



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



Gold
In addition to being used for jewelry, this multitiered 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.



Printed on environmentally friendly FSC-certified paper* using wood from properly managed forests



Printed on paper made with wood from forest thinning. "Morino Chonai-Kai" (Forest Neighborhood Association)-Supporting sound forest management.



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



This report is printed using vegetable oil ink.



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



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



Corporate Philosophy and Code of Conduct

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



LONDON
PLATINUM &
PALLADIUM
MARKET

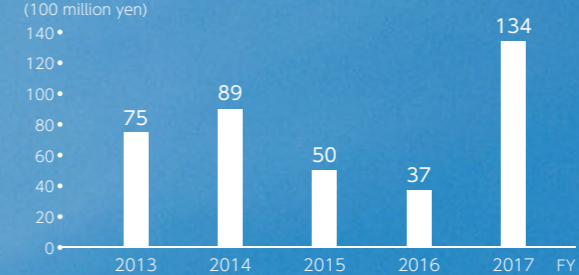
TANAKA is accredited as a Good Delivery Referee for gold and silver by The London Bullion Market Association (LBMA), and also appointed as a Good Delivery Referee by London Platinum & Palladium Market (LPPM). In both cases, TANAKA is one of the only five Good Delivery Referees in the world (and the only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

Overview of the Tanaka Kikinzoku Group

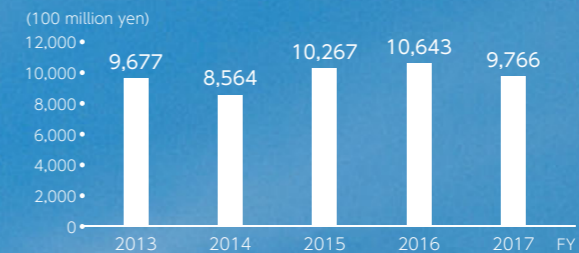
Financial results overview

	FY2016	million yen FY2017	Year-on-year change
Net sales	1,064,259	976,613	91.8%
Income before income taxes	6,128	18,039	294.4%
Net income attributable to owners of parent	3,690	13,391	362.9%
Total assets	581,304	566,196	97.4%
Capital adequacy ratio	33.4%	37.0%	—

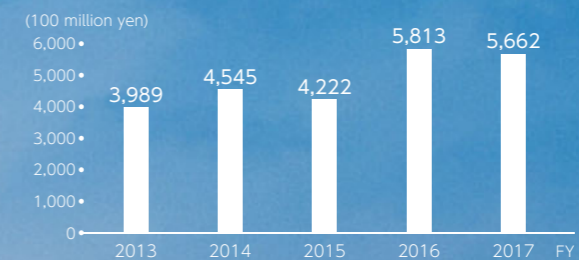
Net income attributable to owners of parent
(100 million yen)



Net sales
(100 million yen)



Total assets
(100 million yen)



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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.

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

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

Period April 1, 2017 to March 31, 2018

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.

Publication July 2018

Reference guidelines Japanese Standards Association, ISO 26000:2010

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

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CSR & Corporate Communications Division, CSR Promotion Department
Tokyo Building 22F, 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo
100-6422, Japan
Tel: +81-3-6311-5506 (direct), Fax: +81-3-6311-5508,
website: <http://www.tanaka.co.jp/english/index.html>



Message from the President

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

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

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

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

Fiscal 2017 was the third year of the first stage for the GOGO Plan 2020, a six-year medium-term management plan of the Tanaka Kikinzoku Group and the end of the fiscal year was the halfway point for the plan. We set the goal to be reached in the first half of the plan as the "State we need to achieve" and made efforts to steadily meet the performance targets in the three key precious metal businesses, namely industrial products, assets and jewelry. To this end, we worked to establish our business base through the strengthening of communication and cooperation among the Group.

During the three years, we enhanced and expanded our business base at a faster pace than ever. Our achievements in the period included the restructuring to establish the in-house company system in fiscal 2015, acquisition of 100% of

GOGO Plan 2020

What Tanaka Kikinzoku Group Wants to Be in 2020



the outstanding shares of Metalor Technologies International, a peer company based in Switzerland that has a history of more than 100 years like our Group, in fiscal 2016 and the conversion of Electroplating Engineers of Japan, Limited (EEJA) and Taiwan Tanaka Kikinzoku Kogyo Co., Ltd., each of which had been a joint venture company set up with an overseas partner since its foundation, into wholly owned subsidiaries of Tanaka Kikinzoku Kogyo K.K. in fiscal 2017.

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

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

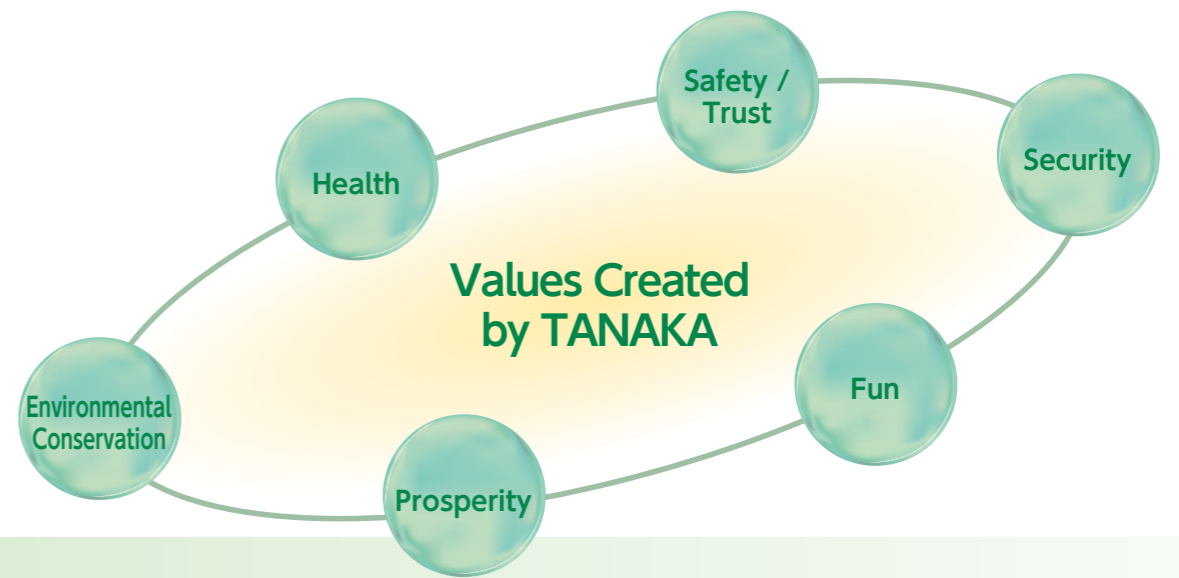
In addition, to monitor risks related to financial derivative products properly, we set up the Derivative Transaction Committee in fiscal 2017. Furthermore, based on the concept of KYC (know your customer), which was originally shared by financial institutions and is widely recognized now, we established Transaction Screening Department in April 2018. This new organization has functions to handle issues on so-called conflict minerals and eliminate transactions with antisocial forces. The department is also designed to address issues on CSR procurement, which has been demanded on a global scale in recent years, such as RBA (former EICC) and LBMA.

These various measures are indispensable for us to maintain our business activities in a stable manner (for the sustainability of the company) and fulfill our corporate social responsibility (CSR). We will continue to certainly address risks with the Risk Management Committee playing the pivotal role. In the second stage of the GOGO Plan 2020, which starts in fiscal 2018 and continues for three years, we aim for our growth and development to be a global company in order to achieve the "Ideal State we would like to achieve" for the Tanaka Kikinzoku Group. While accelerating the progress, we will further promote and develop CSR activities to satisfy all stakeholders including customers, suppliers and partner companies all over the world. I would be happy if you read this report and place your expectation on the Tanaka Kikinzoku Group, which will promote CSR activities in a more global way. We will also do our best to live up to your expectations.

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

Businesses of TANAKA and Values Provided by It

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



Industrial products

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

AuAg Company

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



PGM Company

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



New Business Company

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



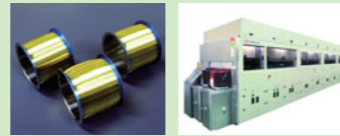
Chemical Recovery Company

Supply of paste, catalyst and compounds based on the world-class precious metal recovery and refining technology



Semiconductor Company

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



Assets

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



Accumulation services

Jewelry

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



Bridal jewelry

Artifacts

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

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 •Yokohama-Motomachi Store •Sendai Store
- Niigata Mitsukoshi •Nagoya Store •Nagoya Mitsukoshi Sakae
- Shinsaibashi Store •Takamatsu Mitsukoshi
- Fukuoka Nishitetsu Grand Hotel Store

Nippon PGM Co., Ltd. (PGM)

- Headquarters (Tokyo) •Kosaka Plant

Overseas bases

Tanaka Kikinzoku Kogyo K.K. (TKK)

- Taiwan Tanaka Kikinzoku Kogyo Co., Ltd. •Tanaka Kikinzoku (Ningbo) Co., Ltd. •Tanaka Kikinzoku (Chengdu) Co., Ltd. •Seoul Branch •Hong Kong Branch
- Taipei Branch •Kaohsiung Sales Office •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 America, Inc. •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.

Heesung Metal Ltd. (HEESUNG)

Nippon PGM Co., Ltd. (PGM)

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

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

Metalor Technologies International SA

(Data as of May 31, 2018)

Development of a Hydrogen Society



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

Mitigation of Global Warming and Expectations for the Use of Hydrogen

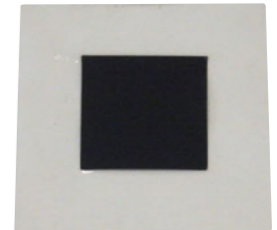
While efforts to reduce greenhouse gas emissions are being made with a focus on the Paris Agreement that came into force in 2016, the use of hydrogen is recognized as a core technology for the shift from fossil fuels. Hydrogen, which generates no CO₂ when used, is an ultimate clean energy source if it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

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

Development of Electrode Catalyst for Water Electrolysis

The expanded introduction of renewable energy is accompanied by the growing importance of large-scale power storage technologies to store surplus power for a long time. One of the most promising large-scale power storage technologies is Power-to-Gas, a technology to produce hydrogen through water electrolysis using surplus power, store the hydrogen and use it for power generation or as fuel when needed. Tanaka Kikinzoku Kogyo K.K. develops and manufactures electrode catalyst used for solid polymer water electrolysis, which is a significant technology for Power-to-Gas and started to supply samples of catalyst coated membrane (CCM), which is electrolyte

membrane with catalyst, for evaluation in 2018. We will provide CCM that is suitable for devices and requests from infrastructure equipment manufacturers to help shorten the period of technological development and contribute to the development of even more efficient devices.



CCM for research and development that is provided for evaluation

Potential of Fuel Cell and FC Catalyst Development Center

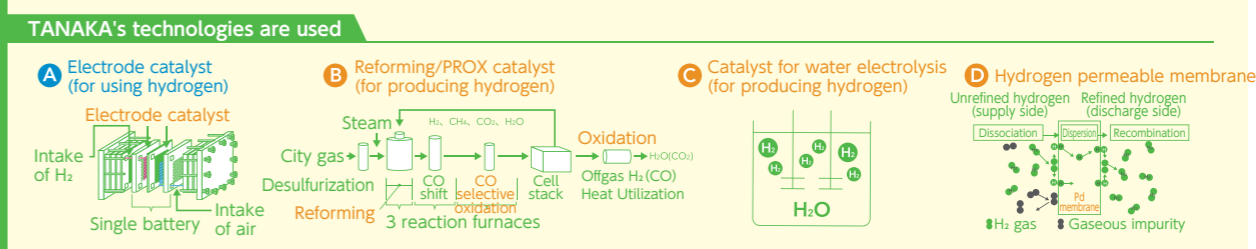
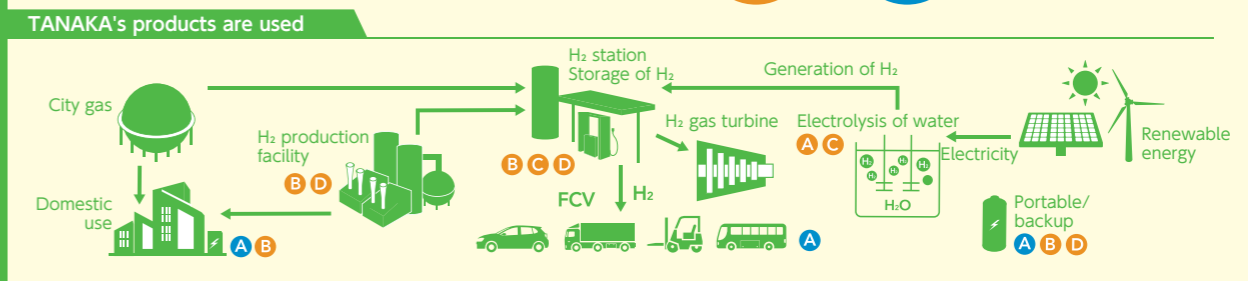
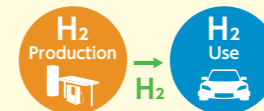
Tanaka Kikinzoku Kogyo K.K. started to recognize the potential of fuel cell more than 30 years ago and has developed electrode catalyst for it since then. We especially focus on catalyst for polymer electrolyte fuel cell (PEFC), which features small size, light weight and high output and is used in fuel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

positive electrode, at which it reacts with electron and oxygen (O₂) to generate water (H₂O). While we established FC Catalyst Development Center in Kanagawa Prefecture in 2013 as a base for research, development and production of catalyst for PEFC in order to develop a system for the stable supply, we are now constructing a new building of the center to respond to demand growth in consideration of the circumstances such as the widespread use of fuel cell buses.



Electrode catalyst for PEFC

Fuel cell solutions provided by TANAKA



Effective Use of Precious Metals



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

Circulating All Precious Metals

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

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

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

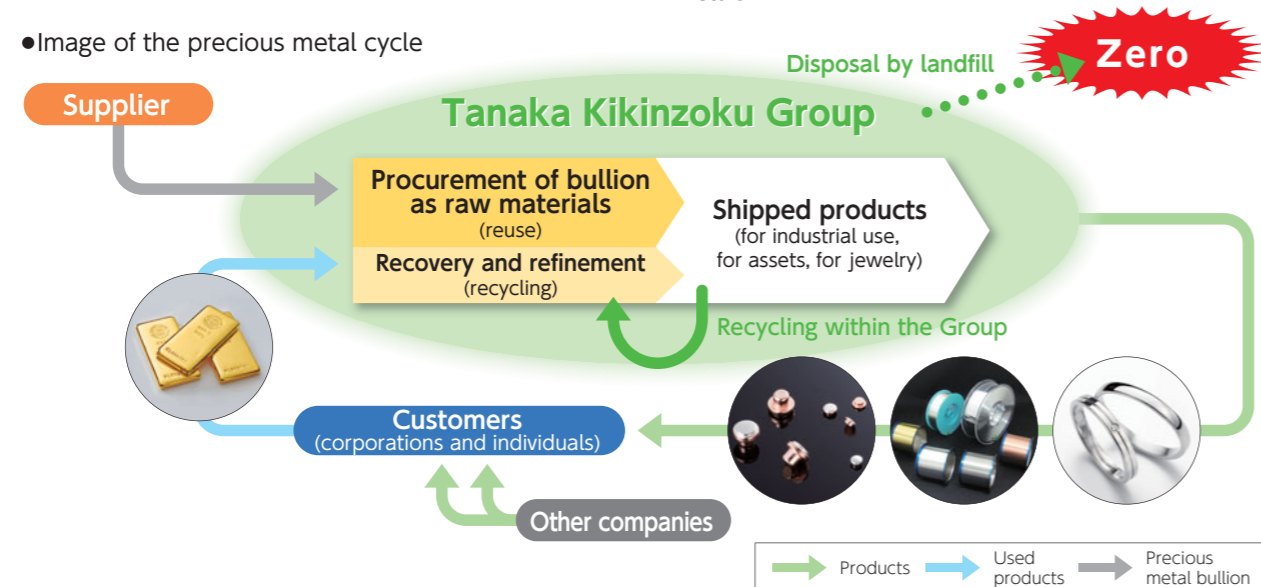
"Bullion Is Money"

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

To Realize a Circular Economy

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

● Image of the precious metal cycle



田中貴金属の貴金属ジュエリー買取

RE:TANAKA
[リ・タナカ]

Precious metals recycling system [RE: TANAKA]

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

Research and Development to Create a Wide Range of Values

Application of Precious Metals Technologies to the Medical Field

Based on various technologies concerning gold nanoparticles, our Group is developing and manufacturing a wide variety of simple test kits. Our technologies directly related to gold nanoparticles include those for changing the surface shape, controlling the particle diameter and chemically modifying the surface while our indirectly related technologies include those for fixing protein, nucleic acid, sugar, etc. to the surface of a gold nanoparticle and suppressing the nonspecific adsorption of organic materials to gold nanoparticles. In addition, we own the technology to screen the antibodies suitable for simple test agents and the technology to manufacture gold nanoparticles and simple test agents, for example. Based on these technologies, we have developed various simple test agents that can be handled easily and enable a low-cost examination and quick determination, including simple test agents for

respiratory diseases, skin diseases, mosquito-borne infections, maternal-fetal transmissions and other infections, simple test agents to be used for checking lifestyle-related diseases, which are expected to increase in the aging society, and for home healthcare and simple test agents to detect ingredients in food and hazardous substances in water.



Creation and Protection of Intellectual Property Rights

Being aware that intellectual property rights such as patent rights, utility model rights, trademark rights, design rights and copyright, as well as know-how, are important assets for companies, we actively endeavor to develop such rights. In the research of new technology and the development, production and sales of products

and goods, we respect the intellectual property rights of third parties and avoid intentional infringement of them. We also deal with any infringement activities of other companies on our rights in a strict manner in accordance with the relevant laws of each country.

Some of the Patents Acquired in FY2017

- Patent No. 06229084 ... Titanium member and manufacturing method therefor and member for electrolysis cell
- Patent No. 06232496 ... Clad material for air-tight sealing of electronic component and manufacturing method therefor
- Patent No. 06147382 ... Embolic coil and manufacturing method therefor
- Patent No. 06313764 ... Catalyst for polymer electrolyte fuel cell and manufacturing method for the same
- Patent No. 06143818 ... Immunochromatographic analysis device for detecting mycoplasma pneumoniae
- Patent No. 06198343 ... Non-cyan-based electrolytic gold plating solution
- Patent No. 06266914 ... Method for analyzing precious metal product using the fluorescent X-ray analyzer, and a computer program for precious metal analysis
- Patent No. 06276501 ... Bonding wire for white light-emitting diode
- Patent No. 06309842 ... Photocurable electroconductive ink composition
- Patent No. 06189740 ... Method for producing silver particle

* excerpt



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 QMS

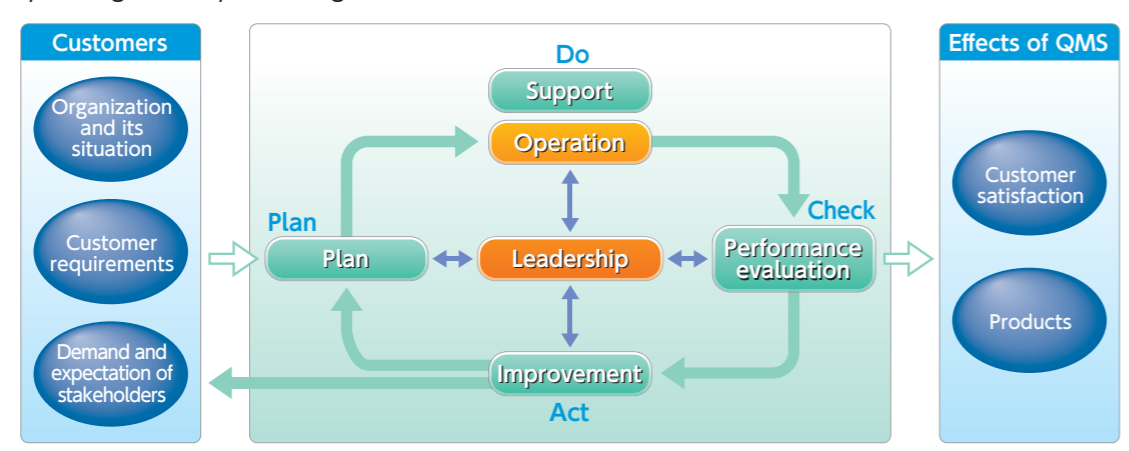
To supply safe and secure products that satisfy customers in a continuous manner, we have established and operated a quality management system (QMS) based on ISO 9001. We also review the effectiveness of the QMS and improve the system so that we can promptly respond to ever-changing customer demand on quality and meet the trust and expectation of customers. In addition, requirements of IATF16949, a quality management system for the car industry that requires a sophisticated quality management structure, are reflected for the continual improvement of the QMS.

Good Delivery Referee

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



Quality Management System Diagram



Evaluation from Customers

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

FY2017 Major awards given by customers

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

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 complies with 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*, to meet the demand of customers in the world as well as social expectation. In fiscal 2017, we implemented a factory audit by a third-party institution accredited by RBA, as well as a self-audit, 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*, a supply chain CSR assessment agency, concerning the environment, occupational health and safety, ethics and supply chain, we were awarded a silver rating in September 2017.

Efforts for Responsible Procurement of Minerals

We promote conflict free procurement of raw materials. To this end, Tanaka Kikinzoku Kogyo K.K. has established its Responsible Mineral Management Policy to control risks related to the transaction of conflict minerals, namely gold, tantalum, tungsten and tin, in the procurement of raw materials and to avoid any procurement involving violation of human rights, terrorism, money laundering, illegal transactions, inhuman acts and armed groups. With respect to the transaction of gold, we obtained certification after an audit by a third party based on the LBMA* Responsible Gold Guidance, and have renewed the certificate every year since 2014.



*1 RBA Code of Conduct: Code of conduct established by the Responsible Business Alliance (RBA)
 *2 EcoVadis: CSR assessment platform in which more than 30,000 organizations from 150 business categories and 100 countries in the world are registered. Gold, silver, bronze or no medal (four-grade evaluation) is assigned depending on the rating.



"Responsible Mineral Management Policy" and "Responsible Mineral Management Policy Concerning Gold and Silver"
http://www.tanaka.co.jp/sourcing_policy/

Protection of the Global Environment



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



Environmental Management System

All of our production bases in Japan have obtained ISO 14001 certification on environmental management, and make continuous efforts to perform environmental conservation activities through the implementation of the PDCA cycle. In particular, we set targets for the Group as a whole to reduce CO₂ emissions (for prevention of global warming) and industrial waste (for establishment of a recycling-oriented society) and eradicate environmental incidents (for prevention of pollution), and aggressively strive to meet the targets.

To promote environmental conservation activities in a steady and smooth manner, we have set up a Group-wide structure with the Central Environmental Committee, which is composed of site managers, at the top. In addition, SHE* Promotion Office Manager Council, as well as the Environmental Managers Sub-committee composed of environmental managers, holds a meeting periodically to share information and exchange opinions actively.

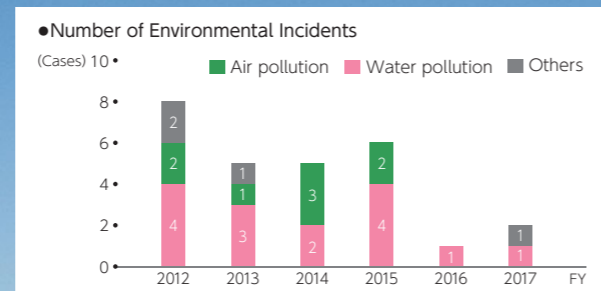
* SHE: Safety, Health and Environment.



Environmental Incident Eradication Activities

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

In case of any abnormal situation, we respond promptly to it and strive to identify the cause and prevent its recurrence. We convey information internally through "flash reports" and submit reports to relevant government bodies in accordance with the reporting and notification standards. While we had two environmental incidents in fiscal 2017, we took corrective measures immediately and have worked to prevent their recurrence.

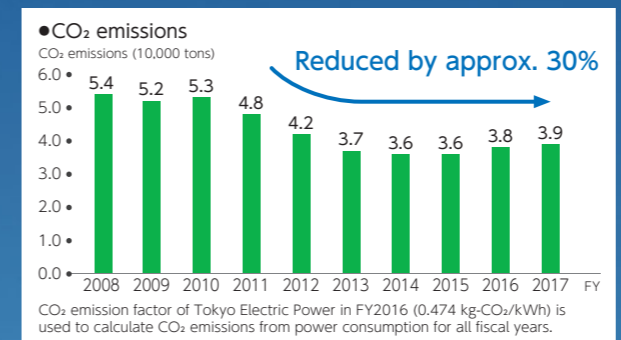


Efforts to Reduce CO₂ Emissions

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

Our CO₂ emissions in fiscal 2017 grew by 2% from fiscal 2016 due to the construction of additional buildings and the expansion of production. While our CO₂ emissions have slightly increased due to our active business activities in recent years, we actually reduced CO₂ emissions by about 30% over the last 10 years. In particular, we were committed to energy saving activities with the full cooperation of the whole company after the Great East Japan Earthquake in March 2011, which resulted in a significant reduction of energy consumption after fiscal 2011.

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



Introduction of Photovoltaic Power Generation

Isehara Plant and Tsukuba Facility of Tanaka Kikinzoku Kogyo K.K. introduced photovoltaic power generation in March 2018. Each of them estimates that the introduction will reduce CO₂ emissions from the whole plant by 4%.

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

Plant	Year of introduction	CO ₂ emission reduction effect
Saga Production Headquarters, Tanaka Denshi Kogyo K.K.	FY2016	4%
Shonan Plant, Tanaka Kikinzoku Kogyo K.K.	FY2016	1%
Isehara Plant, Tanaka Kikinzoku Kogyo K.K.	FY2017	4%
Tsukuba Facility, Tanaka Kikinzoku Kogyo K.K.	FY2017	4%

Best Energy Saving Subject Discovery Award

As a program for the Energy Saving Month, we organized "Best Energy Saving Subject Discovery Award" for all employees in February 2018. We received 295 applications, such as "an energy saving item based on a totally new idea" and "an idea to achieve energy saving with a little ingenuity," and commended 61 of them.

The subjects we commended will be actively adopted as energy saving measures in the respective worksites. We will also share all of the subjects in the applications through the Environmental Managers Sub-committee and the internal database and work to introduce them in the whole Group.

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

Operational improvement of a compressor (Tomioka Plant)

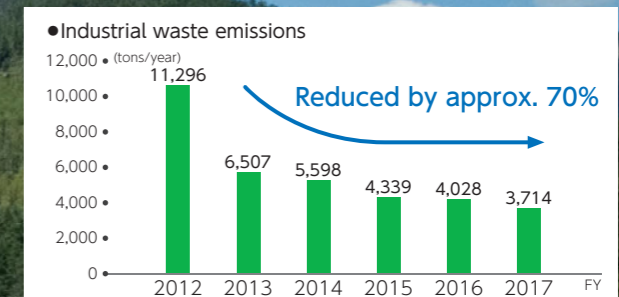
[Before the improvement]
The compressor was continuously activated because the operation hours were different between processes.

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

[Effect] Power use reduced by 47 thousand kWh/year
Cost reduced by 847 thousand yen/year

Efforts to Reduce Industrial Waste Emissions

Tanaka Kikinzoku Group generates a large amount of acid and alkali waste liquid when precious metals are dissolved, refined or collected from waste precious metal solution. We thoroughly separate waste to promote 3R (reduction, reuse and recycling). In fiscal 2017, the waste emissions decreased by approximately 300 tons or 7.8% year-on-year.



Contribution to Local Communities and Society



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

Tanaka Kikinzoku Memorial Foundation

Grants for Research on Precious Metals

To support various efforts for "the new world developed by precious metals," this grant program invites research projects on precious metals in any discipline, such as research on new technologies to which precious metals can contribute. We received a total of 167 applications for this 19th invitation and provided grants of 15.2 million yen in total to 23 research projects.



Development of a platinum electrode device for manipulating artificial nerve tissues produced from human induced pluripotent stem cells (iPSCs)

Gold Award
2 million yen
Dr. IKEUCHI Yoshiho
Associate Professor,
the University of Tokyo



In vivo precious metal catalysis in mammals for treatment of disease

Gold Award
2 million yen
Dr. TANAKA Katsunori
Chief Scientist, RIKEN

Bond of Love - Cherry Blossom Trees Planting 135

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



TANAKA NOW

The contact point for the "Bond of Love - Cherry Blossom Trees Planting 135" activities was transferred from CSR Promotion Department to Tanaka Kikinzoku Memorial Foundation in April 2017, and I participated in the planting of cherry blossom trees for the first time. While I had been involved as a volunteer for the fundraising activities before, I learned that the operation staff has to work much harder than participants. As the "Bond of Love - Cherry Blossom Trees Planting 135" initiative has been well established in the Tanaka Kikinzoku Group with the activities of the past six years, a large amount of money was donated from Group companies again this year. While placing great value on the activities that we have accumulated, we will work to improve our activities and continuously contribute to the rehabilitation of the affected areas in cooperation with you.

AKAI Takako

Secretariat, Tanaka Kikinzoku Memorial Foundation
(assistant to Manager of Finance and Accounting Department, TANAKA Holdings Co., Ltd.)



Support of Sports for People with Disabilities

Tanaka Kikinzoku supports and cheers sports for people with disabilities through an agreement to become an official partner of the Japanese Para-Sports Association and other initiatives. Furthermore, we started to co-sponsor the Japan Blind Football Association (a non-profit organization) and the Japanese women's blind football team in April 2017. In fiscal 2017, in addition to watching and cheering as well as participation in volunteer activities at Japan Para Championships organized by the Japanese Para-Sports

Association and domestic and international competitions of blind football, we organized events to experience "boccia" as a measure to promote sports for people with disabilities within the company. More than 750 employees in total participated in the events, which were held at the worksites and as part of the corporate sports festival in October 2017.

Event to experience boccia in the corporate sports festival in October 2017



Selected as a model company in the promotion of sports in Tokyo for fiscal 2017 for three consecutive years

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

Competition of ideas - Robot Contest of National Colleges of Technology (Kosen-Robocon) is an event where technical college students think outside the box and create robots by themselves to experience the joy of manufacturing. Students from 62 campuses of 57 technical colleges all over Japan compete in a preliminary round in eight regions, and up to 26 teams are selected to move into the national competition held in Tokyo.

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



Main Activities

[Donation and Fund-raising Activities]

We held internal flea markets and donated two recumbent bicycles purchased from the proceeds to a community activity support center.

Worksite: Saga Production Headquarters, Tanaka Denshi Kogyo K.K.
No. of participants: 125
Date: August to December 2017

We donated proceeds from internal flea markets and the sales of used PCs and miscellaneous goods in the company to a childhood cancer treatment fund.

Worksite: Tanaka Electronics Singapore Pte. Ltd.
No. of participants: 200
Date: July 2017

[Sports Promotion Activities]

We supported children from Seikaen (an orphanage) in sports practice for prefectural tournaments (men's baseball and women's volleyball).

Worksite: Saga Production Headquarters, Tanaka Denshi Kogyo K.K.
No. of participants: 39
Date: May to August 2017

We provided a total of 12 medals for Tokyo Marathon 2018, which were awarded to the respective top three finishers (gold, silver and bronze medals) in the men's and women's marathon races as well as to those in the men's and women's wheelchair marathon races, which have been international races since 2016.

Date: February 2018



Donation and fund-raising activities
(Tanaka Electronics Singapore Pte. Ltd.)



Sports promotion activities
Gold, silver and bronze medals
for Tokyo Marathon 2018

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

We organized an office tour for the employees working at the plant and their families. The first tour was organized in 2012 and this year's tour was the sixth.

Worksite: Shonan Plant
No. of participants: 24 in total (15 children and 9 parents)
Date: August 2017

We organized "Summer Holiday Science Workplace Tour in TANAKA," a work-experience and office tour for the development of science and engineering-related human resources. The first tour was organized in 2015 and this year's tour was the third.

Worksite: Shonan Plant
No. of participants: 28 in total (20 students and 8 parents)
Date: August 2017

[Local Cleaning Activities]

Each of our worksites implements activities to clean the plant, its neighborhood and other areas in a regular manner.

Worksite: Iwate Plant, Tomioka Plant, Ichikawa Plant, Isehara Plant, Hiratsuka Plant, Shonan Plant, Tsukuba Facility, Saga Production Headquarters of Tanaka Denshi Kogyo K.K., Hiratsuka Office of Electroplating Engineers of Japan, Limited, Main Store (Ginza) of Tanaka Kikinzoku Jewelry K.K., Tanaka Electronics (Hangzhou) Co., Ltd.



Cultivation of human resources and
development of art and culture
Office tour for families (Shonan Plant)



Local cleaning activities
(Isehara Plant)

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

Creation of a Safer Work Environment



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



Safety Activities

For comprehensive safety inspection of all production sites, we reviewed procedures for non-regular work, implemented improvement measures to reduce the risk of being caught and checked the implementation status in fiscal 2017. The implementation of the improvement measures with the concerted efforts of all employees also enhanced their safety awareness and we successfully reduced the number of accidents on production sites in fiscal 2017 to the lowest level ever. However, many employees had a falling accident on their way to work or in an administration-related workplace. Accordingly, we now give training to prevent falling accidents with DVDs and safety training materials in a constant manner. We also had safety managers mutually patrol their and other worksites

and conducted safety diagnosis by safety officers of the Japan Industrial Safety and Health Association as we did in the previous year.

The number of traffic accidents was 54 in fiscal 2017, which remained almost unchanged year-on-year, while most of the accidents occurred during driving to or from work or personal time as before. The situation that more than a half of them were the accidents in which our employees were the victims has not changed either.

To prevent either occupational or traffic accidents, we believe that it is crucial to enhance everyone's sensitivity to and awareness of safety. Based on this idea, we will promote safety management activities including the strengthening of safety training.

GOGO Plan 2020 Core Safety Policy

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

State we need to achieve

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

Ideal State we would like to achieve

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

FY2015 to FY2017

FY2018 to FY2020

Having gone through the "State we need to achieve" in fiscal 2017 and aiming to be the "Ideal State we would like to achieve" in fiscal 2020 based on the mid-term business plan "GOGO Plan 2020," we will promote safety management activities under the core safety policy "Give top priority to safety, and establish a secure and cheerful workplace."

Health Activities

The physical and mental health of employees leads to improvement of productivity. Our Group organizes the "health challenge" program once a year to encourage employees to enhance their awareness of health on a daily basis. In this program, the participants freely select targets from among 17 items related to health maintenance and promotion and try to achieve them during the challenge period (about two months). The

program is designed to give employees an opportunity to make it a habit to maintain and promote their health and prevent diseases, etc.

In addition, while a stress check has been conducted since 2016, we are working to disseminate its purpose and significance as a measure for mental health among employees so that more employees take a stress check.

TOPICS

Imperial Palace Walking

We promote programs to encourage and assist employees to be involved in sports activities including "doing," "watching" and "supporting" them. As a program for the promotion of "doing" sports activities, we organized an "Imperial Palace Walking" event in October 2017 to promote the health of employees. Twenty-three employees and their family members in total joined the event and walked for about one hour on the approximately 5-km walking course around the Imperial Palace.

We received comments from the participants such that "I joined the event with my child and enjoyed it as a family event" and "The event made me feel like doing more exercise."



TANAKA NOW

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

OTA Takahito Safety Manager, Tanaka Kikinzoku Jewelry K.K.



Active Role of Each Employee



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

Work-style Reforms

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

●FY2017 (in Japan)

Number of male employees	1,942	(1,924)
Number of female employees	825	(831)
Number of female managers	69	(74)
Short-time work hours during pregnancy	1	(1)
Child care leave	44	(66)
Reduced work hours for child care	70	(61)
Ratio of employees with disabilities	1.86%	(1.80%)
Average age: male	42.3	(42.4)
Average age: female	42.3	(41.6)
Average service years: male	13.6	
Average service years: female	11.2	

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

Human Resource Development

Tanaka Kikinzoku Group is cultivating personnel in a planned and systematic manner in accordance with its policies of using employee training to build self-awareness and self-reliance, linking education closely to business and spending as much as 20% of work time on education. We consider that people represent both resources and assets of a company. Again in fiscal 2017, many employees took various training courses ranging from new employee introductory training to management training according to our education program. Especially in the manager training, which was reformed in 2016, many managers became aware of various issues through the training and used the outcomes for the management of their own departments.

While listening to comments from the participants, we will improve and update the education program every year.



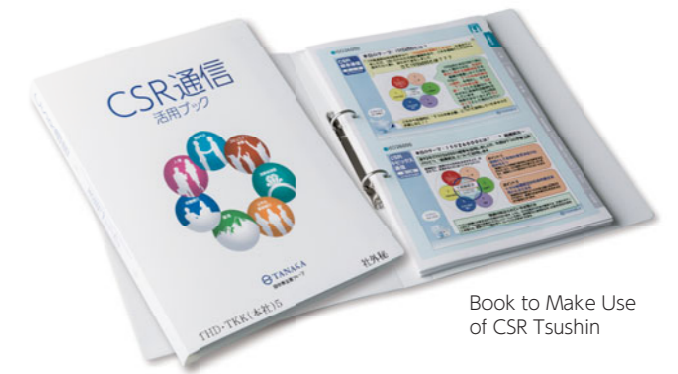
Engagement Survey

Tanaka Kikinzoku Group (TKG) conducts an engagement* survey (employee awareness survey) of all employees including local staff in other countries every three years in recognition that the improvement of employee satisfaction is an engine for the growth of the company. The timing of the survey is set in a way to allow the survey results to be reflected on the measures in the first fiscal year of each of the two three-year terms of GOGO Plan 2020, our six-year medium-term management plan. The most recent survey was conducted in September 2017 and the results were announced in the TKG quarterly manager meeting in November of the same year. We will incorporate the results into the measures for the three-year plan that starts in 2018 and develop them.

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

Book to Make Use of CSR Tsushin

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



Book to Make Use of CSR Tsushin



仕事と介護の両立支援

"Tomonin" mark

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

TANAKA NOW

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

YAMAZAKI Hiroshi

Chief Manager, Human Resource Development Section, Business Administration Department
Tanaka Kikinzoku Kogyo K.K.



Compliance, Risk Management and Corporate Governance



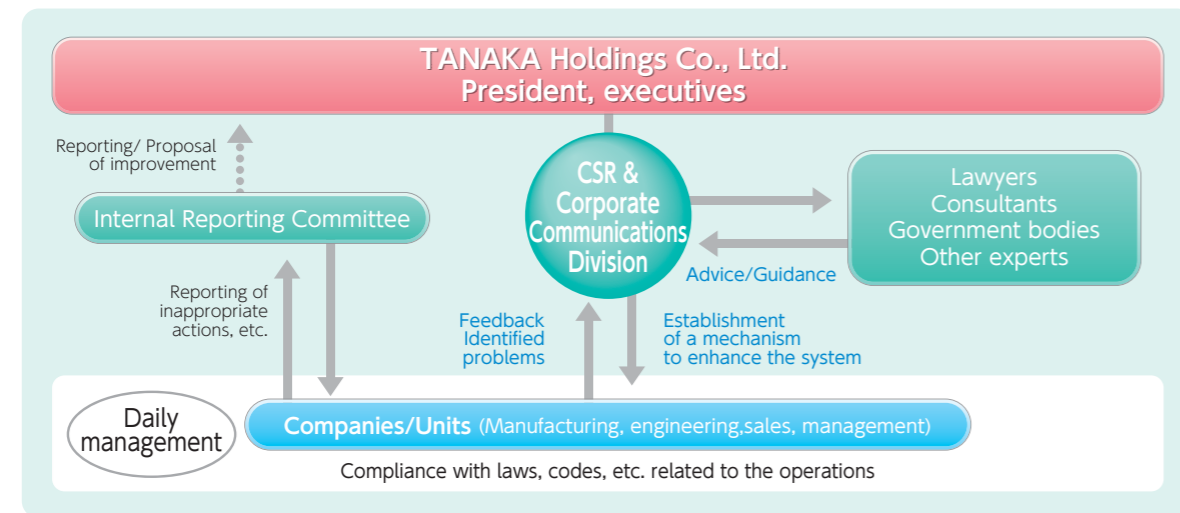
In addition to legal compliance, we continuously promote initiatives to develop the business activities that are appropriate in light of ethics of society on a global scale throughout the Group.

Compliance Promotion System

Along with legal compliance, we strive to ensure observance of corporate ethics to conduct fair and sound business activities. CSR & Communication Divisions HQ receives reports on compliance-related problems and external information on compliance in

an integrated manner, takes corrective actions and promotes measures to prevent recurrence throughout Tanaka Kikinzoku Group while receiving advice and guidance from lawyers, consultants and external experts.

Compliance Promotion System Diagram



Risk Management Activities

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

Business Continuity Planning (BCP)

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

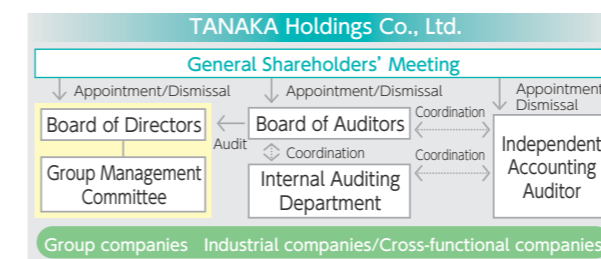


Drill of the BCP emergency task force (Headquarters of TANAKA Holdings Co., Ltd.)

Corporate Governance Structure and Internal Control

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

We have also established a corporate governance system and specified basic policy for internal control to ensure respect for the rights and interests of all stakeholders, business operations in a legitimate and reasonable manner and appropriate and transparent accounting. Based on the system and basic policy, the Board of Directors, Group Management Committee, the Board of Auditors and Internal Auditing Department play their respective roles in the internal control system designed to facilitate the achievement of our management goals in a reliable manner.



Board of Directors (Directors)

The term of the directors of the Group companies is one year so that they can efficiently respond to the rapidly changing business environment and their management responsibility is made clearer. The Board of Directors of TANAKA Holdings Co., Ltd. decides the basic policy for the business operations of the company as well as the Group as a whole. The Board of Directors of each company makes decisions on important matters and receives reports on the status of the business operations to supervise the operations of the directors.

Group Management Committee

As to important issues related to the Group as a whole, as well as the matters for which adjustments between Group companies are required, Group Management Committee makes discussions and decisions, undertakes adjustments and gives approval in order to facilitate discussions and operations in the Board of Directors. As the president of each Group company attends the committee meeting, the committee also aims to report the respective activities of the companies and share the relevant information.

Board of Auditors (Auditors)

TANAKA Holdings Co., Ltd. has in place the Board of Auditors composed of all auditors, which receives reports concerning important matters related to audits and makes discussions and decisions about them. Auditors are mainly in charge of monitoring business operations of directors and at least one auditor is appointed from the outside to ensure the objectivity of the business management.

Internal Auditing Department

Internal Auditing Department has a duty and responsibility to assess and verify the efficiency and appropriateness of the business of the Group companies on a fair and independent footing and make recommendations to management. The department also ensures mutual cooperation with the Board of Auditors and accounting auditors through a regular exchange of opinions and other activities.

Internal Reporting System

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

Promotion of Personal Information Management

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

Harassment Prevention Training

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

* LGBT: lesbian, gay, bisexual and transgender

TANAKA NOW

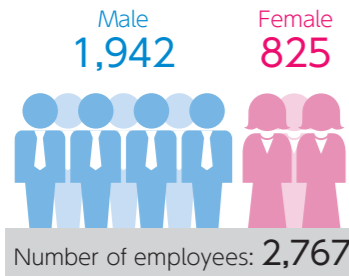
Export Trade Control Office works as a department dedicated to security export control, which aims to prevent any product or technology of TANAKA from being used for international terrorism or crime or diverted to nuclear or biochemical weapons, etc. that threaten peace. Our office is also in charge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



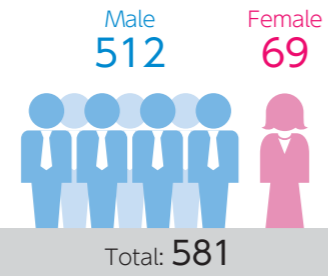
YONEKAWA Takashi
Manager, Export Trade Control Office,
Administration Department
Tanaka Kikinzoku Kogyo K.K.

CSR Performance

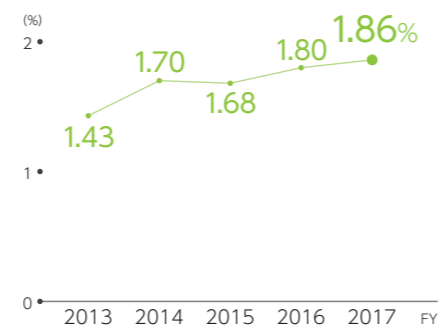
Number of executives and employees (in Japan) as of March 31, 2018



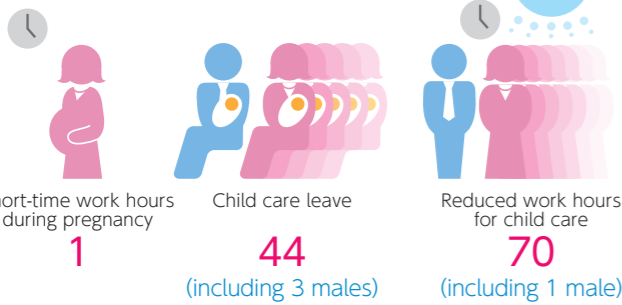
Number of managers and higher-level personnel as of March 31, 2018



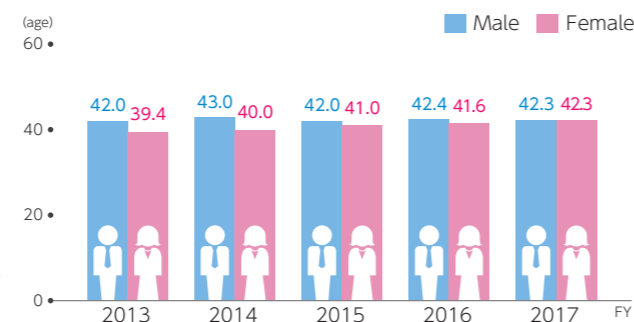
Ratio of employees with disabilities (%)



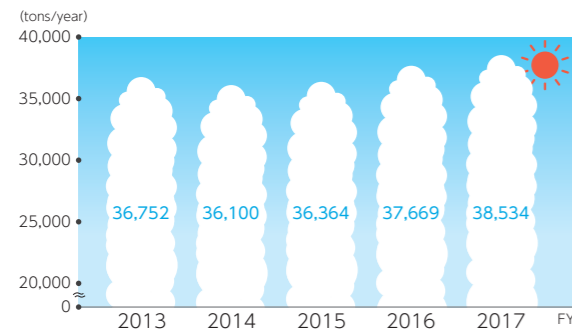
Number of employees who used the childcare leave system (in Japan) FY2017



Average age (age)

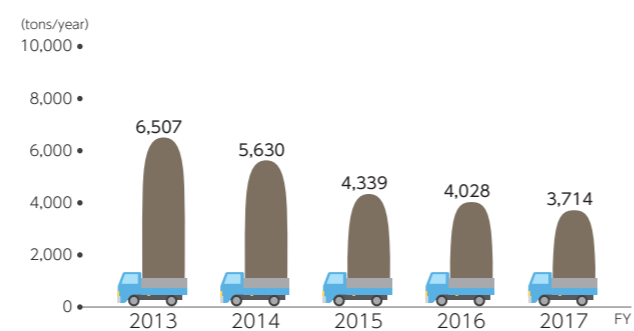


CO₂ emissions (tons/year)

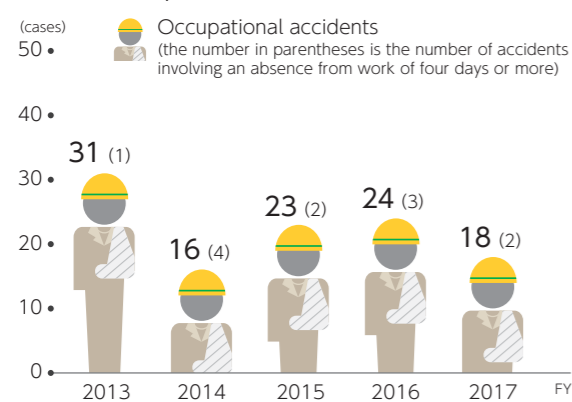


CO₂ emission factor of Tokyo Electric Power in FY2016 (0.474 kg-CO₂/kWh) is used to calculate CO₂ emissions from power consumption for each of the financial years.

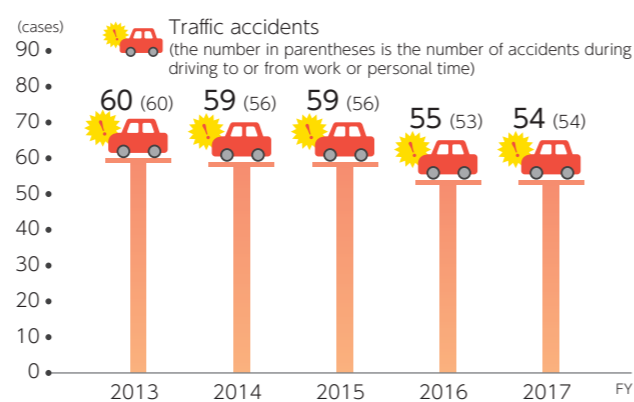
Industrial waste emissions (tons/year)



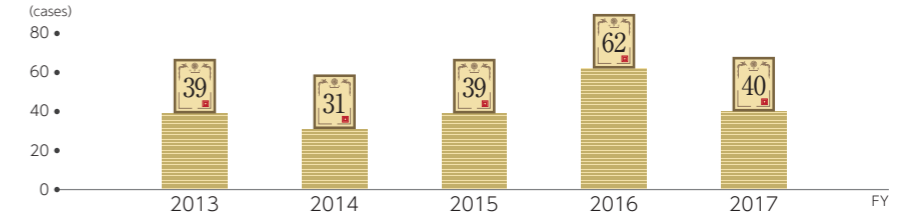
Number of occupational accidents (cases)



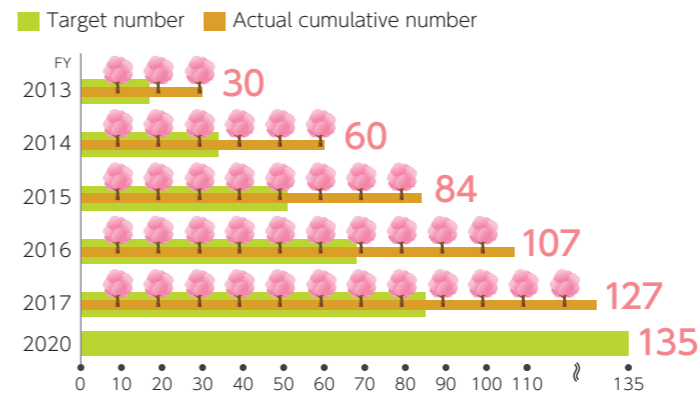
Number of traffic accidents (cases)



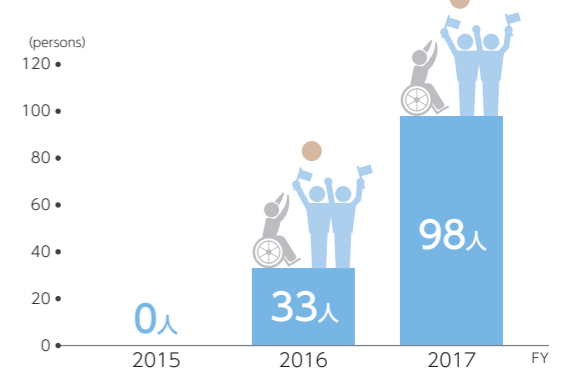
Number of the new patents registered in Japan (cases)



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



Number of participants in sports for people with disabilities * real number (watching and cheering, volunteer activities)



Third-party Assurance

Independent Assurance Statement
July 2, 2018

Mr. Akira Tanae
President & CEO
TANAKA Holdings Co., Ltd.

1. Purpose
We, Sustainability Accounting Co., Ltd., have been engaged by TANAKA Holdings Co., Ltd. ("the Company") to provide limited assurance on the Company's CSR Performance data during the fiscal year 2017 reported in page 22-23 of the CSR Report 2018. The purpose of this task is to carry out our assurance procedures and express our conclusion on whether the performance data were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the performance data. Our responsibility is to independently express our assurance conclusion.

2. Procedures Performed
We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the performance data were calculated in accordance with the Company's standards.

3. Conclusion
Based on the procedures performed, nothing has come to our attention that causes us to believe that the performance data have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

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 College of Business Administration, Shukutoku University, and retired to establish CCI Research Institute in 2014. His areas of specialty are environmental and CSR communication and PR management. His publications include "Strategic Thinking on PR Management," "Companies Learning from Sanpo Yoshi and Loved by People," "Environmental Communication," "Company Friendly to People - Security and Safety, Management Based on Ties," "Introduction to Public Relations," "Theory and Practice of CC Strategies - Environment, CSR and Coexistence," "Introduction to CSR Management for Company Employees" and many more.

SHIMIZU Masamichi

Visiting Professor of Tsukuba Gakuin University, Representative of CCI Research Institute, Management Communication Study Team Leader of the Japan Society for Corporate Communication Studies, Member of the Public Relations Society of Japan, Environmental Counselor

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

What the Globalization of Companies and Society Means

I also paid attention to the attitude to face reality and the look toward the future, both of which are found throughout the report including the pages from "Message from the President" to "Values Created by TANAKA" as well as articles on safety, quality and environmental conservation and activities to contribute to local communities. To understand the business of Ichikawa Plant to recycle components for automobile exhaust gas, I had to see a world map. I felt that this represents the influence of the company on society "in reality" and "in the future" as well as on a global scale. When I read the draft of this report, I attached the word "global" to a large number of phrases in it, such as risks, businesses, values provided, values created, the environment, social contribution and corporate culture. Although a person can naturally have only limited knowledge and experience, with awareness of it, I tried to understand the individual activities of the company,

which is developing a very wide range of businesses, from both reasonable and emotional aspects. A series of scandals of companies and sports organizations have recently been in the news. In this phenomenon, those there feel that something is wrong and discuss it with other people or post it to share the sense of crisis that "the social order will be destroyed" with more people, and the circle then grows to cause a large social problem. Many reports have demonstrated that even a small, familiar problem on safety, quality or the environment can be recognized as a social challenge and poses a serious corporate risk in the current globalized society. As the company is working hard to develop human resources through Monozukuri University and other initiatives, I expect that it will have education and workplace communication that further enhance awareness.

Our Future Has Already Become Reality

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

hope that the company makes even more efforts to improve the figures. In recent news, I felt uneasy with some comments of managers of major companies given with respect to the scandals on product specifications, such as "The internal communication was not enough," "I trust people but do not trust people's acts" and "What is important in crisis response is to protect all stakeholders." They may indicate that the future is already becoming reality.

Turn Awareness of Today into Ingenuity of Tomorrow

Today, the recognition that the digital revolution will be followed by a "material revolution" is presented. While the company is further expanding its potential for the future, I feel strongly encouraged by the message from Mr. Tanae, the president, in the opening of this report mentioning that the company aims for its growth and

development to be a global company and that it will promote CSR activities in a more global way. The message presents his determination to take further steps together with each of the employees. I hope that the company turns awareness of today into ingenuity of tomorrow while using this report as a clue.

ISO 26000 and SDGs Comparison Table

Core subjects of ISO 26000	Efforts of TANAKA	Page	SDGs																
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Organizational Governance	Risk management activities / Business continuity planning (BCP)	P20																○	
	Corporate governance and internal control / Board of Directors (directors) / Group Management Committee	P21																	
	Board of Auditors (auditors) / Internal Auditing Department	P21																	
Human Rights	Efforts for responsible procurement of minerals	P11										○							
	Work-style reforms	P18																○	
	Engagement survey	P19																	
	Compliance promotion system	P20											○					○	
	Internal reporting system	P21																	
Labor Practices	Harassment prevention training	P21																○	
	Safety activities / Health activities / Imperial palace walking	P17																	
	Human resource development	P18																	
The Environment	Book to Make Use of CSR Tsushin	P19																	
	Circulating all precious metals / "Bullion is money" / To realize a circular economy / Recycling through RE: TANAKA	P08																	
The Environment Consumer Issues	Environmental management system	P12																	
	Environmental incident eradication activities	P12																	
	Efforts to reduce CO ₂ emissions / Introduction of photovoltaic power generation / Best Energy Saving Subject Discovery Award	P13																	
	Efforts to reduce industrial waste emissions	P13																	
	Mitigation of global warming and expectations for the use of hydrogen	P06																	
Fair Operating Practices	Development of electrode catalyst for water electrolysis / Potential of fuel cell and FC Catalyst Development Center / Fuel cell solutions provided by TANAKA	P07																	
	Application of precious metals technologies to the medical field	P09																	
	Creation and protection of intellectual properties	P09																	
Consumer Issues	Expectation from the global community and response to it	P11																	
	Quality management activities based on QMS / Good Delivery Referee	P10																	
	Evaluation from customers	P11																	
Community Involvement and Development	Promotion of personal information management	P21																○	
	Grants for research on precious metals	P14																	
	Bond of love - cherry blossom trees planting 135	P14																○	
	Support of sports for people with disabilities	P15																○	
	Co-sponsorship of robot contest for technical college students (Kosen-Robocon) / Cultivation of human resources and development of art and culture	P15																○	
	Donation and fund-raising activities / Sports promotion activities / Local cleaning activities	P15																	

Results of the Questionnaire Survey for CSR Report 2017

