

CSR

Report

2019-2020

**Fine Materials
for the Future**

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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.

Business Contents of TODA KOGYO Group


TODA KOGYO Group expands business based on nanotechnologies beginning with the wet synthesis of iron oxides. Iron oxides are inorganic compounds composed primarily of iron and oxygen. Depending on types of bonding of elements, iron oxides show differences in color, hardness, strength, magnetism and physical or chemical properties.

TODA KOGYO's wet synthetic technology is unique in that we can freely produce various kind of materials with the functions and properties required by the application, by means of controlling properties of particles. 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 find solutions from the perspective of materials.


In recent years, we have developed and manufactured electronic parts unique to TODA KOGYO with superior knowledge of materials, such as IC tags and Ferrite sheets. Therefore, we can meet the advanced demands of customers in the electronic parts market. Moreover, returning to the origin of iron oxides, we will continue to focus on the development and manufacture of various kinds of catalysts, magnet materials and functional pigments.

With the entire TODA KOGYO Group working together, we will continue to provide solutions which support information, environment and energy via materials.



Please do have a look at "TODA KOGYO CORP." introduction video of 4 minutes and 30 seconds.
(*It is an introduction only in Japanese.)

Putting the most advanced technologies at your side and at your fingertips

<p>■ Device</p> <p>Materials for electronic components</p> <ul style="list-style-type: none"> • Magnet materials for motors for automobiles • Magnet materials for household appliance motors • Magnet materials for various sensors • Electronic parts (inductors and capacitors) 	<p>■ EMC</p> <p>Electromagnetic compatibility/immunity solution</p> <ul style="list-style-type: none"> • Parts for smartphone products • Parts for wearable products • Electric wave absorption materials 	<p>■ Imaging</p> <p>Electronic printing materials</p> <ul style="list-style-type: none"> • Toner materials for monochrome printers • Carriers for color copiers • Magnet materials for printers and copiers
<p>■ Ecology</p> <p>Environmentally functional materials</p> <ul style="list-style-type: none"> • Lead free materials (Polyvinyl chloride resin stabilizer and road indication materials) • Combustion catalysts • Contaminated soil conditioners 	<p>■ Digital</p> <p>Digital recording media materials</p> <ul style="list-style-type: none"> • Magnetic materials for digital recording media used with computers • Magnetic materials for magnetic cards 	<p>■ Color</p> <p>Pigments</p> <ul style="list-style-type: none"> • Pigments for automobiles and office equipment • Pigments for building and building materials • Pigments for antirust paints for ship bottom
<p>■ Battery</p> <p>Battery materials</p> <ul style="list-style-type: none"> • Battery materials for electric vehicle 		

History of TODA KOGYO Group

<p>1907 Plant relocated to Asakita-ku, Hiroshima City (Hiroshima Plant)</p> <p>1933 TODA KOGYO CORP. established in Yokogawa-Shinmachi in Nishi-ku, Hiroshima City</p> <p>1936 Head Office and plant relocated to Funairi-Minami in Naka-ku, Hiroshima City.</p> <p>1953 Tokyo Sales Office and Osaka Sales Office established</p> <p>1959 Onoda Plant built in Sanyo-Onoda City, Yamaguchi Prefecture</p> <p>1971 Head Office relocated to Yokogawa-Shinmachi in Nishi-ku, Hiroshima City.</p> <p>1975 Funairi Plant transformed into a dedicated research and development facility.</p> <p>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</p>	<p>1983 Shares listed on the first section of Tokyo Stock Exchange</p> <p>1983 Creative R&D Center newly established in Funairi-Minami in Naka-ku, Hiroshima City</p> <p>1984 Otake Plant newly established in Otake City, Hiroshima Prefecture</p> <p>1991 Otake Creative R&D Center established in Otake Plant</p> <p>1994 Toda Kogyo Europe GmbH established</p> <p>1996 Toda America Incorporated established</p> <p>1997 Toda Pigment Corp. established</p> <p>2000 Head Office relocated to Funairi-Minami in Naka-ku, Hiroshima City</p> <p>2003 Head Office moved to Otake City. Wholly owned subsidiary Toda Plastic Magnet Material (Zhejiang) Corp. established in Zhejiang Province, China</p> <p>2004 Zhejiang Toda DMEGC Magnetic Co., Ltd. established in Zhejiang Province, China</p> <p>2006 TODA Ferrite KOREA Co., LTD. established in South Korea</p> <p>2007 Toda Magnequench Magnetic Material (Tianjin) Co., Ltd. established in Tianjin, China</p> <p>2008 All shares of Tokyo Shikizai Industry Co., Ltd. Acquired TODA ISU CORPORATION established in South Korea</p> <p>2011 Toda United Industrial (Zhejiang) Co., Ltd. in Zhejiang Province, China became a consolidated subsidiary of TODA KOGYO.</p> <p>2012 TODA MAGNET (SHENZHEN) CO., Ltd. established in Guangdong Province, China</p> <p>2014 Head Office relocated to Hiroshima City.</p> <p>2015 BASF TODA Battery Materials LLC established</p> <p>2016 Toda Kogyo Asia (Thailand) Co., Ltd. established</p> <p>2019 All shares of Toda Fine Tech Inc. acquired</p> <p>2019 Toda Plastic Magnet Material (Zhejiang) Corp. relocated and responded to the expansion of production</p>
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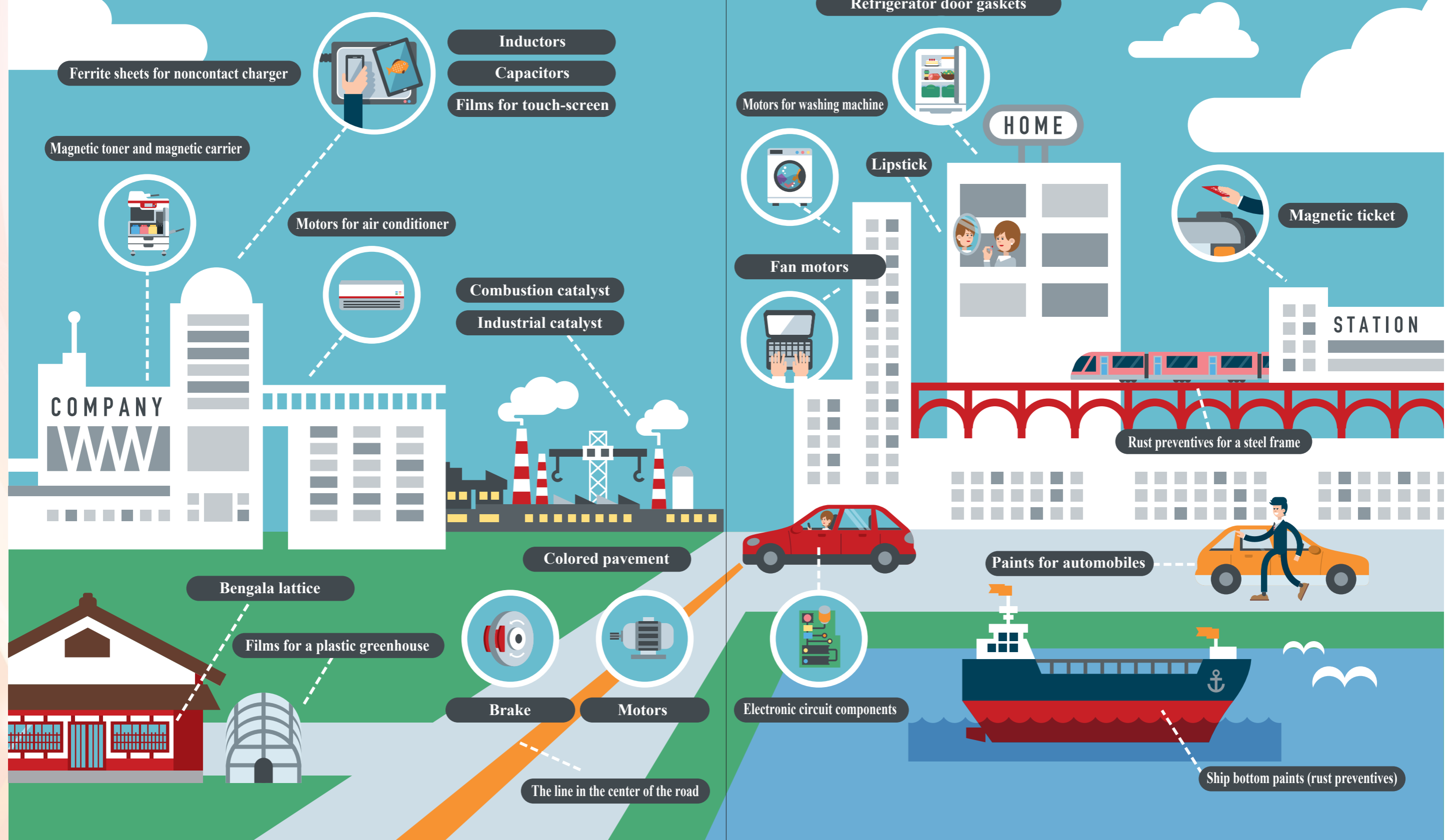
<p>1823 Bengala manufacturing started in Ibara City, Okayama Prefecture</p> <p>1910</p> <p>1920</p> <p>1930</p> <p>1940</p> <p>1950</p> <p>1953 Joint research started with Kyoto University. Bengala manufacturing is transformed from a traditional "skill" to a "technology".</p> <p>1953 Production plant of ferrite materials newly added to Hiroshima Plant</p> <p>1969 Equipment for production of magnetic powder materials for audiotapes and videotapes added to Onoda Plant</p> <p>1973 Equipment for production of coloring pigment using wet synthetic method added to Onoda Plant.</p> <p>1988 Dedicated facility to manufacture coloring materials for electronic printing added to Onoda Plant</p> <p>1989 Facility for manufacturing magnetic powder for metal tape added to Onoda Plant</p> <p>1999 Facilities for manufacturing Hydrocalcite newly added to Onoda Plant</p> <p>2003 Facilities for producing cathode materials for Lithium ion rechargeable battery newly added to Onoda Plant</p> <p>2004 Facilities for manufacturing Barium Titanium trioxide added to Onoda Plant</p>	<p>1953 In the process of manufacturing iron oxides by calcination of iron sulfate, sulfurous acid gas was generated and became a serious problem.</p> <p>1973 Use of iron sulfate and iron chloride, which are derived as byproducts from iron and steel product manufacturing processes, as raw materials</p> <p>Contributing to the reduction of industrial wastes and effective utilization of resources</p> <p>The industry's first! Development of the wet synthetic method for iron oxides</p>
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<p>1984 Toner materials</p> <p>1984 Production of ferrite materials started at Otake Plant</p> <p>Magnets</p>	<p>1988 Application of the wet synthetic method to materials other than iron</p> <p>1994 Development of a combustion toner catalyst which suppress generation of dioxins</p> <p>1996 Facilities for manufacturing color toner carrier materials newly added to Otake Plant</p> <p>2006 Equipment for production of antenna sheets for IC tags added to Otake Plant</p> <p>2011 Equipment for production of NFC ferrite sheets for use in smartphones added to Otake Plant</p>	<p>2003 Hydrocalcite</p> <p>2006 Color toner carrier</p> <p>Metal-compatible IC tags</p>	<p>2004 Example of use of Barium Titanium trioxide</p> <p>Ferrite sheet</p>
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TODA KOGYO Group's Product Group familiar to Consumers

Chemical products are used in various forms as a part of our everyday lives. TODA KOGYO Group's materials contribute to downsizing, weight reduction and increasing the performance of automobiles, consumer electronics, information equipment, etc. Under the slogan of "Fine Materials for the Future", we will continue to create new values utilizing the most advanced material technologies.





TODA KOGYO Group is a chemical material manufacturer founded as a producer of the red iron oxide pigment ‘Bengala’ which is known by painting of porcelain and ‘Bengala lattice’ in 1823, at the end of the Edo Period. At present, in the field of automobile and communication equipment, we also provide parts and materials indispensable for highly advanced electronics, such as magnet materials for high performance motors, Ferrite sheets for noncontact charger and IC tags.

The 200th anniversary of foundation is coming soon in a few years. Although TODA KOGYO Group’s operating business environment is constantly changing, with each and every executive and employee of our group working together, we will steadily respond to the demands of the times by means of the synthetic technologies for fine particles of inorganic materials, based on our achievements for the synthesis of iron oxides.

Concerning CSR activities, we are in accordance with the principle of SDGs^{※)}. We also continue to work with constant attention to the role which a company should play for the rich development of humanity. We intend not only to reduce the environmental load in production activities, but also to operate business globally while being

proud that our company’s products themselves contain designs and uses which are friendly to the planet earth and society.

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

President and Representative Director

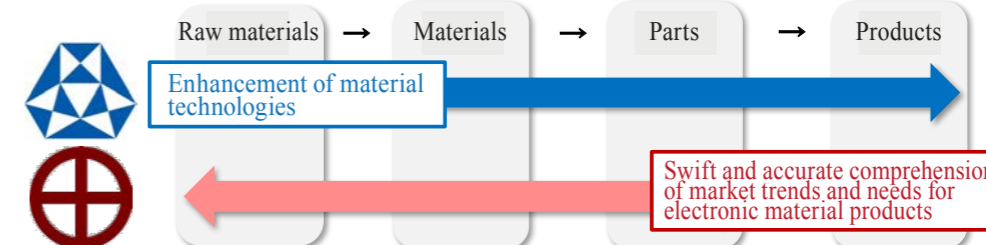
Shigeru Takaragi

※) SDGs : 17 “Sustainable Development Goals”, adopted at a United Nations summit in September 2015; 17 development goals related to economy, society and the environment, that should be achieved by the international community between 2016 to 2030

TODA KOGYO Group started a capital and business tie-up with TDK Corporation (hereafter, "TDK") on January 10, 2019. Having already collaborated with TDK at certain businesses, we will keep a closer cooperative relationship. By means of development of new products centering on electronic materials business, procurement of raw materials both in Japan and overseas, marketing and logistics using global network, etc., we strive to further expand business of TODA KOGYO Group.

In addition to business matters, two outside directors; Mr. Dai Matsuoka and Mr. Taro Ikushima, were elected from TDK at a general meeting of shareholders on June 25, 2019. Through reflecting many kinds of advices concerning corporate governance of TODA KOGYO, we promote further efficiency and transparency in management.

Targets of the collaboration between TDK and TODA KOGYO



Expected effectiveness owing to the collaboration

- 1) Mutual complementation of related businesses**
⇒ Ensuring of the competitiveness using the mutual predominance in procurement, manufacturing and sales
- 2) Enhancement and expansion of material technologies**
⇒ Creation of next-generation products by the cross-industrial technological exchange
- 3) Increase in development speed**
⇒ Reduction in development periods by the integrated joint development and commercialization from raw materials to products



Mr. Ishiguro (left); President of TDK Corporation and President Takaragi

TODA KOGYO Group Environmental Vision 2033



TODA KOGYO will be celebrating its 100th anniversary of establishment in 2033. Toward the memorial milestone year, “Environmental Vision 2033” (in which issues and systems requiring TODA KOGYO Group’s attention and efforts in the future are summarized) was formulated primarily by CSR, Environment & Safety Department and Environment Committee.

The keyword of Environmental Vision 2033 is “Sustainability”. We imagined not only the continuation of our company but also the longevity of our Planet through resolving the problems in the economic, environmental and social spheres from global viewpoints. We strive to regard setting specific goals under the vision and achieving them one after another, as management issues.

Top Commitment

Serious problems, such as extreme weather due to global warming, environmental pollution, resource depletion, international conflict, discrimination and increasing disparity between rich and poor states, occurred on a global scale. As a result of various efforts to resolve these problems, such as an adoption of SDGs at a United Nations summit, an adoption of COP21 Paris agreement and a signature to the United Nations-backed Principles for Responsible Investment (PRI) by the Government Pension Investment Fund (GPIF), the international community has started to make significant progress toward the realization of a sustainable society.

Recognizing that environmental problems are important issues which cannot be avoided in order to survive as a chemical manufacturer, our group has made efforts to reduce the environmental load for many years. For example, a change in manufacturing method from a dry process that has a heavy environmental impact to a non-polluting wet process, recycling of waste liquids from steel plate manufacturers and wastes from plants of our companies, etc. are implemented.

By formulating CSR policy, four guidelines for CSR and basic environmental policy, we are currently promoting activities which contribute to sustainable society. Reaching 100th anniversary of establishment of our company in 2033, we formulated “Environmental Vision 2033” as the desirable state in 2033 and also as a medium-term vision for our approach to ESG.

Through these activities, we strive to pursue initiatives for SDGs and conservation/protection of global environment together with our stakeholders.

President and Representative Director **Shigeru Takaragi**

Management System

Having established the Environment Committee, the members of which were elected from all the departments, we promote activities concerning the five focuses for environmental management introduced on the next page. We disclose the details of activities on CSR Report, Environmental Report of each plant, our website, etc.



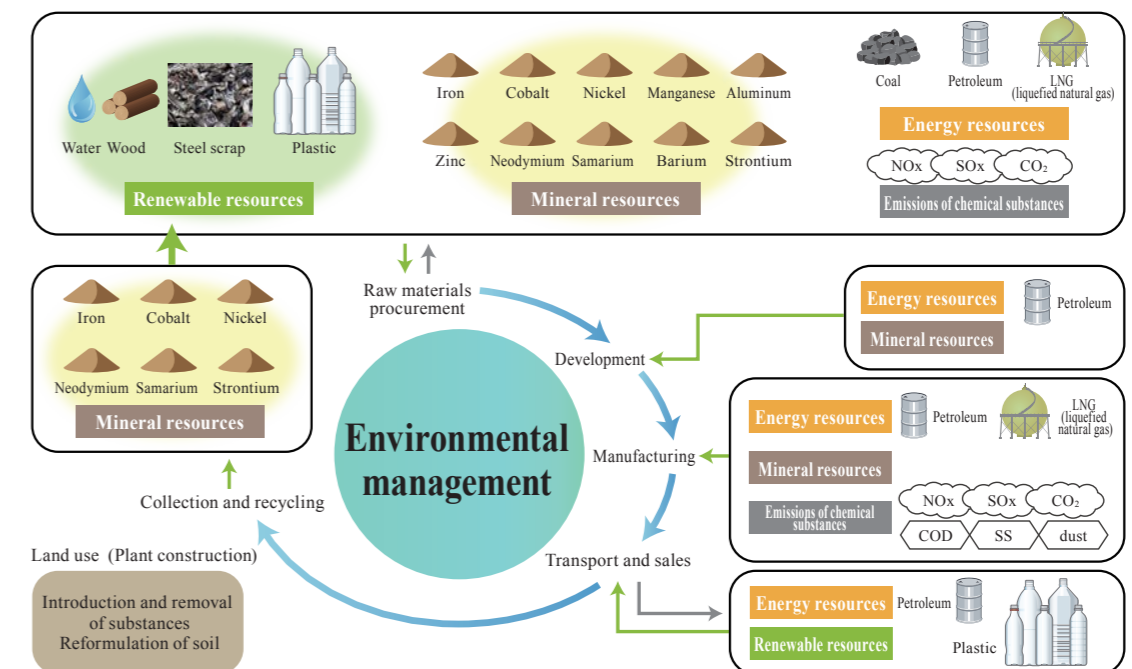
In formulating Environmental Vision 2033

We reached a conclusion that the basis of Environmental Vision 2033 should be a “desirable state as TODA KOGYO at 2033”. We conducted education for sustainability for executives and employees, and discussed on a “desirable state at 2033”. Major opinions in the discussion are as follows.

- a company which maintains solid technology and firm position by means of deepening every kinds of functions and uses of iron oxides
- a company which contributes to recycling of rare-metals from urban mines
- a company which manufactures products using production processes in which no industrial waste is created
- a company which has formulated a BCP (Business Continuity Plan)
- a company which can keep a harmonious and mutually-beneficial relationship with local communities
- a company which sales products using sustainable raw materials that are harmonized with the nature, the ecosystem and society, and which can provides materials that acquire international certifications and can be used safely



In accordance with the “Action Guidelines for Biodiversity” formulated by TODA KOGYO Group, we promote biodiversity preservation through environmental conservation and social activities. We will also make efforts in environmental contribution and reduction of the environmental load in all stages (from cradle to grave), such as raw materials procurement, product development, manufacturing, transport, sales, recycling, disposal, etc.



We disclose “Environmental Vision 2033” on our website only in Japanese. The English version is now being prepared.



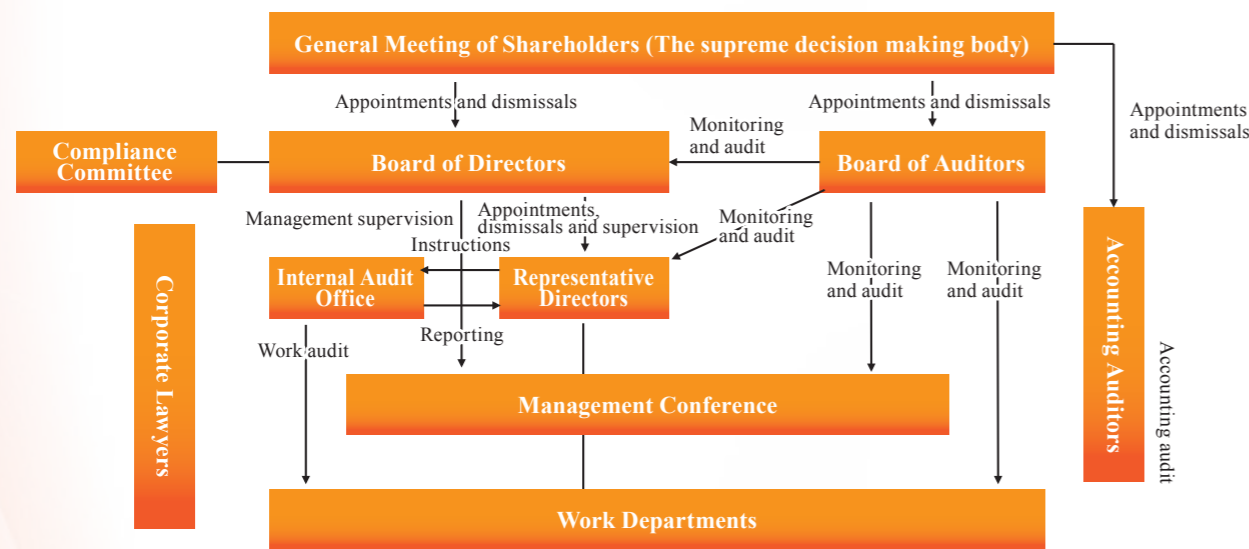
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1) Corporate governance

< Initiative System >

TODA KOGYO adopts a form of corporate governance system based on the framework of governance by the “General Meeting of Shareholders”, the supreme decision-making body, the “Board of Directors”, a decision-making body concerning important business execution and the “Board of Auditors”, a supervising body for business execution.

In addition to regular meetings once a month of the Board of Directors, an extraordinary Board of Directors is held as necessary for business needs, enabling us to make quick and accurate management decisions. In addition, by utilizing three outside directors, we recognize that the mutual monitoring and supervision of the execution of duties by directors function more effectively. Moreover, by means of implementation of audits of the Board of Directors and other important meetings, by the Board of Auditors including three highly independent outside auditors, we ensure the system of monitoring and supervision for business execution with high objectivity and neutrality.



Corporate Governance System Outline drawing

<A comment from an Outside Director>

I was elected as an independent outside director at a general meeting of shareholders in June 2018. In order to fulfill the responsibility as an outside director, I always attend an advance briefing held in advance to an ordinary meeting of the Board of Directors. I also attend the monthly meeting related to high-priority themes for management and development so as to deepen understanding of TODA KOGYO.

Concerning technology which is my own specialty, I provide advices, such as the importance of a benchmark of other companies and the ways to utilize a roadmap, through conversations directly with leaders of the development in order that TODA KOGYO’s technologies enable the creation of future businesses.

Under the influence of the revision of the code of corporate governance etc., expectations for the role of outside directors are increasing recently. I strive to meet the rising expectations through studying with persons associated with TODA KOGYO.



Mr. Takafumi Mizuno: Outside Director

2) Compliance

< Enhancement of information security >

In view of increasing risk of information leakage etc. in recent years, TODA KOGYO Group not only took technical measures to protect information security, but also implemented significant revisions to internal regulations related to information security.

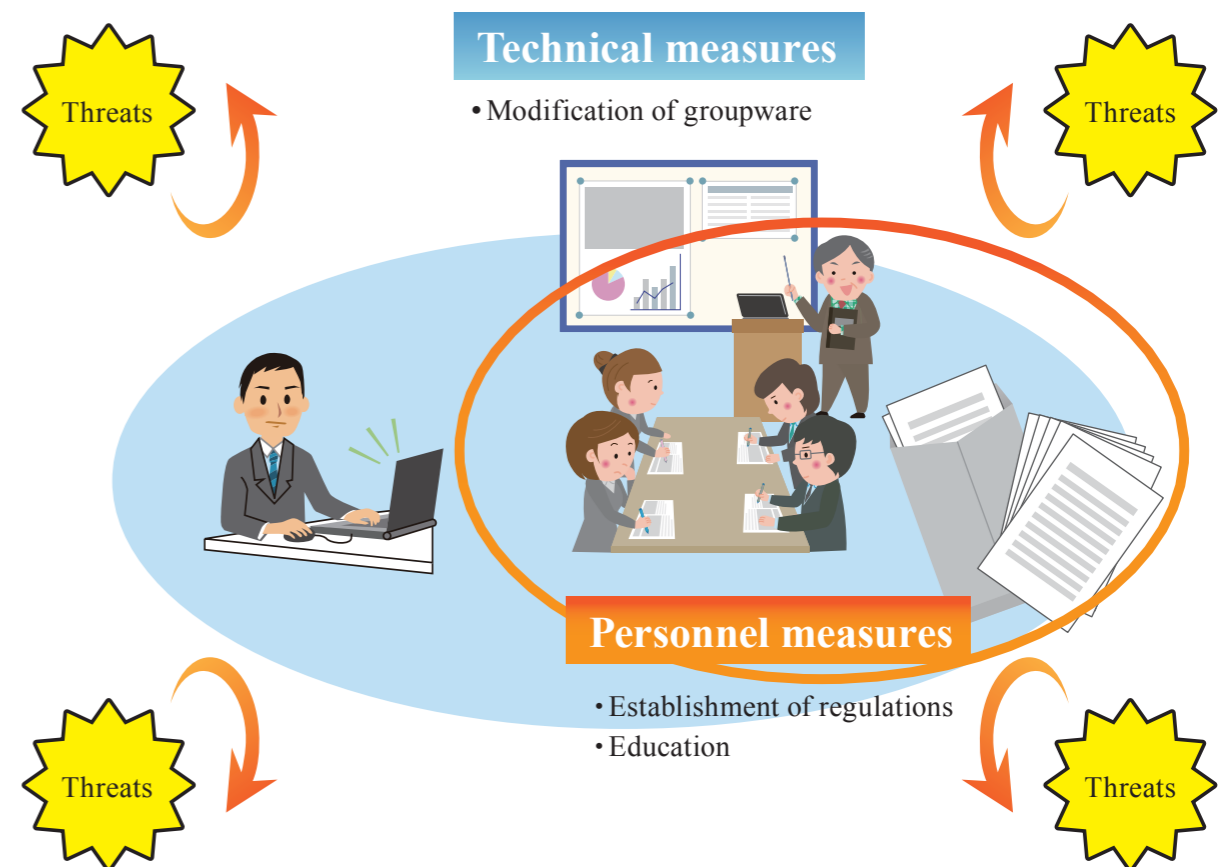
Although an information system is currently indispensable for business operation, it also involves risks such as a stop of information system and information leakage. In our company, information system is the basis of business operation and we handle important personal information of our customers. Therefore, we recognize measures for information security caused by handling an information system, as critical responsibilities which we have to address most urgently. We have started to take specific measures as follows.

As a technical measure for information security, we strictly prevented an intrusion into our in-house network by a third party, by means of a modification of groupware used internally.

At the same time as the implementation of the technical measure, under the internal regulations, we stipulated in detail the basic policy on information security, the specific actions and prohibitions to minimize risks on information security, etc. We also set measures to minimize the damages and prevent a recurrence, in the unlikely event of an information security-related incident.

Moreover, we are attempting to raise awareness of information security for the entire our company, by means of the education on information security that we have been continuously implementing for employees of TODA KOGYO Group and subcontracting companies.

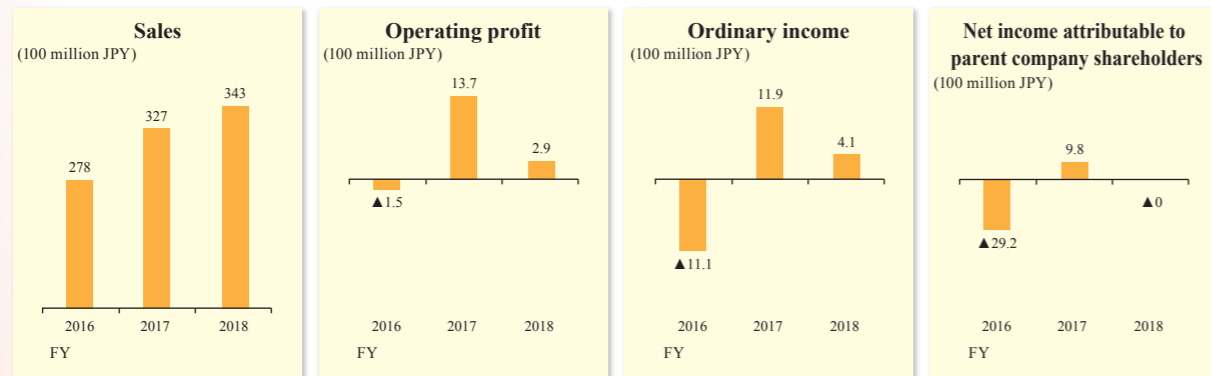
In our company, we will continue to recognize both the fact that the information system plays a significant role in the supply of products to customers, and the responsibility caused by handling significant information of our shareholders and customers. We also strive to manage risks on information security which are predicted to diversify and enhance in the future.



1) Business Overview of fiscal 2018 (April 1, 2018 - March 31, 2019)

Despite the impact of a sales decrease of Ferrite sheet for noncontact charger for smartphone and the global economic slowdown, there has been a steady progress in the main business, such as magnet materials and coloring materials. Moreover, because of the sales growth of battery-related materials due to the expansion of the market of lithium ion rechargeable batteries, and also because of the sales growth of materials for polyvinyl chloride resin stabilizers due to the collaboration with Sakai Chemical Industry Co., Ltd., sales of TODA KOGYO Group reached 34,354 million JPY (4.8% up on the previous fiscal year comparison).

In terms of profits, although the continuous promotion of cost reduction activities and reducing the overhead expenses, the operating income was 299 million yen (78.1% down on the previous fiscal year comparison), due to the heavy influence of the steep rise in the price of raw materials. Regarding non-operating income, as a result of profitability improvement measures for affiliated companies accounted for by the equity method, the equity in earnings of affiliates of 46 million JPY was recorded. The ordinary income was 412 million JPY (65.5% down on the previous fiscal year comparison) and the net loss attributable to parent company shareholders was 0 million JPY (compared to the net income attributable to parent company shareholders was 981 million JPY in the previous fiscal year).



2) General Meeting of Shareholders and IR Explanation Meeting

On June 25, 2019, TODA KOGYO's 86th term general meeting of shareholders was held. It is being held in Hiroshima city every year. Thanks to visitors who came from far away, many of our shareholders attended, like always, this fiscal year. The general meeting of shareholders is also an opportunity for valuable communication with shareholders. After all the proceedings of the general meeting of shareholders are over, TODA KOGYO holds a Management Record Reporting Meeting by the President every time and strive to make our shareholders deepen their understanding of TODA KOGYO Group. We also inform our shareholders how TODA KOGYO's products are used in our surroundings, through exhibits of our products and explanations by technical experts.

In addition, TODA KOGYO holds an IR (Investor Relations) Explanation Meeting for institutional investors, analysts, economic reporters, etc., twice a year. We communicate with institutional investors etc. through an explanation of the future direction of TODA KOGYO Group etc.

Moreover, from now on, we also have our sights set on holding IR information briefing for individual shareholders and strive to encourage active communication with our investors.



Scene from the IR Explanation Meeting

3) Medium-term Outlooks

① Resolution of social issues

TODA KOGYO Group aims at further development by the contribution to solving social issues, through business activities as a material manufacturer.

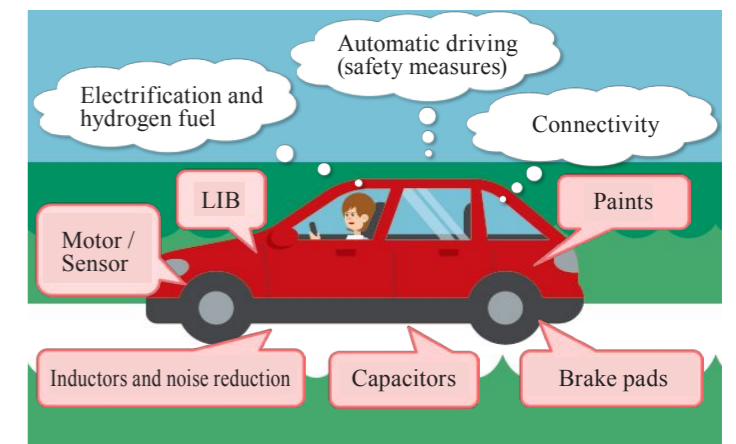
TODA KOGYO Group uses recyclable raw materials for many products. This means that we effectively reuse waste materials generated by other companies, without a new mining operation. In addition, the uses of our products bring effects, such as increasing the combustion efficiency and an improvement in product life. We are proud that these facts are exactly the resolution of social issues through our business activities. We will continue to actively grasp social needs and make efforts to contribute to the resolution of them while being aware of our stakeholders.

Through business activities, we provide support for resolution of social issues.

Toward the 200th anniversary of foundation in 2023 and beyond!
Go Beyond 200!
 SUSTAINABLE DEVELOPMENT GOALS
 17 GOALS TO TRANSFORM OUR WORLD
 TODA KOGYO Group Environmental Vision 2033
 Realization of "safe and highly efficient electronic parts",
 Realization of a "sustainable society comfortable to live in",
 Realization of a "reduction of the environmental load using a method without a mining operation on the planet earth", etc.

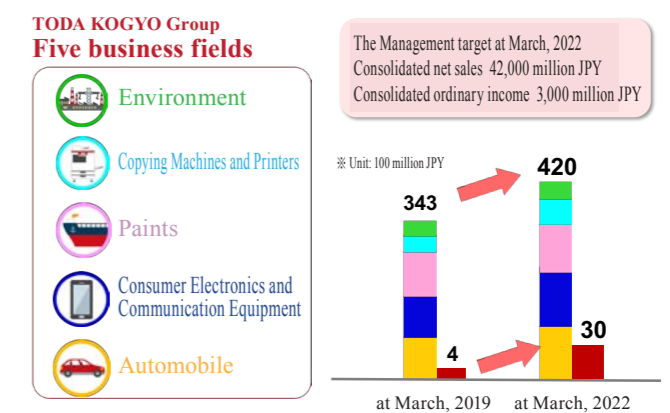
② Expansion in the market of materials for the next-generation automobiles

The entire TODA KOGYO Group goes forward with the development of products and sales promotion activities in preparation for future progress in the next-generation automobiles. Products of TODA KOGYO Group used for the next-generation automobiles include materials for lithium ion rechargeable batteries (LIB), magnet materials for motor and sensor, soft magnetic materials for inductors and noise reduction, Barium Titanium trioxide for capacitors, friction materials for brake pads, pigments for paints, etc. In order that materials of TODA KOGYO Group shall be indispensable for the next-generation automobiles, we will expand this business field and strive to develop many kind of materials.



③ Numerical targets of management

TODA KOGYO Group sets the targets of sales of 42,000 million JPY and ordinary income 3,000 million JPY in fiscal 2021 within five business fields of automobile, consumer electronics & communication equipment, paints, copying machines and environment. We will continue effective production activities and aggressive sales expansion activities.



1) For Improving Product Quality

TODA KOGYO Group promotes the quality assurance activities shown below based on the quality policy; “Provide qualities which obtain the customers’ trust and satisfaction by developing continuous improvement activities.” The Quality Assurance Department as a promoter, is an organization that is independent from sales, development and manufacturing departments placed under the direct control of the President so as to promote quality assurance activities from a neutral standpoint, more effectively.

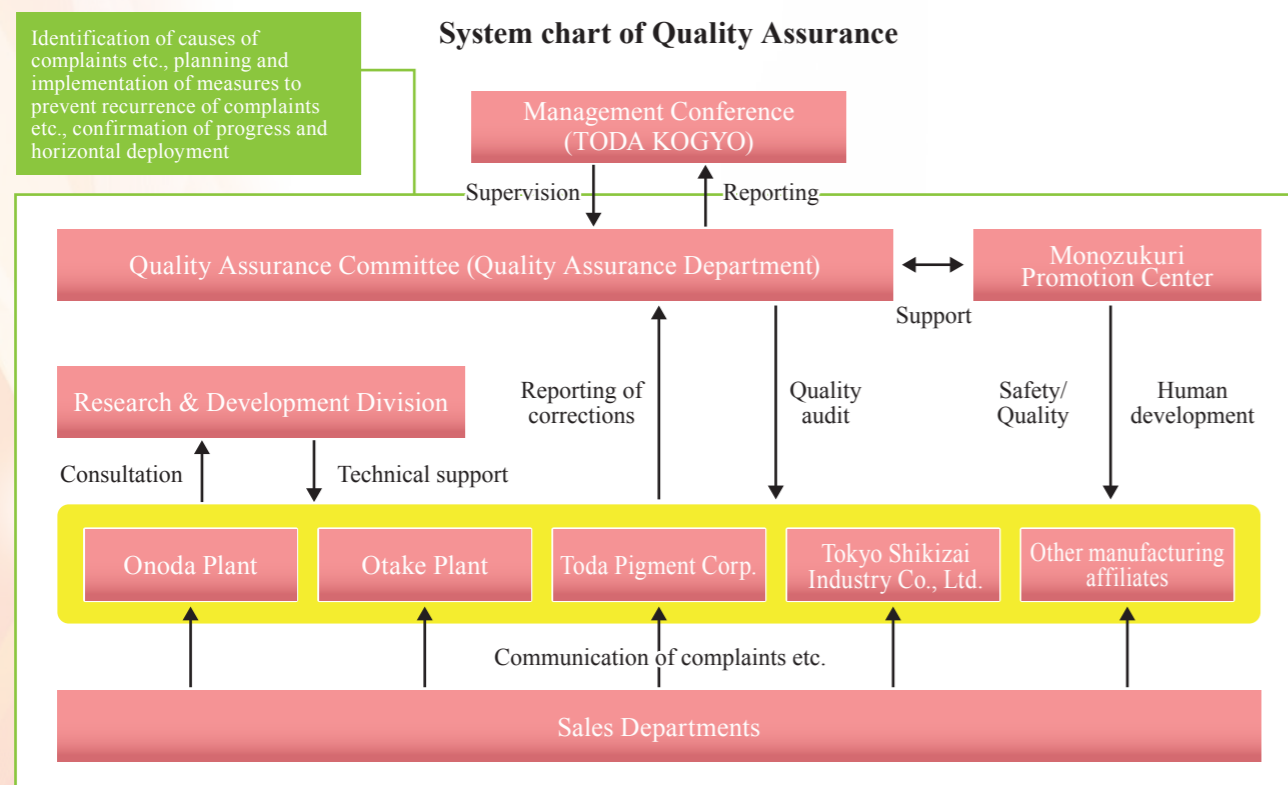
The Quality Assurance Department organizes a Quality Assurance Committee, shares information with the quality assurance department of each TODA KOGYO Group’s plant, and has established a system to resolve quality issues throughout the entire company. In addition to performing quality audits for the manufacturing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

In fiscal 2019, by cooperating with “Monozukuri*) Promotion Center” under the Human Resources Development Department, we will work on human resources development and deepen quality assurance activities, based on the idea that “Human resources development through Monozukuri”.

*) Monozukuri means manufacturing.

2) Guidelines for Quality Assurance Activities

1. We perform quality audits for the purpose of confirming compliance with requirements in the ISO9001 series and improvement of the quality assurance systems.
2. We confirm the status of compliance with laws, regulations and other requirements.
3. In order to improve the qualities of products by TODA KOGYO Group, we promote comprehensive quality improvement by means of analyzing qualities, providing improvement guidance for related departments and holding regular quality review meetings (Quality Assurance Committees).
4. We support strengthening the quality assurance system of overseas operating companies.
5. We support the human resources education so as to enhance Genbaryoku (capabilities to find and solve problems in the workplaces).

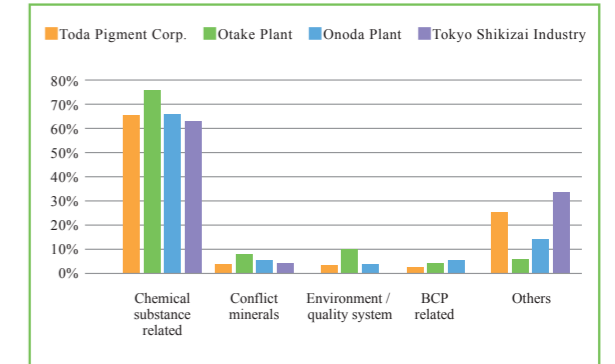


3) Situation regarding Responses to Customers’ Inquiries

TODA KOGYO Group is trying to respond to customers’ inquiries regarding the products, CSR, etc. promptly and politely, for the purpose of maintaining and improving the quality of our products.

We strive to resolve the issues identified in the responses to customers’ inquiries, in cooperation with the relevant departments.

In fiscal 2018, we responded to a large number of inquiries sincerely, mainly on inquiries related to chemical substances as shown in the figure on the right.



Breakdown of contents of customer inquiries by business location

4) Small Group Activities

Within TODA KOGYO, we recognize the ideal form of the production site at each workplace of each plant, under the slogan “No efficiency without safety. No trust without quality. No growth without innovation (improvement).” We also actively implement small group activities in cooperation with subcontracting companies toward achieving the issues.

We expanded the scope of activity theme not only to productivity improvement and quality improvement, but also to environmental conservation and preservation of safety. Through these activities, we improve awareness / knowledge of employees and cultivate healthy relationship among employees. We also lead to the sharing of know-hows between workplaces by implementing presentation meetings.



Scene from the small group presentation meeting at Otake Plant

5) Development of Human Resources Capable of Strengthening the Workplace

Monozukuri Promotion Center is promoting development of human resources who can notice the problems of their own workplace and improve them by thinking autonomously, on the idea that “Monozukuri corresponds to human resources development”.

Since fiscal 2016, we have been implementing “the activities of special zones of 5S”, so as to foster a culture to keep in mind “5S”; Seiri (arrangement), Seiton (ordering), Seiso (cleaning), Seiketsu (neatness), Shitsuke (discipline) which are the bases of all activities. In fiscal 2018, we introduced processes and results of these activities at the small group presentation meeting, and also shared them at the workplaces excluding special zones of 5S.

Moreover, we work on focusing on the spirit of “TQM (Total Quality Management)” that contributes to the development of human resources who can improve problems and issues found at their workplace, using “How to view and think about things based on QC (Quality Control)”. In fiscal 2018, we held a training program on “Seven QC Tools” (a practical study session at the implementation level) for employees of each workplace including subcontracting companies.

In fiscal 2019, we will work on the human resources development reflecting the ideas of 5S and TQM, each of which is the basis of the operational improvement. Especially in Onoda Plant, in addition to existing “the Safety workshop” based on the sensations, we are preparing for the opening of “the Monozukuri (manufacturing) workshop*)” in fiscal 2020.

*) Workshop in which participants can enjoy learning safety, quality, technology, equipment maintenance, 5S, etc. not only by lectures, but also by practices.



1) Sustainable Procurement

① Policy

TODA KOGYO Group shares global values with respect to "Human Rights", "Labour", "Environment" and "Anti-Corruption" stipulated by the United Nations Global Compact and follows "Procurement Policy", "Guidelines" and "Basic Policy concerning Conflict Minerals" (disclosed on our website). We also improve our business competitiveness and corporate value by enhancing sustainability with business partners, and aim to contribute to society.

Guidelines

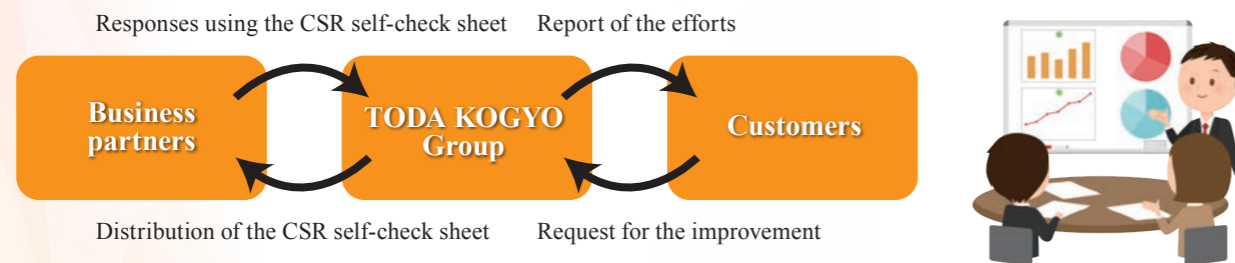
1. Compliance with laws and regulations: In all activities related to procurement we comply with laws and regulations and conduct fair transactions.
2. CSR: In addition to recognizing the responsibility as better citizens and doing our CSR activities, we collaborate with business partners who share similar ambitions and fulfill our social contribution.
3. Green procurement: We conduct purchase transactions, based on the procurement considering resource conservation and environmental conservation.
4. Fair and impartial transactions: We widely open the trading market and conduct purchase transactions, based on impartial and fair standards both domestically and abroad.
5. Selection of business partners: We comprehensively evaluate quality, price, delivery time, etc. presented by business partners. Considering the promotion of cost reduction activities, the possibility of providing new materials and new technologies, etc., we make selection based on economic rationality.
6. Regarding purchase transactions, we always focus on solidity and do not conduct speculative transactions.
7. We strictly manage documents and information provided in purchase transactions.

② CSR procurement

According to the purchasing regulations, we are obligated to implement business partner surveys. In the surveys, from various aspects such as quality assurance, supply capability, BCP / BCM, environmental conservation, human rights, compliance with laws and regulations, social contribution, etc., we receive responses from our business partners and share common values. Through these efforts, we aim to acquire trust, expectations and security of customers, shareholders and society.

By improving the "business partner survey sheet" in fiscal 2018, we formulated a new "CSR self-check sheet". Check items of the "CSR self-check sheet" are enhanced compared with the previous version. We regularly receive responses from our major business partners using the "CSR self-check sheet". By the implementation of the PDCA*) cycle, we promote sustainable procurement through the supply chain.

*) PDCA means plan, do, check and act.



③ Green Procurement

Specific procurement items under the Green Purchasing Law started from 101 items in 14 fields in fiscal 2001 and increased to 275 items in 21 fields in fiscal 2018. (Cabinet decision in February 2018) Refer to the "Public Procurement Guidelines for Green Purchasing (February 2018)" published by Japan, and by means of taking into account chemical substance management, energy saving, resource saving, recycling, packaging materials, ease of regeneration / disassembly / treatment, impact on ecosystem, etc., we procure products and services which are considered to reduce the environmental load.

Covered items: paper, stationery, home appliances, office equipment, water heaters, lighting, working clothes, air conditioners and fire extinguishers

Reference environmental labels etc.



We promote sustainable procurement in cooperation with everyone in the supply chain.

2) Reduction of the Environmental Load

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. Having formulated Environmental Vision 2033, we are responsible for ourselves and work on these activities across the entire group.

Concrete codes of conduct

(1) Setting and achievement of high environmental conservation goals

Executives and employees set high goals that anticipate social expectations at their own responsibility, as Environmental Vision 2033 and strive to create economic value through the achievement of them, as well as compliance with laws and regulations.

(2) Promotion of the development of innovative environmental technologies

Executives and employees create customer value, proceed with the development of innovative environmental technologies widely used across society, and promote the development of environmentally harmonized products.

(3) Continuous improvement with the participation of 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) Supply of environmentally conscious products and services

When supplying products and services, executives and employees strive to reduce the environmental load in all stages leading to sales, logistics, use, recycling and disposal from procurement policies and production, so as to contribute to the creation of a recycling-oriented society.

(5) Improvement of awareness and promotion of responsible environmental conservation activities

Each and every executive and employee broadly looks at society, raises awareness through positive learning, proceeds with environmental conservation activities and initiatives for the preservation of biodiversity, by his/her own responsibility.

(6) Contribution to the realization of a sustainable society

Executives and employees contribute to the realization of a sustainable society by means of joining and supporting environmental conservation activities.

(7) Acquisition of social trust through 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.

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		
	Toda Kogyo Asia (Thailand) Co., Ltd.	

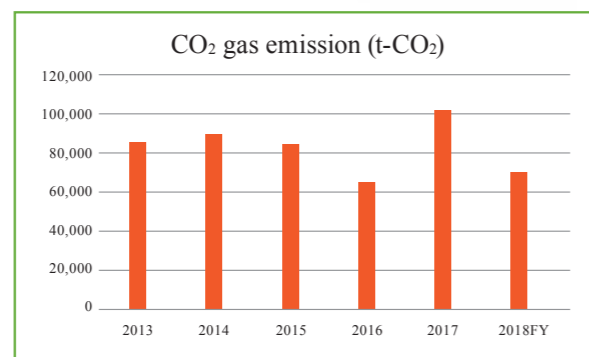
③ Measures against Global Warming

TODA KOGYO Group is promoting measures against global warming by the Environment Committee (composed of domestic group companies) which is under the control of the CSR, Environment & Safety Department placed under the direct control of the President.

Environmental Vision 2033 sets following targets to be achieved by 2033, compared to the 2013 levels, respectively.

- a 20% reduction in energy consumption rate
- a 10% introduction of a renewable energies into the total energy consumption
- a 30% reduction in GHG (Greenhouse Gases) emission
- a 30% reduction in CO₂ gas emission during transportation and commuting to work

In each plant, the production department improves productivity, the equipment division adopts equipment with excellent energy saving performance and the development department is engaged in development of manufacturing method with excellent productivity etc., respectively. Moreover, we hold an energy conservation proposal contest for all employees, and award prizes and certificates of commendation for excellent proposals. Although CO₂ gas emission temporarily increased due to the launch of a new business in fiscal 2017, it was reduced as a result of the above activities in fiscal 2018. The entire TODA KOGYO Group strives to promote the reduction in GHG emission.



From the regular report by TODA KOGYO CORP., based on the Energy Conservation Act

④ Effective use of industrial waste

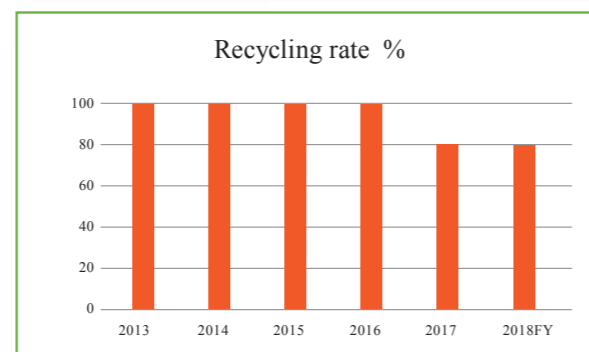
By effective utilization of recycling, reuse, etc. of industrial waste, TODA KOGYO Group promotes activities targeting the final waste disposal (landfill disposal) amount zero (zero emission).

Environmental Vision 2033 sets following targets to be achieved by 2033.

- a 30% reduction in industrial waste compared to the 2013 level
- an achievement of a recycling rate of 100%

The recycling rate in total of Onoda Plant, Otake Plant and Toda Pigment Corp. was maintained at 99.9% or more until fiscal 2016. Since fiscal 2017, the composition and physical properties of the generated sludge changed with the increase in production at Onoda Plant, and the acceptance volume of recycling processors decreased. For these reasons, the recycling rate decreased to 80%.

In order to achieve the targets for Environmental Vision 2033, we promote reduction of the generation of sludge, improvement of physical properties of sludge, development of new applications of sludge, etc.



⑤ Development of environmentally harmonized products and technology

The Government of Japan set the target to be achieved of an 80% reduction in GHG emission compared to the 2013 level by 2050. Innovation in each industry and collaboration which exceeds the boundaries between types of industry are indispensable for the achievement of the target.

Under the slogan of “Fine Materials for the Future”, TODA KOGYO Group strives to contribute to the global environment utilizing the most advanced material technologies.

Targets by 2033

We regularly evaluate products and technologies supplied by TODA KOGYO Group by classifying them into three categories (Excellent: environmentally harmonized, Good: environmentally conscious, Acceptable: standard) under the “Check sheet for evaluating the environmental harmonization” (the company's standard). And we strive to make all the products and technologies supplied by TODA KOGYO Group to be classified into the category of “Excellent: environmentally harmonized” by 2033.



⑥ Disclosure of environmental information

(1) International NGO: CDP's questionnaire which focused on climate changes

Since 2016, we have been responding to CDP's questionnaire which focused on climate changes and disclose environmental information.

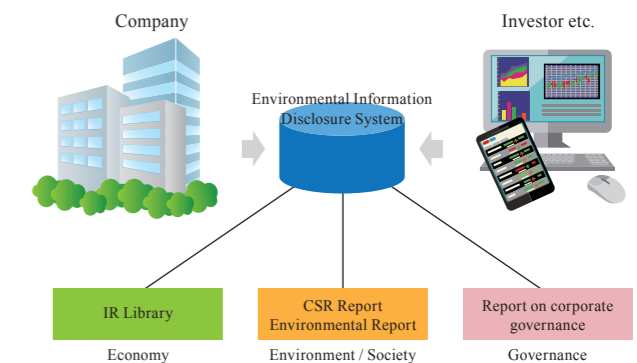
FY	Number of respondent companies in Japan	TODA KOGYO Group
2015	246/500	Not answered
2016	265/500	Answered
2017	283/500	Answered
2018	297/500	Answered



(2) Registration for the participation in the Environmental Reporting Platform Development Pilot Project (Ministry of the Environment)

In order to respond to ESG (environment, society and governance) investment, we registered IR library, CSR report, environmental report and report on corporate governance on Environmental Information Disclosure System.

We started dialogues with investors etc. through “ESG Dialogue Platform”.



3) Occupational Safety and Health (Safety and Health Activities)

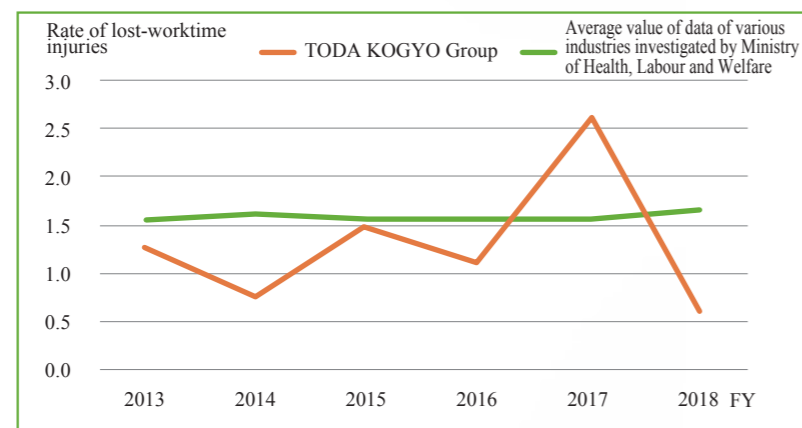
For the purpose of unifying the activities on occupational safety and health in the entire group, TODA KOGYO Group operates safety and health activities with the following organizational system.

- Operation of the safety and health committees in each plant under the Central Summarizing Safety and Health Committee
 - Development of human resources through the education cooperating with Monozukuri Promotion Center
- Under the above system, we promote to foster a corporate culture of safety and health for the entire group.

① Data on industrial accidents

One lost-worktime injury occurred in the entire group in fiscal 2018. Cooperating with CSR, Environment & Safety Department, Monozukuri Promotion Center and safety and health committees in each plant, we will continue to promote activities for the purpose of the elimination of industrial accidents.

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



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

② Safety Award

Because the achievement of zero occupational accidents in Fiscal 2018 and continuous activities for the purpose are highly appreciated, Otake Plant received an award as an excellent workplace from Labour Standards Association Hiroshima Branch.



③ Safety Activities

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



Scene from a Safety Convention in Onoda plant

④ Holding of various types of courses and seminars

By implementing courses focusing on priority themes set for each work site from time to time; such as "Special education for low pressure electricity handling", "Course on danger prevention training", "Course on wearing of personal protective equipment", "Course on mental healthcare", "Special education for the prevention of hazards due to dust", etc., not limited to legal special courses, TODA KOGYO Group strives to disseminate the recognition on safety and health for the group employees.

⑤ Activities in the Safety workshop

Since fiscal 2014, we have been holding the Safety workshop for all employees within TODA KOGYO Group and subcontracting companies. 99 percent of target persons participated in the workshop by the end of fiscal 2018.

In this workshop, we hold courses in the classroom on "5S" and "Danger prevention training" as basic of safety.

Moreover, the safety education so as to experience "the importance of safety" ("What is danger?", "Notice of dangerous situation", etc.), based on the sensations of "seeing, touching and thinking", is held. We adopt eight experiencing devices. Especially, by the experiencing device of "risks due to flying/falling objects", participants can learn and feel the fear from objects fallen from high places, with their whole body. Many participants commented that they deepened their understanding of the role and the necessity of helmets which they usually put on with little attention. By means of the simulated experiences and experiences of dangers by participants themselves, participants experience the actualization of risks in workplaces. We provide participants with opportunities to raise sensitivity to dangers.



Scene from a classroom lecture in the Safety workshop



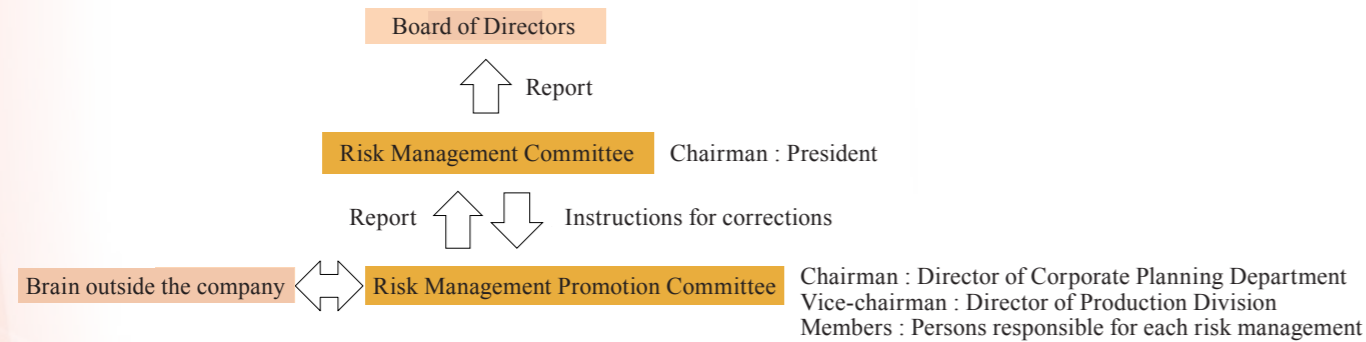
Scenes from various experiences

4) Risk Management

① Risk Management

In accordance with the Risk Management Regulations, TODA KOGYO Group has been developing the construction of risk management system and the activities for enhancing risk management effectiveness as shown in the following figures. Having started the full-scale activities of the Risk Management Committee and the Risk Management Promotion Committee from fiscal 2019, we promote the management system; in which the management layer personally discuss about risks surrounding our company and the results are delivered to workplaces.

The current target is incorporating the construction of the risk prevention system and the training into daily management activities. We strive to promote the effective risk management with the understanding and cooperation of the management layer.



Risk Management System Outline drawing

Corresponding stage	18	2019	2020	2021-22
Responsible departments & the Secretariat	Construction of the System Outline	Kick off Risk identification & risk weighting of each responsible department Measurements of the current levels corresponding to DBJ/BCM	Management by the Risk Management Committee and the Risk Management Promotion Committee Challenge for BCM rating	Establishment of the Basic System of the Risk Management
Responsible departments of risks	Prevention	Formulation of the basic plans BCM for disaster Experimental support for the model process	Implementation and standardization Horizontal development	Introduction of the Risk Management System
	Initial response	Organization of customer requirements basic plans Formulation of the basic plans Training	Implementation and standardization Training	Training
	Response (afterwards)	Organization of customer requirements basic plans Formulation of the basic plans	Implementation and standardization	Response training

Roadmap for the risk management

② BCP / Disaster prevention activities

(1) BCP

Based on the basic business continuity policy, TODA KOGYO Group has formulated BCP at company level including business offices both in Japan and overseas.

(2) Emergency response drill

Since we handle inflammables such as heavy oil, kerosene, LPG and hydrogen gas in large quantities at each worksite, there are risks of fire, explosion and pollution due to outflow of chemical substances. In order to prevent the development of these potential risks, we carry out daily and periodic inspections and improve our safety system. As measures for the continuous maintenance, management and the emergency response for facilities which may have a profound environmental impact in the event of a disaster, emergency response drills are held every year at the worksites. We conduct drills for evacuation, rescue, firefighting, etc., assuming ① "personnel damage", ② "fire occurrence" and ③ "damage to buildings" due to an earthquake etc.



Toda Pigment Corp. Response training in the case of the leakage of sulfuric acid on January 22, 2019

5) Initiatives for Biodiversity

① Environmental beautification activities

Not only by means of implementing environmental beautification activities along rivers and roads near each workplace, but also by means of participation in cleanup events of coasts and public parks organized by local governments, TODA KOGYO Group actively contributes to the conservation of biodiversity.



Cleanup activities of Egawa River adjacent to Otake Plant



Cleaning up mud from side grooves of a prefectural road near Toda Pigment Corp.



Participation in a cleanup event of coasts and public parks organized by Sanyo-Onoda City



② Participation in the observation class of the creatures living in the river in Otake

(The following is a comment from a participant.)

I participated in "the observation class of the creatures living in the river in Otake", conducted by Otake City as part of environmental conservation activities by local governments. (on July 14, 2018) It is an observation class, where participants can touch living organisms such as aquatic insects and fishes that live in the river in Otake and learn their names and ecology. Participants can also experience classification work using creatures collected by experts in advance. I also participated in volunteer activities; such as safety measures to prevent participants from being washed away at the point of flooding or getting stuck in the depths, and participants' support for measures against heat stroke.

On the day, we observed the creatures in the area where the flow was slowly restricted due to the flooding caused by heavy rain. In the cool waters, I chased small fish and frogs and had a pleasant time. It is a valuable opportunity for me to experience biodiversity of the familiar river with children. (The pictures are provided by Environment Improvement Division, Civic Life Department, Otake City.)



Scenes from the collecting creatures and the observation of them at a small stream near Kuritani elementary school in Otake

1) Respect for human rights

Regarding the originality and the diversity of each employee as property, TODA KOGYO Group supports unlimited leap and activity of its capabilities, and evaluate fairly. We also endeavor to enhance employee's comfort and affluence and aim to live together.

< Basic policy >

TODA KOGYO Group seeks always to respect fundamental human rights on the basis of mutual understanding. TODA KOGYO Group also does not discriminate on the basis of race, religious faith, gender, social position, citizenship, sickness, handicaps, etc.

< Concrete code of conduct >

(1) Elimination of all discrimination

Executives and employees must respect the fundamental human rights of individuals and must not engage in any actions that ignore human rights such as discriminatory language, violence, sexual harassment, power harassment, etc.

(2) Protection of personal privacy

When contacting personal information inside and outside the company for business activities, executives and employees must pay close attention in their handling of this information in order that the personal privacy will not be infringed, and must exercise the proper management control over it.

(3) Elimination of improper labour practices

Executives and employees must eliminate improper labour practices. Moreover, they must not employ children under the legal working age of the country or region concerned. Executives and employees must also impose the same conditions as conditions within TODA KOGYO Group, on its sales outlets and subcontracting companies.

① Enhancement of Company Regulations

We have established "Harassment prevention regulations", "Regulations concerning protection of personal information", "Regulations for childcare and nursing care leave", "Regulations concerning leave due to personal illness and return to work", "Stress check system implementation regulations", "Compliance promotion regulations", "Compliance consultation system", etc. and strive to respect human rights throughout our group.

Consultation System

By setting up a consultation counter for harassment consultation / complaints in the Personal & General Affairs Department, we take appropriate measures in accordance with the harassment prevention regulations.

② Efforts concerning Respect for Human Rights

As efforts to promote globalization and diversity within TODA KOGYO Group, we conduct promotion of employment of foreign nationals in TODA KOGYO, support for training for overseas subsidiary staff, education for expatriates, etc. Activities in fiscal 2018 are introduced as follows.

(1) Activities on regular recruitment of foreign students

Of twelve regular recruits in fiscal 2019, one is a foreign national. (The total number of foreign national employees is seven.) In order to make life and work smoothly in Japan, we conduct correspondence education for improving Japanese language skills etc. before joining the company.

(2) Training support for overseas subsidiary staff

In order to raise the career of the local manager (foreign nationality) of the overseas subsidiary, TODA KOGYO started educational support since fiscal 2017.

(3) Education for expatriates

For Japanese assigned to overseas subsidiaries, we conduct various training (basics of cross-cultural business etc.) for smooth subsidiary management.

2) Involvement with Society and Community

① Outreach science lessons and factory tours

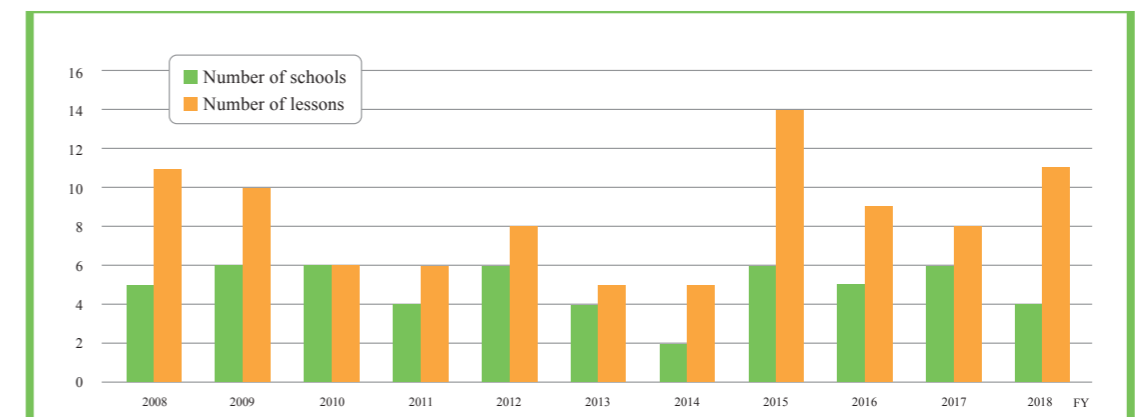
Since fiscal 2008, TODA KOGYO has implemented factory tours and outreach science lessons for elementary and middle school pupils in Hiroshima. In outreach science lessons, children experience the work of permanent magnets and electromagnets, and learn that products using magnets are useful in familiar 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. In the factory tour (on August 4, 2018) which was held as part of the event, "Wakuwaku (Exciting) Chemical Club" for elementary school students sponsored by the Japan Institute of Invention and Innovation Hiroshima Branch etc., we introduced manufacturing processes of Ferrite magnetic powder, Ferrite sheets using Ferrite magnetic powder, etc. 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. (The pictures of outreach science lessons are provided by the Japan Institute of Invention and Innovation Hiroshima Branch, a general incorporated association.)



Scenes from and outreach science lessons and a factory tour



Number of outreach lessons



②Participation in scientific research presentations by high school students in Hiroshima

Hiroshima Prefectural Board of Education holds an annual “Hiroshima Prefectural Scientific seminar”, in which high school students in Hiroshima give presentations on the results of scientific research activities in classes, science club, etc. In fiscal 2018, six supporting companies including TODA KOGYO were invited, and the seminar was held at Hiroshima City University on February 10, 2019. The number of participating schools: 14, the total number of students: 218, and the number of presentations: 67 (A total in six fields of physics, chemistry, biology, geology, mathematics and information) Active presentations and discussions in the poster session were developed. Ten presentations were recognized as awards of excellence. TODA KOGYO, as a supporting company, awarded one presentation as a special award. All of the students are interested in natural sciences, brightened their eyes and answered our questions. It is a valuable event in which we can confirm their enormous potential. TODA KOGYO will continue to actively participate in the event. (The pictures are provided by Hiroshima City University.)



Scenes from a poster presentation and a discussion with a university professor

③Support for the internal organs bank – Introduction of “Vending machines which support the internal organs bank” and results –

While basic and clinical medical sciences have been progressing, organ transplantation is an option for the treatments of organ failures. However, the number of organ donations is sluggish, and public understanding of medical transplants is not enough. 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 the site of Otake Plant in 2017. As a result of the activity, about 200,000 yen of donations are collected annually. For these continuous results, Otake Plant received a certificate of appreciation from the internal organs bank of Hiroshima in fiscal 2018.



④Eco Cap Campaign

Head Office (Hiroshima City), Otake Plant and Research & Development Center have been promoting Eco Cap Campaign via the Labour Hall Hiroshima (Workpier Hiroshima), a general incorporated association, since fiscal 2018. The returns earned by selling approximately 2 kilograms of PET bottle caps can be used to donate polio vaccine for one person. Although it is a steady activity, we consider it to be a sufficiently meaningful social contribution and will continue it in the future.



3) Training (Education) Systems

① New Recruit Training

Among various education systems, TODA KOGYO especially puts effort into the training for new recruits. All recruits (technical and clerical recruits) work on the same training program together.

Introductory training

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 which is to be done together 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 tours, etc.)



Workplace training (4 months from May to August)

The training is intended to understand the company culture and the workplace atmosphere by on-the-job experiences for a long period. And it is also intended to contact directly with senior employees etc. After learning the basics of Monozukuri, R&D and marketing activities in production departments, Research & Development departments and sales departments, the recruits acquire professional knowledge on the job.



Decision of official assignments (September)

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 according to in-company job rotation.

②OJT training

Enhancement of OJT system for new recruits (Training plans and implementations of training for OJT leaders), implementations of safety and health / quality control educations, dispatches to domestic universities / research institutes, etc.

③OFF-JT training

Stratified training, priority issue training, job-classified training, mental health training, training for overseas assigned personnel, etc.

④Self-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.)



Scene from a training for managers



Scene from a new recruit training (a training at Zen-temple)

4) Interview with employees

With the growing trend of globalization of companies, globalization of TODA KOGYO is also progressing. We interviewed with a Japanese employee posted to an overseas subsidiary and a foreign employee working in Japan, concerning the ways they work, ways of spending holidays, etc.

Toda Kogyo Asia (Thailand) Co., Ltd.

Masaki Takahashi

I moved to Thailand in October 2016 as a director (the so-called President) of Toda Kogyo Asia (Thailand) Co., Ltd. (TKAT).

I have been related to TKAT since the preparation for its establishment. I had to find a place for the base of activities, to hire employees and to perform business activities after its establishment although I had no experience and know-how for company establishment and company management. These tasks were not only challenging but also difficult and hard for me. Three years have passed since its establishment. The business of TKAT got under way toward expansion thanks to the support by members of related departments, local employees and other persons related to TKAT.

Local employees are fundamentally kind due to the temperament of Thai citizens. They support with each other and the mood at our workplace is always great. On the other hand, it is quite difficult to educate them the management principle / policy and the way of working of the Japanese company. I am still seeking how to educate them the way of working of the Japanese company.

I strive to understand the way of thinking of local employees through an internal meeting once a month, a dinner party, etc. TKAT is located in the Rojana Industrial Park and an exchange meeting of Japanese companies, "Rojana party", is held. I am learning on local management, education for local employees, etc. through seminars and information exchange with each other member during the meeting.

In my private life, I enjoy playing tennis on a weekend and travel to various countries in Southeast Asia. However, because of a long-term living in Thailand, I miss delicious Japanese beef.

I often operate TKAT through trial and error. While receiving the cooperation of my colleagues, I will continue to work hard together with local employees so as to enhance the business of TKAT.



Business Promotion Department,
Fine Material Business Division

Liu Ting Ting

From 2012 (when I joined the company) to 2013, I engaged in research and development in Research & Development Division, Otake. Starting from basic synthesis experiments of Nickel catalyst for fuel cell, I implemented the product development up to laboratory scale. I was so happy that I, as a new employee, took advantage of the knowledge of applied chemistry acquired in university and graduate school in Japan. I moved to Tokyo Office from Research & Development Division in 2014. I am now in charge of sales of materials for Lithium ion rechargeable battery (LIB). Recently, because manufacturers of LIB for electric vehicle are increasing in China and Taiwan, I have great advantages as a native speaker of Chinese. Not only do I smoothly interact with customers in China and Taiwan, I am also proud of the increase in the success rate of business negotiations by means of convincing Japanese colleagues of business styles unique to China in advance. Because I understand technical terms of chemistry and evaluation results, I can share accurate information with technical experts



in our company. I am so grateful that I can play an active role in the company although I am not a researcher.

Since the participation of new employees every year, there is a vibrancy in Tokyo Office. Employees irregularly participate in club activities such as badminton, fishing, mountain climbing and rafting. I enjoyed rafting in the Tama River last year. Employees' laughter filled up the cool river.

I strive to work hard while receiving the cooperation of my colleagues.

5) Club Activities

As part of welfare programs, TODA KOGYO supports a part of expenses necessary for club activities with the primary purposes of deepening friendship between its employees and promoting the mental and physical health of its employees. Although there are many clubs registered for the purpose of exercise such as baseball and tennis, some are intended for artistic activities. This time, one of them, **Ceramic Art Club**; primarily composed of employees within the site of Otake Plant, is introduced as follows. In addition to expressing yourself through the work, it is an attractive club where you can use and enjoy your work in daily life.

Ceramic Art Club

As one of the few clubs which carry on cultural activities, we implement activities mainly on pottery making at a nearby pottery.

Because we can obtain guidance directly from a professional potter, we enjoy pottering from absolute beginners to experienced persons.

There are various members, such as a person who looks forward to drink using a custom sake cup, a person who develops pottery techniques, a person who is interested in glaze and studies on glazing, etc. (Our company's product, "Bengala" is famous in the world of pottery.)

Would you like to make your preferred bowl? Thank you in advance for taking part.



6) 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	Measures to achieve the goal	Result for fiscal 2018
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.	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.	As a result of actively implementing regular recruitment and career recruitment activities to raise the female ratio in the workplace, the female ratio increased to 14.5% as of the end of fiscal 2018. (13.3% at the end of fiscal 2017)
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 of shortening, 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%.	<ul style="list-style-type: none"> 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 leaves. 	Under the regulation for childcare and nursing care leave revised on April 1, 2017, the period during which work hours can be shortened for childcare, and during which the start time and the end time can be carried forward and downward, was expanded to the period until reaching the beginning of enrollment at junior high school. Both an acquisition rate and a return rate of childcare leave are maintained 100%.
3	During the planning period, we shorten the total actual working hours of our employees. (Reduction of overtime hours worked, promotion of usage of annual paid leave, expansion of application of hourly use of annual paid leave, etc.)	We will consider measures to maintain annual paid leave usage of over 70% and measures to promote acquisition.	<ul style="list-style-type: none"> Reduction of the scheduled working hours per year (Decreased by 8.4 hours compared to fiscal 2017) Implementation of no-overtime days (At each worksite) Implementation of systematic grant rule for payed leave (At Research & Development Division) Promotion of operational efficiency using rental offices (At Tokyo Office)
4	We make children realize the interests of science and chemistry.	<ul style="list-style-type: none"> 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.). 	<ul style="list-style-type: none"> Number of exhibitions at events for elementary, junior high and high school students: 2 Number of implementations of outreach science lessons: 11 lessons were held at 4 schools.

② Action plans for promotion of women's participation and advancement (5 years from 1 April 2016 to 31 March 2021)
In response to our problems that the ratio of female employees is low and the number of female applicants is small, we promote the following countermeasures with the goal of setting the female ratio in new graduate recruits to 30% or more,

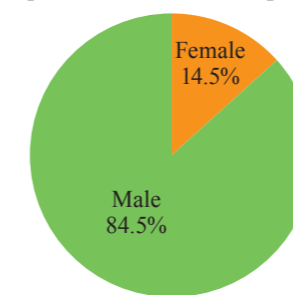
【Measures to achieve the goal】

In addition to reviewing recruitment selection criteria and its operation, we will expand support measures for work-life balance after employment, and will disclose information such as acquisition rate of childcare leave. As a result of these measures, we aim to increase both the number of female job applicants and the female ratio in new graduate recruits.

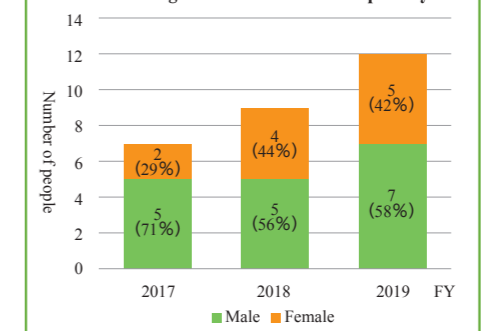
【Results】 All data are as of March 31, 2019. / Results for fiscal 2018 (Number of new graduate recruits includes a result for fiscal 2019.)

(1) Recruitment

Proportion of female in employees



Number of new graduate recruits in the past 3 years



(2) Continued employment and work style reforms

	Male	Female	Average
Average number of years of continuous service	23.7	12.1	22.2
Average age	49.2	38.2	48.0

Monthly average of extra working hours (hr)	10.5
Average acquisition rate (%) of annual paid leave and number of acquired days of annual paid leave	65.7% / 12.7

	Male	Female
Number of people eligible for childcare leave	6	5
Number of acquirers	0	5
Acquisition rate (%)	0%	100%

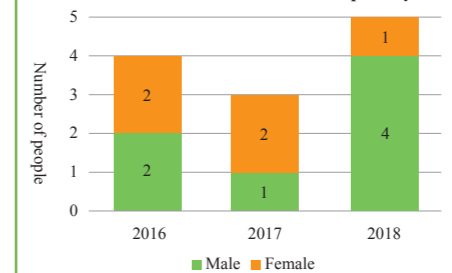
※ Acquisition rate of female maintains 100% over the past ten years.

(3) Evaluation and promotion (As of March 31, 2019)

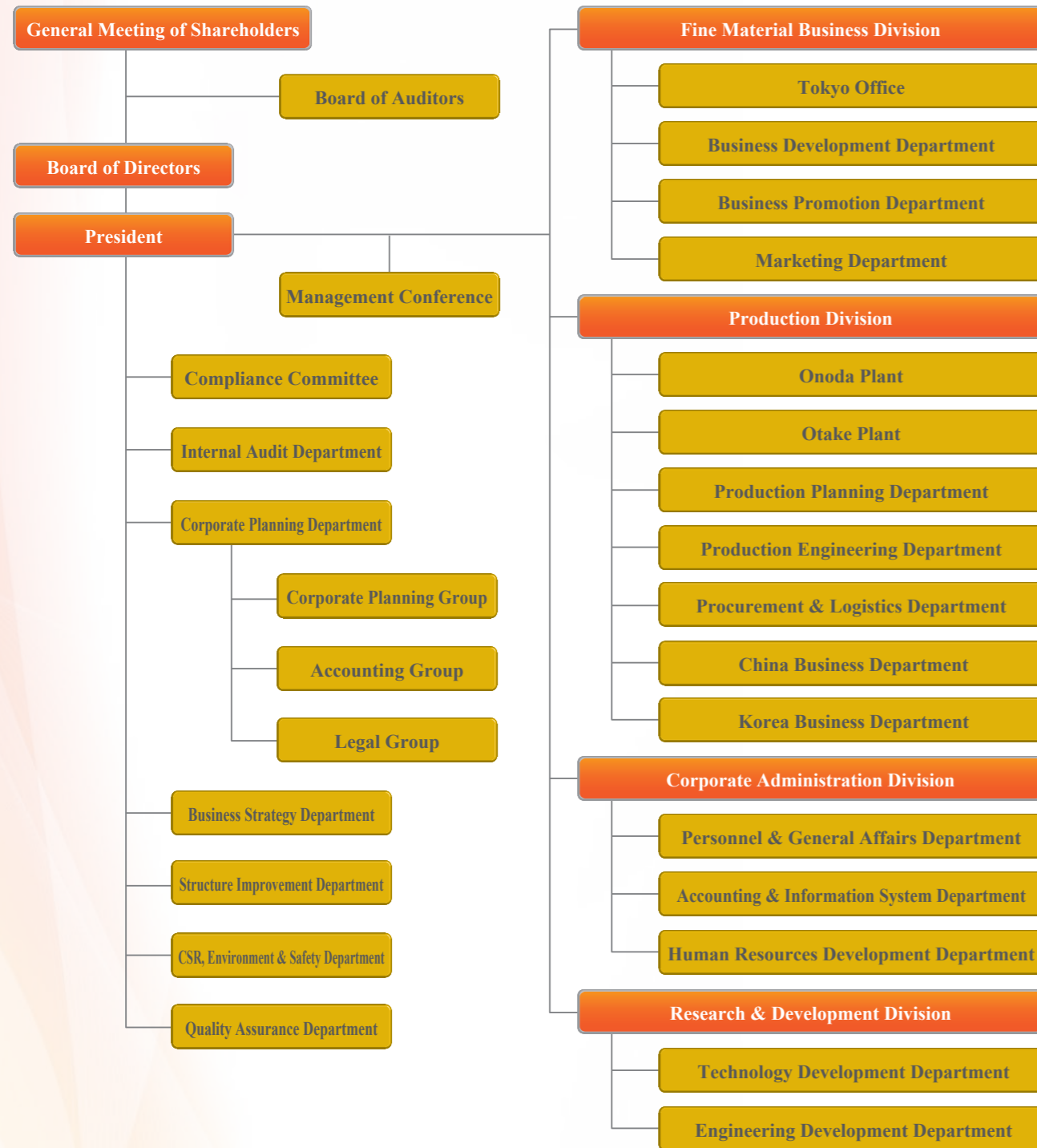
Percentage of female workers in assistant manager	10.8%
Percentage of female workers in management	2.4%
Percentage of female in executives	0%

(4) Renewed challenges (Various career paths)

Number of mid-career recruits in the past 3 year



Organization Chart

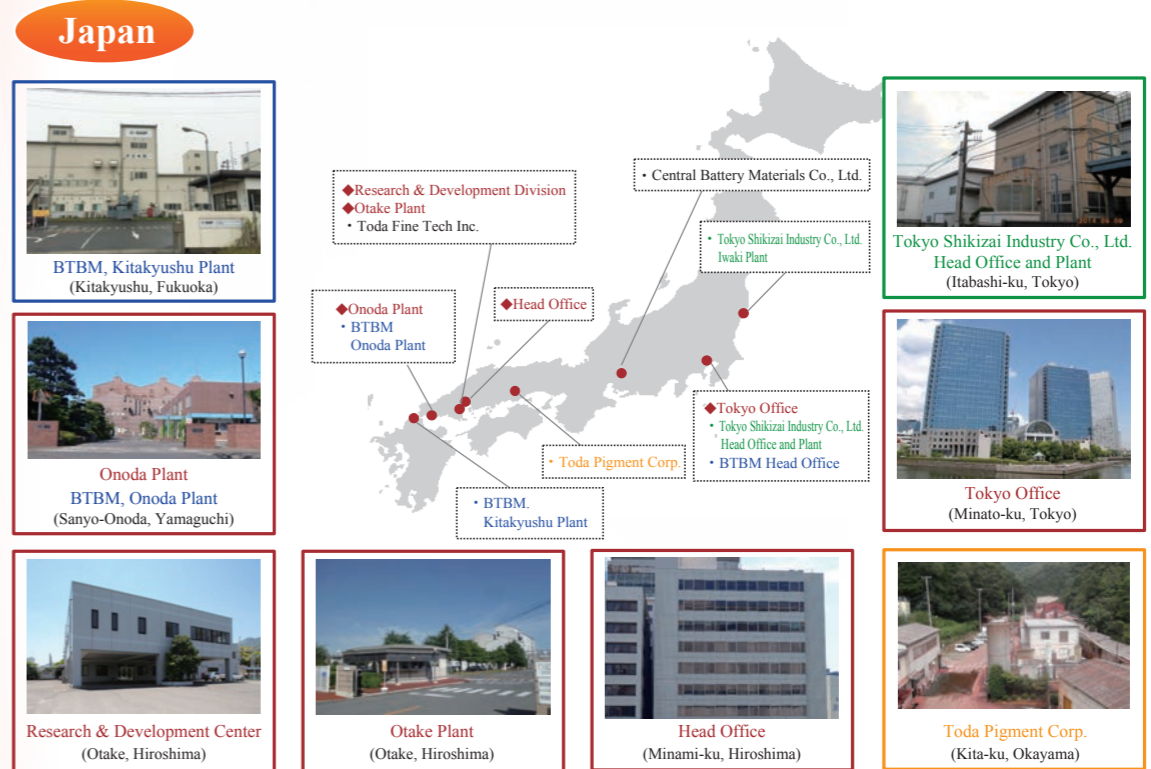


<Company Data>

Name of company: TODA KOGYO CORP.
 Head Office: 1-23 Kyobashi-cho, Minami-ku, Hiroshima, 732-0828 Japan
 Founded: 1823
 Incorporated: November 30, 1933
 Capital: 7,477 million yen
 Number of employees: 352 (stand-alone), 1,206 (consolidated)

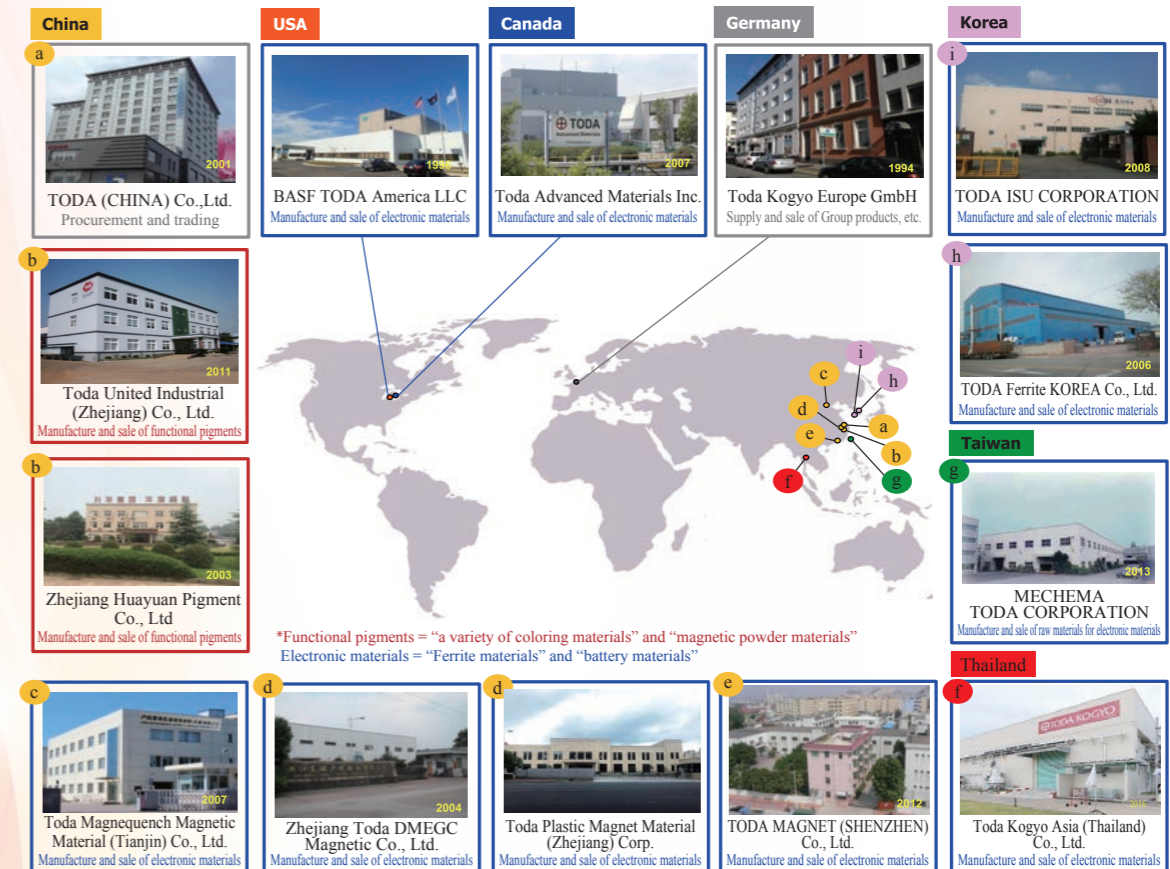
※As of March 31, 2019

Offices and Subsidiaries



* BTBM = BASF TODA Battery Materials LLC.

Overseas



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