

Carving Out a History That Will Last into the Future

Over the 94 years since founder Eiichiro Tomiyama selected toys as his profession, our work has always been rooted in the desire to “continue providing excellent products to children.” The social contribution of manufacturing companies involves simply the degree to which they are able to provide customers with superior products and the degree to which customers are satisfied with quality, safety and price. And in carrying on this desire, we can say with pride that up to this point, we have enthusiastically followed this path without pretense.

For the past three years, we have engaged in deep discussions about the TOMY Group’s approach to CSR, asking ourselves: How should we engage with society through our livelihood of toy creation? How do we see ourselves in the future? And what path should we take to realize our ideal selves? As a result, I think we were able to bring to light our activities from past to present.

So, what are the next steps we must take?

The toys that we produce assist the healthy growth of children. We must make every effort to do what naturally has to be done so that children throughout the world never lose their bright and smiling faces. Rather than keeping up appearances with lofty words when the occasion dictates, and without any falsehood, we want to carve out a history that will last into the future.

Today, everything is changing at a speed unlike anything in the past. Perhaps there are realities awaiting us in the future that we cannot imagine. The TOMY Group wants to create a progressive future that our stakeholders will think is fun and exciting. Surely, at the root of this are excellent toys that become the friends of children throughout the world and the smiling faces of children. There is nothing else but that.



富山 幹太郎

Kantaro Tomiyama

Representative Director,
Chairman & CEO
CSR Promotion Project Owner

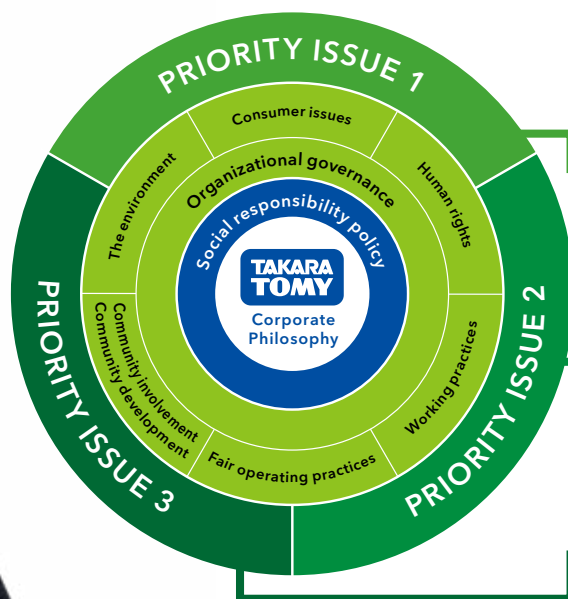


Figure: Three Priority Issues to be Addressed and Core Subjects of the ISO 26000 International Standard on Social Responsibility

Social Responsibility Policy

We strive to contribute to society comprehensively through our pillar business, the world of toys

TOMY's founding philosophy of "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" has been passed down over many generations to become the tenets forming the foundation of our social responsibility policies.

The three pillars to be addressed within TOMY Group CSR were formulated to encompass the seven core subjects highlighted in ISO 26000, an important guideline for performing our social responsibility.

Formulating a Social Responsibility Framework for Promoting Enhanced CSR

In April 2018, TOMY formulated "Become Friends with Children Around the World" as the ideal stance for our CSR vision. To achieve this goal, we created the "TOMY Group Social Responsibility Framework" to summarize this approach. Focused on the 100th anniversary since our founding approaching in 2024 and the future of society beyond that, this framework summarizes how we should contribute to that future in consideration of the United Nations' Sustainable Development Goals (SDGs). These are goals shared by the international community and constitute the important policies that will create the future society in which children will grow up. Going forward, we will develop a variety of activities centered on this framework.

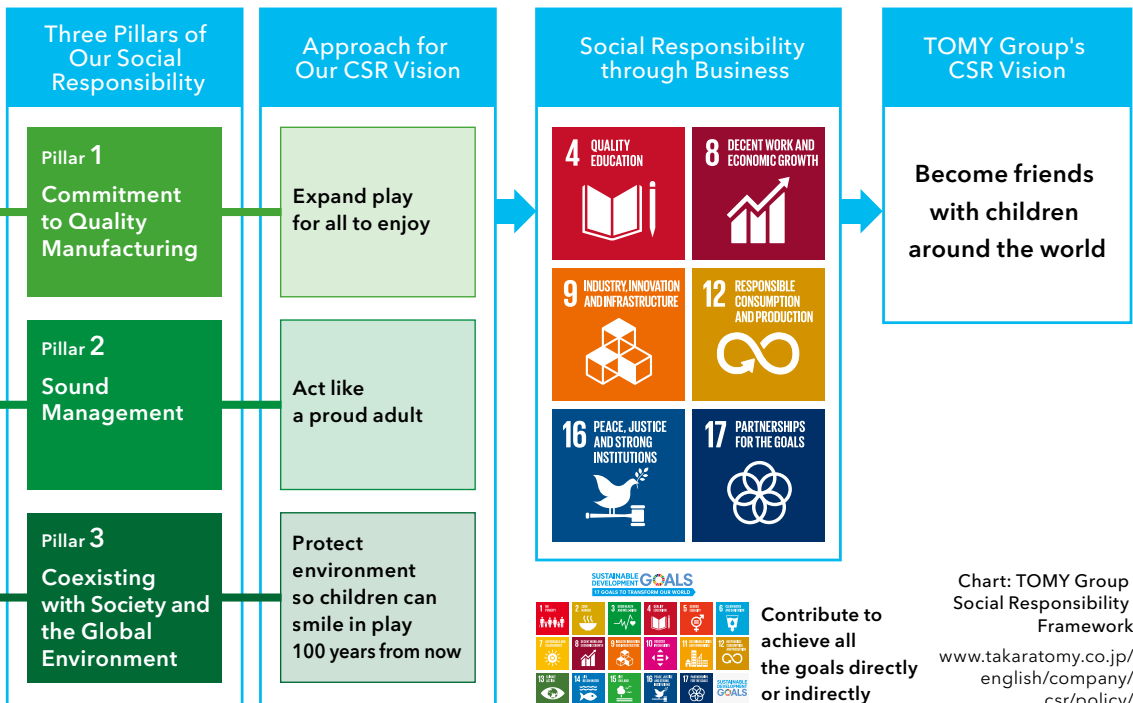


Chart: TOMY Group Social Responsibility Framework
www.takaratomy.co.jp/english/company/csr/policy/

Be it different cultures, genders, disabilities and abilities, lifestyles or values, we live in a diverse world. We seek to help children grow by providing safe and secure toys that reflect such diversity and expand play for children around the world to enjoy.

Toy Safety and Quality

At the TOMY Group, focusing on ensuring that toys are high-quality and safe in all processes, from planning and development to after-sales services, leads to creating toys that have a competitive advantage.

In line with the global rollout of products, we perform inspections demonstrating TOMY's strict independent safety standards, which are higher than toy industry safety standards (ST) and the laws and regulations in each country. We also formulated Product Safety and Quality Management Regulations, and work to ensure safety and prevent problems throughout planning to production. We also conduct in-house inspections and utilize third-party testing to prevent the inclusion of toxic heavy metals, plasticizers (phthalates) and other hazardous substances as defined in the Food Sanitation Act in our products. In the event these substances are discovered, we have a system in place that prevents affected products from being released to the market.

Further, as toy safety concerns change with the advent of new types of play and technological advances, standards and inspection details defined in the TOMY Quality Rules are repeatedly updated in response to the changing times to incorporate the best safety measures. In fiscal 2017, we confirmed standards, regulations and trends in each country and published the 10th edition of the TOMY Quality Rules in April 2018. We also make efforts in terms of education and awareness regarding safety and quality, including "Safety Day" held once each year during which all Group employees throughout the world meet to think about the importance of quality and safety.

Also, to ensure children enjoy safe playtime, usage warnings and cautions based on the anticipated behavior of children are displayed on merchandise packaging, in user manuals and on our website among other efforts focused on safety measures from the children's perspective. In addition, our Customer Service Department receives approximately 300,000 inquiries per year. We analyze these consultations, opinions and questions to provide internal feedback. Close call incidents in particular are shared throughout the Company so this information can be utilized in the creation of subsequent products.



Customer Service Department operator



Letters from customers posted inside the Company

An example of toy safety and quality tests

SAFETY CHECK



CHECK-1

We use a Sharp Point Tester to check for any sharp corners or edges on a toy to prevent injury. The device lights up when it detects a sharp point.



CHECK-2



We determine fixed degrees of hardness for the materials used in some toy parts to avoid injury. We use a Rigidmeter to gauge hardness.

CHECK-3



We soak a toy in boiling water to check if any dye or pigment would run when children put the toy in their mouths.

CHECK-4

We drop a toy multiple times from a specific height.



100 cm this time!



CHECK-5



We put products into a testing device that imitates conditions in a transportation container to ensure products are not damaged or altered during transportation by ship or truck.

Passing on Technologies and Expertise to the Next Generation

Quality management, design and manufacturing technologies are pivotal for the creation of excellent toys. How well can we transform cutting-edge technologies and trends in the adult world to reproduce toys at an affordable price, with technologies and know-how unique to toys? This is how toymakers like TOMY demonstrate our skills. Passing on to the next generation experience accumulated over TOMY's more than 90-year history is key to developing business sustainably.

Teaching the Next Generation

With the aim of passing on to the next generation experiences accumulated through a variety of business operations including design, manufacturing, quality, after-sales service, overseas production supervision and management in Japan and throughout the world, TOMY appointed three Fellows* in fiscal 2017. In addition to guidance in response to consultations from younger employees dealing with issues related to safety, quality and production, Fellows identify issues during the product design stage and regularly revise the design and technologies of products already available for sale. Further, they review inspection items and systems at overseas manufacturing sites and prevent the shipment of defective products through technological advice. With the aim of further improvements in safety, quality and technology standards, from January to March 2018 visits were made to overseas manufacturing bases in Vietnam and other countries.

*Fellow: An employee possessing specific skills deemed necessary by the TOMY Group.



Conduct design and technical review for existing products

Three Fellows with a Variety of Experience in Japan and Overseas Striving to Pass on Technologies and Know-How

FELLOW



Susumu Sugawara

I have engaged in a wide range of duties, including procurement, manufacturing, design, engineering, safety and quality, the Customer Service Department, overseas factories and management. I want to use what I have learned to guide the development of junior employees able to control production from a wider perspective.

FELLOW



Toru Yoshimura

I was involved in operations including, design, assignments at overseas manufacturing bases, Group company management, manufacturing including production strategy and procurement logistics. Going forward, I will do my utmost to augment and accumulate the know-how from these experiences and to make sure to convey this knowledge to the next generation by creating the TOMY Toy Technology Thinktank.

FELLOW



Yoh Ito

I was involved with quality, overseas production management and cost management related to toys. To pursue "true quality" we must pass on quality know-how. I will share my know-how, successes and failures to bring together business divisions, safety and quality and technology and convey this to the next generation.

(As of July 2018)

Giving Structure to Tacit Knowledge

The TOMY Group conducts training schools involving lectures by veteran engineers, factory tours and other activities to nurture the next generation. In line with these efforts, the three Fellows pass on technologies and know-how to the Company and manage in a structured manner to operate easy for employees to utilize. They are working on the creation of a framework to nurture next-generation human resources responsible for quality control, design and production technologies, including the establishment of a consultation desk for young engineers and the archiving of technologies and know-how. Furthermore, as a structure for sharing and promoting this inherited technology and know-how within the Company, we created various tools including a glossary, checklists in multiple languages as well as the *TOMY Toy Technology Thinktank* brochure in which such information is compiled as know-how for use when setting up manufacturing bases.



TOMY Toy Technology Thinktank brochures



Receiving guidance in a molding factory (China)



Toy manufacturing facility inspection (China)

Intellectual Property Strategy Supporting Brand Growth

The TOMY Group continues to manufacture ingenious products in an effort to create new play value. While promoting strategies to grow brands from products, we proactively execute intellectual property strategies as one measure to strengthen our core toy business.

Acquiring Multiple Intellectual Property Rights

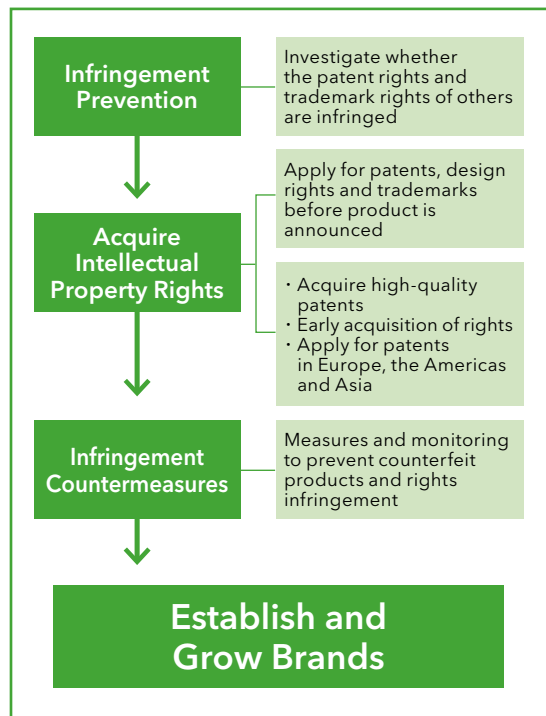
The TOMY Group aggressively acquires intellectual property rights related to the results of product planning and development and TOMY proprietary brands, leading the industry in number of patents held. We acquire and own multiple intellectual property rights for each brand and product, establishing brand value that includes both technologies and playstyles leading to the sustainable growth of brands. In recent years, we are aggressively promoting improvement of patent rights quality, early stage rights as well as the acquisition of intellectual property rights in other countries in accordance with the development of overseas business in the United States, Europe and Asia. We disseminate information internally regarding ownership of intellectual property rights to promote their use and protection in support of the development of products with creativity.

Intellectual Property Rights Infringement Countermeasures

The TOMY Group strives to remove counterfeit products to protect our brands. We exercise intellectual property rights and take appropriate measures in response to the production and sales of counterfeit products, the unauthorized use of copyrighted material on social media, damage to our brand value and other actions associated with the risks that counterfeit products pose to our customers. Specifically, in addition to regularly monitoring overseas e-commerce websites to prevent the distribution of counterfeit products, we request that website operators promptly delete any material constituting copyright infringement and work closely with e-commerce website operators in Japan to promote counterfeit product countermeasures.

Respecting the Intellectual Property Rights of Others

To prevent infringement of the intellectual property rights of others, the TOMY Group meticulously researches patent rights, trademark rights and other intellectual property rights belonging to others throughout the product development process. We also conduct training for our employees through intellectual property rights education incorporating e-learning and other programs to inculcate a respect for the intellectual property rights of others.



Universal Design Initiatives through Our Toys

As we must embody the idea our founder envisioned of “corporate management that contributes to the world,” the TOMY Group is engaged in efforts aiming to create “toys that can be enjoyed by everyone” regardless of physical ability.

Accessible Design Toys Initiatives

The TOMY Group began developing toys for children with disabilities in 1980, later developing toys for the general market as Accessible Design toys that children with disabilities could play with. At present, these efforts have spread throughout the toy industry. Accessible Design toys are easily recognizable even where general toys are sold as they have seeing-eye dog and rabbit logos displayed on their packaging indicating they have passed screening by the Japan Toy Association’s Accessible Design Toy Committee.

Accessible Design toys include design features benefitting people with visual disabilities, such as placing a raised surface mark on the ON side of power switches, whereas for people with hearing disabilities, we include a variety of features instead of sounds that contribute to fun playtime, such as light, vibrations and text, movement and pictures.

Sixth Consecutive Year of 100 Types of Accessible Design Certified Toys

As a manufacturer driving the promotion of Accessible Design in the toy industry, the TOMY Group is engaged in applying for the certification of products in a wide range of categories. For the sixth consecutive year since 2012, more than 100 of our products have been certified as Accessible Design toys.

As a result of our successful efforts, in 2009, we received the Cabinet Office Extraordinary Minister Commendation Excellence Award for the Barrier-Free Universal Design Promotion Distinguished Service Award. We also received the Japan Toy Awards in the Accessible Design Toys category, our ninth consecutive year of awards beginning in 2010, which also includes winning the Grand Prize. Further, in 2018, TOMY was first in the toy industry to win the International Association of Universal Design (IAUD) Gold Award 2017 in recognition of our efforts to coexist with society through the development of Accessible Design toys.

Providing a Greater Number of People with More Fun

In addition to children with visual and hearing disabilities targeted by Accessible Design toys, we also engage in the development of ingenious and stylish products that can be enjoyed by seniors and a variety of other people. These activities and products are introduced in the ISSHONI ASOBO toy catalogue published by TOMY. We also promote society’s understanding of disabilities through participation at International Home Care and Rehabilitation Exhibitions, lectures at universities and school lesson visits for children.



Meeting between TOMICA developers and an Accessible Design Toy representative



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Coexisting with Society and the Global Environment

Today's society faces multiple pressing problems including the depletion of resources, climate change, and environmental issues. We seek to minimize the negative impact of our business, contribute to regional development and protect the environment to help preserve sustainable communities and the Earth for future generations of children to smile and play with toys.

Initiatives to Reduce Environmental Burdens through Business

To reduce environmental burdens within our business activities, we strive to utilize waste generated from business activities as resources whenever possible, while of course observing the law and disposing of materials appropriately. For example, the TOMY TEC Co., Ltd., domestic factory pulverizes waste generated from plastic molds and recycles it.

We also strive to mitigate environmental burdens through efforts to reduce the amount of cardboard and cushioning materials used while utilizing 100% recycled paper for cushioning materials and foldable containers that can be used repeatedly as well as sharing transportation with different industries.



①TOMY TEC (Tochigi) ②Equipment that makes TOMIX train wheels ③Metal scraps left over after cutting train wheels are recycled ④Runners discarded during plastic molding

Eco-Toy Activities

The TOMY Group makes effective use of resources and engages in "Eco-Toy" development that is considerate of the environment. "Eco-Toys" are products that have cleared one or more of the eight environmentally conscious "Eco Toy standards" established by the Group-wide "Eco-Toy Committee" with advice from third-party institutions. The "Eco-Toy" mark is displayed on packaging to communicate environmentally friendly efforts to customers in an easily understandable way in an effort to spread green procurement initiatives in the toy market.



"Eco-Toy" mark

アプリで
おえがきせんせい



The screen on which pictures are drawn can be replaced enabling longer playtime.

KiiPix™



Printing images taken on a smartphone without the need for batteries.

Environmental Communication with Children

The TOMY Group is engaged in environmental education focused on children who will lead the next-generation through playtime with toys and lectures, including in-store events and the EcoPro environment and energy integrated exhibition, as well as welcoming visits from elementary, middle and high school students and elementary school visits to teach lessons. Among these activities, our program teaching lessons at elementary schools were recognized as



an excellent opportunity for raising environmental awareness and concern among children and providing children with a perspective on working life, leading to TOMY receiving the 2017 Environment Minister's Award for Global Warming Prevention Activity (Next-Generation Education Support Using Eco Toys category).

After lessons and playtime are finished, students are presented with completion certificates in the form of Eco-Toy Member certification and Eco-Cards, an environmental report in a card game format. Between June 2011 and March 2018, approximately 55,000 children became Eco-Toy Members.



Elementary school visits



Welcoming visitors to the head office

Community Activities

The TOMY Group participates in community activities at its bases in Japan and in each of countries where it develops business throughout the world.

Japan

Participation in Various Types of Events Aimed at Regional Revitalization

Each store owned by KIDDY LAND, which operates specialty stores carrying toys, fancy goods, character merchandise and books, is a member of regional retail associations that participate in community activities. TOMY TEC, located in Mibu, Tochigi Prefecture, participates in a zero-trash movement sponsored by Toy Industrial Park, in which 125 volunteers from 51 local businesses participated to collect enough trash in 2017 to fill a two-ton truck.

In Tokyo's Katsushika Ward, where TOMY's head office is located, to highlight the local toy-making industry, we support the Toy Idea Contest and we established the Eco-Toy Awards for innovative toy ideas conceived by elementary school students.

Overseas

Community Support Activities

TOMY International, which is responsible for overseas business, conducts a variety of activities rooted in local communities in the United States and Europe.

In England, we visit hospitals to deliver toys, and participate in fundraising events aimed at supporting children with disabilities through charity organizations created by toy companies. In the United States, we are engaged in a variety of activities, including efforts supporting cancer patients and their families and activities aimed at rectifying disparities through toy donations. At TOMY Thailand, we convey Japanese factory culture to local university students and conduct factory tours for employee children and local elementary school students.

Our operational environment is greatly influenced by globalization and the technological revolution, and the responsibility to conduct fair, honest business is growing as companies play an increasingly influential role in society. We should act as proud, respected role models for children and seek to create fun, comfortable working environments across the TOMY Group.

Realizing Comfortable Workplaces

The TOMY Group engages in “work-life balance as a management strategy” and “workplace invigoration measures to stimulate the creation of ideas” as two policies for retaining and cultivating human resources who are the source of corporate value creation. Rather than separating work and private life, we aim to create synergy by enriching both.

Family Day

The TOMY Group conducts Family Day once every year, inviting the children and family of employees to visit our workplace and observe the work we do. Having families experience the work and daily activities of our employees helps deepen their understanding of the workplace, while at the same time, employees are able to gain a better understanding of one another’s family life, making it easier to work together. We aim to create workplace atmosphere that values family.

In fiscal 2017, 178 children and 119 adults, a total of 297 people, visited during Family Day.

Work-Life Balance

In 2014, we officially introduced the Work-at-Home System, under which employees whose time is limited are able to work from home once per week to perform child care or nursing care. We provide a full range of support systems, from pre-maternity leave to returning to work after paid holidays, enabling employees to return to the workplace with peace of mind, including access to in-house counselors. As a result of these initiatives, TOMY sees nearly 100% of its female employees utilizing childcare leave and returning to work.



Family Day

Together with Our Business Partners

Along with our business partners, the TOMY Group aims to maintain and improve appropriate working environments at all our production facilities.

TOMY COC Team and TOMY Shenzhen Initiatives

Based on the TOMY Code of Conduct (COC) Program, TOMY Shenzhen, which is engaged in the production management of toys and other merchandise, works with business partners to support the protection of human rights, ensuring the health and safety of employees, and strives for environmental sustainability in the ongoing management and operation of production facilities. When conducting inspections, we engage in a process based on the

TOMY COC Program that includes a kickoff meeting, visiting facilities, interviewing employees, reviewing documentation, and a concluding meetings.

In April 2018, the TOMY Shenzhen COC Team Leader conducted a briefing on COC at the TOMY Head Office to increase awareness among employees. This briefing was attended by approximately 100 staff members involved in production, from product managers to general managers, who developed a deeper understanding with regard to codes of conduct.



Kickoff meeting



Documentation review



Employee interviews

Inspection Procedure based on the TOMY's Code of Conduct (COC)



Concluding meeting



Facility visit

Organizational Governance

The TOMY Group conducts corporate activities that are always based on our founding philosophy. To fulfill the dreams of all our stakeholders in line with our corporate mission, each promise that employees should keep is established as our “Code of Conduct.” All officers and employees engage in daily operations based on this code of conduct.

TOMY Group Code of Business Conduct

The TOMY Group formulated the TOMY Group Code of Business Conduct based on our founding philosophy, corporate mission, corporate guidelines and code of conduct to ensure appropriate conduct. In addition to observing the founding philosophy, this code specifically defines and strictly forbids any behavior that presents adults in an unseemly light in order to be a company that children, our most important customers, continue looking up to. In the event of a compliance violation or when there are concerns about potential violations, we encourage

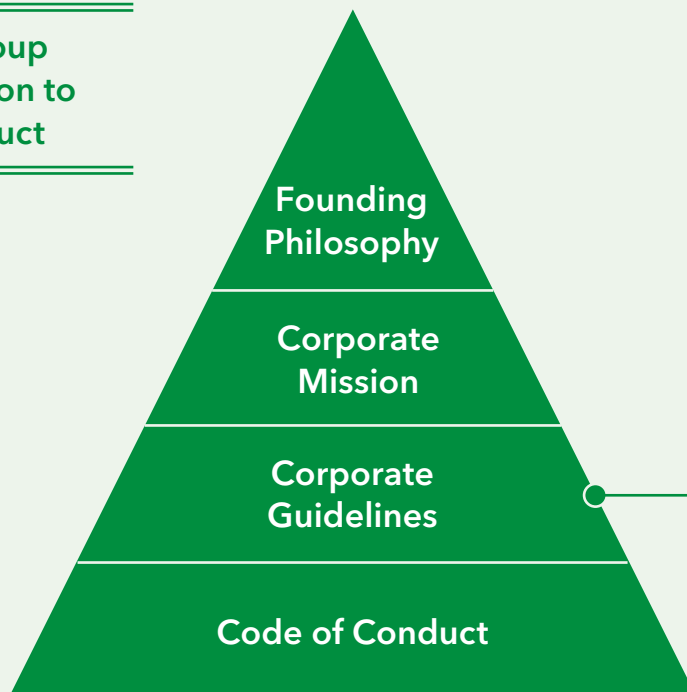
employees to consult with their supervisor or a person in charge and to utilize the TOMY Group Hotline.

Compliance Education

Regarding the TOMY Group Code of Business Conduct, we create multilingual educational materials (in Japanese, English, Chinese, Vietnamese, Thai, Korean and French) and conduct training to facilitate a proper understanding among all Group company officers and employees.

Every year, we conduct “Think About Compliance Day” for officers and employees during which we

The TOMY Group Corporate Mission to Code of Conduct



discuss the details and causes of any problems that may have occurred within the Group and share countermeasures to prevent recurrence. A video of this meeting is provided to officers and employees unable to attend, as well as overseas Group companies, in an effort to improve compliance throughout the entire Group. Further, in fiscal 2017, we introduced a Compliance Leader system with the aim of enhancing awareness and establishing a structure of compliance. We appointed 40 managers comprising mainly TOMY general managers and domestic Group company directors, and to ensure appropriate judgments and conduct within daily corporate activities, we invited lawyers and other outside specialists to conduct four training sessions related to laws that must be observed and other knowledge.

Additionally, based on the results of the Compliance Awareness Survey conducted prior to the introduction of this system, each leader identified

problems in the workplace and took the initiative to ensure compliance by utilizing the PDCA cycle to make improvements. The improvement activities conducted by leaders in each workplace during the year were reported on "Think About Compliance Day."

To ensure all officers and employees possess understanding and empathy with regard to compliance, we conducted a variety of awareness measures, including displaying posters inside the Company, and distributed an email magazine introducing familiar examples using four panel comics.

We also conduct compliance education using e-learning for a variety of original programs on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, diversity, harassment and rectifying long working hours.

Corporate Guidelines

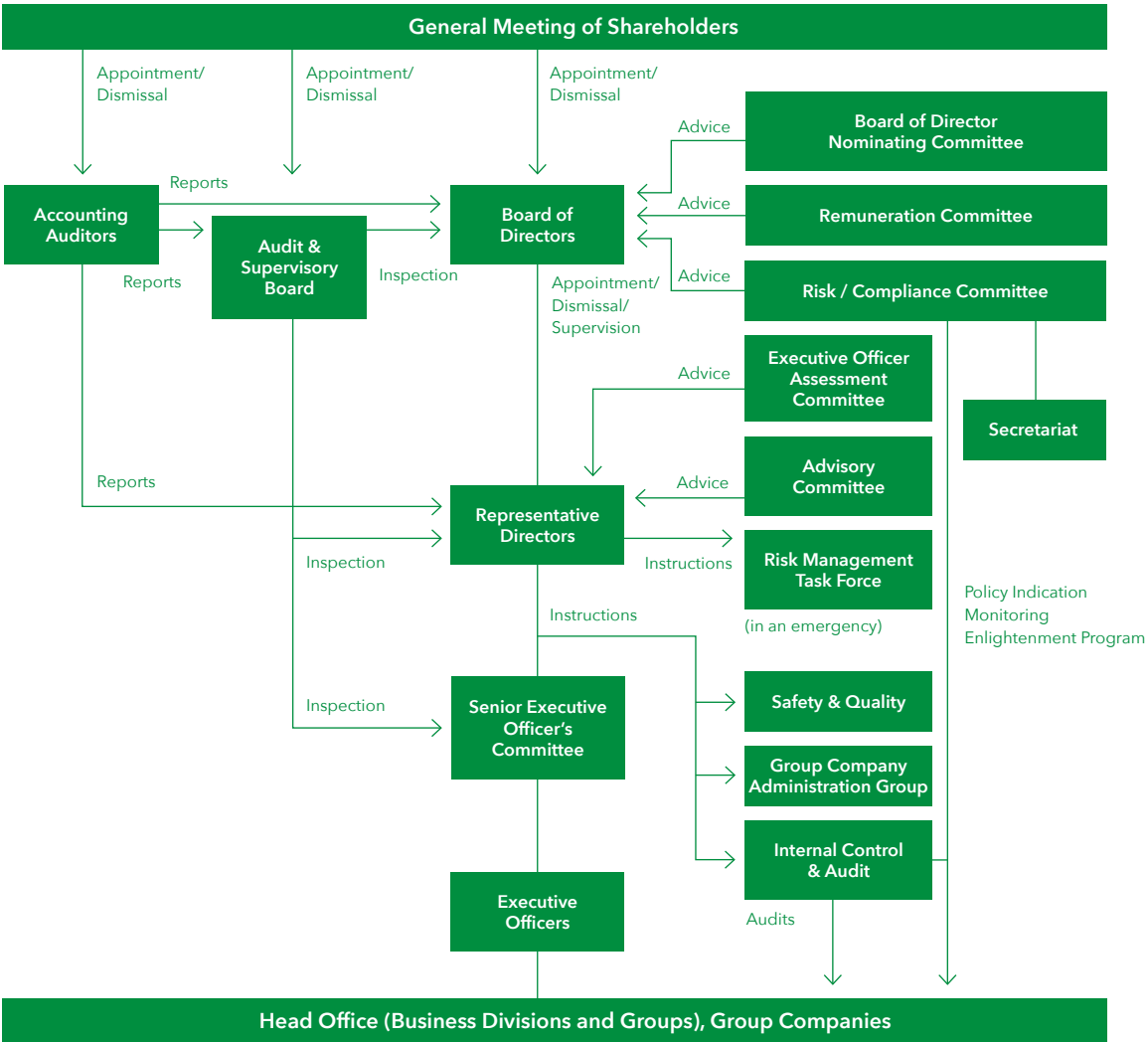
Customers	We will bring dreams to reality through products which offer new forms of play value.
Employees	We will strive to offer a dynamic working environment which maximizes individual initiative and creativity.
Shareholders	We will satisfy expectations and earn trust through sound management and quality earnings growth.
Business Partners	We will deal fairly and honestly, aiming for mutual prosperity.
Society	TOMY Group will continue to be a faithful and trusted corporate citizen for the 21st century.

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 March 31, 2018)

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) The Senior Executive Officer's Committee was established and officers meetings are held more than once per month in principle 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:

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:

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, Type of Compensation and Number of Applicable Directors (in the Fiscal Year Ended March 31, 2018)

(Millions of yen)

Director category	Number of Applicable Directors	Compensation amount	Basic compensation	Stock options	Bonuses
Directors (excluding outside Directors)	4	312	189	35	87
Audit & Supervisory Board Member (excluding outside members)	1	21	15	-	5
Outside Directors	5	57	43	-	14

Persons with Consolidated Remuneration of ¥100 Million or More

(Millions of yen)

Director category	Number of Applicable Directors	Compensation amount	Basic compensation	Stock options	Bonuses
H.G. Meij	1	131	100	30	-

Note: Mr. Harold George Meij resigned from the position of the Representative Director, Director and President of TOMY effective December 31, 2017.

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.

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:

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 2018:

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 three independent outside Directors, comprising one-third of all Directors (seven 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.

*We will implement requirement called for under the Corporate Governance Code revised on June 1, 2018.