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**Rule  
Book**  
RESPONSIBILITIES

## Our approach to CSR

The TOMY Group's goal is to achieve sustainable growth by offering toys that create new value from play. We believe that gaining the trust of all of our stakeholders by establishing guiding principles for sound business practices and fulfilling our social responsibilities is vital to our corporate goals.

### THE TOMY GROUP'S GUIDING PRINCIPLES AND CSR APPROACH

**Customers:** To help people realize their dreams and provide new value through play

**Employees:** To provide a work environment that maximizes self-initiative and creativity

**Shareholders:** To offer high-quality growth and sound management

**Partners:** To offer fair and honest trading and mutual prosperity

**Communities:** To gain trust through honest business practices

YOU ARE  
HERE!

# Corporate Social Responsibility

## Customer Relations

### 1. PRODUCT SAFETY AND QUALITY

The TOMY Group has established original standards and complies with the regulations of each country in which we do business, and maintains thorough controls to ensure safety and quality through in-house and third-party testing.

The basic quality policy of the TOMY Group is to make safe, environmentally friendly products that can be used with confidence, and to offer our customers worldwide the high quality that they will find appealing. This embodies the principles upon which our safety and quality efforts are founded. In our efforts to improve safety and quality, we comply with laws and regulations, establish our own strict standards, and exert controls on the use of heavy metals and phthalates.

Compliance with laws and regulations means working to maintain safety and quality in every country by complying with laws and regulations everywhere we operate as we advance our products globally. The TOMY Group has also put in place our own even stricter safety and quality standards to prevent problems from occurring.

To control heavy metals and phthalates, we not only use third-party test labs but also have installed in-house test equipment to analyze products for the presence of heavy metals, such as lead, and plasticizers (phthalates). If heavy metals or phthalates are found in any product, we immediately prevent it from going to market. The TOMY Group continuously strives to ensure product safety and quality and to implement thorough controls.



Testing being conducted on in-house equipment.



### 2. ACCESSIBLE DESIGN TOYS

Our toys are developed with functions, words, sound, light, vibration, movement, text, pictures, etc., that make them fun for all children regardless of physical impairment.

The TOMY Group began developing toys for the enjoyment of sight-impaired children 30 years ago. Although we initially emphasized developing toys made especially for physically challenged children, 10 years later we began including such features in our general toys as well. We later expanded those efforts to include considerations for hearing-impaired children, and consequently these efforts spread throughout the toy industry. Design features for the sight-impaired include using a raised surface mark on the ON side of the switch, and in addition to using sound to notify users of the movement or status of the toy, we design small items so they are distinguishable by touch or shape as well as sight. We also produce user manuals that are comprehensible based on text alone without referring to illustrations, and we make these manuals accessible via our Web site. In addition to using sound to assist the hearing-impaired, we employ design elements incorporating light, vibration, text and pictures for enhanced play.

These toys are gaining attention because they can be enjoyed together with sight- or hearing-impaired friends. Around 100 of the Group's product series are certified by the Japan Toy Association for use by the sight- and hearing-impaired. In the spring of 2013, we also launched a toy-sharing service, centering on our Customer Service Centers, for lending Tomica die-cast miniature cars to sight-impaired children so they might learn to distinguish them by shape.



A Raised Dot on the Power Switch

A raised dot on the ON side of a power switch helps tactile recognition of ON/OFF.



Labeling Symbols for Accessible Toys

Guidedog Mark for labeling toys to enjoy with friends who cannot see; Rabbit Mark for labeling toys to enjoy with friends who are hard of hearing.



Dragon Hunting Real

In addition to sounds, vibrations and virtual pulling motions make this game fun.

## Employee Relations

### REALIZING A GOOD WORK-LIFE BALANCE

The TOMY Group is making serious efforts to improve work habits and work-life balance, so as to maximize the added value created by individuals and organizations at a time when factors such as decreasing human resource availability and the impact on the toy industry of a declining birthrate and the growing proportion of elderly people are of concern.

One of these efforts is our participation since 2010 in the Tokyo Model Promotion Team Urgent Low-Birthrate Countermeasures promulgated by the Tokyo Metropolitan Government. By 2012, we had achieved successes such as the reduction of work hours through our “No Overtime Days,” a doubling of the number of employees taking childcare leave and the realization of workstyle diversity through trial work-at-home programs. Through such efforts, we seek to improve workforce motivation and stability, promote health, augment self-improvement and achieve similar beneficial effects on employee workstyles. In addition, we believe that maintaining top-notch human resources has a positive effect on business performance. This year, as a toymaker pursuing a “quantity to quality” transition, we continue to seek to create a fertile environment for improving the creativity and planning skills that produce global hits, as well as focusing on improving the per-hour productivity that leads to solid results. In addition, we are promoting diversity as we aim to become a truly global corporation.

## Community Relations

### 1. ENVIRONMENTAL EFFORTS THROUGH TOMY GROUP TOYS

In addition to manufacturing environmentally friendly toys, we seek to increase opportunities for children, who hold the key to our future, to get in touch with the environment through play.

### 2. JAPAN ENVIRONMENT ASSOCIATION 2012 ECO-MARK AWARDS GOLD MEDAL

In 2011, the TOMY Group began the Eco-Toy program for building environmental awareness through toys as a facet of the “100 Years of Play” concept.

We have established original environmental standards that cover the stages of the life cycle, such as “production” and “play.” In addition to including clear labeling on toy packaging, we publish detailed toy information on our website.

Our efforts to use resources efficiently have resulted in our core *Plarail* products being the first in the toy industry to be granted Eco-Mark certification, in recognition of our use of 50% or greater recycled plastic to make some of the toy rails. We also conduct a program of events designed to nurture greater interest and understanding of ecology on the part of children. These events provide opportunities to learn about the environment while playing.

The efforts described above have received high marks, as demonstrated by our receipt in January 2013 of the Japan Environment Association 2012 Eco-Mark Awards Gold Medal, that organization’s highest award.

#### TOKYO MODEL PROMOTION PROJECT SUMMARY

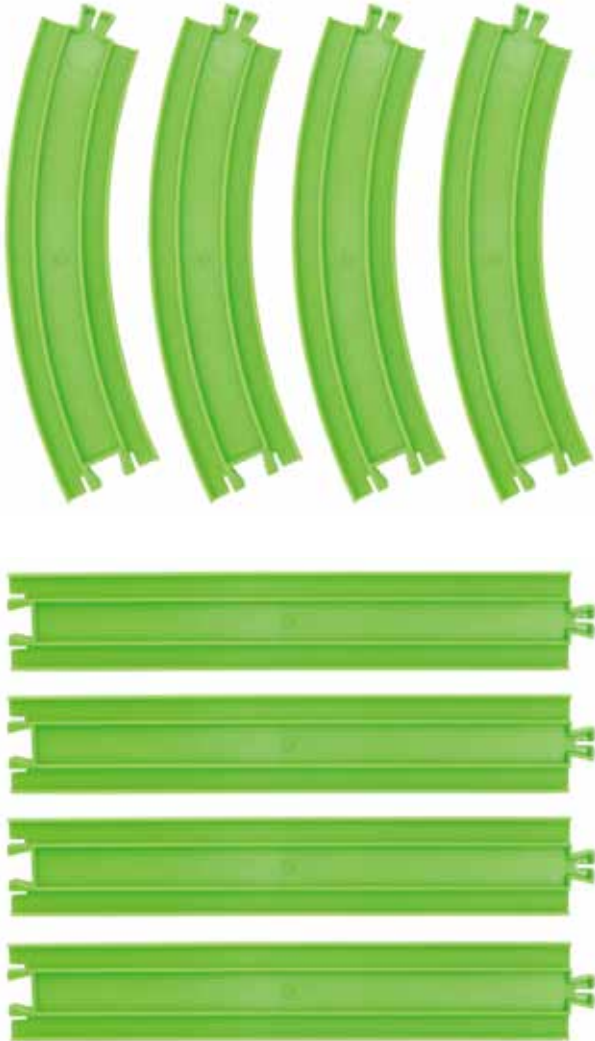
5 TARGETS	TARGETS	RESULTS
1. Eliminate work outside regular hours	Achieve reduction by March-end 2013 of 10% in comparison with FY2010	10% reduction
2. Increase rate of paid leave taken	Achieve increase by March-end 2013 of 50% in comparison with FY2010	Of the 8 TOMY Group companies participating in this project, 2 reached this level.
3. Increase the rate of childcare leave taken by male and female workers	Achieve a 100% rate for females and an increase of five or more males by March-end 2013	100% rate achieved for the period 2010–February 2013. One new male participant.
4. Implement a work-from-home system, and encourage and expand its use	Achieve a total of 120 employees, including those from Group companies, using this system by March-end 2013	Total increase of 112 in the number of employees using home-office work devices. Number of iPad users up 73, for a total of 185.
5. Increase the ratio of female management-level employees	10% by March-end 2013	FY2010: 4.5% FY2012: 6.7%



Receiving the Japan Environment Association 2012 Eco-Mark Awards Gold Medal



Eco-Mark certification



The *Plarail* “Eco Straight-Line Rail” and “Eco Curved Rail” are the first toys to receive Eco-Mark certification. These “green rails” are composed of 50% or more safe recycled materials, making effective use of recycled plastic resources.

### 3. PARTICIPATION IN THE MINISTRY OF THE ENVIRONMENT’S PLA-PLUS EXPERIMENTAL RECYCLING PROJECT

Many customers have requested we collect and recycle toys that are no longer played with, but given the special characteristics of the materials that go into toys and the many legal regulations involved the hurdles are too high for a single company to clear. Therefore, in 2012, we teamed up with the Ministry of the Environment to participate in the first round of the PLA-PLUS Project, a social experiment that transcends the boundaries of the industry in seeking to create a framework for 100% recycling of plastic products. In 2013 (the second round of the project), approximately 250 of the 600 kilograms of material collected consisted of toys. The project notably provided good opportunities to talk with the parents and children who participated.

The TOMY Group will continue to encourage the development of technologies to give new life to beloved toys after they have served their purpose.



Our recycling efforts surpass all others in the industry. We participated in the PLA-PLUS Project, a social experiment concerning plastic product recycling.

# Corporate Governance

## Corporate Governance System

### 1. SYSTEM FOR PERFORMANCE OF DUTIES BY DIRECTORS

The Company's director and auditor system consists of 10 directors and five audit & supervisory board members including five outside directors and four audit & supervisory board members (outside). The TOMY Group has determined that the structures described above are effective in the application of corporate governance necessary to appropriate, efficient corporate management.

Regular meetings of the Board of Directors shall be convened once each month, while extraordinary meetings of the said Board shall be held as deemed necessary. These meetings shall be used to determine basic policies and strategies for the TOMY Group as a whole, as well as issue decisions concerning the performance of important business operations, to audit and supervise the performance of business operations and take other relevant steps.

The Executive Directors Meetings (the "Jyomu-Kai") shall be held at least once each month with the purpose of conducting the TOMY Group's business operations and management in smoother and more efficient fashion. The members of the Meetings mainly consist of full-time directors, excluding the president and CEO, and full-time audit & supervisory board members and shall engage in versatile decision making on matters concerning the overall implementation of Group business management.

The Advisory Committee, composed of outside directors and/or audit & supervisory board members, has been established as an advisory body to the Representative Director and is requested to render a broad range of counsel pertaining to the effectiveness of business performance, the reliability of the TOMY Group's financial affairs and other important matters.

The Investment Committee, composed of outside directors, is established as an advisory body to the Board of Directors and is requested to provide assessments and counsel with regard to important investments.

The Remuneration Committee, composed of outside directors and/or audit & supervisory board members (outside), is established as an advisory body to the Representative Director and is requested to provide proposals and counsel with regard to policy relating to matters such as the amounts of directors' remuneration.

Delegation of authority and other steps taken through the establishment of the "Executive Officer System" shall be advanced to achieve greater speed and efficiency in the performance of business operations in all managing divisions, under the policies, strategies and supervision of the Board of Directors.

The Medium-Term Management Plan shall be established to clarify the basic strategies and management goals over the medium term, with specific measures implemented for the purpose of achieving those goals based on the Business Plan (Budget) for each fiscal year.

### 2. AUDITING SYSTEM

The Audit & Supervisory Board is composed of five audit & supervisory board members, four of whom are audit & supervisory board members (outside). The Audit & Supervisory Board meets once a month in principle, at which it oversees the business conducted by the directors, as well as deliberates and makes decisions concerning important items necessary to auditing. The audit & supervisory board members also attend important regular meetings and non-scheduled meetings at which they receive reports concerning the management situation, execution of business, financial situation, status of internal audits, risk management and compliance. In addition, so as to strengthen the auditing function, one employee has been posted to the General Affairs Division to assist the audit & supervisory board members in their duties, and the independence of this employee from the directors is maintained.

Upon the occurrence of matters capable of causing serious losses to the TOMY Group (or the threat of the occurrence of such circumstances), the detection of illegal or dishonest actions perpetrated by officers or employees or other conditions requiring reports to the Audit & Supervisory Board, directors or employees shall promptly report upon the said situations to the Audit & Supervisory Board.

Audit & supervisory board members shall use attendance at regular important meetings, irregular meetings and other occasions to receive reports on management conditions, as well as the status of business performance, financial affairs, internal audit implementation, risk management, compliance and other matters.

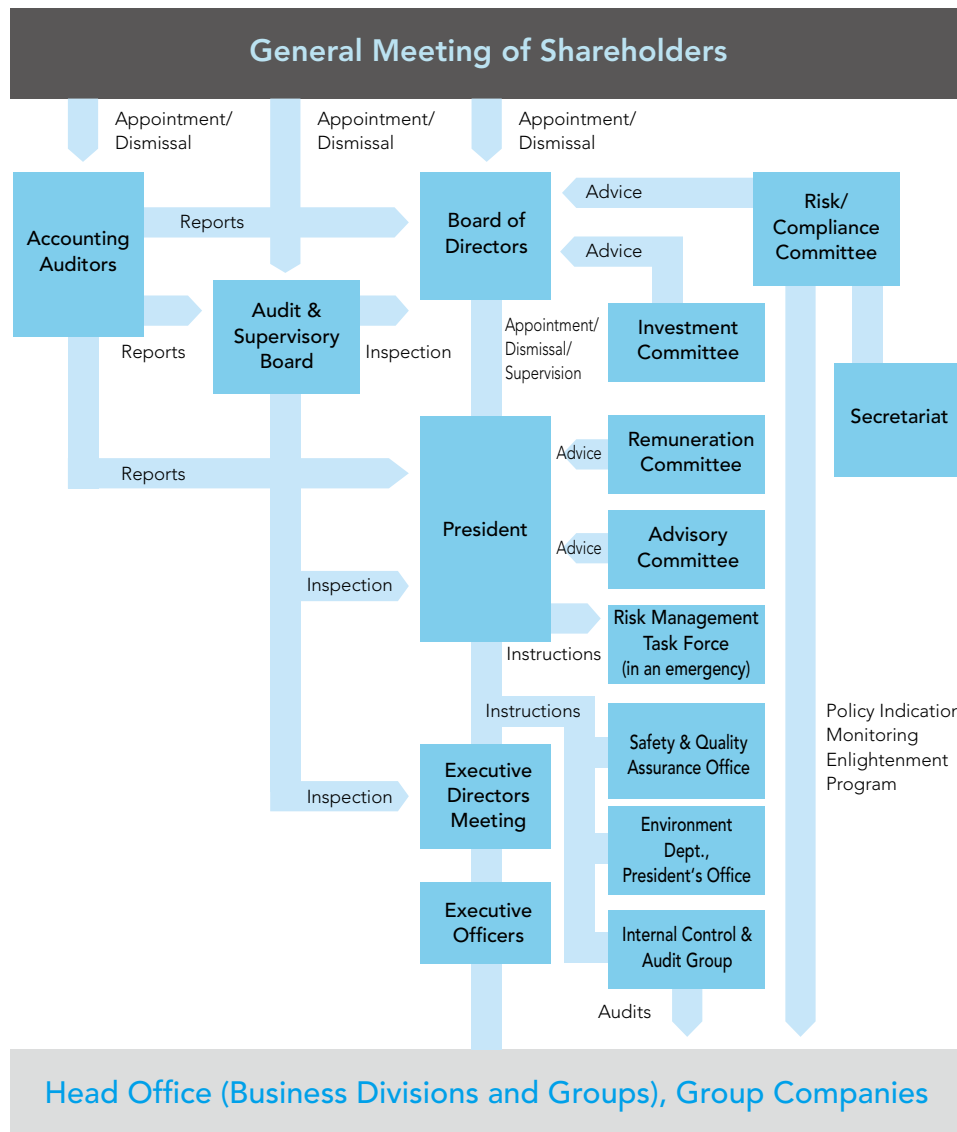
To ensure that audit & supervisory board members maintain a firm grasp of the status of important decision making and the performance of business operations, systems shall be adopted to enable audit & supervisory board members to attend meetings of the Board of Directors, the Executive Directors Meetings and other important conferences; have access to the minutes of meeting proceedings, circular memos for staff approvals and other documents concerning the performance of important business operations; and be able to request explanations of such matters from directors or employees as deemed necessary.

The audit & supervisory board members (or the Audit & Supervisory Board) shall engage in exchanges of opinions and information with the accounting auditors and the Internal Control & Audit Group and the TOMY Group Companies' audit divisions with regard to important themes pertaining to auditing and other matters, mutually collaborating to monitor the TOMY Group's internal control conditions.

### 3. ACCOUNTING AUDITS

KPMG AZSA LLC, a limited liability audit corporation, was appointed at a General Shareholders' Meeting to conduct accounting audits of the TOMY Group, which it continues to do effectively. Seven CPAs and eight others who have audited for seven or fewer years for the company executed the auditing.

## Appointment of Outside Directors: Independence and Director Remuneration



### 1. SELECTION AND INDEPENDENCE OF OUTSIDE DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBERS (OUTSIDE)

The TOMY Group seeks to ensure that outside directors make judgments about management from a neutral perspective that is independent from the Group's executive management and that they make fair and just determinations that take the interests of shareholders into consideration in the process of making decisions about important business at Board of Directors meetings.

Therefore, in selecting outside directors TOMY chooses persons with rich experience who have demonstrated a high level of discernment as managers, as well as CPAs and attorneys possessing highly specialized knowledge and experience. Neither the outside directors nor the audit & supervisory board members (outside) have any direct interest in TOMY.

### 2. DIRECTOR REMUNERATION

Concerning remuneration for directors and audit & supervisory board members, it has been decided by resolution of the General Meeting of Shareholders that the amount of remuneration to directors as a group is capped at ¥400 million per annum (fixed remuneration) and the amount of remuneration to audit & supervisory board members as a group is capped at ¥70 million per annum (fixed remuneration).

In addition, it has been decided by resolution of the General Meeting of Shareholders that the maximum amounts of remuneration, etc., relating to subscription rights to shares issuable as stock options are ¥200 million per annum for directors as a group and ¥15 million per annum for audit & supervisory board members as a group for the one-year period beginning from the date of the General Meeting of Shareholders for each fiscal year.

The actual amount of remuneration, etc., to each director and each audit & supervisory board member shall be based on the deliberation and report of the Remuneration Committee, which consists of outside directors and audit & supervisory board members (outside), and decided by resolution of the Board of Directors for directors' remuneration or by consultation of the Audit & Supervisory Board for audit & supervisory board members' remuneration.

#### TOTAL REMUNERATION OF EACH CLASS OF DIRECTOR AND OTHERS

Director class	Total remuneration (Millions of yen)	Total amount of each type of remuneration (Millions of yen)				No. of directors and/or audit & supervisory board members
		Basic	Stock option	Bonus	Retirement bonus	
Directors (except outside directors)	219	185	34	—	—	9
Audit & supervisory board members (except outside members)	13	13	0	—	—	1
Outside directors and audit & supervisory board members (outside)	40	35	4	—	—	9

## Internal Controls and Compliance System

One of the most important management issues for the TOMY Group today is maintaining the trust of our stakeholders while offering continual improvements in corporate value built on sound and transparent management practices. We will make every effort to achieve this through enhancing corporate governance and continually improving internal control systems.

### 1. COMPLIANCE SYSTEM

The TOMY Group has established the Code of Conduct to clarify that all officers and employees in the organization must not only comply with existing laws and ordinances but also strive through the implementation of sincere and fair corporate activities to fulfill their social responsibilities. These rules are accompanied with thorough efforts to achieve the widest possible understanding of this stance on the part of officers and employees.

To both enhance and achieve greater thoroughness for the Group's compliance system and risk management system, an arrangement has been adopted in which the Risk/Compliance Committee, a body chaired by the President & CEO and composed of outside directors and audit & supervisory board members (outside) and others, has been established to deliberate on the important issues concerning risk and compliance, and report upon the results of those discussions to the Board of Directors.

The Internal Control & Audit Group, an organization under direct control of the President & CEO, shall audit the status of the Group's compliance and report on the results to the Representative Director and the Audit & Supervisory Board as deemed necessary.

No relationships of any kind shall be maintained with antisocial groups or organizations that threaten social order or the sound activities of the Company, while systematic responses shall be mounted with a firm stance to unreasonable demands and similar situations.

In the event of emergencies such as the occurrence of large-scale purchasing of the Company shares, the Board of Directors shall establish a Special Committee composed of outside directors and/or audit & supervisory board members (outside), shall give the utmost respect to each such Committee's investigation and evaluation of the nature of any such purchasing and to the Committee's advice as to the necessity for the initiation of countermeasures against the purchasers, and shall decide policy for addressing the situation.

### 2. RISK MANAGEMENT

The Risk/Compliance Committee and the Internal Control & Audit Group have been established as the organizations assigned to coordinate all areas of risk management, thereby creating a company-wide risk management system integrated with the internal control system.

To deal with the occurrence of unexpected circumstances, Risk Management Task Forces shall be promptly established, with prompt and precision actions taken to both minimize losses and damages and effective measures devised to prevent recurrences of such situations.

The Environment Dept., President's Office and the Safety & Environment Assurance Office have been established as organizations to deal exclusively with the environment and product safety, with efforts being advanced to strengthen the process of dealing with environmental problems and offering outstanding products that can be used with confidence.

### 3. INFORMATION MANAGEMENT SYSTEM

TOMY has established the Information Security Basic Rules pertaining to the management of information, with measures devised to ensure the reliable protection of information assets, including personal information. We further strengthen the disclosure system to be undertaken in the pursuit of speedy information disclosure and greater transparency throughout the Company's management.

### 4. GROUP BUSINESS MANAGEMENT SYSTEM

As a general rule, one or more of the Company's officers or employees shall be appointed as outside directors or audit & supervisory board members (outside) of the TOMY Group companies. In this capacity, these outside directors and audit & supervisory board members shall engage in monitoring and supervision of the appropriateness of the performance of the business operations at each such company, thereby striving to strengthen the risk management and compliance system of the TOMY Group as a whole.

With regard to the TOMY Group management system, a department shall be established to oversee Group company management. This department shall act in accordance with the Company's internal rules and guidelines in advancing management and guidance activities in response to the characteristics and conditions of each Group company.

Group-wide related rules shall be prepared with regard to compliance, risk management, information management and other areas, with efforts made to foster awareness of compliance throughout the entire Group and establish a risk management system in reflection of the company-wide perspectives, while such systems are being monitored by the Risk/Compliance Committee and the Internal Control & Audit Group.

### 5. ENSURING FINANCIAL REPORT RELIABILITY

To ensure the reliability of financial reports, a specific internal control system is being established for the purpose of preparing pertinent regulations and the effective and appropriate submission of internal control reports in accordance with the Financial Instruments and Exchange Law.

Continuing evaluations shall be conducted to ensure proper functioning of the internal control system, with implementation of required corrections in cases of deficiencies to uphold compliance with the Financial Instruments and Exchange Law and other related laws and ordinances.

## Anti-Takeover Measures

TOMY has implemented anti-takeover measures which, in the event that an offer to buy a large volume of the Company's shares has been made, provide for us to obtain the information necessary for our shareholders to determine whether to respond to said purchase offer, and ensures that we have the time and information needed for the Board of Directors to offer an alternative proposal. We also created these measures because of a need to establish fixed rules to prevent share purchase offers that by their nature threaten TOMY's enterprise value, in that they do not raise enterprise value and are counter to the mutual interests of our shareholders. Whether these measures are implemented or eliminated is determined through approval at the General Meeting of Shareholders, and the decision to proceed with them is placed before a Special Committee composed of outside directors and audit & supervisory board members (outside) for an objective determination. Therefore, we have determined that the anti-takeover measures damage neither enterprise value nor the mutual interests of shareholders, nor are they intended to maintain the positions of the directors.

(For more details, please refer to P. 34 of the Annual Report 2013 Financial Section.)

## Information Disclosure System

TOMY engages in appropriate, fair disclosure so as to maintain management transparency and gain the understanding and fair assessment of our stakeholders through accountability.

<b>DISCLOSURE POLICY</b>	Our IR Policy stipulates our disclosure standards, internal system for appropriate disclosure timing, means for increasing IR opportunities, etc. For details, please see our home page: <a href="http://www.takaratomy.co.jp/english/ir/etc/policy.html">http://www.takaratomy.co.jp/english/ir/etc/policy.html</a>
<b>INCREASING IR OPPORTUNITIES</b>	In addition to semiannual meetings to explain earnings to analysts and institutional investors, we hold about 200 IR meetings a year mainly with analysts and institutional investors in Japan. We also conduct seminars for individual investors.
<b>DEPARTMENT IN CHARGE</b>	IR Section, Corporate Communications Division, Phone: +81-3-5654-1548

For details of TOMY's corporate governance, please refer to the "Corporate Governance Report" submitted to the Tokyo Stock Exchange.