

# GOVERNANCE

We will be thorough with internal control while improving the efficiency and transparency of management, and give top priority to "human life, safety and compliance" in practicing CSR management.



## Corporate Governance

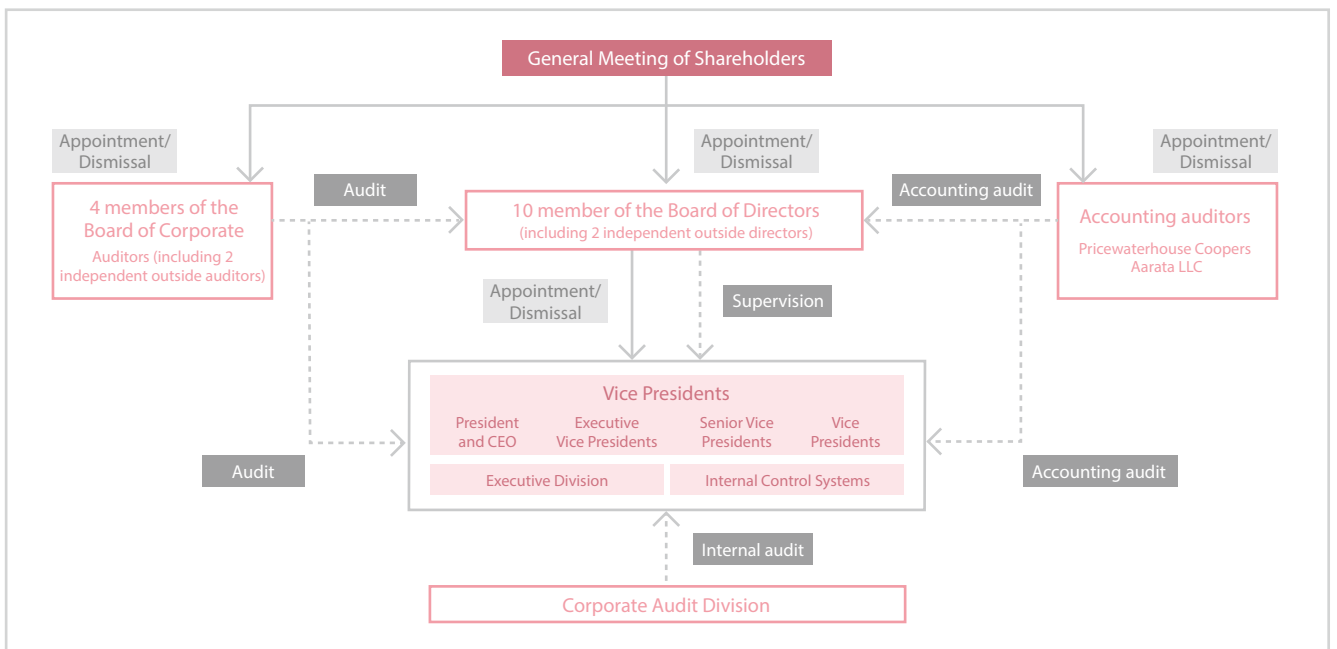
We recognize corporate governance as an essential management policy, which meets the expectations of stakeholders and continuously improves corporate values. We are committed to taking measures to improve the efficiency and transparency of management, as well as to reinforce the functions for the Board of Directors and the (Board of) Corporate Auditors.

### Corporate Governance System

In terms of the corporate body, we have introduced the executive officer system to separate "functions related to supervision and decision making" from "functions related to task enforcement". We also make efforts to improve the promptness and mobility of decision making by optimizing the number of directors. In addition, we have assigned two independent outside directors and two independent outside auditors to ensure transparency of management, as well as set the term of the directors to one year to clarify the management responsibility and promptly respond to changes in the management environment.

With regard to the management supervision, the directors supervise business execution, the corporate auditors conduct audits, the accounting auditors conduct accounting audits, and the corporate audit group conducts internal audits. We also strive to enhance the internal control systems in terms of operating effectiveness and efficiency, reliability of financial reporting, compliance with the laws and regulations related to our business activities, and safeguarding of assets.

### Corporate governance system



# Compliance



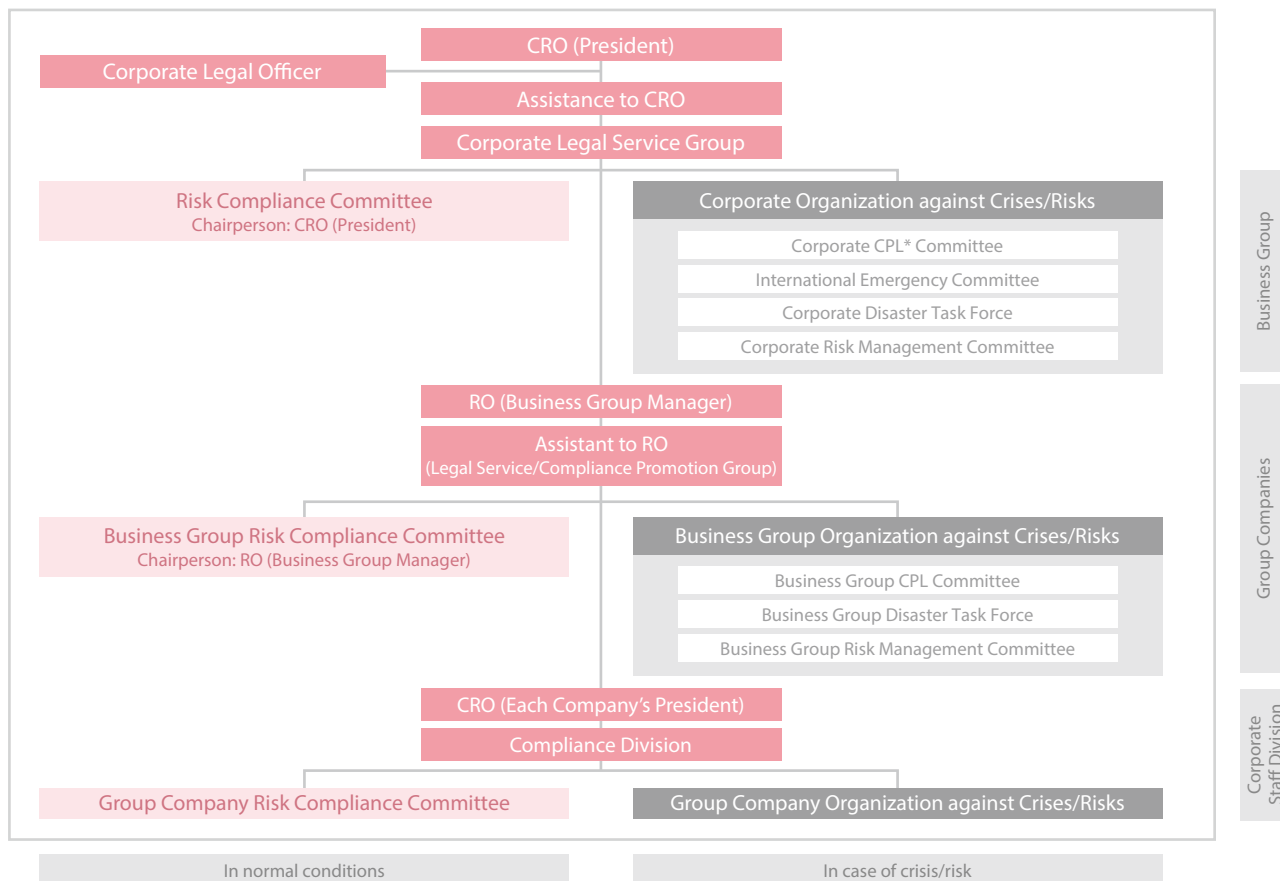
Toshiba Tec Group works on compliance activities, while thoroughly observing laws and regulations, internal rules, and social customs on a global basis.

## Risk Compliance Promotion System

We appoint each company president and CEO as a CRO\* in order to propagate and thoroughly implement the "Toshiba Tec Group Standards of Conduct" as well as advance the risk compliance measures. Top management exercises initiative to devise and promote various strategies in response to emergency situations. We organize the Risk Compliance Committee under the leadership of the CRO, to maintain the system of the entire Toshiba Tec Group, devise and promote the advancement of risk compliance.

\* CRO: Chief Risk Compliance Management Office

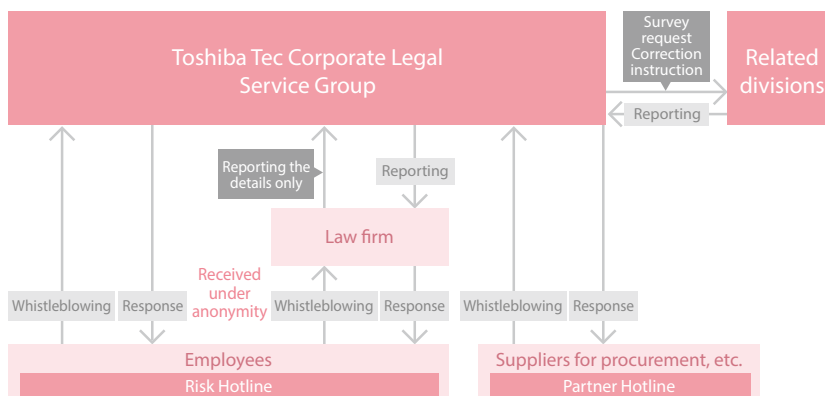
### Risk compliance system



\* CPL: A term made by combining CL (quality assurance responsibility under contract) with PL (product liability)

### Internal reporting system

Toshiba Tec Group has established an internal reporting system as a way of consulting/reporting on illegal, dishonest and unethical behavior, as well as internal rules which enable executives and employees to provide information to the CRO or outside attorneys. We give maximum consideration to ensuring the anonymity of whistleblowers, thoroughly managing information and protecting them from suffering any detrimental consequences, such as dismissal, as a result of their whistleblowing. In addition, the "Toshiba Tec Partner Hotline" has been introduced and operated so that business partners can provide information through the website.



**Toshiba Tec Partner Hotline**  
<https://www.toshibatec.co.jp/contacts/partnerline/> in Japanese only

## Fostering Compliance-conscious Culture

To foster high ethics and a law-abiding awareness in each employee, we provide compliance education on a variety of themes and workplace meetings on CSR.

### Compliance education

We provide every executive and employee with e-learning while also holding educational seminars intended for specific employees, such as law-related education for business groups, education for insider trading prevention, and education for employees to be stationed abroad.

#### e-learning for every executive and employee

#### Topics

- Improvement in customer satisfaction
- Harassment
- Environment
- Standards of conduct
- Information security and personal data protection
- Electrical safety law
- Accounting compliance
- Export control
- Prevention of inside trading
- Mental health
- Subcontract act
- Engineering ethics and copyright, etc.

#### Educational seminars intended for specific employees

##### ● Law-related education for business groups

This kind of educational seminar is held every year to promote recognition of legal risk in business activities, learn how to reduce such risks, and discuss various daily operation issues.

In fiscal 2017, this kind of education was held a total of 39 times in 12 business sites throughout Japan.

- Eligible: Employees from each business group
- Time: 90 minutes (including Q & A)



##### ● Education for insider trading prevention

We held an educational seminar on insider trading prevention with a guest lecturer for deeper understanding of insider trading regulations.

- Eligible: Employees continuously handling insider information
- Time: 75 minutes (including Q & A)

### Dissemination of "Toshiba Tec Group Standards of Conduct"

We prepared "Toshiba Tec Group Standards of Conduct" in 13 languages and delivered brochures to every employee of Toshiba Tec and its domestic and overseas group companies. We also provide e-learning-based education to them to ensure thorough dissemination of information.

### Workplace meetings on CSR

To create a positive workplace atmosphere through discussions, develop compliance awareness in each employee, and establish this as the corporate culture, meetings on CSR are held at each workplace. In these meetings, the manager and their subordinates discuss various issues which may occur in the workplace and share opinions. The goal of these meetings is to create a frank and open-minded work environment as well as to prevent compliance violations. In fiscal 2017, we held discussions under the theme "Communication at the workplace" and exchanged opinions about what kind of atmosphere is needed to revitalize workplace communications by looking at potential issues caused by misunderstanding due to a lack of communication.

## Information Security

We recognize all information including sales and technical data handled while carrying out our task as important property, and have established a basic policy to prevent and protect against inappropriate disclosure, leakage or improper use of such information. We define this policy in the Information Security section of the Toshiba Tec Standards of Conduct so that all executives and employees are fully informed. In fiscal 2017, there were no information security incidents that were likely to cause serious problems, such as unauthorized access to internal/external servers, falsification, loss or theft of computers/electronic media in which important company data or customers' personal data is stored.

We also established a system and rules for information security management, and revise them in response to the changes in the social environment. Shizuoka Business Center (Mishima and Ohito), where the design, development, and quality assurance sections are located, received the ISO/IEC 27001:2005 certification in fiscal 2007 and 2012, and upgraded to the ISO/IEC 27001:2013 certification in fiscal 2014. In terms of technical measures, Toshiba Tec Group strengthens measures to protect the public server, in order to prevent cyber-attacks and other forms of unauthorized access from the outside, which are becoming more and more sophisticated year by year, as well as to avoid information leakage. We also enhance the monitoring of internal systems to enable a quick response in the event of a computer virus infection.

Each division continuously makes improvements by voluntarily auditing the status of compliance with the internal rules. We provide education to all employees, including executives, employees, and employees dispatched from affiliated companies, in order to prevent accidents in handling information and widely disseminate the information security measures. Information security education was provided to all Toshiba Tec employees in fiscal 2017.

Our group companies take similar measures, respectively, and make a concerted effort to maintain and improve information security throughout Toshiba Tec Group.

## Security Export Control

Export control is aimed at preventing the proliferation of weapons of mass destruction and other sensitive items to countries and regions of security concern or terrorist organizations. Export transactions of goods and technology that have potential weapons of mass-destruction (WMD)/conventional weapons applications are restricted under laws and regulations.

Our basic policies of export control are as follows: We shall comply with all applicable export control laws and regulations in each country and region of operation (the Foreign Exchange and Foreign Trade Control Law in Japan), and with those of the United States if we are engaged in transactions involving U.S. origin cargos and technologies. We shall refrain from any transactions that may undermine the maintenance of global peace and security.

Based on these basic policies, we have established the "Export Control Program" and built an export control system. Accordingly, we make cargo/technology relevance judgments and strict transaction screenings for determining the need for export permission, conduct periodic export control audits, and provide education and support to our group companies.

## Intellectual Property

The "Toshiba Tec Group Standards of Conduct" specifies "Compliance with all applicable laws and regulations associated with intellectual property rights", "Protection and extensive use of the results of intellectual activities under the intellectual property rights", and "Respect for the legitimate intellectual property rights of third parties", as the Toshiba Tec Group's policy for intellectual property rights.

We also work to develop and proactively use our intellectual properties to contribute to the further achievement of our retail and printing solutions business groups. As a part of our approach, we hold an event called Invention Challenge to collect ideas from every Toshiba Tec Group employee regardless of the organization and motivate greater invention and creation.

# Shareholders/Investors Relations

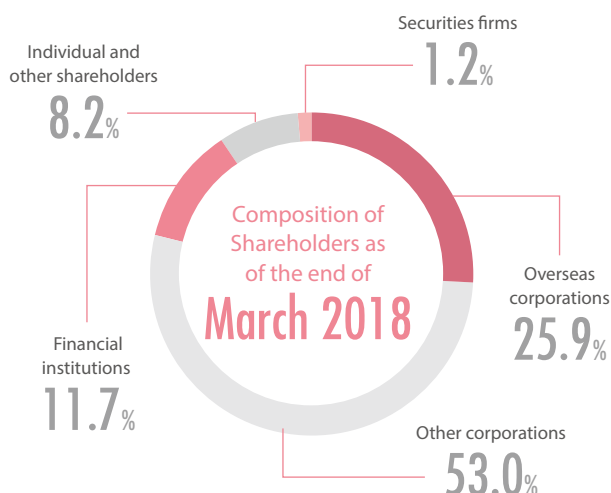
We will enhance the information disclosure system for proactive disclosure in order to contribute to the benefits of the shareholders and investors.

### General meeting of shareholders

We recognize the general meeting of shareholders as an important place to directly communicate with shareholders.

On principle, we try to hold our general meetings of shareholders on days other than when many other companies hold their meetings. We notify our shareholders at least three weeks prior to the meeting date and disclose meeting notices by posting them on the Tokyo Stock Exchange (TSE) and our websites at least one day prior to the delivery date. Furthermore, we have introduced the Internet polling system and the TSE Electronic Voting Platform so that the shareholders can exercise their voting rights properly and smoothly. For foreign institutional investors, we post the English version of the simplified meeting notice (without attachments) on the TSE website and an Electronic Voting Platform for their proper and smooth voting.

### Composition of shareholders (excluding treasury shares)



### Investor relations library website

We post information, such as financial settlement information, timely disclosure data, financial statements, quarterly reports, business reports and stock information, on the Investor Relations website. We provide our information to allow investors to exhaustively obtain the information in chronological order.

 **Investor Relations**  
<https://www.toshibatec.com/company/ir/>

### Business report

We create business reports after announcing the second-quarter and financial statements, and deliver them to our shareholders. In the business reports, many diagrams and photos are provided along with the text information such as new products, services, and business forecasts, to help shareholders understand the latest Toshiba Tec information.



### Investors relations for institutional investors

We hold second-quarter and annual financial results briefing sessions after announcing each statement. Our Chief Financial Officer (CFO) provides an overview of financial statements to institutional investors and analysts. We also hold our management policy meeting with attendance of CEO, CFO and executives responsible for each business group.



Management policy meeting