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**PROMOTING
CSR ACTIVITIES
TO FURTHER
ENHANCE
CORPORATE VALUE**
”



MESSAGE FROM THE CHAIRMAN OF THE BOARD

We will extensively contribute to society through our livelihood, toys.

Our founder, Eiichiro Tomiyama, expressed his philosophy of toys as “aiming to create a more abundant children’s culture by making ingenious, high-quality toys loved by everyone with the wish for the healthy growth of children responsible for the future.”

In the time before toys, there was nothing to separate children. Toys have the power to make us laugh together and overcome lifestyle environments, cultural backgrounds, languages, gender, the presence or absence of disabilities and all other differences. Since our founding, the concept of wanting to create toys that bring smiles to children’s faces has been passed down throughout the ages. We will continue to steadfastly conduct business with contributing to society through toys as our foundational belief.

Right now, we are in the midst of changes in the business environment giving rise to technological innovation and diverse values. In addition, we are also faced with major issues such as climate change and environmental problems that must be addressed by society and the planet as a whole. How do toys support the healthy growth of children responsible for the next generation? How do we, who make our livelihood in toys, respond to changing times? It is time to think about these issues.

To this end, in April this year we launched the CSR Project. Our CSR policy clearly indicates the TOMY Group’s social responsibilities and raison d’etre, as well as our path and posture in light of these, and we are proactively engaged in efforts aimed at instilling these within and outside the Company. Until now and from here on out, we will continue to realize social contributions through toys in an aim to become the world’s most trusted Company.

Kantaro Tomiyama

Representative Director & Chairman of the Board

富山 幹太郎

Management and Initiatives

CSR Policy and Structure

In 1923, our founder Eiichiro Tomiyama was in Tokyo's Shitamachi area where the Great Kanto Earthquake struck. In a time where people were focused primarily on rebuilding their lives, as a tin worker he should have been able to command high fees as a roofer, but instead Eiichiro purposely focused on making toys. Seeing with his own eyes the power of toys to bring smiles to children's faces, who in turn brought smiles to the faces of the adults around them, he believed that toys could help create a better future.

In 1930, Eiichiro and a group of like-minded associates founded the Tokyo Toy Industry Association with the aim of modernizing and rationalizing the toy industry, which at that time was a conglomeration of cottage industries. Subsequently, they announced their founding document entitled, "Tokyo Toy Industry Association Industry Guidance Principles." The document contained the "Entrepreneur's Motto," which aspiring toymakers were supposed to learn by heart. Our predecessor's motto was "those who would be eternally prosperous must realize that they can only prosper together with others." They held the principle of coexistence and co-prosperity up as their ideal.

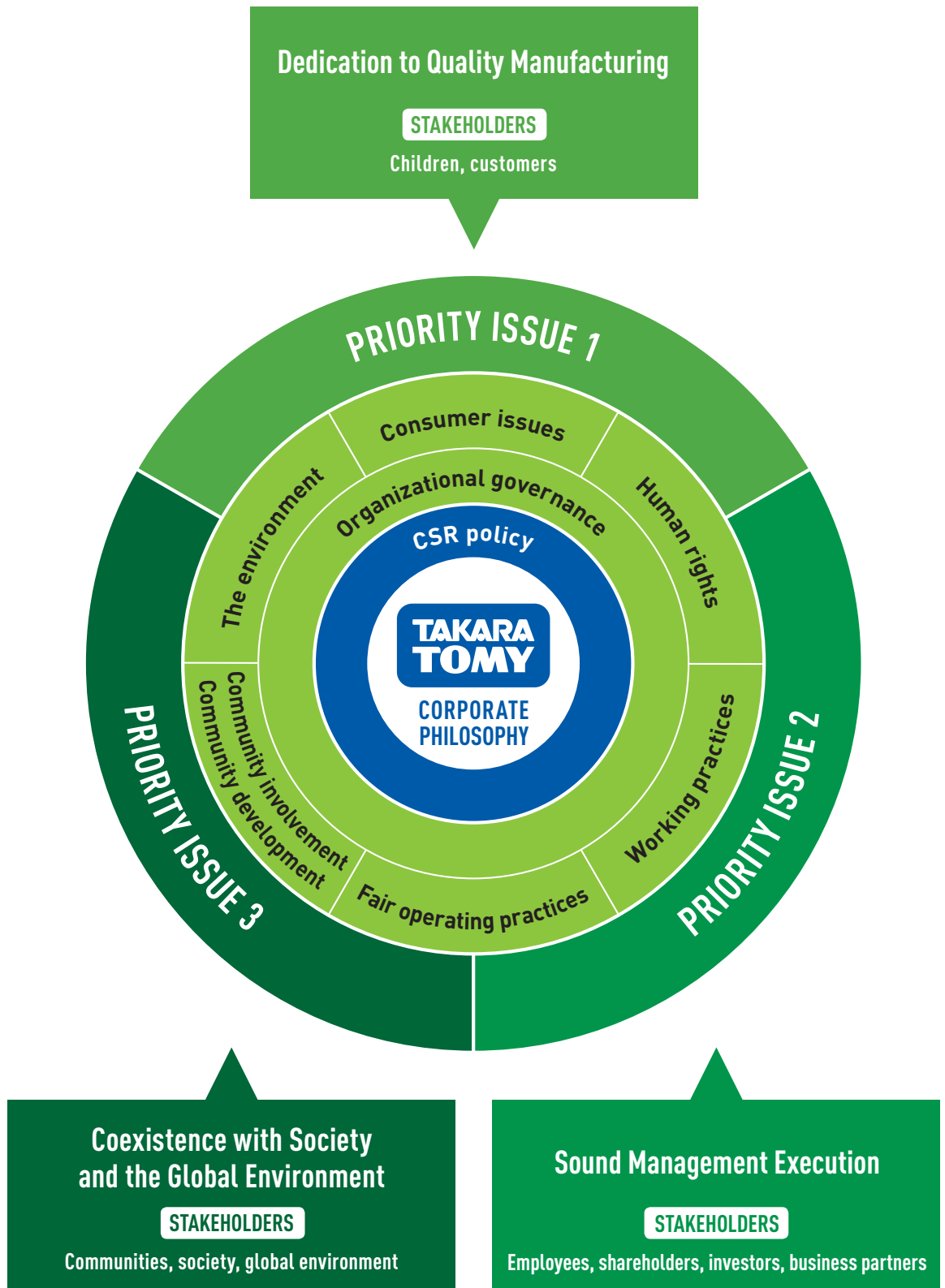
The founding philosophies of the TOMY Group, "Let's excite the world's markets with our outstanding products," and "Our sincerity and diligence will contribute to society and lead to our own success and happiness" were based on this "Entrepreneur's Motto." The philosophies succinctly show our founder's firm conviction that we should provide outstanding products to the world's markets and contribute to society in general through this business, and his belief that every ounce of sincerity and effort that we devote to our work must contribute to the development of human culture. Even though the times change along with our environment, we have passed down this idea from generation to generation as the foundation of our CSR policy.

CSR Promotion Structure

As we continue with our initiatives for Accessible Design Toys and the environment, which we consider to be ongoing activities, we have also recognized ISO 26000 as an important guideline for upholding our social responsibility. We have formulated three priority issues to be addressed, in such a way as to cover the seven core subjects of the guideline. Looking ahead, we will identify medium- and long-term priorities to be addressed in our CSR Project, which is a Group-wide organization. By responding carefully to each identified issue, we will continue to firmly inculcate our CSR activities.

“WE WILL EXTENSIVELY CONTRIBUTE TO SOCIETY THROUGH OUR LIVELIHOOD, TOYS.”

CSR POLICY



(Figure: Three Priority Issues to be Addressed and Core Subjects of the ISO 26000 International Standard on Social Responsibility)
 Priority Issue 1: Dedication to Quality Manufacturing / Priority Issue 2: Sound Management Execution /
 Priority Issue 3: Coexistence with Society and the Environment

PRIORITY ISSUE 1: Dedication to Quality Manufacturing

The toys we create must be highly original, good quality products that will be loved by children throughout the world. This is because toys play a vital and irreplaceable role in the healthy development of children. Our founder insisted strictly on working hard each day to come up with new ideas and improvements so that we could provide children with the high quality

products, and he strictly forbade the creation of imitation goods lacking in originality or cutting back on quality to reduce costs, or easy manufacturing of products simply because they could sell.

We will create new value of play by creating toys that captivate children, never forgetting our duty and our pride as a toy maker.

COMMENTS

Kei Nishizawa

Product Planning Team
New Products Planning Group



Pursuing Universal Design in Toys

I develop projects for products using new technologies mainly focused on robots. For the past several years, I have wondered if it were possible to change toy specifications so that everyone from children to seniors with vision and hearing disabilities could enjoy toys. SHABEKURI HAPPY & LUCKY, which uses small bumps to enable understanding by touch, voice control and mechanical voice response and the incorporation of text and sounds to communicate information, won the grand prize in the Accessible Design Toys division in the 2016 Toy Awards sponsored by the Japan Toy Association.



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SHABEKURI HAPPY & LUCKY

Manabu Yaegashi

Products Assurance Team
Safety & Quality Assurance Group



Revising Quality Rules Realizing TOMY's Uniqueness

I am in charge of the overall quality assurance operations at each stage of a product, from the planning and development phase to sales. In terms of practicing CSR activities through operations, I have developed an awareness of TOMY's uniqueness and passion with regard to quality. At present, the revision of quality rules is an important issue, thus we have formed a specialized team to engage in this effort that is focused on raising the skill level of each member. In gathering revision proposals, we must explore the background of the proposed revision, as well as related laws and regulations, making this a challenging task. Recently, I feel like members understand why these efforts are so important.



Product strength testing
(TOMY checks more than 500 different safety and quality inspection items for each TOMICA)



Ryoya Asai

Intellectual Property Team,
Legal Affairs Group

Indirect Support for Original Products

I am in charge of all company operations pertaining to patent investigation and acquisition, counterfeit product countermeasures and intellectual property. I had the impression that CSR activities benefited fund-raising and the environment, but then realized that my work also involves CSR. I have recently come to view the work of other departments from the perspective of CSR. In my daily work duties, I disseminate information throughout the Group that promotes the utilization of intellectual properties held by TOMY to support the development of original products. I also make an effort to eliminate counterfeit products to ensure that our brand value is not damaged. Going forward, I will focus on generating interest in unfamiliar intellectual property areas and providing a more effective response amid an increase in counterfeit products.



The first "TOMY Toy Hackathon" was held in January 2016 bringing together adults, students, engineers, designers and planners to develop new toys.



Customer support



Akihito Suminokura

Customer Service Department
TOMY IBIS CO.,LTD.

Customer Support Committed to Safety Considerations

I am in charge of TOMY Group-wide customer support and make effective use of customer feedback. Since I developed an awareness of CSR, I have further considered how feedback from customers pertaining to children, who are responsible for the future, helps contribute to society through the continued creation of toys. In my daily activities, I support customers with a particular concern for safety and respond to customer reports to determine whether there are any dangers, risks of injury or anything that might impede children's curiosity and creativity.



PRIORITY ISSUE 2: Sound Management Execution

As a company that handles toys that are familiar to children, we believe it is imperative that we must never do anything as adults that would shame us before children.

In our daily business activities, we naturally observe laws and regulations, as well as making sure our activities are highly transparent. At the same time, it is our duty as a corporate citizen to draw out the best of each employee's capabilities, guide our joint efforts with business partners to success, build a sound financial system and return benefits to society.

We seek to be a company that is trusted by society by striving to execute management in a sound manner.

COMMENTS



Maki Nakamura

Human Resources Team
Consolidated General Affairs Human Resources Department



Kurumin mark

Maximizing the Strength of Each Individual

I am in charge of establishing and revising the remuneration system for directors and employees, the formulation of welfare policies and working environment improvements. An awareness of CSR enables me to respond to the expectations and needs of employees, who are important stakeholders, which I feel is directly linked to my current position.

It is important for employees at a toymaker that provides children with dreams to engage in work actively. We promote a work-life balance and provide work environments that are highly motivating and facilitate high-level performance. Every summer, we have a Family Day event offering an opportunity for children and families of employees to understand our workplace, which in turn increases employee satisfaction.

We believe it necessary to further strengthen initiatives aimed at promoting active participation by women. We are creating work environments, increasing career tracks and management positions for women among other measures to leverage the experience and feelings of female employees who have given birth and are raising children for the creation of toys that children play with.



Yoshifumi Nakazawa

Internal Control Team
Internal Control & Audit Group

Ongoing Promotion of the Importance of Compliance

I am involved in internal control operations and education and awareness related to compliance. Having participated in the CSR Promotion Project, I became aware that my job duties directly affected the execution of sound management, a CSR policy priority theme. I want to continue working in good faith on a daily basis to steadily continue raising awareness of how ensuring the reliability and legal compliance of our financial reporting duties contributes to maintaining and improving sound management.



FAMILY DAY

This event is conducted with the aim of having families who support employees experience the TOMY workplace to deepen their understanding of the work we do and creating a workplace atmosphere that is comfortable and emphasizes family through a mutual understanding of home life conditions.

In 2016, a total of 208 family members, including 111 children and 97 adults, participated in this event.



EDUCATION AND AWARENESS FOR SOUND MANAGEMENT

TOMY instituted "Think About Compliance Day" and "Safety Day" to encourage employees to consider compliance and product safety and security in an effort to promote the awareness and understanding of both aimed at Group-wide education and enlightenment. The TOMY Code of Business Conduct (COBC), formulated based on our Founding Philosophy, is inculcated via e-learning targeting all directors and employees.



Presentation material for "Think About Compliance Day"





PRIORITY ISSUE 3: Coexistence with Society and the Global Environment

We are fast approaching an age when such a concept, which used to be taken for granted, is becoming increasingly difficult to ensure. Everything that we have enjoyed must be passed on to the next generation. And that must be passed on to the generation after that, so on over and again. We believe this cycle should be repeated indefinitely.

To preserve the environment in a state that enables children to enjoy toys happily regardless of how times change, we will work through our business activities with children, who are the leaders of tomorrow, to protect the environment and take environmentally considerate measures.

COMMENTS

Shiho Nagano

Environment,
Social Activities Promotion Team
President's Office



Using Eco-Toys to Instill Environmental Awareness

TOMY is engaged in the promotion of environmental activities through toys with the promotion and use of eco-toys satisfying eco-friendly company standards. I participate in the CSR Project as the secretariat, and have come to view Group-wide CSR activities from the perspective of themes we must address in social and environmental categories. Going forward, I will make use of my accumulated environmental knowledge in my daily work duties while organizing Group-wide CSR activities as the secretariat and disseminating information to all our stakeholders.

In my daily work duties, I help children maintain an awareness of the environment through event exhibitions and lessons provided at elementary schools using eco-toys. At the same time, I am able to cultivate occupational and labor viewpoints by conveying the work of the TOMY Group. Last year, our classroom program content was assessed, receiving the Jury Prize at the 2015 Youth Experience Activity Promoting Company Awards held by the Ministry of Education, Culture, Sports, Science and Technology, earning a strong reputation in the educational field. Furthermore, we received the Grand Prize at the Green Printing (GP) Environmental Awards held by the Japan Federation of Printing Industries in recognition of our eco-friendly printing of 700,000 LICCA Doll catalogs.



Sayaka Yoshida

Shared Goods Promotion,
Social Activities Promotion Team
President's Office

Companywide Pursuit of Barrier-Free Products

I am in charge of TOMY Group barrier-free products and services promotion and awareness activities. Through my work, I have become more strongly aware that among the customers who play with our toys, some have vision or hearing impairments. Widening my perspective in terms of people, I am engaged in activities that enhance the value of play through toys that everyone can enjoy. These straightforward efforts begin with understanding the feelings of all customers, and I feel my efforts are rewarded when disabled children and their parents find joy through play.





William Walters

AG & AUTO
TOMY International

Regional Support through Toys

We take great pride in supporting local activities and the agricultural clubs that benefit our youth. We support our local schools with toys and fund-raising activities for educational, sports and fine arts activities. We also partner with our local "National Farm Toy Museum" on products and promotions which help fund their activities. We also work with the National FFA Organization and their efforts to educate our youth on agriculture across the United States.

ENVIRONMENTAL COMMUNICATION THROUGH TOYS

TOMY conducts environmental events and classes at schools to raise awareness and educate about the environment through toys. Children who participate in these activities receive an Eco-Toy Member certificate or completion certificate with an Eco-Toy Card Game, an environmental report presented in a card game format.

Also, at the EcoPro Exhibit held at Tokyo Big Site each December, employees and staff who are usually not directly involved in environmental activities teach children about TOMY environmental activities and business policies.

NEARLY 33,000 CHILDREN HAVE BECOME ECO-TOY MEMBERS!

(Between June 2011 and March 2016)



TOMY'S FIRST BARRIER-FREE BOOK

TOMY published its first Barrier-Free Book based on the idea of overcoming differences and the desire to provide all children with the experience of sharing the joy of play.

This book, which is distributed at various events to as many people as possible, includes "Recommended Points by Experts" featuring toys that contribute to a barrier-free world in addition to the introduction of TOMY barrier-free activities and toys.



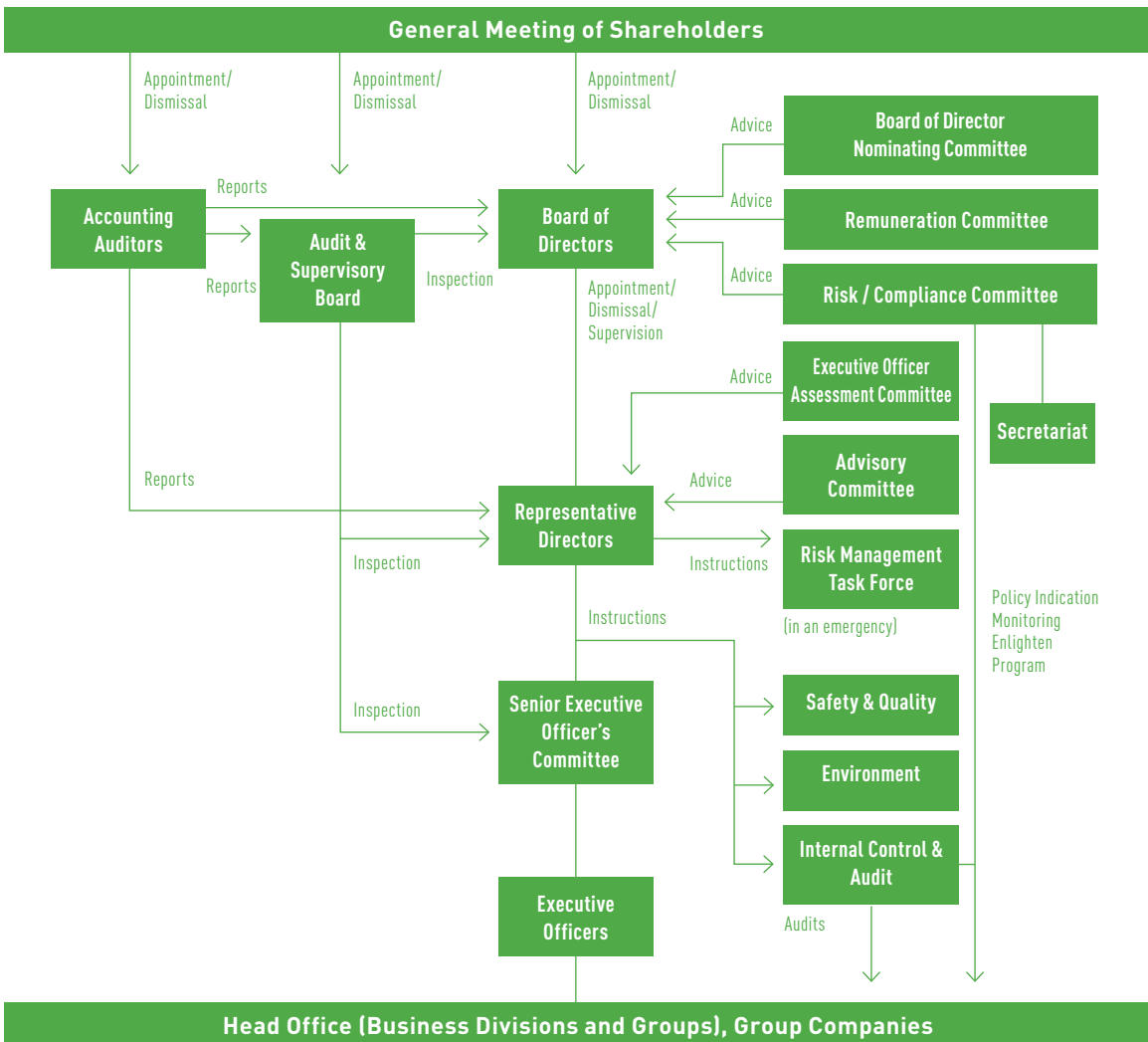
Barrier-Free Book



CORPORATE GOVERNANCE

BASIC POLICY

One of the most important management issues for TOMY Group today is maintaining the trust of our stakeholders while offering continual improvements in corporate value and building on sound and transparent management practices. We will make every effort to achieve this through strong corporate governance including enhanced self-check functions, risk management and compliance system, even as we improve operational efficiency.



(As of June 24, 2016)

MANAGEMENT MONITORING SYSTEM

1) Regular meetings of the Board of Directors are convened once each month, whereas extraordinary meetings are held as necessary to determine basic policies and strategies for the TOMY Group as a whole, issue decisions concerning the performance of important business operations and audit and supervise the performance of business operations.

2) Officers Meetings are held in each division to facilitate smoother, more efficient Group business operations and management and engage in versatile decision making on matters concerning overall management.

3) The Board of Director Nominating Committee and the Remuneration Committee, composed of outside Directors and/or outside audit & supervisory board members, were established as advisory bodies to the Board of Directors and are requested to provide proposals and counsel with regard to policies relating to Director assessments, appointment and remuneration.

4) The Advisory Committee, composed of outside Directors and/or audit & supervisory board members was established as an advisory body to the Representative Directors, and is requested to provide 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. Also, the Executive Officer Assessment Committee was established to provide proposals and counsel with regard to policies relating to Executive Officer assessment and other matters.

Please see the Company's website for further information:
<http://www.takaratomy.co.jp/english/company/company/governance.html>

IMPLEMENTATION OF CORPORATE GOVERNANCE

1. Executive Officer System

TOMY introduced the Executive Officer System to ensure swift, efficient execution by officers of the business with which they are charged at their respective divisions based upon the policies, strategies and oversight of the Board of Directors.

2. Internal Controls

1) Compliance System

TOMY formulated the "TOMY Code of Conduct" stipulating that all Directors and employees are required to comply with laws and regulations, and furthermore clearly states that they must fulfill their social responsibilities through honest and fair business practices. We ensure that all Directors and employees are made fully aware of the compliance issues through training. TOMY established a Risk/Compliance Committee chaired by the Representative Director and composed of outside Directors and Audit & Supervisory Board members who deliberate important issues concerning risk and compliance, and reports the results of such deliberations to the Board of Directors. The Internal Control & Audit Group, an organization under the direct control of the Representative Director, audits the Group's compliance status and reports the results to the Representative Director, and the Audit & Supervisory Board.

2) Risk Management

The Risk/Compliance Committee and the Internal Control & Audit Group were established to create a Company-wide risk management system integrated with the internal control system.

Please see the Company's website for further information:

<http://www.takaratomy.co.jp/english/ir/risk/index.html>

3) Group Business Management System

One or more of the Company's officers or employees shall be appointed to serve as non-executive Directors or Audit & Supervisory Board members (part-time) of TOMY Group companies to engage in monitoring and supervising the propriety of the performance of operations at each 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 has been established to coordinate Group company management. This department shall act in accordance with the Company's internal rules in providing management and guidance activities in accordance with the characteristics and status of each Group company.

DIRECTOR AND AUDIT & SUPERVISORY BOARD MEMBER COMPENSATION

Director compensation as determined at the General Meeting of Shareholders is ¥400 million or less (fixed) for Directors and ¥70 million or less (fixed) for Audit & Supervisory Board members.

Also, the upper limit of compensation in the form of stock options as determined at the General Meeting of Shareholders is ¥200 million or less annually for Directors to be issued within one year of the date of the General Meeting of Shareholders in each fiscal year.

Total Amount of Compensation for Each Director Category, Types of Compensation and Number of Applicable Directors (in the Fiscal Year Ended March 31, 2016)

(Millions of yen)

Director category	Number of Applicable Directors	Compensation amount	Basic compensation	Stock options
Directors (excluding outside Directors)	5	119	101	18
Audit & Supervisory Board Member (excluding outside members)	1	15	15	0
Outside Directors	6	44	44	0

ANTI-TAKEOVER MEASURES

TOMY is continuing our policy on responding to attempts to conduct the large-scale purchase, etc., of Company stock after having received shareholder approval (68.6% in agreement) at the 65th Ordinary General Meeting of Shareholders held on June 24, 2016. This response policy consists of a "rights plan with prior warnings" providing for the allotment of stock acquisition rights without contribution.

〈Goal of the Countermeasures〉

TOMY's founding philosophy includes the messages "Let's excite the world's markets with our outstanding products" and "Our sincerity and diligence will contribute to society and lead to our own success and happiness." As these words suggest, since the time of our founding we have concentrated on providing quality, safe products, as well as ones that offer a sense of fun and cultivate a healthy childhood culture. We have formulated a corporate mission that serves as our compass for realizing this founding philosophy (see page 2 of this report).

Our corporate mission is to harness the Group's activities to fulfill the dreams of our stakeholders. We view this mission as a way to maximize both our corporate value going forward and, by extension, shareholder value. The TOMY Group is working to enhance the TOMY brand value by seriously embracing our mission of creating new value from play and improving product quality to "nurture a sound children's culture" for children, who are our future. Through brand value management that highlights the TOMY brand, we are convinced that we can fulfill the dreams of all our stakeholders.

Therefore, in cases in which a purchase of a large volume of Company stock has been proposed, we must carefully look into whether that buyer will respect the TOMY Founding Philosophy and Corporate Mission, as well as contribute to the enhancement of the corporate value of the Company and the interests of the shareholders. It is also necessary to ensure that the purchase is reasonable in terms of the feasibility and legality of the business plan proposed by the buyer, the impact on stakeholders, the impact on the enterprise value of the Company and the Group, and participation in the Company's future plans.

Please see the Company's website for further information on these countermeasures:
http://www.takaratomy.co.jp/english/ir/financial/pdf/160526p_en.pdf

STATUS OF RESPONSE TO THE CORPORATE GOVERNANCE CODE

TOMY is implementing all principles called for under the Corporate Governance Code.

A summary of the status of responses to the 11 principles listed in the Corporate Governance Report are as follows.

Please see the Company's website for the Corporate Governance Report revised in June 2016:
http://www.takaratomy.co.jp/english/company/company/pdf/gov_report2.pdf

1	Cross-Shareholdings	The Company holds shares of other listed companies as a policy only when it determines that cross-shareholdings are economically rational.
2	Related Party Transactions	The Company ensures transactions do not harm the interests of the Company or the common interests of its shareholders and prevent any concerns with respect to such harm.
3	Full Disclosure	The Company makes disclosures with respect to the five items called for in these principles, including information required by law and stock exchanges.
4	Scope of Matters to Be Resolved by the Board of Directors and Scope of Matters Delegated to Management	To increase agility and flexibility in the execution of business, the Board of Directors delegates to Directors decision making on the execution of business other than that pertaining to laws and regulations, the Articles of Incorporation and items listed in the "Regulations of the Board of Directors" and "List of Matters to Be Discussed at the Board of Directors Meeting."
5	Effective Use of Independent Outside Directors	The Company has appointed two independent outside Directors, comprising one-third of all Directors (six in total). Three of the four appointed Audit & Supervisory Board members are independent outside members.
6	Independence Standards and Qualification for Independent Outside Directors and Audit & Supervisory Board Members	The General Meeting of Shareholders appoints outside Directors of the Company in accordance with requirements provided by the Companies Act and by independence standards established by the Tokyo Stock Exchange.
7	Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, etc.	In addition to possessing the knowledge and experience necessary for fulfilling the roles of Executive Director and Outside Director, the Company considers diverse perspectives to be indispensable for promoting business and appropriate oversights/audits, therefore the Company promotes diversity among its Officers.
8	Concurrent Positions Held by Officers	The Company discloses concurrent positions held by respective Officers in the "Notice of Convocation of General Meeting of Shareholders."
9	Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole	The Board of Directors periodically analyzes and evaluates its effectiveness as a whole, taking into consideration relevant matters, including the self-evaluations of each Director.
10	Training Programs for Directors	The Company provides Officers with training opportunities relevant to their respective roles and responsibilities.
11	Policy for Constructive Dialogue with Shareholders	The Company considers shareholders and investors to be stakeholders critical to improving corporate value and places emphasis on constructive dialogues with institutional investors and individual investors to deepen mutual understanding with respect to thinking and position, as well as the importance of formulating appropriate responses to both.