



Fine Materials  
for the Future

# CSR Report 2017

# Fine Materials for the Future

Towards the 200th anniversary of foundation and towards the 100th anniversary of company establishment TODA KOGYO will continue to create new values utilizing the most advanced material technologies.



## Management Principle, Management Policy and Guidelines for Action

TODA KOGYO Group renewed its Management Principle, Management Policy and Guidelines for Action in fiscal 2014. Each and every executive and employee fulfills his or her respective role and works in accordance with these principles.

### ▶ Management Principle

Our group will further improve the fine particle synthesis technology we have developed with iron oxides and will always continue lively growth and development. We will work on a foundation built on sincerity and trust and we will bring together our creativity and manufacturing strength to make a contribution to society in general with attractive new materials and solutions that are full of originality.

### ▶ Management Policy

1. We will establish a management foundation as a "Manufacturing Company" that can contribute to society and will continue to grow and develop even 100 years after its foundation.
2. We will refine our only-one technologies and continue to offer products and solutions that have high added value.
3. We will become a company that is essential on a global level and increase the corporate value of the group.
4. We will seek the happiness of our employees and their families and will be a company that is constantly trusted by our stakeholders.

### ▶ Guidelines for Action

1. We will act quickly to offer products and solutions that respond to the requirements of the customers.
2. The whole company will come together as one, with manufacturing, engineering, sales and management working enthusiastically together.
3. We will be corporate citizens who are faithful and fair and will act with a strong sense of ethics.
4. We will improve our dignity as individuals and will continue to have pride, hope and dreams for the future.
5. We will work for harmony and symbiosis with the local community and with the global environment.

## CSR Policy

TODA KOGYO Group is committed to carry out management on an ongoing basis which is based on management principle and management policy, for the purpose of continued sound development into the future. Recognizing that the fulfillment of our social responsibility is an important role as better citizens and corporate citizens, we will adhere to the relevant laws and ordinances and company regulations, on the base of the spirit of compliance. Top managers of our Group themselves will lead by examples of these philosophy and policy, then will enforce within the company, disseminating to group corporations and business partners. Furthermore, we will seek sound and normal relations with politics and government, while refusing to have relations with antisocial forces and groups that may threaten the order and safety of civil society.

## Four guidelines for CSR

### For our Investors

Not only by means of accumulation and supply of results brought by high quality growth which is underpinned by creative technologies, but also by means of establishment and administration of a transparent and sound corporate governance setup and effective internal controls, we will endeavor to earn understandings and empathies of all our investors.

### For our Customers and Business Partners

We will share values from customers' viewpoints and, using our original technologies as advantages, we will also build good partnerships with our business partners who share same ambitions. And then, we will continue to make mutually beneficial efforts for achieving our common goals.

### For Society

In accordance with the spirit of compliance, we will break off relations with antisocial forces, give the highest priority to considerations for safety and the global environment, and aim to build a wonderful living culture on the global level based on our cultural capital, while seeking cooperation with local communities and harmony with international societies.

### For our Employees

The creativity and diversity of each and every employee are our wealth. We will support and fairly assess the limitless advancement and expression of these abilities. We will also strive to live together while enhancing the comfort and affluence of employees.

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# Initiatives for SDGs (Sustainable Development Goals)

## Management

Integrated development of economy, environment and society (so called "Triple bottom line") is necessary for sustainable development of corporates. TODA KOGYO Group introduced this concept into the CSR policy and the four guidelines for CSR as the foundation of corporate activities. In September 2015, seventeen Sustainable Development Goals, SDGs, were adopted at the United Nations General Assembly. TODA KOGYO Group supports SDGs and will strive to contribute to the achievement of SDGs together with our stakeholders.

## Corporate Planning Department and Global Fine Material Business Division

Through global business development to countries including emerging countries, we will contribute to achieving following goals.



## CSR, Environment & Safety Department and Production Division

We will proactively address environmental conservation and climate change issues.



## Research & Development Division and Production Division

By means of providing solutions through materials, we will contribute to the sustainable society.



## Corporate Administration Division

We respect human rights and provide a place of employment.



Together with our stakeholders



# Business Contents of TODA KOGYO Group

TODA KOGYO Group expands business based on nanotechnologies beginning with the wet synthesis of iron oxides. Depending on crystal structures of elements primarily comprising iron and oxygen, iron oxides show differences in color, hardness, magnetism and physical or chemical properties.

TODA KOGYO Group's wet synthetic technology is unique in that we can control the properties of iron oxides and other kind of particles, and can use our full command of the materials to produce a rich variety of materials with the desired functions and properties. Our accumulation of nanotechnology based on wet synthetic technology represents the core competence of TODA KOGYO.

Our accumulation of specialized knowledge, technologies and know-how based on iron oxides enables us to approach customers' issues from a new viewpoint and to provide solutions from the perspective of materials.

In recent years, we have utilized our extensive knowledge of materials to develop and manufacture electronic parts such as metal-compatible IC tags and RFID antenna-sheets, and thereby we meet the advanced demands of customers.

TODA KOGYO Group will continue to provide solutions which support information, environment and energy via materials.

<"TODA KOGYO Group" Introduction video>



You can access from the QR code on the left. It is a video of 4 minutes and 30 seconds. Please do have a look.  
\*It is an introduction only in Japanese.



# History of TODA KOGYO Group

1907 Plant relocated to Asakita-ku, Hiroshima City (Hiroshima Plant)	1933 TODA KOGYO CORP. established in Yokogawa-Shinmachi in Nishi-ku, Hiroshima City	1953 Tokyo Sales Office and Osaka Sales Office established	1959 Onoda Plant built in Sanyo-Onoda City, Yamaguchi Prefecture.	1971 Head Office relocated to Yokogawa-Shinmachi in Nishi-ku, Hiroshima City

1936 Head Office and plant relocated to Funairi-Minami in Naka-ku, Hiroshima City	1953 In the process of manufacturing iron oxides by calcination of iron sulfate, sulfurous acid gas was generated and became a serious problem.	1965 Overcoming the pollution problems using the development of the wet synthetic method in which iron oxides are synthesized from aqueous solution by a chemical reaction	1975 Funairi Plant transformed into a dedicated research and development facility

1823 Bengala manufacturing started in Ibara City, Okayama Prefecture

Beginning from the industrial manufacture of Bengala, the oldest pigment known to mankind

1953 Joint research started with Kyoto University. Bengala manufacturing is transformed from a traditional "skill" to a "technology".

1953 Production plant of ferrite materials newly added to Hiroshima Plant.

1969 Equipment for production of magnetic powder materials for audiotapes and videotapes added to Onoda Plant

1973 Equipment for production of coloring pigment using wet synthetic method added to Onoda Plant.

World's Number 1 share for magnetic powder used in audiotapes and videotapes!

Contributing to reduction of industrial wastes and effective utilization of resources

The industry's first! Development of the wet synthetic method for iron oxides

1983 Shares listed on the first section of Tokyo Stock Exchange	1991 Otaka Creative R&D Center established in Otaka Plant	2000 Head Office relocated to Funairi-Minami in Naka-ku, Hiroshima City	2008 All shares of Tokyo Shikizai Industry Co., Ltd. acquired	2011 Approved for DBJ's Environmental Ratings from the Development Bank of Japan.

1983 Creative R&D Center newly established in Funairi-Minami in Naka-ku, Hiroshima City	1994 Toda Kogyo Europe GmbH established	2001 Toda Material Inc. established	2003 Toda Plastic Magnet Material (Zhejiang) Corp. established in Zhejiang Province, China as a wholly owned subsidiary of TODA KOGYO.	2003 Head Office moved to Otaka City	2014 Head Office relocated to Hiroshima City	2015 BASF TODA Battery Materials LLC established	2016 Toda Kogyo Asia (Thailand) Co., Ltd. established. All shares of Toda Fine-tech Inc. acquired

1988 Dedicated facility to produce coloring materials for electronic printing added to Onoda Plant

1989 Facility for manufacturing magnetic powder for metal tape added to Onoda Plant

1999 Facilities for manufacturing Hydrotalcite newly added to Onoda Plant

2003 Facilities for producing lithium ion rechargeable battery cathode materials newly added to Onoda Plant.

2004 Facilities for manufacturing Barium titanium trioxide added to Onoda Plant.

1984 Production of ferrite materials started at Otaka Plant

1994 Development of a combustion catalyst which suppress generation of dioxins

1996 Facilities for manufacturing color toner carrier materials newly added to Otaka Plant

2006 Equipment for production of antenna sheets for IC tags added to Otaka Plant

2011 Equipment for production of NFC ferrite sheets for use in smartphones added to Otaka Plant

## Top Message



**Shigeru Takaragi**  
President and Representative Director



**Tadashi Kubota**  
Chairman and Representative Director

TODA KOGYO Group is a chemical material manufacturer founded at the end of the Edo Period as a producer of the red iron oxide pigment 'Bengara' which is known by painting of porcelain and 'Bengala lattice'. Six years to the 200th anniversary of foundation, we are engaged in management, keeping in mind that "continuity" is first of the company's mission.

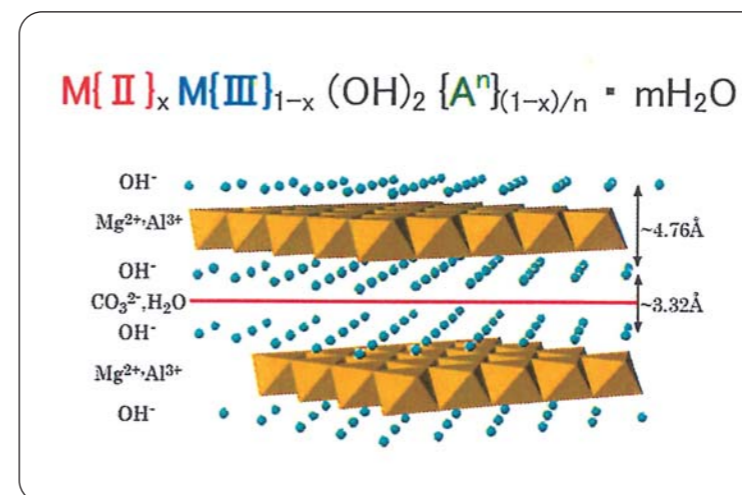
On the other hand, the environment surrounding us is constantly changing, we realize that "continuity" cannot be achieved without extraordinary effort. At present, TODA KOGYO Group as a whole is committed to positive reforms and improvements without fear of change according to the spirit of "Change is Chance, Change for Trust".

We are proactively working on CSR activities throughout the entire company. In particular, CSR, Environment & Safety Department oversees CSR operations, and is also engaged in identifying internal environmental problems (and others) and reflecting them in our business activities. Especially, we recognize that environmental problems are an important issue which cannot be avoided in order to survive as a chemical manufacturer. Therefore, we are strengthening efforts to address environmental problems. For details of these efforts, please see the CSR Report published since 2015 (The English version has also been published since 2016.). We also disclose the CSR Report on the website, so please have a look at it.

As we turn our eyes to the world, new Sustainable Development Goals, SDGs, were adopted at the United Nations General Assembly in September 2015. Every country that joins the United Nations is required to make efforts to achieve the goals as regards to energy, climate change, peace and justice, etc. for human beings to survive abundantly. By means of restructuring our efforts in corporate activities according to the 17 goals of SDGs, and by means of specifying concrete action policies and implementing them, TODA KOGYO Group will continue its corporate activities while fulfilling our social responsibilities.

We will continue to strive to develop lively together with our stakeholders. We appreciate your kind understanding and support.

## Special Report① Business of Hydrotalcite used for PVC resin stabilizers



〈Model figure of layered structure of Hydrotalcite〉



〈Hydrotalcite〉



〈PVC resin cable〉

TODA KOGYO has been developing and manufacturing Hydrotalcite as PVC (polyvinyl chloride) resin stabilizer and heat insulating additive for agricultural polyolefin resin film. Worldwide demand for Hydrotalcite is increasing with increasing use of PVC resin stabilizer and olefin neutralizer. In the future, further growth is expected with remarkable economic growth in the Asian region and the trend of the conversion into "Lead-free" of PVC resin stabilizer.

Though TODA KOGYO has been preparing the production system of Hydrotalcite since 1999, the age of suffering continued, such as stopping part of the production process inevitably because securing profit became difficult due to the influence of the appreciation of the yen etc.

Under such circumstances, an agreement on contract production of Hydrotalcite for PVC resin stabilizer from Sakai Chemical Industry Co., Ltd. was established. Both of Sakai Chemical Industry Co., Ltd. and TODA KOGYO decided to start production of new specification Hydrotalcite which is competitive in both cost and quality.

An annual production capacity of Hydrotalcite for PVC resin stabilizer manufactured by Onoda Plant of TODA KOGYO, Sakai Plant and a group company in Vietnam of Sakai Chemical Industry Co., Ltd., is expected to be 15,000 tons in total, responding to the needs of rapidly growing markets.

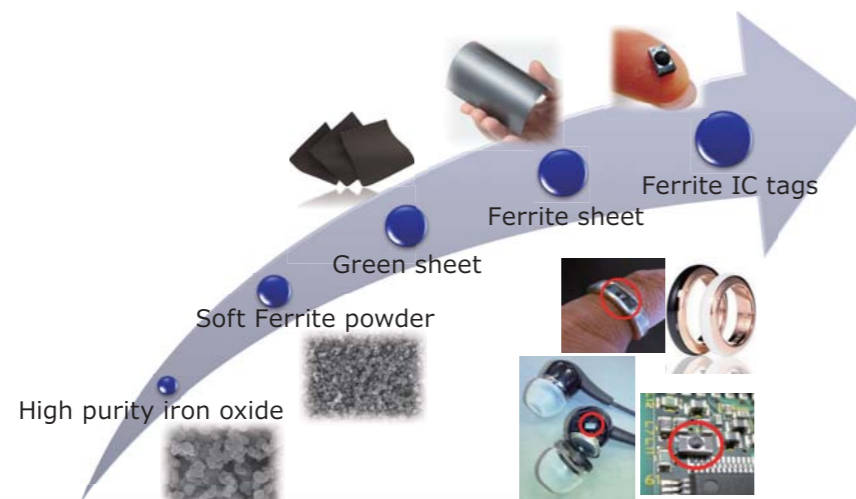
We will start full scale production of new specification Hydrotalcite at Onoda Plant from December 2017. We will work to make it a good example to raise "synergy effect through alliances with business partners" such as an establishment of cost competitive new manufacturing methods and utilizing of sales channels.



〈Onoda Plant Appearance of production plant〉

## Special Report② Business of Ferrite IC tags

TODA KOGYO began developing Ferrite IC tags in 2007 and promoting our business. Common IC tags typified by IC cards had problems that they would not communicate when attached to metal and that it was difficult to reduce the size. The IC tag developed by TODA KOGYO is a revolutionary product that solves these problems by adopting Ferrite, which has a characteristic of enhancing communication sensitivity, for the antenna. TODA KOGYO has a great advantage of an integrated production of high quality final products by means of powder manufacturing technology of iron oxide, Ferrite, etc. which we have cultivated over many years, and by means of manufacturing process control technology such as subsequent green sheet formation.

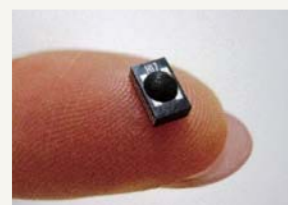


〈Integrated production up to the final product!〉

Especially TODA KOGYO's proprietary product "MBT series" have increased the adoption record as an original IC tag that can manage applications and uses that were previously impossible. MBT series have several advantages as follows.

〈MBT-0503〉

MBT-0503	Regular IC tags (Label type)
Since it is compact, installation in a narrow space is possible.	Because of the large size, installation space is restricted.
It is metal compatible and has excellent communication distance.	If you attach it to a metal, you cannot communicate.
High heat resistance and high reliability (Implementation using SMD solder and resin molding are possible.)	It does not correspond to high temperature.
Communications to all directions are possible.	Can communicate only in the opposite direction.

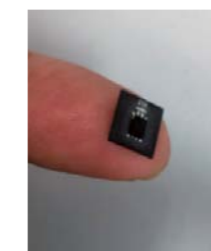


〈Chip type Ferrite IC tag MBT-0503〉

Under these circumstances, in anticipation of future market growth, we were looking for a partner that can demonstrate synergistic effects with the aim of expanding sales organization and reducing manufacturing cost. We finally decided to collaborate with Taiwan's Securitag Assembly Group. Co., Ltd (SAG) in the business on chip type ferrite IC tags. (Please see the press release dated May 17, 2017. <http://www.todakogyo.co.jp/news/>)

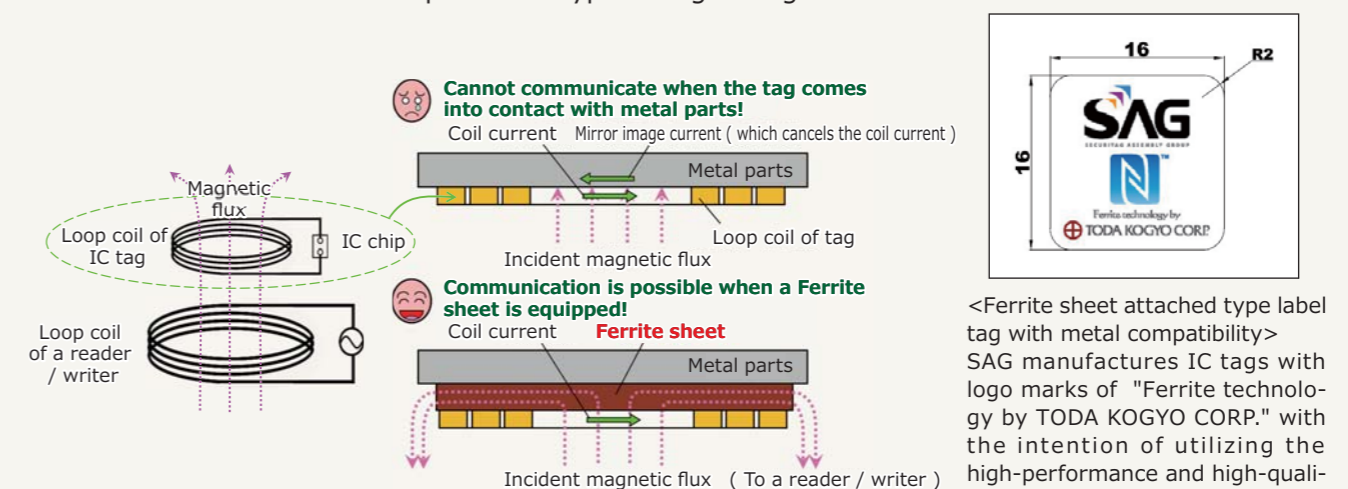
To SAG, we granted the right to use technologies, know-hows and patents to manufacture magnetic antenna owned by TODA KOGYO. Since SAG is a specialized manufacturer of IC tags based in Taiwan, we will continue to manufacture and sell strategic products by effectively utilizing SAG's processing technology and worldwide sales channels.

Furthermore, as an evolutionary form of MBT-0503, we developed NFC dynamic tag module; DTM-0806, with I<sup>2</sup>C bus that can accept external data in collaboration with SAG. If you hold the smartphone with NFC function to the device equipped with DTM-0806, the data in the tag module is automatically transferred to the smartphone. Since mutual communication with the host microcontroller IC is also possible, it is expected to be installed in IoT, smart meter, various consumer equipments and so on.



〈NFC dynamic tag module DTM-0806〉

In technological evolution to adapt to changes in the social environment such as the spread of IoT, TODA KOGYO has promoted development and commercialization related to IC tag and antennas applied technologies on iron oxide and Ferrite. As a pioneer invented this product, we began full-scale mass production of Ferrite sheets for NFC antennas installed in smartphones since 2006. Currently, we have the largest supply capacity of them in the world supported by Otake Plant (Otake City, Hiroshima Prefecture) as a mother factory and other production bases including group companies and partner companies. A regular label type IC tag can also be made metal compatible by attaching a magnetic sheet. In collaboration with SAG, we are accelerating the commercialization of compact label type IC tags using TODA KOGYO's Ferrite sheet.



〈Principle of IC tag and role of Ferrite sheet〉

<Ferrite sheet attached type label tag with metal compatibility>  
SAG manufactures IC tags with logo marks of "Ferrite technology by TODA KOGYO CORP." with the intention of utilizing the high-performance and high-quality brand image of TODA KOGYO's Ferrite sheet in the electronic parts market as it is in the IC tag field.

By collaborating with SAG, TODA KOGYO will aim to expand further its business by expanding products related to IC tags and antennas applied Ferrite technology, such as chip type Ferrite IC tag, MBT-0503, NFC dynamic tag module; DTM-0806, with I<sup>2</sup>C bus, metal compatible label type IC tags using Ferrite sheets, and so on.

## Special Report ③ Started operations of the subsidiary in Thailand, "Toda Kogyo Asia (Thailand) Co., Ltd."

"Toda Kogyo Asia (Thailand) Co., Ltd. (TKAT)", established by TODA KOGYO as the first group company in Southeast Asia in 2016, started operations on August 3, 2017. Located in Rojana industrial park in Ayutthaya province, the site area is 8300 m<sup>2</sup>, the total floor area is 1400 m<sup>2</sup>.

TKAT manufactures and sells magnetic compounds as materials for magnets for motors, and imports and sells color pigments. In the magnetic compound business, we had been supplying magnetic compounds to customers in Thailand from the TODA KOGYO Group manufacturing base in China and Japan. With the start of TKAT operation, timely supply by local production becomes possible.

Demand for energy-saving appliances is expanding worldwide mainly in the ASEAN region where economic development is remarkable. Motors that use magnetic compounds are adopted as a necessary element to improve energy-saving efficiency. TODA KOGYO Group will respond to customers' expectations by utilizing the network of Thailand, China, Japan and South Korea based on the advantageous and unique magnetic powder developed in-house.

Because demand for color pigments widely used in construction materials, furniture, etc. is also growing in the ASEAN region, TKAT will also proceed with its business as a new sales base for color pigments produced by TODA KOGYO Group.



〈TKAT opening ceremony〉

### 1. Overview of TKAT

Company name	Toda Kogyo Asia (Thailand) Co., Ltd.
Location	Rojana Industrial Park, 73 Moo 9 Tambol Thanu, Amphur U-Thai, Ayutthaya 13210 Thailand
Position and name of representative	President and Representative Director Masaki Takahashi (On loan from TODA KOGYO)
Business contents	Production and sales of magnetic compounds, and import and sales of coloring pigments
Capital	144,700,000 Thai Baht
Date of establishment	April 18, 2016
Number of employees	17 * As of August 3, 2017

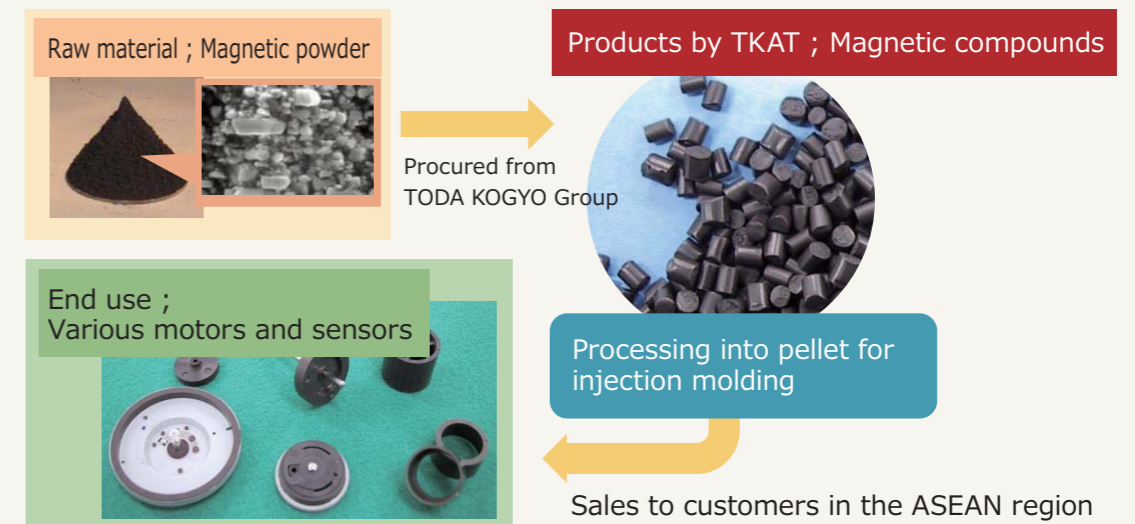
### 2. Factory exterior and local map



### 3. What is a magnetic compound?

Magnetic compound is a molding compound which is made by combining resin and magnetic powder. TODA KOGYO Group has a wide range of product lineups including "hard Ferrite", "soft Ferrite", etc. and it is used mainly for home appliance motors and is also used for various applications of various industries, such as automotive motors, sensors, etc. With know-hows that we have cultivated over many years, we can customize to the optimum compound for our customers.

### 4. Magnetic Compound Business Scheme of TKAT



# For Our Investors

## 1) Corporate Governance

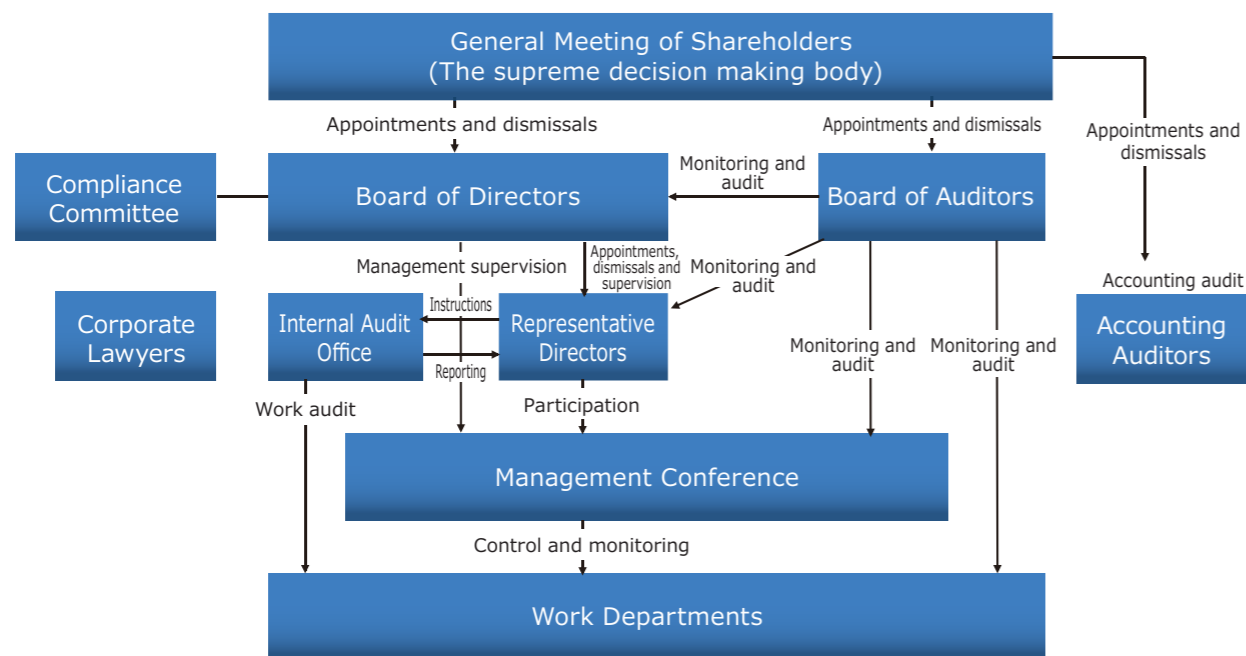
TODA KOGYO adopts a form of corporate governance based on the framework of governance by the "Board of Directors" including two outside directors and the "Board of Auditors" including a majority of outside corporate auditors. The Board of Directors is a decision-making body concerning important business execution, and it is a supervising body for executive directors. The Board of Directors consists of directors who are familiar with the business of TODA KOGYO Group and understand the importance of the basic technology development, which is our strength, and we have secured a system that enables us to make quick and accurate management decisions. In addition to regular meetings once a month of the Board of Directors, an extraordinary Board of Directors is held as necessary to discuss oversight of business execution situation, and to discuss basic matters and important matters. In addition, we believe that the roles to mutually monitor and supervise the execution of duties by directors are functioning effectively. Moreover, auditors, including three highly independent outside company auditors, conducts audits and has established an auditing system that fully ensures the objectivity and neutrality of the monitoring functions of management.

(Corporate Governance Introduction Page)



For details, please visit our website.  
<http://www.todakogyo.co.jp/ir/governance.html>  
 \*It is an introduction only in Japanese.

<Corporate Governance System Outline drawing>



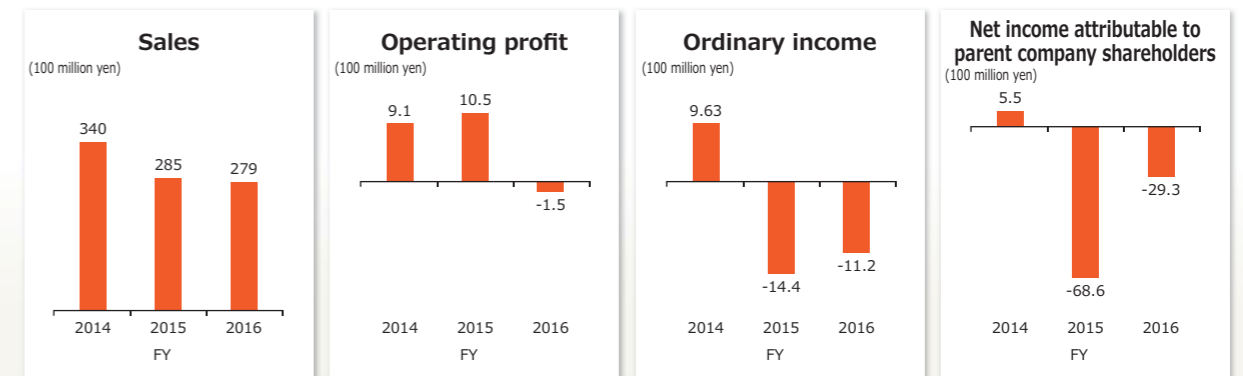
## 2) Business Overview (April 1, 2016 - March 31, 2017)

Depending on sluggish domestic and overseas sales due to overseas economic slowdown, fluctuation of exchange rate, an influence of making Toda America Incorporated and Toda Advanced Materials Inc. a consolidated subsidiary and so on, sales of TODA KOGYO Group fell to 27,889 million JPY (2.2% down on the previous fiscal year comparison) and the operating loss was 151 million JPY (compared to the operating profit of 1,051 million JPY in the previous fiscal year). Furthermore, due to an exchange loss of 107 million JPY and an investment loss based on the equity method of 694 million JPY etc., the ordinary loss was 1,116 million JPY (compared to the ordinary loss of 1,440 million JPY in the previous fiscal year). The group also recorded an amortization of goodwill 1,380 million JPY etc., net loss attributable to parent company shareholders was 2,926 million JPY (compared to the net loss attributable to parent company shareholders was 6,865 million JPY in the previous fiscal year).

Regarding consolidated subsidiaries and affiliated companies accounted for by the equity method, we have actively promoted activities including improvement of profitability, reduction of loss, etc. since FY 2015, and gradual improvement effect has appeared.

We are continuing to reorganize our business of cathode materials for lithium ion rechargeable batteries in North America, and we are discussing with multiple candidates.

Regarding the outlook for the future, we will work to reduce costs and improve profitability through cost analysis and improve productivity, aiming for a shift to a highly profitable structure. We are also planning to expand the business of Ferrite sheets for noncontact charger for smartphones and improve the lithium ion rechargeable battery materials business, and to aim for V-shaped recovery of consolidated performance.



## 3) General Meeting of Shareholders and IR Explanation Meeting

On June 28, 2017, TODA KOGYO's 84th term (2016 fiscal year) general meeting of shareholders was held. Many shareholders came to the hotel of the venue in front of Hiroshima station. We have positioned the general meeting of shareholders as an opportunity for valuable communication with shareholders. After the meeting of the general meeting of shareholders has been completed, we hold a Management Record Reporting Meeting by the President every time. Through exchanges in a relaxed manner, we strive to make our shareholders deepen their understanding of the TODA KOGYO Group.

In addition, TODA KOGYO regularly holds an IR (Investor Relations) Explanation Meeting for investors, analysts, economic reporters, etc. (We held an IR Explanation Meeting for fiscal 2016 on June 1, 2017.)



(Scene from the general meeting of shareholders)



(Scene from the IR Explanation Meeting)



# For Our Customers and Business Partners

## 4) Points of the future business plan

Business enhancement of Ferrite sheet for noncontact charger for smartphones, environmentally functional materials and Hydrotalcite used for PVC resin stabilizers

Strengthen overseas market development of magnet materials and pigments

Reorganization of the business of cathode materials for LIB in North America

Achievement of the profit in investment gains and losses based on the equity method

Continuous cost reduction

Improvement of consolidated performance

## 5) TODA KOGYO Group's Products and Final Applications

### Automobile

- LIB (lithium ion rechargeable batteries) materials for Electric Vehicle, Magnet materials for motor for cooling pump, Transparent iron oxide
- Electronic parts (inductors and capacitors), Brake material, Materials for vibration isolation and damping
- Motor and sensor for safety device

#### Main Initiatives

- Discussions for reorganization of LIB cathode material business by two North American subsidiaries
- Development and sales of transparent iron oxides for vehicle painting

### Copying machines and printers

- Toner material, Carrier material
- Magnet materials

#### Main Initiatives

- Maintain high market share as a specialized iron oxide manufacturer

### Consumer electronics and Communication equipment

- Magnets for home appliances motor
- Product parts for mobile phones and smartphones
- Parts for wearable products

#### Main Initiatives

- Strengthen efforts toward noncontact charger market
- Strengthen sales of magnet materials to the ASEAN region

### Environment and housing life

- Lead free materials (PVC resin stabilizer and road indication materials)
- Catalyst for suppression of dioxin generation
- Contaminated soil conditioner

#### Main Initiatives

- Strengthen business of Hydrotalcite used for PVC resin stabilizers through collaboration
- Expansion of market for combustion catalyst

### Paint

- Paint for office equipment
- Paints for building and building materials
- Antirust paint for ship bottom

#### Main Initiatives

- Expansion of domestic and overseas production and sales system

## 1) For Improving Product Quality

TODA KOGYO Group promotes the quality assurance activities shown below based on the quality policy: "Provide quality which obtain the customers' trust and satisfaction by developing continuous improvement activities." In order to separate these quality assurance activities from marketing, development and manufacturing lines and thus increase their effectiveness, the Quality Assurance Department was placed under the direct control of the President in July 2016.

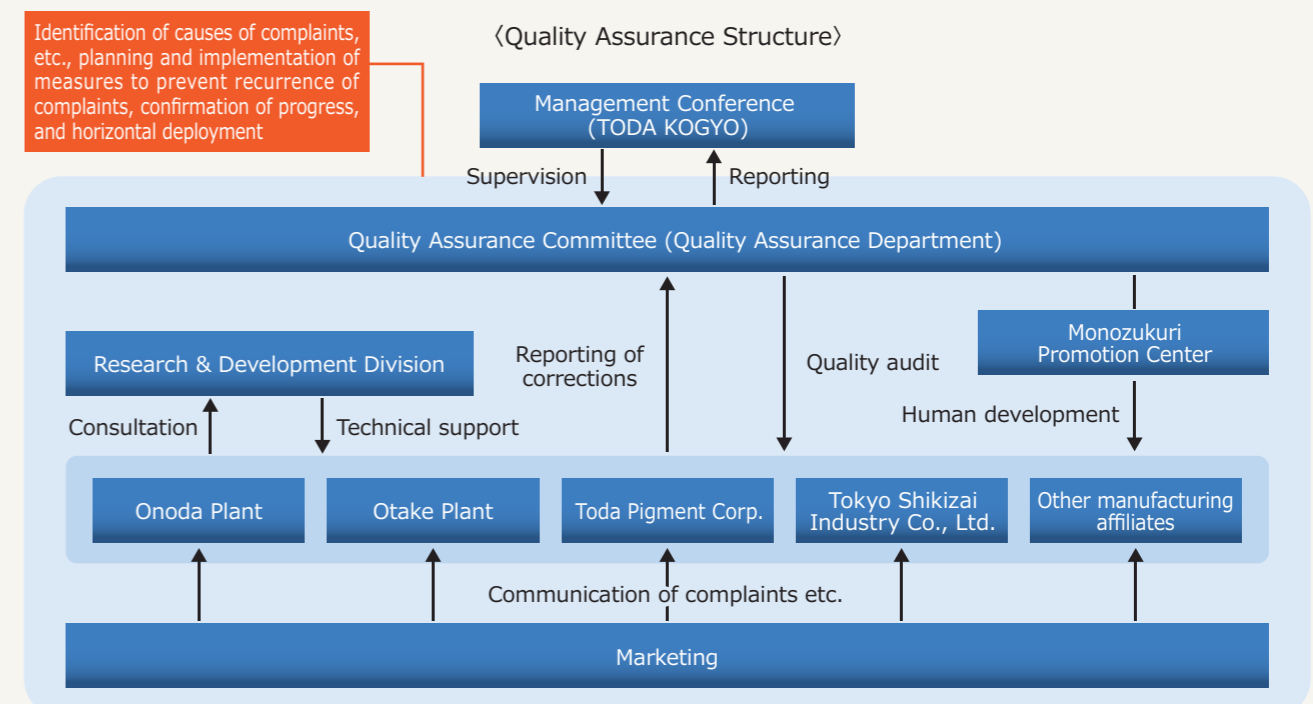
The Quality Assurance Department organizes a Quality Assurance Committee, shares information with the quality assurance department of each TODA KOGYO Group's plant, and has established a system to resolve quality issues throughout the entire company. In addition to performing quality audits for the manufacturing departments of TODA KOGYO Group, the Quality Assurance Department identifies causes of complaints which are delivered to sales department from customers, plans and implements measures to prevent recurrence of complaints, and performs verification horizontal deployment activities from the perspective of workplace.

In fiscal 2016, towards a habit of considering defects and disaster events occurring in each workplace logically in triple spot realism, we started "Fault tree analysis" learning meeting on the work site. In fiscal 2017, in order to expand our quality management education activities including this learning meeting, we established the "Monozukuri\* Promotion Center" under the organization of the Quality Assurance Department. We will work on a system that supports Monozukuri of TODA KOGYO Group from the viewpoint of human resource development.

\* ) Monozukuri means manufacturing

### Guidelines of Quality Assurance Activities

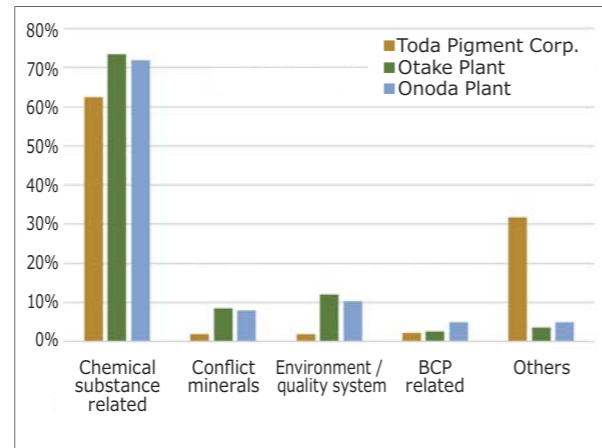
- We perform quality audits for the purpose of confirming compliance with requirements in the ISO9001 series and improvement of the quality assurance systems.
- We confirm the status of compliance with laws, regulations and other requirements.
- In order to improve the quality of products by TODA KOGYO Group, we promote comprehensive quality improvement by means of analyzing quality, providing improvement guidance for related departments and holding regular quality review meetings (Quality Assurance Committees).
- We develop human resources to maximize their abilities and enhance Genbaryoku (capabilities to find and solve problems in the workplaces).



## 2) Situation regarding Responses to Customer Inquiries

We constantly receive inquiries from customers concerning products, CSR and so on. At TODA KOGYO Group, we are trying to respond to these inquiries promptly and politely. Concerning the issues that arise in such activities, We cooperate with the corresponding department and work on solving problems.

In fiscal 2016, we responded to a large number of inquiries, mainly on inquiries related to chemical substances.



(Breakdown of contents of customer inquiries by business location)

## 3) Small Group Activities

At TODA KOGYO, under the slogan "No efficiency without safety; No trust without quality; No growth without innovation (improvement)", we recognize the ideal form of the production site at each workplace. We also actively participate in small group activities in cooperation with subcontracting companies toward improving the problems. From fiscal 2016, by means of expanding the scope of activity theme to environment and safety, we are strengthening the unity of employees at the site through this activity. In addition to improving awareness and knowledge of employees, we lead to the sharing of know-hows between workplaces by implementing presentation meetings.



(Scene from the small group presentation meeting at the Otake Plant)

## 4) Development of Human Resources Capable of Strengthening the Workplace

Monozukuri Promotion Center is promoting a corporate culture that can be improved by thinking autonomously by noticing the problems of its own workplace based on the idea that "Monozukuri corresponds to human resource development". By means of improving workplace problems including 3 Mu' s (Mu'ri = unreasonableness, Mu'ra = unevenness and Mu'da = waste) by practicing 5S activities, we aim not only to improve SQCD ( S [Safety] = Securing safety and health, Q [Quality] = Ensuring quality, C [Cost] = Securing Cost and D [delivery] = Securing construction period and process ), but also to motivate employees to revitalize their workplaces.



(Keeping expendable parts clean and tidy, and visualization)

# For Society

## 1) Basic Environmental Policy

TODA KOGYO Group conducts environmental management based on the ISO14000 series, and not only recognizes environmental conservation as the mission imposed on global citizens, but also considers environmental conservation activities and management activities coaxial. We are responsible for ourselves and work on these activities with all the groups.

Concrete code of conduct

- (1) Setting and realization of high environmental conservation goals  
Executives and employees set high goals in anticipation of social expectations and strive to create economic value through the realization of them at their own responsibility, as well as compliance with laws and regulations.
- (2) Promotion of innovative environmental technology development  
Executives and employees create customer value and proceed with the development of innovative environmental technologies widely used in society.
- (3) Continuous improvement through participation by all executives and employees  
Executives and employees grasp the impact on the environment in all business activities, and continuously improve on the prevention of pollution and effective use of energy and resources by all participants.
- (4) Provision of environmentally conscious product services  
In providing products and services, executives and employees strive to reduce the burden on the environment at all stages from procurement policies, production, sales, logistics, use, recycling, and disposal.
- (5) Improvement of consciousness and promotion of responsible environmental conservation activities  
Executives and employees broadly look to society by themselves, improve consciousness through active learning, and proceed with environmental conservation activities on their own responsibility.
- (6) Contribution to the realization of a sustainable society  
Executives and employees contribute to the realization of a sustainable society through participation and support in environmental conservation activities.
- (7) Acquisition of social trust through environmental communication  
Executives and employees develop environmental conservation activities in cooperation with stakeholders and gain the trust of society through active communication.

## 2) Situation regarding Introduction of Management Systems

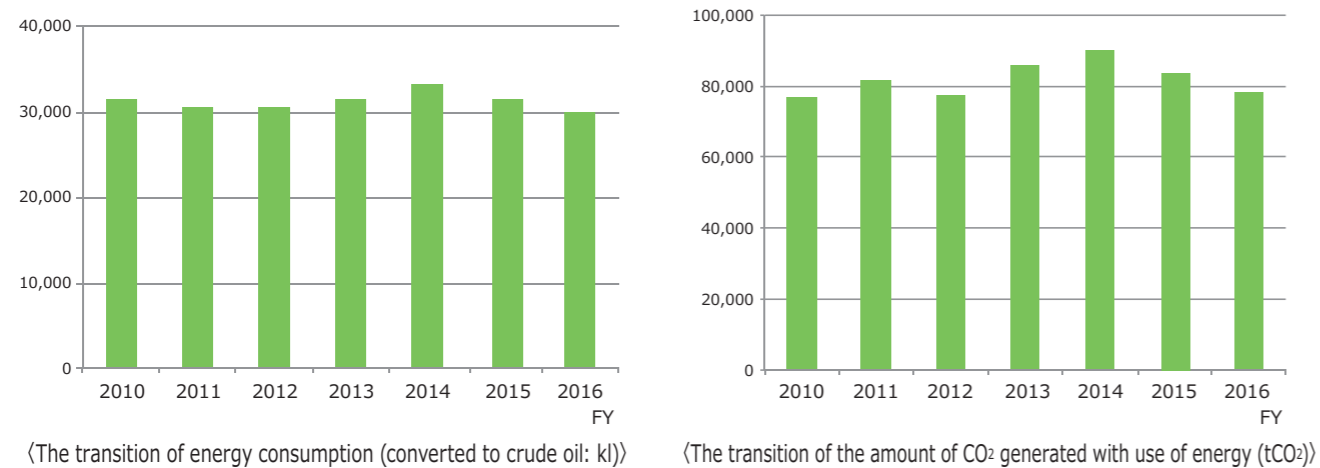
TODA KOGYO Group has acquired certification under the following management systems and implements the PDCA\*) cycle in its business activities.

\*) PDCA means plan, do, check and action.

ISO9001 ISO14001 OHSAS18001	ISO9001 ISO14001	ISO9001
Onoda Plant Otake Plant	Toda Pigment Corp.	TODA MAGNET (SHENZHEN) CO., Ltd. Otake Creative R&D Center: Product Development Group
	TODA Ferrite KOREA Co., Ltd.	
	TODA ISU CORPORATION	
	Toda Magnequench Magnetic Material (Tianjin) Co., Ltd.	ISO14001
	Toda Plastic Magnet Material (Zhejiang) Corp.	Otake Creative R&D Center
	Zhejiang Toda DMEGC Magnetic Co., Ltd.	
	Zhejiang United Pigment Co., Ltd.	
Toda America Incorporated		

### 3) Measures against Global Warming

TODA KOGYO Group is working on reducing CO<sub>2</sub> emissions through activities such as ISO14001, energy conservation competitions, and energy-saving proposals, etc. with a focus on the Environment Committee (composed of domestic group companies) that is under the control of the CSR, Environment & Safety Department. Based on the periodical report (fiscal 2015 results) submitted to the Ministry of Economy, Trade and Industry in 2016, we have received a judgment of energy conservation evaluation "S" (excellent business operator). From fiscal 2016, through international climate change program of international NGO "CDP", we expanded the scope of our activities to scope 3 (product logistics and commuting). We will promote CO<sub>2</sub> emissions reduction throughout the entire company.



\* From regular report on energy saving law at TODA KOGYO CORP.

### 4) Certificate of Environmental Rating

In fiscal 2013, TODA KOGYO was certificated the Development Bank of Japan's (DBJ's) Environmental Ratings, which support the environmental management of corporations, in recognition for its initiatives to realize a sustainable society.



In the sustainability survey of EcoVadis S.A.S (France), TODA KOGYO Group won the top 30% rating among the companies surveyed and was rated as "Silver". The rating to silver has been two consecutive times from 2016.

Targeting suppliers in 150 business sectors in 110 countries EcoVadis S.A.S. assesses policies, measures and performance in the areas of environment, society (working environment, human rights, etc.), fair business activities and supply chain.

### 5) Green Procurement Activities and Basic Policy concerning Conflict Minerals

TODA KOGYO Group has clearly prescribed "Green procurement policy" and "Basic policy concerning conflict minerals" within its procurement policy. We issue a new business partner survey table\* etc. to our supplier and carry out procurement activities in consideration of environment and human rights with cooperation from our business partners.

\* New business partner survey table

It consists of 3 categories of quality, environment and CSR. We investigate and evaluate each activity situation of our suppliers.

**Green procurement policy:** We carry out procurement activities in consideration of protection of resources and environmental preservation.

#### Basic Policy concerning Conflict Minerals:

In the Democratic Republic of the Congo and neighboring countries, significant violations of human rights and environmental destruction by anti-government forces are occurring. These problems are serious concerns for the international community. It is said that some of the minerals (tin, tantalum, tungsten, gold) that are produced in this region are exploited as a source of funding (so-called "conflict minerals") for these forces.

Under such circumstances, in the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) established in the United States, it has been made compulsory for listed companies in the United States to disclose use of "conflict minerals" in their products and so on.

TODA KOGYO Group has no intention to assist such violations of human rights and environmental destruction. We will continue to advance initiatives in cooperation with our customers, business partners, industrial associations and so on.

TODA KOGYO Group asks its business partners to procure from smelters which comply with the Conflict-Free Smelter Program\* established by the Electronic Industry Citizenship Coalition (EICC) CSR alliance / Global e-Sustainability Initiative (GeSI), or smelters which are recognized as having no involvement with conflicts in traceability projects which track traces of reliable minerals from their mining to processing and distribution.

\* Conflict-Free Smelter Program: A program in which an independent third party certifies that all the minerals which smelters process are originated from conflict-free sources.



## 6) BCP (Business Continuity Plan) / Disaster Prevention Activities

### ① BCP

TODA KOGYO Group has formulated the basic business continuity policy regarding the direction of initiatives at the company level, including domestic and overseas offices.

#### < Basic Business Continuity Policy >

TODA KOGYO Group has established the basic business continuity policy as follows, "In the event that trouble occurs in the performance of business due to large scale earthquake, flood damage, etc. (hereinafter referred to as "emergency"), on the premise of ensuring the safety of life including customers and employees, we will minimize damage to our business assets and will continue and restore core business as soon as possible."

In order to realize this policy, we will establish a promotion system that is effective for proactive efforts to continue business from usual times, as well as for continuous maintenance and improvement. We work closely with group companies and place emphasis on predefining procedures for mitigating damage and guidelines for securing alternative resources for early restart of important businesses, response organizations at the time of disaster and restoration, concrete measures and restoration priority order, etc. Based on these ideas, we have set out action guidelines.

#### < Action guidelines in normal times >

- Establishment of a promotion system, Evaluation of business impact degree and implementation of measures, Preparation of procedure manuals etc and implementation of training
- Evaluation and review of effectiveness of BCP, Fostering the BCP culture

#### < Action guidelines in case of emergency >

- Securing human life safety, Safety confirmation, Correspondence to the neighborhood (community), Early restoration of business

### ② Emergency response drill

At each workplace, emergency response drills are held every year by all employees in the workplace, in cooperation with the fire department concerned.



<Otake Plant Initial firefighting activity>



<Onoda Plant Initial firefighting activity>



<Toda Pigment Corp. Initial extinguishment training>



<Onoda Plant Transport of injured person>

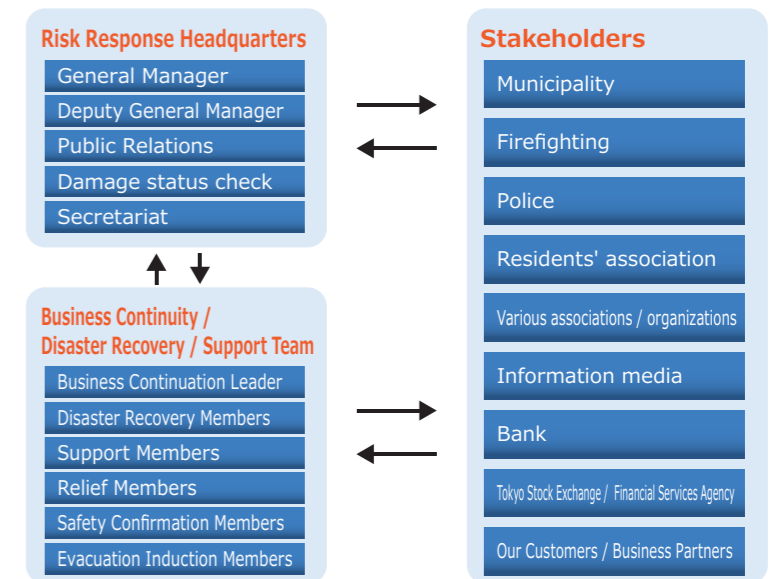


<Otake Plant First aid for injured person>



<Onoda Plant Evacuation induction>

③ BCP corresponding organization  
BCP corresponding organization consists of the Risk Response Headquarters with the President as General Manager and the Business Continuity / Disaster Recovery / Support Team. This organization will engage in securing human life safety, confirming the safety, responding to local communities and supply chain and restoration of business at an early stage.



### ④ BCP process flow

The Risk Response Headquarters and each workplace formulate a business continuity plan, BCP and prepare for emergency. BCP is periodically checked and updated.

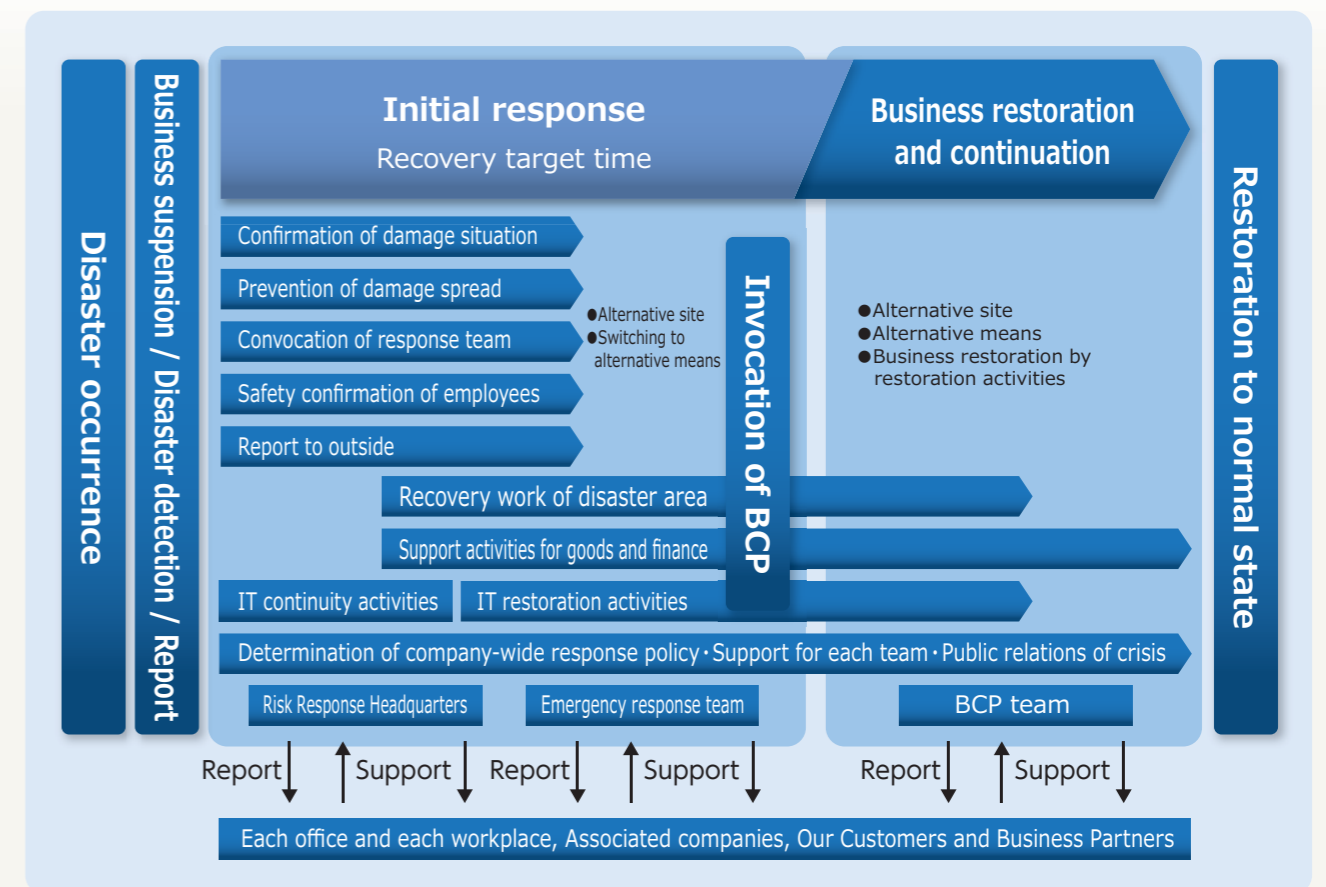
In case of emergency, we will secure the lives of everyone, including customers and employees. And we will also conduct safety confirmation and measures to prevent secondary disasters.

- Neighborhood (community) correspondence

We will exchange various information with the neighbors, such as information exchange and provision of a place for restoration activities.

- Early restoration of business

We will conduct business continuity actions based on a predetermined plan.



<BCP process flow>

## 7) Involvement with Society and Community

### ① Outreach science lessons and events

Since fiscal 2008, TODA KOGYO has implemented factory tours, outreach science lessons and events for elementary and middle school pupils in Hiroshima. In the factory tour, we introduce manufacturing processes of Ferrite magnetic powder and Ferrite sheets using it etc. In outreach science lessons and events, children experience the work of permanent magnets and electromagnets, and learn that products using magnets are useful in familiar lives, through touching permanent magnets made of different materials with different magnetic field shapes and orientations, or through making easy-handmade motors using permanent magnets, enameled wire coils and dry batteries. As a result of these activities, we hope that more children will become interested in science and become players of science and technology in Japan in the future.



〈Scene from a science event〉



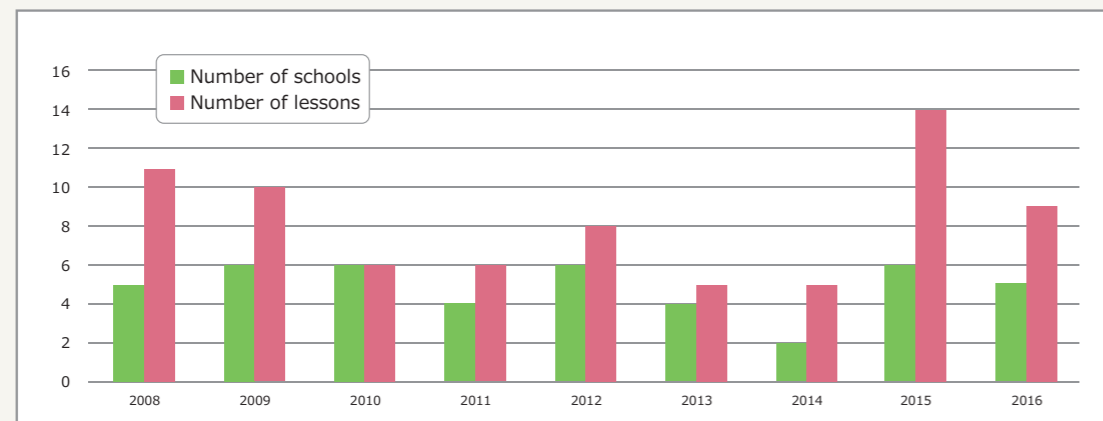
〈Scene from an outreach lesson〉



〈Scene from a factory tour①〉



〈Scene from a factory tour②〉



〈Number of outreach lessons〉

### ② Yume chemistry 21

At Hiroshima University Open Campus (August 18 to 19, 2016), an event "Yume chemistry 21", targeting high school students who consider taking the entrance examination of the chemical course of faculty of engineering, Hiroshima University, was held. Member companies in the Chugoku region's chemical conversation party exhibited advanced materials, technologies, interesting substances, etc. that will bring out "Chemistry Dream". We participate every year and convey the interest, wonder, and dreams of chemistry to high school students.

#### Exhibit contents

1. A top that keeps spinning
2. Electronic tickets for football games, antennas for mobile wallet (Ferrite IC tags)
3. Not hot (?), no noisy (?) coating (Heat insulating and soundproof paint)
4. Cosmetic (lipstick) samples (Application of nanoparticles)
5. Lithium ion battery materials for smartphone and personal computer



### ③ Support for the internal organs bank

- Introduction of "Vending machines which support the internal organs bank" -

Medical and medical advances include organ transplantation as one of the organ treatments. However, the number of organ donations is sluggish. For the purpose of disseminating awareness to transplantation treatment and donating to promotion activities, We installed three "Vending machines which support the internal organs bank" in Otake Plant and Otake Creative R&D Center. Through developing this activity throughout the TODA KOGYO group, we would like to extend even a little circle of support to the internal organs bank.



## 8) Initiatives for Biodiversity

TODA KOGYO Group has defined the following specific action guidelines and promotes business activities to preserve biodiversity on earth. We also actively participate in local activities such as river cleaning and event volunteering in order to preserve the regional biodiversity.



### "Organism habitat space" (Biotope) appeared in TODA KOGYO

In Otake Plant, at the border between the embankment facing the Seto Inland Sea and the premises there is a waterway for the purpose of draining rainwater. There is a place where reeds (belonging to the rice family) grows thick in this waterway, and a group of small fish of about 5 cm can be seen to make this a hiding place. Water striders also inhabit the place where the flow is gentle. In the spring, spot-billed duck parents visit, making it an excellent environment to do child rearing.



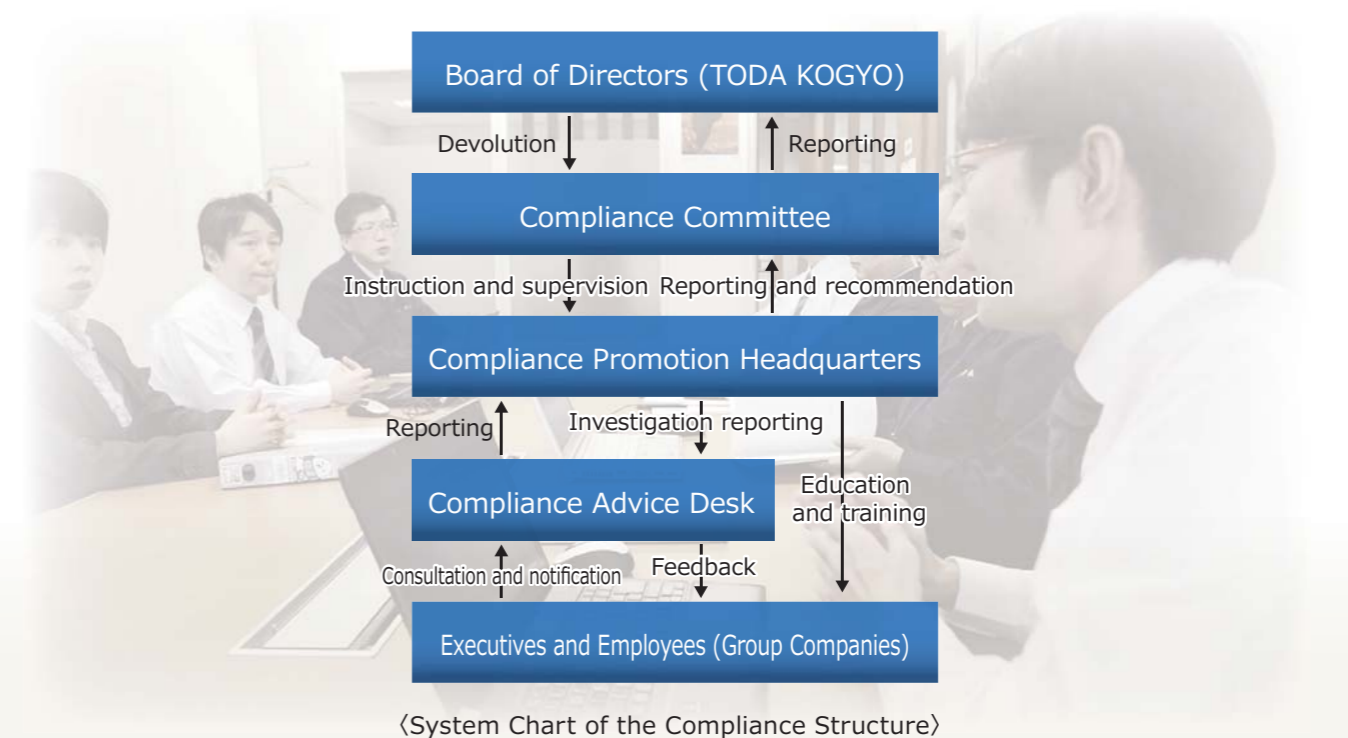
## Behavioral Guidelines for Biodiversity

1. Recognizing the preservation of biodiversity to be an important issue in the corporation, we will practice environmental management.
2. We will understand the influences on biodiversity affected by our business activities including our raw materials procurement policy, and endeavor to continuously reduce these influences.
3. We will continuously promote resource saving, energy saving and 3R (reduce, reuse, recycle) not only in our own business activities but also in cooperation within our supply chain.
4. We will promote manufacture of products which contribute to the preservation of biodiversity, technological development and innovation of the production process.
5. We will endeavor to enhance communication and contribute to cooperation with customers, suppliers, other corporations, NGOs, education and research agencies, local governments and so on.
6. Because the activities of each and every employee are essential for preserving biodiversity, we will increase awareness for protection of abundant ecosystems through education of employees.

## 9) Compliance

TODA KOGYO Group has established the "Compliance Code of Conduct" and "Compliance Promotion Regulations", applicable to all Group companies, in order to ensure that every executive and employee act in compliance with laws, social norms and company's regulations and so on. And we endeavor to promote and ensure the Compliance.

System chart stipulated in the "Compliance Promotion Regulations" is shown below. Under this system, not only opinions and information from executives and employees are grasped, but also we make compliance management effective by the implementation of education and training.



### ①e-learning

TODA KOGYO implemented e-learning on compliance as a part of its compliance education in March 2017. The purpose of this e-learning was to acquire basic knowledge on compliance, to refrain from violating the behavior of compliance, to prevent occurrence of compliance violation, and to make use of it for future work.

Ten questions were included in the check test of the lecture, organized in such a way that employees had to keep repeating the check test until they earned full marks. During the course period of two weeks, 386 employees of TODA KOGYO completed the lectures, thereby deepening their understanding of compliance.

### ②In-company education

TODA KOGYO has set up time for lectures on compliance and information security in new employee training and newly appointed executive training every year. And we are continuing our efforts (that the trainees) to learn about their importance of them and deepen understanding.

We also issue a "Compliance News" posting hot topics and information on compliance every other month in order to raise awareness.

It is vital that education on compliance and information security be repeatedly conducted, and that individuals are aware of themselves and engage themselves. We will continue to implement in-company education and e-learning courses.

# For Employees

## 1) Better Working Environment

① Support for the development of the next generation / activities on promotion of women's participation and advancement

Based on the provisions of the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace, TODA KOGYO has formulated the following action plans concerning the development of the next generation training and promotion of women's participation and advancement, and we are promoting activities according to these plans.

(1) Action plans for supporting the development of the next generation  
(5 years from 1 April 2016 to 31 March 2021)

### ◆ Goal 1

During the planning period, we will raise awareness about childcare in the workplace and create a corporate culture / structure that will provide understanding and cooperation for employees who take childcare.

#### 【Measures to achieve the goal】

We regularly make awareness of various systems concerning childcare through the intranet and other means, and continue to conduct necessary education for managerial training etc.

### ◆ Goal 3

During the planning period, we shorten the total actual working hours of our employees. (Reduction of overtime hours worked, promotion of annual paid holidays, expansion of application of hourly use of annual paid vacation, etc.)

#### 【Measures to achieve the goal】

We will consider measures to maintain annual paid leave usage of over 70% and measures to promote acquisition

### ◆ Goal 2

During the planning period, the status of childcare leave acquisition will be as follows. In addition to extending the applicable period for reducing working hours, we encourage acquisitions shortenings, advancement and carry down of working hours.

※ Male: Make one or more acquirers.

※ Female: Maintain an acquisition rate of 100% and a return rate of 100%.

#### 【Measures to achieve the goal】

- We continue educational activities on good balance between work and family for all of our employees.

- We inform all employees about childcare leave law and childcare leave rules, especially urge men to acquire the leave.

### ◆ Goal 4

We make children realize the interests of science and chemistry.

#### 【Measures to achieve the goal】

- We encourage understanding of science and chemistry through exhibiting at events for elementary, junior high and high school students.

- We will cooperate with school education for elementary school students (outreach science lessons etc).

(2) Action plans for promotion of women's participation and advancement  
(5 years from 1 April 2016 to 31 March 2021)

### ◆ Goal ◆

We set the female ratio of new recruits to over 30%.

#### 【Measures to achieve the goal】

We will review recruitment selection criteria and its operation and will improve measures to support balance between work and family. We will also increase the number of female job applicants in new graduate recruitment by disclosing information such as acquisition rate of childcare leave.

## ② Interview with employees

### Intellectual Property and Patent Group, Research & Development Division Kaori Hirata

I have two children, one in elementary school fifth grade and the other first grade. I used the maternity leave / childcare leave system respectively for two childbirths, and have been using the short-time work system from the end of the second childcare leave to the present.

While utilizing the in-company system so far, the biggest thing for me was the expansion of the subject of short-time workers. In the world, "The first grade barrier" problem is often taken up. ("The first grade barrier" means the various problems which working mothers experience when their children start the first grade at elementary school.) I am thankful that by the expansion of the subject of short-time workers, I have become more likely to balance work with family and child rearing as well. Since two children became elementary school students, there may be days when there are no places to deposit children due to temporary school closures, class closures, etc. besides illness and events. Even in such a case, thanks to the understanding and cooperation of everyone in our group and the workplace environment where you can work with peace of mind, I feel that I have been able to keep working and child rearing balanced well up to this day.

I would like to continue working hard under favor of everyone's understanding and cooperation.



### Personnel and General Affairs Department, Personnel Group, Corporate Administration Division Haruka Katagiri

One year has passed since I joined the company. In the new employee training program, I spent half a year around Onoda Plant, Otake Plant, Research & Development Center, Tokyo Office and Toda Pigment Corp., learning the basics of manufacturing, development and sales activities. Currently I belong to the Personnel & General Affairs Department and I am doing the work related to the company's "people" such as hiring and in-company education. Experience and learning during the new employee training program are fully utilized at the scene of interaction with college students in job hunting and employees.

I am not yet very good at prioritizing work and promoting it efficiently. However, though I am in the second year since joining the company, I work with a certain degree of discretion and I feel challenging every day with a change. It is more encouraging than anything else for me that I have seniors whom I want to follow and I can consult without hesitation when in trouble. While appreciating the environment where I can grow as much as I can depending on my hard work, I would like to continue doing day-to-day tasks.



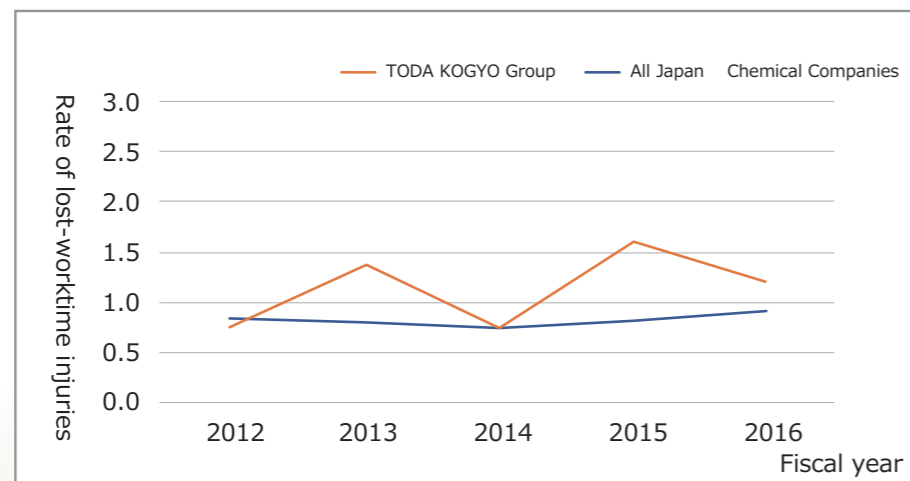
## 2) Safety and Health Activities

In April 2017, TODA KOGYO Group reviewed its organization as follows and strengthened the organizational system for occupational health and safety in the entire group.

- Establishment of the Central Summarizing Safety and Health Committee for the entire group
- Establishment of the Safety Promotion Center in CSR, Environment & Safety Department

### ①Data on occupational accidents

In fiscal 2016, two lost-worktime injuries occurred, one in an employee of a subcontracting company in our plant and the other in a dispatched worker from the Silver Human Resource who requested in-site work, while TODA KOGYO Group employees experienced zero such incidents. We cooperate with the safety and health committees in each plant and will continue to strive for the total elimination of industrial accidents.



〈Trend of rate of lost-worktime injuries in TODA KOGYO Group〉

\* Rate of lost-worktime injuries: The number of casualties caused by industrial accidents per 1 million actual working hours. This expresses the frequency of industrial accidents.

### ②Activities in the Safety

In Onoda plant and Otake plant, we hold a "Safety Convention" every year before the National Safety Week. We invite lecturers from Ube Labor Standards Inspection Office at Onoda Plant and Hatsukaichi Labor Standards Inspection Office at Otake Plant respectively, in order to listen to lectures on disaster trends and disaster prevention plans together with the employees. We are also working to raise employee's awareness of safety and reconfirm the results of disasters in the previous fiscal year and set as targets for the current fiscal year.



〈Scene from a Safety Convention in Onoda plant〉



〈Scene from a Safety Convention in Otake plant〉

### ③Lifesaving training

In Toda Pigment Corp., in order not to panic when in emergency, resuscitation treatment using artificial respiration / AED and training of cardiac massage are held under the guidance of the lecturer from Takebe branch office of Okayama municipal fire department.



〈Scene from a lifesaving training in Toda Pigment Corp.〉

### ④Activities in the Safety and Monozukuri (manufacturing) workshop

In October 2014, TODA KOGYO established "the Safety and Monozukuri workshop" which is a facility aimed at "training human resources to strengthen Genbaryoku (capabilities to find and solve problems in the work sites)". The safety education, based on the sensations of "seeing, touching and thinking" for employees of TODA KOGYO Group and members of subcontracting companies, is held. In fiscal 2016, 275 persons attended 28 safety training sessions, meaning that approximately 70% of all eligible persons had participated in the education so far.

The safety training based on the sensations consists of two parts: the classroom lectures and the workshop. In the classroom lectures, participants learn and think through participatory group work about 5S (Seiri (arrangement), Seiton (ordering), Seiso (cleaning), Seiketsu (neatness), Shitsuke (discipline)) which is the basis of safety. In the workshop, participants practice what they learned at the lecture and experience devices that can increase the sensitivity to danger.



〈Scene from the Safety and Monozukuri workshop〉

In fiscal 2016, we started "outreach safety training" in order to further broaden the activities based on Onoda Plant, to respond flexibly to the form of employment of all workers at TODA KOGYO and to provide opportunities for safety education at each site. In outreach training, we incorporate training to experience improvement using homemade teaching materials instead of risk simulation experience using gimmicky equipments, in order to understand the essence of 5S learned in the classroom lectures. Up to now, approximately 70 persons of three domestic offices attended the outreach trainings. Just as for participants of the safety training based on the sensations, we support activities that every participant brings awareness reforms and learned things back we support to their own workplace and improves from a familiar problem.

TODA KOGYO believes that the basis to establish a management foundation as a "Monozukuri company" that can continue to develop even after more than 100 years of establishment and contribute to society, is "people". We also believe that it is important for each employee to work hard to revitalize the workplace and to boost autonomy and Genbaryoku.

In fiscal 2017, in addition to increase safety awareness of all employees, we will deepen this activity and will work on making people who consider qualities that is necessary for manufacturing.



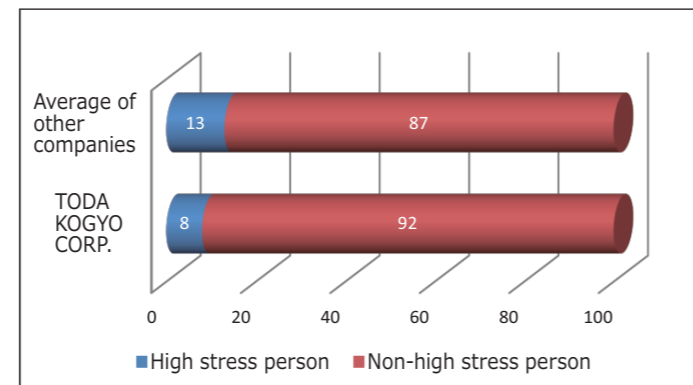
### 3) Efforts for Health Promotion

#### ① Employee's health maintenance and promotion

According to the Industrial Safety and Health Act, TODA KOGYO conducts general health checkups at the time of employment and at least once a year and special health checkups. We analyze the results of health checkups obtained every year and reflect it in health maintenance / promotion activities at safety and health committees etc. at each workplace.

#### ② Result of Stress check test

Along with the revision of the Industrial Safety and Health Act, TODA KOGYO established the Stress Check System Implementation Regulations on April 1, 2016 and conducts annual stress check test for all employees. According to the result of May 2017, the ratio of high stress persons was 8% of all examinees, which was lower than the average ratio of 13% of the stress check implementation consignment company (400,000 examinees). While encouraging high stress people to meet with industrial physicians, we also improve our work environment and provide mental health training.



〈Result of fiscal 2017 stress check test〉

### 4) Club Activities

As part of welfare programs at TODA KOGYO, we support a part of the club activities expenses, which are mainly related to the friendship between our employees and the creation of mental and physical health. There are 15 clubs registered for application in fiscal 2016. Among them, two clubs that are active mainly by employees of Research & Development Division are introduced as follows.

#### 【Table Tennis Club】

Table Tennis Club is mainly active during lunch break. When there are many people we play doubles. It is very fun to be unexpected game expansion depending on the combination. If you are interested, please come and visit the auditorium of the Otake Plant because beginners and those who are not members can also feel free to participate.



#### 【SFC (Fishing Club)】

Fishing Club goes fishing in all seasons and in all directions, from Kaminoseki, Yamaguchi (holy land of horse mackerel) to the west, Hishima, Okayama (Mecca of red grouper) to the east and Hamada, Shimane (home of bigfin reef squid) to the north. We of course never forget to eat delicious foods on the way to go, and always play the angler.



### 5) Training (Education) Systems

#### ① New Recruit Training

Among various education systems, TODA KOGYO especially puts effort into the training for new recruits.

All recruits (clerical and technical recruits) work on the same training program together.

#### Introductory training (April)

The training is intended to switch the trainees from students to members of society in terms of rhythm of life and feelings. And it is also intended to learn the basics as workers.

- Training at Zen-temple (Switching from students to members of society in terms of feeling and rhythm of life with new recruits of other companies)
- Business training (Starting with manners training, the recruits master the basics of "workers" with good spirit and technique)
- In-company training (Lecture on company organization and products, learning about the company system and rules, plant tour, etc.)



〈Scene from a training at Zen-temple〉



〈Scene from a training at Head Office〉

#### Workplace training (5 months from May to September)

The training is intended to understand the company culture and the workplace atmosphere by on-the-job experiences for a long time. And it is also intended to contact directly with senior employees, etc.

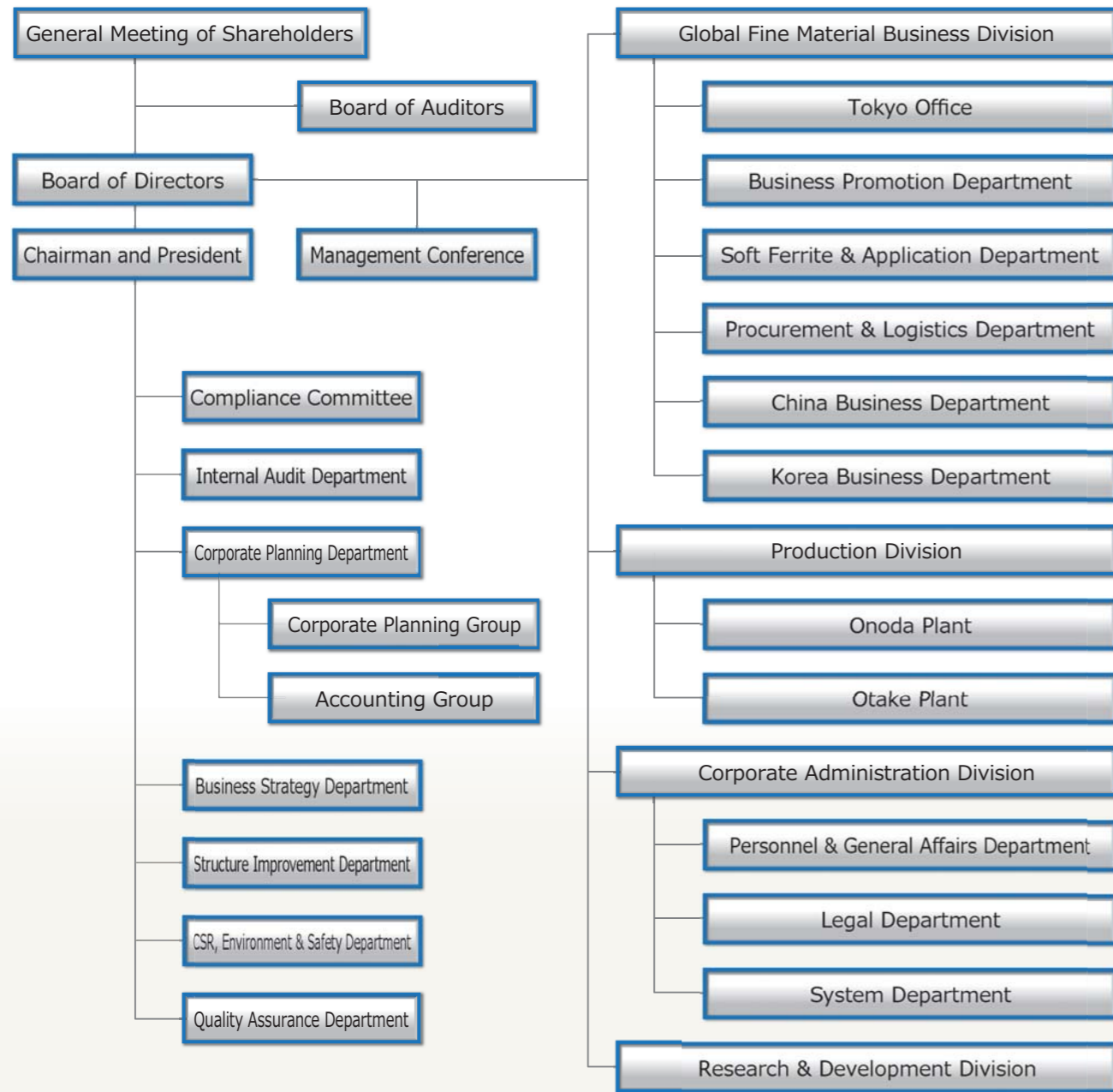
After learning the basics of Monozukuri, R&D and marketing activities in manufacturing plants, R&D centers and sales offices, the recruits acquire professional knowledge on the job.

#### Decision of official assignments (October)

Assignments are decided in consideration of each recruit's wishes, aptitude and needs in the company. After that, the recruits gain a variety of experiences and grow up according to in-company job rotation.

- ② OJT training; Implementation of training for OJT leaders (role in term of educating new recruits), implementation of safety and health / quality control education, dispatches to domestic universities / research institutes, etc.
- ③ OFF-JT training; Stratified training, training to select candidates for the next management executive, priority issue training, job-classified training, mental health training, etc.
- ④ Self-development; Implementation of correspondence education assistance system (Individuals can optionally select courses. If they graduate with outstanding results, they are exempted from paying tuition fees.)

# Organization Chart



### <Company Data>

Name of company: TODA KOGYO CORP.  
 Head Office: Mitsui-seimei Hiroshima-ekimae Bldg. 9F,  
 1-23 Kyobashi-cho, Minami-ku, Hiroshima, 732-0828 Japan  
 Founded: 1823  
 Incorporated: November 30, 1933  
 Capital: 7,477 million yen

※As of March 31, 2017

# Offices and Subsidiaries

## Japan



\* BTBM = BASF TODA Battery Materials LLC.

## Overseas



※Functional pigments = "colored materials" and "magnetic powder materials" Electronic materials = "Ferrite materials" and "battery materials"



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