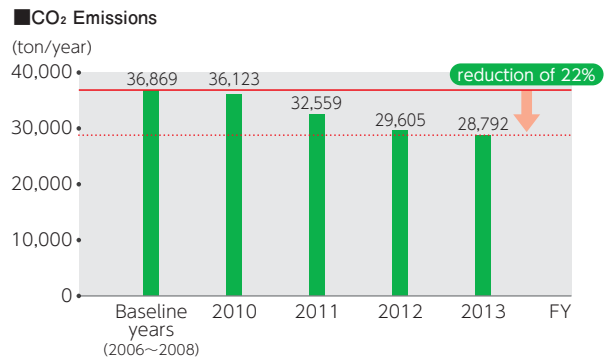
Activities to Reduce CO₂ Emissions

In fiscal 2013, equipment was upgraded to effectively reduce CO₂ emissions, and all employees were actively involved in the reduction. We consequently reduced CO₂ emissions by 22% from the baseline years, which was slightly below the target of reduction by 25%.

Among the activities involving all employees, those at Tomioka Plant and Isehara Plant are described below as the cases that led to an especially high level of reduction.

The initiatives in Tomioka Plant included renewal of old cooling chillers and compressors, improvement of their operation method and replacement of lights with LED lamps. Employees individually also made steady efforts, such as by ensuring that the power of equipment is turned off when it is not used at night and during holidays, as well as by managing the temperature of air conditioners and recording the status of use. As a result, the plant reduced CO₂ emissions by 27% from the baseline years, which exceeded the target value.

Isehara Plant engaged in equipment improvement activities under strong top management leadership, which included replacement of compressors and repair of electric furnaces. In addition, adoption of hand switches to control lighting in the plant was promoted to encourage workers to make sure that the lights are turned off when they leave the workplace and machinery is not operated. A system to use waste heat from electric furnaces and other equipment for heating was introduced as well. As a result, reduction of 33% from the baseline years was achieved, which far exceeded the target value.



Tomioka Plant, Tanaka Kikinzoku Kogyo K.K. / Reduction of Power Consumption by Replacing Lights with LED Lighting

Mercury lamps were replaced by LED lights, and mounting height was adjusted to ensure sufficient illumination.



The position of the lights was lowered from 5,500 mm to 4,200 mm above floor level.

Isehara Plant, Tanaka Kikinzoku Kogyo K.K. / Reduction of Power Consumption by Upgrading Electric Furnaces

Thermal insulation materials in the furnaces were upgraded to enhance heat retaining capacity.



TANAKA NOW Isehara Plant, Tanaka Kikinzoku Kogyo K.K. Shinya Harada

Although power consumption increased right after the launch of the initiative due to addition of a new building, we have achieved a reduction level that far exceeded the target value through our three-year efforts. The success can be attributed to the cooperation and high awareness of the efforts among all employees in Isehara Plant. We will continue CO₂ emission reduction activities involving all employees to meet a new goal.

We conserve limited resources and protect the global environment to pass on the beautiful planet to next generations.

With enhanced environmental awareness among all employees as an essential factor, we are committed to meeting such targets as reduction of CO₂ emissions and waste. Devising improvement measures suitable for respective worksites from various angles, we are making continuous efforts to conserve the environment.

Industrial Waste Reduction Activities

In fiscal 2013, we reduced industrial waste by 51% from the baseline years, which exceeded the target of 50%, through active and effective implementation of process improvement and capital investment.

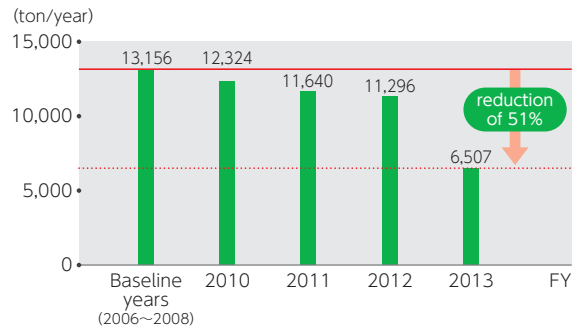
The three chemical plants in Shonan, Ichikawa and Sodegaura, which discharge more than 90% of our total industrial waste, worked together by understanding the characteristics of each plant, and steadily implemented various measures including introduction of new equipment.

The initiatives of some of our worksites are presented below.

Shonan Plant reduced industrial waste by 52% from the baseline years through various measures, one of which was introduction of new equipment to reduce the volume of waste liquid containing cyanogen, which was discharged as waste. Ichikawa Plant thoroughly sorted waste liquid and reused part of it as chemical used in Shonan Plant. Through such a wide range of initiatives, industrial waste generated in the plant decreased by 47% from the baseline years.

Iwate Plant and Tsukuba Facility employed new effluent treatment equipment to reduce industrial waste by more than 70% from the baseline years.

■ Industrial Waste Emissions



Iwate Plant, Tanaka Kikinzoku Kogyo K.K. / Reduction of Industrial Waste with a New Method to Treat Wastewater

Acid wastewater and oil-containing wastewater were conventionally treated with different devices such as gradient gravity separator, revolving drum separator and oil adsorption machine. However, as these devices had only low separation and recovery capacity for the treatment of oil-containing wastewater, all thick oil-containing wastewater was outsourced to external contractors to be treated as industrial waste.

We then introduced floatation separation equipment that effectively recovers oil content so that acid wastewater and oil-containing wastewater can be treated with one device. This has eliminated the need for oil-containing wastewater to be treated by external contractors, and allowed us to reduce industrial waste substantially. In addition, we now use only this floatation separation equipment for the treatment, which has reduced the burden to maintain equipment.

Main devices conventionally used for the treatment



Gradient gravity separator



Revolving drum separator



Oil adsorption machine

Newly introduced floatation separation equipment



Floatation separation equipment



TANAKA NOW Ichikawa Plant, Tanaka Kikinzoku Kogyo K.K. Takanori Kimura

Established in Chemical Recovery Department, our environmental business group has continuously promoted development of waste reduction technology and implementation of waste reduction measures, and also organized waste reduction meetings on a regular basis to exchange opinions and make discussions in depth with staff in charge of waste management. Since independent reduction efforts of each plant had limitations in terms of equipment and treatment capacity, the department made concerted efforts to establish a new system to recycle and minimize waste. While it took about two years, we have achieved reduction results quite close to the target. Using this initiative as a trigger, we will promote waste reduction activities involving not only staff in charge but also all other employees in a continuous manner to meet a new target.

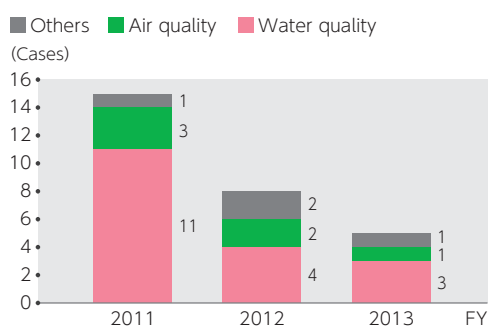


Environmental Incident Eradication Activities

Result of the Activities in Fiscal 2013

By ensuring that each worksite takes measures to respond to past environmental incidents related to air (e.g. NOx) and water quality (BOD, etc.), we prevented recurrence and the number of environmental incidents, such as values in excess of internal limits, was reduced to five. Shonan Plant installed exhaust gas scrubbers at the manufacturing site to reduce NOx emissions. Tomioka Plant strengthened management of its purification equipment to lower BOD and increased the maintenance personnel. Hereafter, we will aggressively take proactive measures to reduce environmental incidents to zero.

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



Environmental Accounting

We have introduced environmental accounting, which links environmental activities to financial data, in order to improve the quality of environmental management and the transparency of business activities.

This report compiles data on the following types of cost:

- 1) Environmental conservation cost
- 2) Cost based on a unique classification to present the characteristics of our environmental activities
- 3) Cost in line with the guidelines issued by the Ministry of the Environment

■ Cost in Line with the Guidelines Issued by the Ministry of the Environment (FY2013)

Category	Cost	Investment
① Pollution prevention cost	220.9 (304.7)	62.3 (54.3)
② Global environmental conservation cost	0.0 (0.1)	0.0 (0.0)
③ Resource circulation cost	149.5 (165.5)	0.0 (0.0)
Upstream/downstream cost	19.5 (0.0)	44.5 (0.0)
Administration cost	247.4 (177.9)	0.0 (9.4)
R&D cost	333.4 (695.4)	137.9 (138.0)
Social activity cost	0.0 (0.0)	0.0 (0.0)
Environmental remediation cost	0.0 (0.0)	0.0 (0.0)
Total	970.7 (1,343.7)	244.7 (201.8)

Unit: million yen

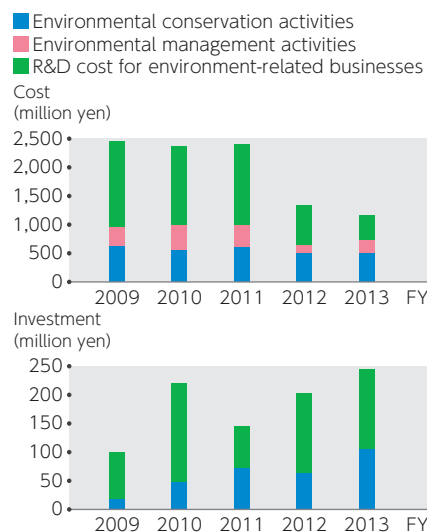
* The numbers in parentheses are data from the previous fiscal year.

■ Environmental Conservation Cost (FY2013)

Category	Main initiatives	Cost	Investment
Environmental conservation activities	Air pollution prevention cost	14.7 (9.5)	0.3 (0.0)
	Effluent treatment cost	245.5 (327.6)	106.5 (63.8)
	Waste treatment cost	145.8 (153.8)	0.0 (0.0)
	Recycling cost	3.8 (13.0)	0.0 (0.0)
	Other global environmental conservation cost	1.4 (0.4)	0.0 (0.0)
Environmental management activities	Personnel cost, regular examination and annual registration to maintain ISO 14001 certification, preparation of a CSR report, etc.	226.4 (143.8)	0.0 (0.0)
R&D cost for environment-related businesses	<ul style="list-style-type: none"> •R&D of electrode catalyst for fuel cells to be used in fuel cell cars and other equipment which uses the chemical reaction between hydrogen and oxygen to create power without generating hazardous exhaust gas •R&D of catalyst to remove odors from organic matter and hazardous materials •R&D of three-way catalyst for purification of exhaust gas from cars 	333.4 (695.8)	137.9 (138.0)
Environmental loss and compensation	No fine paid	0.0 (0.0)	0.0 (0.0)
Total		970.7 (1,343.7)	244.7 (201.8)

Unit: million yen * The numbers in parentheses are data from the previous fiscal year.

■ Environmental Conservation Cost



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

In addition to legal compliance, the TANAKA Group strives to ensure observance of corporate ethics to conduct fair and sound business activities. Based on the understanding that compliance is part of risk management, we operate a Group-wide system to identify and address problems promptly.

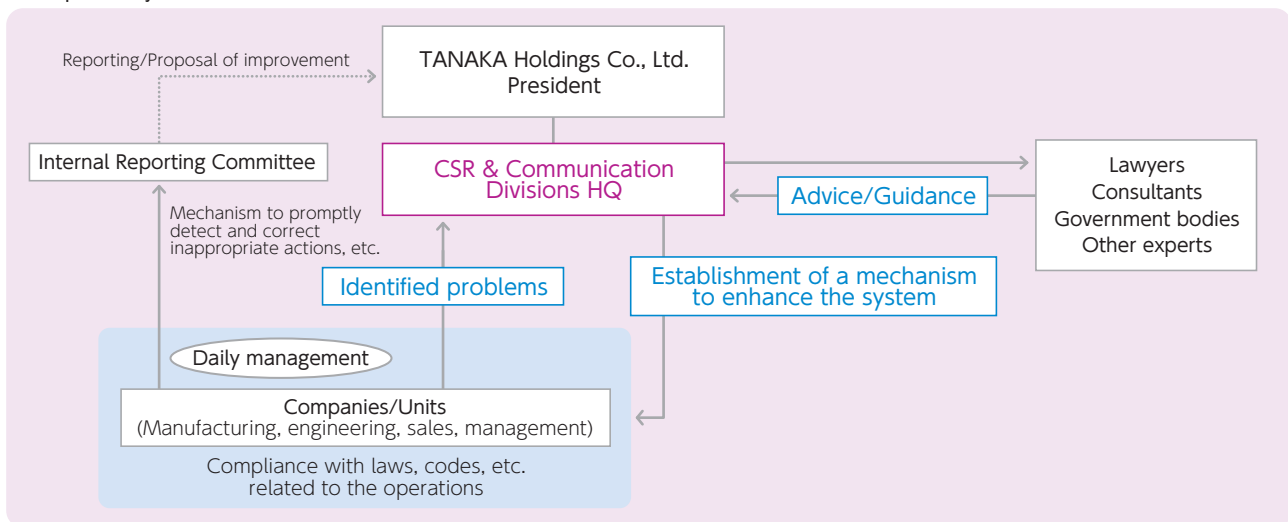
Basic Approach

The TANAKA Group will implement fair and sound business management based on corporate ethics as well as legal compliance. In addition, we will respect culture and custom in each country/region in our business activities and contribute to sustainable development of a rich and safe society.

Promotion Structure

The TANAKA Group understands that promotion of compliance is part of risk management. Based on the information on compliance-related problems and relevant information from external sources gathered at CSR & Communication Divisions HQ, necessary actions are taken on a Group-wide scale. Additionally, we establish committees in charge of specific priority issues on an as-needed basis, and also provide relevant education and training.

■ Compliance System



Protection of Intellectual Property Rights

We believe that patents, utility models, trademarks, designs, copyrights and other intellectual property rights and knowhow represent valuable assets for the company. Based on this recognition, we actively try to create intellectual property rights. In fiscal 2013, the TANAKA Group as a whole acquired 39 patents in total.

When researching new technology and developing, producing and/or selling products, we respect intellectual property rights of third parties and avoid intentional infringement. We also deal with infringement by other companies in a strict manner in accordance with the law of the relevant countries.

■ Some of the Patents Acquired in FY2013

Publication Number	Title of the invention
5203600	• Gold colloid for external diagnostic medicine
5270132	• Resistor paste and its production process
5243824	• Colloidal solution of platinum and production process therefor
5342931	• Sliding contact material, clad composite material and motor
5308499	• Platinum-based thermocouple



Response to Conflict Minerals

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

In 2012, Tanaka Kikinzoku Kogyo passed the audit on conflict minerals under the Conflict-Free Smelter (CFS) program developed by the Electronic Industry Citizenship Coalition (EICC) and obtained certification. The company also launched a project to pass the management system audit related to conflict minerals in the precious metal industry by a third-party organization (LBMA audit) in fiscal 2014. Our approach to these conflict minerals is described in our conflict mineral management policy, which is published on the TANAKA Group's website.

Certification as an AEO Exporter

After undergoing 15 months of preparation and inspection activities, including verification of all TANAKA Group companies' logistic processes and security of information management systems, as well as review of compliance programs, Tanaka Kikinzoku International K.K. obtained certification under the AEO (Authorized Economic Operator) system. It was the 87th company in Tokyo Customs' jurisdiction and the 239th in Japan to be certified as an AEO Exporter. This certification allows us to seek further expansion of our international sales channels and to fulfill our responsibility as a material manufacturer to guarantee security and reliability to the manufacturers to which we supply products, including automotive electrical component manufacturers, and electronic component manufacturers in the semiconductor and home appliance industries.



Security Export Control

The TANAKA Group has established a security export control system to prevent its products and technologies from being acquired and used by countries developing weapons of mass destruction or terrorist groups to threaten the global community. In fiscal 2013, we reviewed the governing structure and education program to strengthen the control system.

The Group companies cooperate with each other to ensure proper export control.



TANAKA NOW Administration Department, Tanaka Kikinzoku Hanbai K.K. **Makiko Hayashi**

We judge whether or not the products that are being exported directly to other countries fall under the items whose export are controlled for a security reason. As it is difficult to make proper judgment based only on the names of the products, the TANAKA Group is committed to addressing this issue in a concerted manner with cooperation of the manufacturing sections. To meet diverse customer needs, almost all of our products are different from each other in terms of specifications including compositions and configurations. We always concentrate to make sure not to overlook anything, and check past results when making a conclusion. While speed tends to be valued in this field, I would like to work diligently to make proper judgment.

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

With the motto of responding promptly to the trust and expectations of customers, we always aim to bring exciting moments to them. While keeping our promises with customers by offering reliable quality, we also focus on making responses that exceed their expectations.

Basic Approach

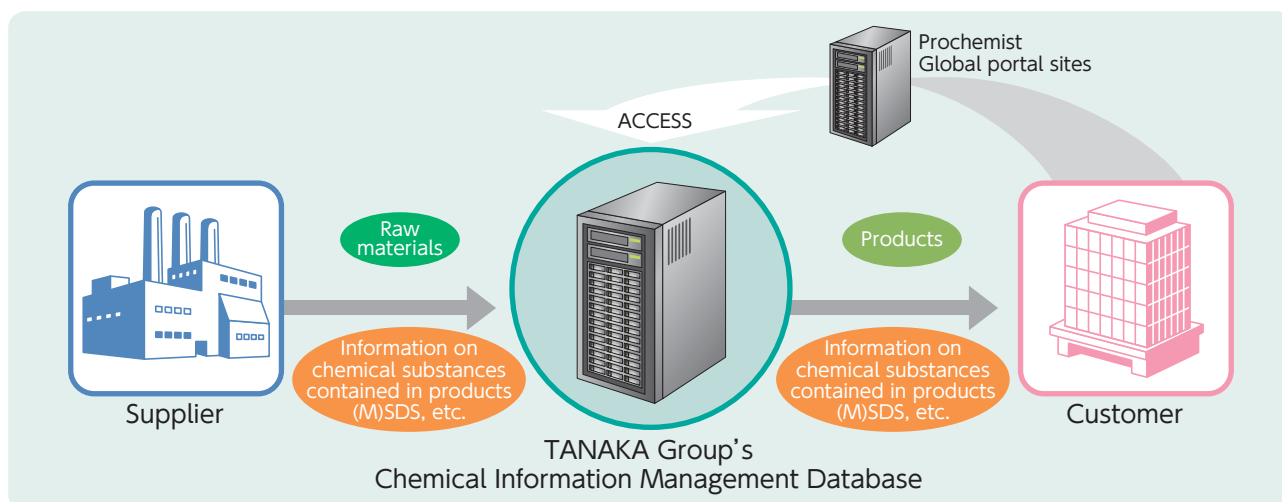
We consider the Corporate Philosophy and Code of Conduct to be ISO 9001 quality policy, and aim to be the top company in terms of customer satisfaction through services and support that meet the trust and expectations of customers. We also make efforts to ensure safety and hygiene of products including supply of products that pose no risk to consumers during use.

Establishment of a System to Manage Chemical Substances Contained in Products

Management of Chemical Substances Contained in Products

Recent progress in science and technology has gradually revealed the impact of chemicals on human bodies. Some of them are known to have long-term impact on human bodies. Regulation on the handling of such substances has been intensified over the years with stricter domestic laws such as Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substances Control Act). In Europe, international trade of products containing chemicals is restricted through REACH and other regulations, and import of products containing certain hazardous substances is regulated by the RoHS directive, etc. Under such circumstances, companies are required to always identify the chemicals used in their own products as well as their impact on human bodies and to manage chemicals to ensure that they cause no harm to customers or consumers.

The TANAKA Group has launched an internal project to establish a mechanism to manage chemical substances based on Guidelines for the Management of Chemical Substances in Products (Version 3.0)*, introduced management tools, and has built a system that enables us to keep track of the chemicals contained in our products.



As to raw materials supplied to us, we ask our suppliers to provide information on the chemical substances contained in the materials and enter data on their amounts in each product into (M)SDS etc., which are then passed to our customers along with the products. Such information is put into our database and made available directly to customers through Prochemist and global portal sites.

We thus control chemical substances through ISO 9001 and ISO 14001 systems based on the green procurement standards and other guidelines.

In addition, we always pay attention to avoid the use of potentially hazardous chemicals when developing a new product.

* Guidelines for chemical management systems, which are jointly published by Joint Article Management Promotion Consortium (JAMP) and Japan Green Procurement Survey Standardization Initiative (JGPSSI).



Message from the President

Business Locations of the TANAKA Group

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Operating Practices

Consumer Issues

Community Involvement and Development

Security, BCP/VA, Risk Management

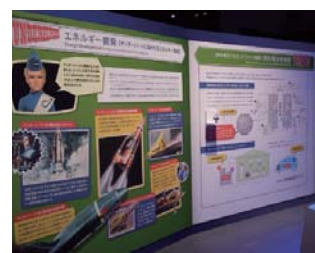
Third-party Opinion

Response from the TANAKA Group / Questionnaire Results

Co-sponsorship of Thunderbirds Expo

National Museum of Emerging Science and Innovation held the special exhibition, Thunderbirds Expo from July 10 to September 23, 2013.

Thunderbirds was a monumental special-effects TV series born in 1965 in the UK. The future technologies described in its episodes were compared with current advanced science and technology in a section of the exhibition. This section introduced excellent features of industrial precious metal materials offered by the TANAKA Group, which provided many people with an opportunity to know about TANAKA as an industrial precious metal supplier.



© ITC

Co-sponsorship of Real-time Communication with Astronaut Koichi Wakata

In the event held at Roppongi Academy hills on March 25, 2014, children from fourth grade elementary school students to high school students communicated in real time with astronaut Koichi Wakata, who was aboard the International Space Station as the first Japanese commander. This experience helped to make them feel familiar with space.

The elements closely related to the birth of the universe are also relevant to the birth of precious metals. This event also let the participants know that TANAKA's precious metals support our daily life and future.



Development, Manufacturing and Marketing of Various Diagnostic Kits

Precious metals are essential materials in a wide range of areas, one of which is the field of medicine. For example, precious metals are used in simple flu test kits, pregnancy test kits and other diagnostic kits. Diagnostic kits visually show whether the test results are positive or negative, and commonly utilize color developers for the purpose. Nano-sized gold colloid characteristically exhibits vivid red color, and is widely used as a color developer to make visual judgment easier. Using the technology cultivated over many years to manufacture gold colloid, Tanaka Kikinzoku Kogyo has developed diverse technologies related to diagnostic kits. We also manufacture OEM products under a production system with an ISO 13485-based management system to pursue quality that meets the expectations of customers.

In the spring of 2014, we moved the manufacturing function from the technical development department to Hiratsuka Plant, and have engaged in further process improvement since then. We also aim to develop diagnostic kits with higher performance to contribute to the quality of life, and to apply the technologies on diagnostic kits to other fields as well.



Gold colloid



Sample of diagnostic kit

ISO/IEC 17025 Accreditation for Silver Analysis Technology Obtained for the First Time in Japan

With the rise in precious metal prices, recovery from recycled items has been growing as a source of silver in recent years, in addition to extraction from mines. This situation has made the development and establishment of a prompt and accurate analysis method an urgent task. Our Planning and Development Office in the TKG (Tanaka Kikinzoku Group) Laboratory Center has been committed to optimization of the analytical method since January 2011 to seek proper solubility conditions of samples to analyze silver while confirming the validity of the analytical method, and successfully enhanced the precision of analysis. As a result, in fiscal 2013, the office acquired the ISO/IEC17025:2005 accreditation for analyzing 37 metal elements in silver.

With this, we have completed acquisition of ISO/IEC17025:2005 accreditation for analysis technology on all of the four major metal elements including gold, platinum and palladium, for which we have obtained accreditation previously.

We promote active communication within and outside the company, and develop social contribution programs to foster relationships of mutual trust.

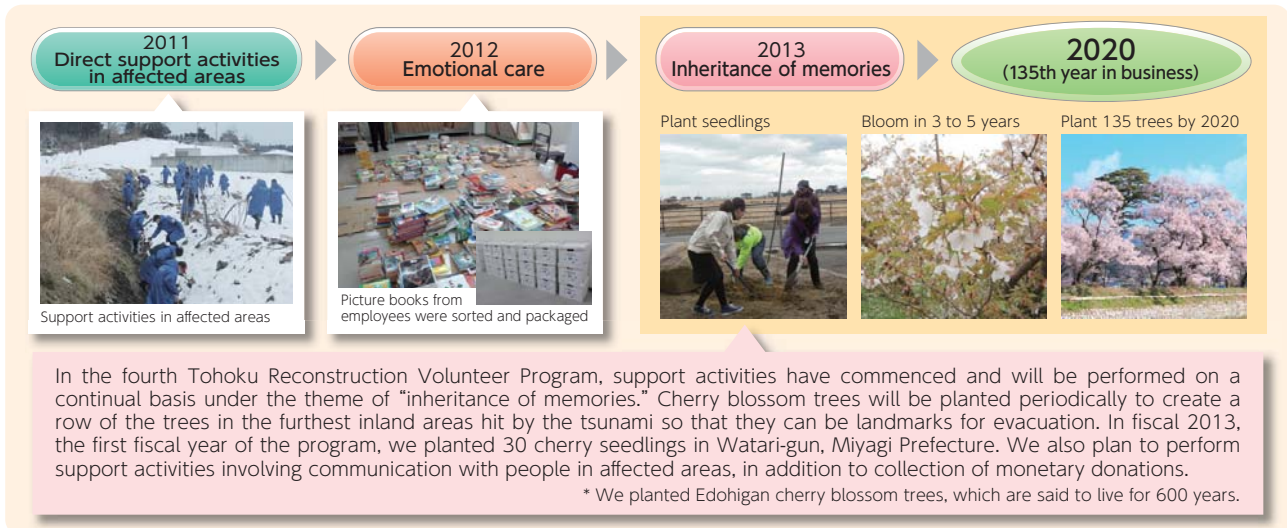
We develop a wide range of activities to meet the great goal of “Contribute to the creation of a prosperous society, as well as to the future of the beautiful planet through sustainable use of precious metals.”

Basic Approach

To achieve the goal of contributing to the creation of a prosperous and comfortable society and the future of the beautiful planet, the TANAKA Group is committed to various activities for community engagement and community development that leverage the strength of each Group company, ranging from protection of the global environment and support of art and cultural activities to communication with local communities.

Tohoku Reconstruction Volunteer Program

Since the Great East Japan Earthquake on March 11, 2011, we have performed various volunteer activities to assist the reconstruction of the Tohoku region, which was hit by the earthquake. We organized the first and second programs of the volunteer activities in August 2011 and February 2012 respectively, and sent our employees to affected areas in Iwate and Miyagi Prefectures to support the rehabilitation activities such as removal of mud. For the third program, which was organized in fiscal 2012 under the theme of “emotional care,” we donated picture books provided by our employees to children, the ones most in need of emotional support, and also made contributions to ASHINAGA, a non-profit organization that operates a scholarship fund.



Cultivation of Human Resources and Development of Art and Culture

○ Grant program for research on precious metals

This grant program has been conducted every year since fiscal 1999 to support a wide range of efforts to create a new world developed with precious metals. We invited applicants from all fields under the theme of research and development for the practical use of new technologies and products to which precious metals can contribute, and in fiscal 2013, which was the 15th year for the program, provided grants for 26 research projects.

○ Co-sponsorship of Robot Contest for technical college students

The TANAKA Group has co-sponsored the Robot Contest (ROBOCON) for technical college students since 2012. With the cheering message “Make your ideas shine and advance to the future!” we support the young students who will play pivotal roles in Japan’s manufacturing in the future.

○ Factory tour for the families of employees

Shonan Plant of Tanaka Kikinzoku Kogyo organized a factory tour for the families of employees in July 2013. As with the first factory tour, this second tour especially amused the children, and showed recycling of precious metals to the participants. The pictures drawn by the children who participated in the tour were displayed in the plant.





Support of Sports Promotion

○ Official partner of Japan Paralympic Committee

We have co-sponsored the Japan Paralympic Committee (JPC) as an official partner, which is promoted by the Japanese Para-Sports Association (JPSA), since March 2012.

○ Support of Tokyo Marathon

GINZA TANAKA has produced the medals awarded in Tokyo Marathon every year from the first event in 2007, and 2014 was the eighth year for the initiative. Through production of the medals that commend the efforts of the runners, GINZA TANAKA supports Tokyo Marathon actively.

Donation and Fund-raising Activities

○ Car wash volunteer activities

Employees of Tanaka Electronics Singapore (TES) voluntarily gathered together to wash the cars of employees and suppliers. Fees for car wash as well as monetary donations were contributed to a local welfare institution.



○ Pink Ribbon campaign

To support the Pink Ribbon campaign, which aims to eradicate breast cancer, GINZA TANAKA donates a portion of the revenue from jewelry sales to Japan Cancer Society's Smile Fund to help conquer breast cancer from June 2009.

Community-based Activities to Conserve the Global Environment

○ Cleanup of area around the plant

Tanaka Electronics (Hangzhou) Co., Ltd. (TEC) has periodically engaged in cleanup of the area around its plant since 2012, with over 20 employees involved each time. The company will maintain this initiative while gradually expanding the scope of the cleanup activities.



○ Cleanup of park

Employees from Tanaka Electronics Singapore (TES) and Tanaka Kikinzoku (Singapore) (TKSG) performed cleanup of West Coast Park.



○ Cleanup of beach

Hong Kong Branch of Tanaka Kikinzoku International cleaned up the Hoi Ha Wan marine park along the beach in a suburb of Hong Kong with the slogan "Let's work together to pick up garbage and take care of the environment."



Communication with the Local Community

○ Support of children's home

Employees of Saga Plant of Tanaka Denshi Kogyo visited Seikaen, a children's home located in its neighborhood, and men assisted in baseball practice and women assisted in volleyball practice of the teams at the institute for three months. Both teams won the prefectural tournament to advance to the Kyushu tournament.



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

The TANAKA Group is committed to ensuring business continuity to fulfill its responsibility for stable supply of products even at the time of disasters and other emergency situations. For these efforts, we adopt a multi-faceted approach involving various initiatives ranging from anti-earthquake measures, to distributed location of production bases, securing of an alternative for headquarters functions and transfer of authority to make payment.

BCP/M Risk Management

○ Operation of Osaka Second Headquarters

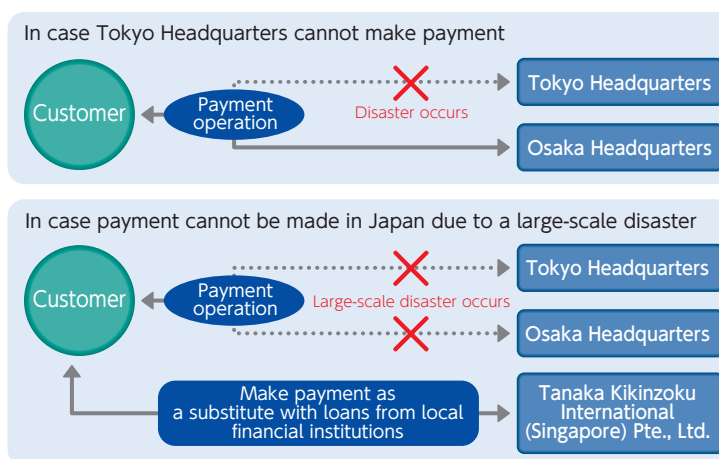
TANAKA Holdings established its Osaka Second Headquarters in April 2012 to ensure that either Tokyo or Osaka Headquarters can control the whole Group based on a shared information system. A system to ensure that all data can be stored in two backup facilities in the Kanto and Kansai regions is also in place.

Based on this information system environment, the two headquarters share various functions such as daily operations and administrative tasks ranging from reception of orders for products from Japanese and other customers to delivery, as well as export/import operations and management and other trade-related activities, trading operations including procurement and pricing of bullion and entry of sales/purchase, personnel management including attendance management and payroll accounting and logistics management including delivery of products and coordination with logistics providers, so that either of the headquarters can perform these activities.



○ Maintenance of Payment Function and Transfer of Authority at the Time of a Disaster

Secure procurement of precious metals bullion, which is at the top of our supply chain, is essential for the maintenance of stable supply of products to customers. Osaka Headquarters is given authority to make payment on a daily basis to allow the second headquarters to maintain settlement function in case that Tokyo Headquarters is affected by a disaster. In addition, we have established a system that allows transfer of authority to an overseas base as well at the time of a disaster. Even if a large-scale disaster hits and forces financial institutions in Japan to suspend lending and settlement operations, Tanaka Kikinokoku (Singapore) Pte. Ltd., which was founded in October 2013 in Singapore, can have access to loans from local financial institutions and make payment for transaction of bullion promptly.



○ Stable procurement and supply

Precious metals including gold, silver and platinum metal group show good corrosion resistance, chemical stability and high workability, and are accordingly used as industrial materials in a wide range of fields.

Tanaka Kikinokoku Kogyo formed a business alliance with Kojima Chemicals Co., Ltd. in July 2013 in order to reduce the cost of precious metal materials and ensure their stable procurement and supply. This alliance allows us to establish a cooperation system with Kojima Chemical for sharing of equipment and products in case of a large disaster and ensure supply of products and services in a more stable manner for the business to manufacture or recover and refine precious metal compounds. The two companies will also supply rare precious metal bullion to each other to ensure stable procurement and supply of materials.



Message from the President

Business Locations of the TANAKA Group

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Operating Practices

Consumer Issues

Community Involvement and Development

Security, BCP/M, Risk Management

Third-party Opinion

Response from the TANAKA Group / Questionnaire Results

Basic Approach to Security

In accordance with the policy that “companies have to take care of themselves,” Tanaka Kikinzoku Kogyo, which used to hire an external company to patrol its worksites, worked to replace the contracted security services with patrol by internal security staff, and completed the replacement in June 2013.

Guards are the first staff whom customers meet in a visit to our company. We aim to make customers find a sense of security and trustworthiness in the TANAKA brand, eliminate any threats to TANAKA’s assets and ensure that our employees can work safely with confidence and a sense of security.



Security guard room at Shonan Plant

Efforts to Enhance Security

Newly appointed security guards are provided with new guard training consisting of basic training and task-based training to acquire the expertise necessary for guards and improve their skills. We also organize business manner seminars given by internal lecturers to provide opportunities to learn basic behavioral rules for members of society on a periodical basis.

As a platform to exchange information on internal security, we regularly hold general meetings and leader meetings.



Business manner seminar



General security meeting



TANAKA NOW

Security guard (Shonan Plant), Production Function Management Department, Tanaka Kikinzoku Kogyo K.K.

Minoru Saito

I am in charge of protecting the safety and security of our employees and the TANAKA brand, namely our assets “trust and security.” My primary duties include access control (reception) of visitors, patrol of buildings and other facilities in the plant premises as well as the area outside the premises and emergency response.

Shonan Plant has many buildings and is like a 3D maze. I even felt that I could get lost during patrol. Due to the unfamiliar work and the two-shift system, it is still difficult for me to regulate sleeping hours and sustain motivation while taking care of my health.

I believe that security activities are not performed only by guards, but cooperation and cumulative efforts of employees improve the quality of security services. It is like prevention of fire and locking of doors that people normally do at home. I am devoted to security services with the belief that protection of safety and security of each workplace by the employees results in the protection of the whole company.



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

Masamichi Shimizu

【Profile】

Mr. Shimizu graduated from College of Economics, Yokohama National University. After working at Japan Management Association, he was a professor at College of Business Administration, Shukutoku University until March 2014, and has been at the current position since 2002. Having served as a commission member for METI, MOE and other agencies, Mr. Shimizu is currently the Board Chairperson of the Japan Society for Corporate Communication Studies and also a Board Member of the Public Relations Society of Japan. His publications include "Environmental Communication," "Company Friendly to People - Security and Safety, Management Based on Ties," "Introduction to Public Relations," "Theory and Practice of CC Strategies - Environment, CSR and Coexistence," "Door to Environmental Management Study," "Introduction to CSR Management for Company Workers," "CSR Initiative" and "CSR Management."

My opinion stated below is based on the content of this report, interview with staff of CSR Promotion Department and visit to Tomioka Plant.

The TANAKA Group promotes a wide range of CSR activities with recognition that they are essential for the Group to grow as a global company. The activities are developed in 10 categories, which consist of the seven core subjects of ISO 26000, an international guidance standard on social responsibility, and TANAKA's original items of security, BCP/M and risk management. The initiatives are suitable for the Group's business characteristics.

Distinctive Points of the 2014 Report

Firstly, the report shows ingenuity in meeting essential requirements for reports. For example, the opening pages mention a summary of financial results and the period and scope of the report in addition to Corporate Philosophy and business outline, which help readers to understand the content.

Secondly, the message from the president clearly refers to the relation of the new medium-term business plan with CSR activities, indicating that promotion of CSR activities is essential for their growth and development as a global company. CSR activities do not bear fruits in a short period. Accordingly, such activities should be promoted in conjunction with mid-term plans, and this approach is crucial. Thirdly, specific achievements in the reduction of CO₂ emissions and industrial waste, which was a target in the plan for past fiscal years, are reported in the president's message (P2 to 3). Moreover, in addition to the environmental policy and targets and the results of the activities (P12 to 15), which have been conventionally included in the report, this year's report newly describes the Group's initiatives on child care leave, employment of people with disabilities and leadership training (P9), as well as targets and results of efforts to eliminate occupational accidents and promote traffic safety (P10 to 11), with detailed figures. I also confirmed through records on training to predict dangers, which I viewed at Tomioka Plant, that close communication between superiors and subordinates showed positive effect.

Fourthly, the report also contains results of a questionnaire survey on the report, as well as response of the responsible person to the third-party opinion and how the findings are reflected and used (P25).

Fifthly, comments from employees in charge of ensuring safety of people and products in the workplace (P10, 13, 14, 17 and 23) also give a favorable impression.

A CSR report presents the current status of the business of a company from a different viewpoint from its financial or

business report and also serves as a source to create businesses in the near future. Near-future dreams cannot be realized without the awareness and motivation of not only top management, directors and managers but also employees and other co-workers, or active cooperation of suppliers, customers, etc. with diverse values in various parts of the world including the surrounding region and remote areas.

In that sense, this report is a starting point for communication and also a great source of communication. I am looking forward to seeing what communication is born from this report and what results are achieved from such communication.

What I expect from the TANAKA Group as a leading precious metals company

While 2020, the target year for the new medium-term business plan, is the year of the Tokyo Olympic and Paralympic Games, it is also anticipated that Japan's population structure will start to change dramatically around this time as a result of the declining birth rate, the aging of society and depopulation. Such an epochal change cannot be addressed only with efforts of central and local governments, but all people and organizations will have to consider what they can do to respond to the change.

It is said that the term "responsibility" in CSR also means capacity to take responsibility. While I have visited only Tomioka Plant, a small part of the Group's worksites, the metal processing plant looked like a food factory, and I learned that resources are delivered from every corner of the world. In my opinion, the TANAKA Group, which seeks to be recognized as being indispensable by customers and competitors all over the world, has full capacity to expand the scope of its CSR activities from the range managed by the Group to the range on which it can have impact, in the same way as its business activities have been developed on a global scale. I hope that the Group promotes an even wider range of CSR initiatives.

Response of the TANAKA Group

The TANAKA Group started to publish a CSR report as a development of environmental reports, and employed a structure based on ISO 26000 in the 2011 edition. The CSR report marked its 10th anniversary in 2013 and adopted a new cover design. This 2014 report, the second one with the new design, actively introduces CSR activities in our overseas bases. I believe that this helps the readers understand our aggressive efforts to promote CSR activities for becoming a global company, which is part of our initiatives based on the new medium-term business plan "GOGO Plan 2020." The results of the questionnaire from readers of the 2013 report, as well as the third-party opinion from Mr. Shimizu, are reflected in this year's report. Taking this opportunity, we would like to thank the readers for the precious comments. The opinions provided as to the 2014 edition will also be taken into consideration when we prepare the report next fiscal year and afterwards.

In the third-party opinion, the comment "to expand the scope of its CSR activities from the range managed by the Group to the range on which it can have impact" exactly indicates the path we should follow as a leading precious metals company, which is also mentioned in our Corporate Philosophy, and we would like to integrate it into our future CSR activities.

Lastly, the comment of Mr. Shimizu in the third-party opinion renewed our recognition that our CSR activities are moving in the right direction as a "gift to next generations." We will continue to combine the CSR activities with the medium-term business plan and develop them into global activities.



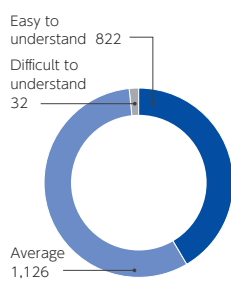
Deputy General Manager,
CSR & Communication Divisions HQ
Hideaki Sato

Questionnaire Results

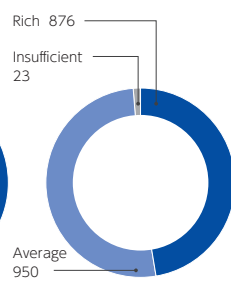
From what status did you read this CSR Report?

Clients/business partners	14
Residents in the neighborhood of a TANAKA Group worksite	3
Research/educational institutes	1
Environmental organizations	2
CSR/Environmental staff in a company	8
Group employees (including part-time workers, contract workers and retired employees) and family members	1,978
Others	28
Unanswered	31
Total	2,065

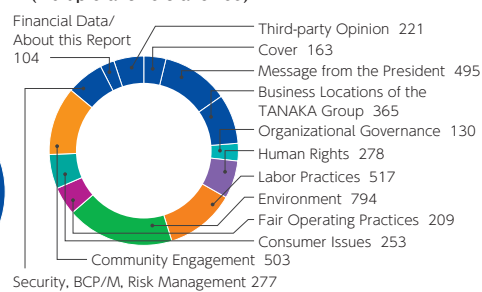
How readable was the report?



How rich was the content?



Which article especially attracted your interest? (multiple answers allowed)



Response to Third-party Opinion in the 2013 Report

Third-party opinion	Response
How was the ratio of employees with disabilities achieved?	We selected this issue as a subject for small group activities, and took such measures as employment of an individual with Asperger syndrome on a trial basis and organization of practical training for people with intellectual disabilities in our plants to meet the target.
What subjects are specifically included in the curriculum of Manufacturing University for the training of new employees?	The curriculum is mentioned in page 09 of the 2013 report.
What skills were cultivated as a result of the development of diverse human resources?	After the leadership training, for example, the trainees received higher evaluations in terms of "Independence," "Power of influence," "Decisiveness" and other items.
What method is used to evaluate the safety culture?	We use an evaluation method advocated by IAEA, JNES etc., which is based on a questionnaire for employees with evaluation items including leadership, commitment, mutual understanding, motivation and resource management. TANAKA conducted a questionnaire survey on safety and health committee members on a trial basis.
While the report indicates that strict internal standards, which are set at 50% of the legal standards, are adopted, what standard is applied to emissions into natural rivers, for example?	For management of boron in effluent, Tomioka Plant has set a voluntary standard of 5 mg/L, which is half of the value specified in an agreement with the Tomioka Municipal Government (10mg/L; the standard provided in the Clean Water Act is 25 mg/L).
How are environmental accounting data, which are published in the report every year, used for corporate management?	In case of waste amount, for example, not only the absolute amount is considered but environmental accounting (waste treatment cost) is used as a means to encourage each employee to be aware of cost in his/her activities. The data are also examined in the management committee, etc.
How did the result of CO ₂ emissions reduction surpass the target?	Energy saving efforts of each employee (accumulated efforts) were effectively combined with replacement of equipment with high-efficiency type to meet the target.
Are the PRTR-designated substances used in the plants not a source of any environmental incidents (page 15)?	They were not direct causes of any environment incidents.
As to the input data on environmental impact, what efforts were made in the worksites to reduce the consumption of electricity, city gas, heavy oil and water supply?	As to electricity, city gas and heavy oil, the output is CO ₂ . Their consumption decreased as a result of our efforts to reduce CO ₂ emissions.
While the waste reduction target has not been satisfied for two consecutive years, is it because the target was inappropriate, or because the approach was inappropriate?	It was attributed to the delay in the investment in, and operation of, the equipment planned by Chemical Recovery Department (Ichikawa, Shonan and Sodegaura). The equipment has started its operation, and the reduction efforts are currently proceeding smoothly.
How many times was the internal reporting system used?	The system was used eight times during fiscal 2013.



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