TOSHIBA
Leading Innovation >>>

Corporate Social
Responsibility Report

TOSHIBA TEC GROUP
CSR REPORT
2018

"Monozukuri": creating our products with pride and passion.

Keeping our customers in mind all the time and everywhere.

We consistently aim to be of benefit to our customers and to create new value.
Our mission is to please customers through the creation of
products and services that exceed their expectations.
Rather than continue on as an extension of the past, we are actively striving to anticipate
ever-changing market needs by finding ways to enhance our creativity and adaptability,
thereby enabling a swift response to these changes. By providing solutions to our customers
that are one step ahead, we endeavor to contribute to the realization of a better society.

Contributing to the realization of a sustainable society

Shareholders

Customers

**Supporting the resolution
of global social issues
through business**

Environment

Suppliers

**Giving top priority to human life,
safety and compliance**

Local communities

Fulfilling CSR together
with stakeholders

Employees

Practicing CSR activities based on our
corporate philosophy "Our Five Commitments"
and Standards of Conduct

EDITORIAL POLICY

Toshiba Tec Group CSR Report is designed to report on the CSR activities of Toshiba Tec Group to a number of stakeholders. By classifying CSR activities according to the framework of "ESG" (Environment, Social and Governance), as well as providing a clear and easy-to-understand description from the reader's point of view, this report introduces Toshiba Tec Group companies and businesses along with the concept of CSR activities and specific efforts.

We hope to use this report for communication with our stakeholders, and keep striving to improve the contents with the help of your valuable comments. The website provides more detailed and extensive information including past activities.

Reporting Organization

In principle, Toshiba Tec Corporation and its consolidated subsidiaries

Reporting Period

This report not only focuses on the activities in fiscal 2017 (from April 2017 to March 2018) but also includes some activities continuing from the past as well as more recent ones.

Publication

August 2018 (Next issue scheduled for July 2019, previous issue: August 2017)

Reference Guidelines

- GRI (Global Reporting Initiative)
  "Sustainability Reporting Guideline 4th Edition (G4)"
- Ministry of the Environment "Environmental Report Guidelines"
  (FY2012 Edition)"Environmental Accounting Guidelines" (FY2005 Edition)
- ISO 26000 (Guidance on Social Responsibility)

Sustainable Development Goals (SDGs)

In September 2015, the "2030 Agenda for Sustainable Development" was unanimously adopted at the U.N. Summit. The Agenda consists of 17 goals and 169 targets, and is applied to all countries universally. The 2030 Agenda commits to leaving "no one left behind", and aims to solve societal issues, including poverty, famine, education and health, by 2030. It also seeks to mitigate climate change and protect the environment in creating a sustainable society.

Toshiba Tec Group is willing to advance activities to contribute to these goals in collaboration with various stakeholders.

Contents

Web Site

Social and Environmental Activities
https://www.toshibatec.com/company/csr/

Investor Relations
https://www.toshibatec.com/company/ir/

Toshiba Tec Group contributes
putting into practice its

The environment surrounding companies is dramatically changing every day. While the movement against various issues that global society is facing, such as the Sustainable Development Goals (SDGs) and Paris Agreement adopted at the United Nations, companies are required to participate in solving these issues. By providing solutions that are one step ahead to all of our customers in four businesses of retail solutions, printing solutions, auto ID solutions and inkjet solutions for solving societal issues and realizing a sustainable society, we endeavor to contribute to the realization of a better society.

Corporate Philosophy

The foundations of Toshiba Tec Group's management are our corporate philosophy expressed in "Our Five Commitments". This corporate philosophy is a sense of value, which Toshiba Tec Group executives and employees over the world share.

We bring the corporate philosophy into shape, and conduct business activities with fairness, integrity and a high transparency while each and every executive and employee complies with the "Toshiba Tec Group Standards of Conduct", which have been defined as a course of action for the company to contribute to the realization of a sustainable society.

Toshiba Tec Group's CSR management puts corporate philosophy and standards of conduct into practice. By putting corporate philosophy and standards of conduct into practice, we build a mutual relationship with our stakeholders, and help our group grow in a sustainable way, leading to further contributions to society.

to the realization of a sustainable society by corporate philosophy "Our Five Commitments".

Human Life, Safety and Legal Compliance

CSR management gives top priority to human life, safety and compliance. We endeavor to ensure quality and sound management as a company, which puts emphasis on harmony with the environment, human rights and local communities, based on the idea of giving top priority to human life, safety, and compliance.

Promoting Environmental Management

We are committed to fulfilling our role as a company toward a better global environment. In order to build a sustainable society, we proceed with the environmental plan by giving top priority to the conservation and protection of the world's natural resources, in every business process and product. We are also committed to providing environmentally conscious products around the world and reducing environmental impact in every stage of our business activities including development, manufacturing and distribution.

Respecting Diversity

As business operations are expanding globally, in our activities as a global company we take into account the constantly changing sense of social values, as well as recognizing and respecting the differences in culture, history and customs among countries and regions in the world. We value new ideas, which are created when people with different personalities, race, gender and age, enlighten each other. We also make use of human resources by respecting diversity, and focus on the Work-Style Innovation of individuals.

Relationship with Stakeholders

We believe it is important to conduct business activities based on a relationship of trust with stakeholders such as customers, suppliers, employees, local communities and shareholders/investors. It is essential to build mutual trust with stakeholders for our group to grow and develop in a sustainable way. We will continue to listen to our stakeholders and gain a full understanding of their expectations through a variety of communication opportunities. Doing so will enable us to improve business operations.

Conclusion

With the aim of becoming a global one-stop solution company, we are working hard to establish a steadily profitable organization through cost reduction and productivity, take a lead in the market based on core business and expand solutions and service business.
As a company that meets the expectations of stakeholders, we will continue to contribute to solving societal issues with the solutions we provide and grow in a sustainable way.
We look forward to your continued understanding and support.

Takayuki Ikeda

President and Chief Executive Officer
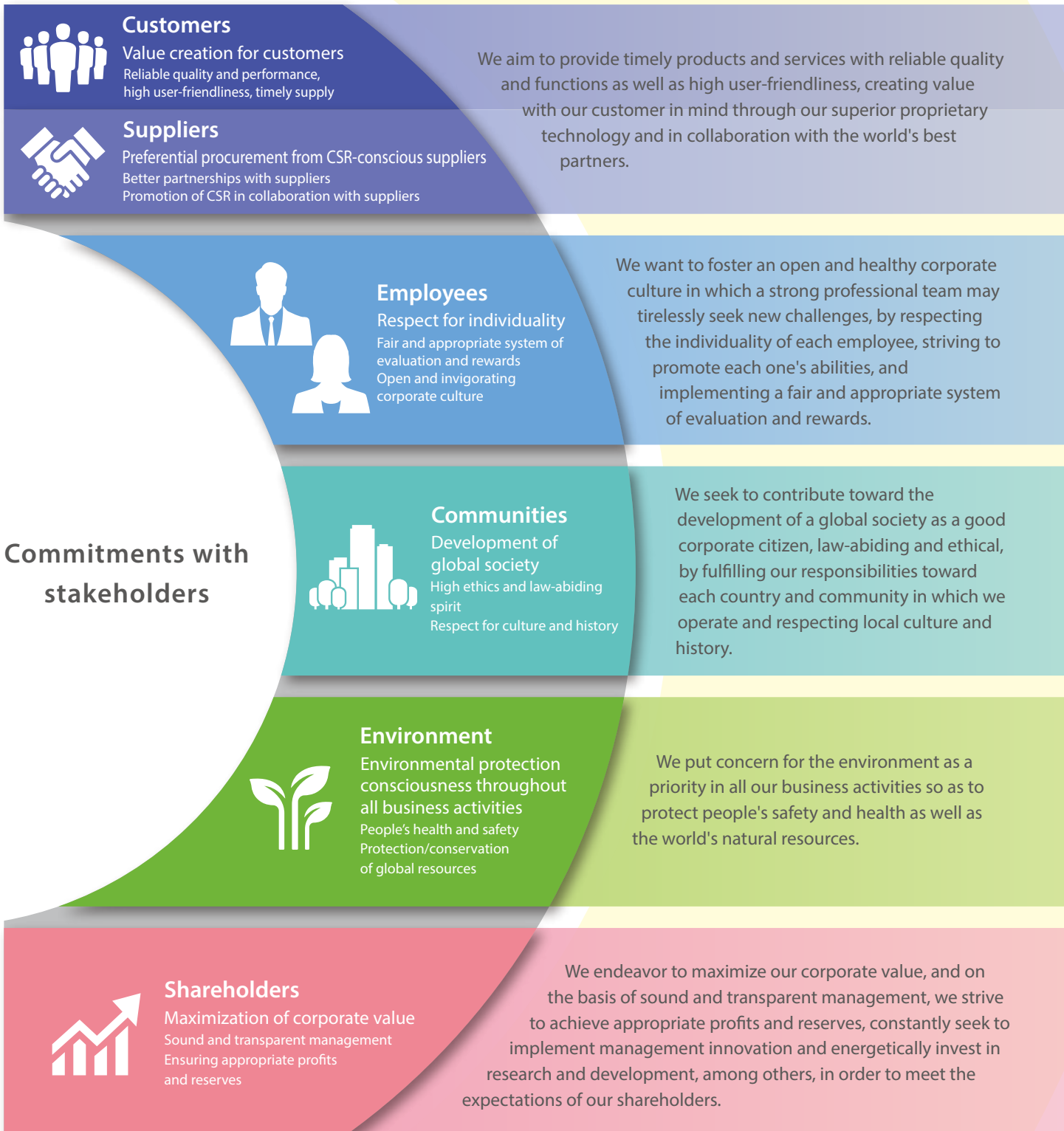**TOSHIBA TEC CORPORATION**
June 2018

CSR MANAGEMENT OF TOSHIBA TEC

While positioning CSR at the core of management, we are conducting business activities to contribute to the development of a sustainable society by giving top priority to human life, safety and compliance, as well as contributing to solving problems in global society through business.
We recognize the support from a number of stakeholders around the world, including customers, suppliers, employees, communities, shareholders and investors, as well as encourage our Group employees to practice CSR activities based on our corporate philosophy "Our Five Commitments" and "Toshiba Tec Group Standards of Conduct".

- Corporate Philosophy of Toshiba Tec Group -
Our Five Commitments

Commitments with stakeholders

Customers
Value creation for customers
Reliable quality and performance, high user-friendliness, timely supply

We aim to provide timely products and services with reliable quality and functions as well as high user-friendliness, creating value with our customer in mind through our superior proprietary technology and in collaboration with the world's best partners.

Suppliers
Preferential procurement from CSR-conscious suppliers
Better partnerships with suppliers
Promotion of CSR in collaboration with suppliers

Employees
Respect for individuality
Fair and appropriate system of evaluation and rewards
Open and invigorating corporate culture

We want to foster an open and healthy corporate culture in which a strong professional team may tirelessly seek new challenges, by respecting the individuality of each employee, striving to promote each one's abilities, and implementing a fair and appropriate system of evaluation and rewards.

Communities
Development of global society
High ethics and law-abiding spirit
Respect for culture and history

We seek to contribute toward the development of a global society as a good corporate citizen, law-abiding and ethical, by fulfilling our responsibilities toward each country and community in which we operate and respecting local culture and history.

Environment
Environmental protection consciousness throughout all business activities
People's health and safety
Protection/conservation of global resources

We put concern for the environment as a priority in all our business activities so as to protect people's safety and health as well as the world's natural resources.

Shareholders
Maximization of corporate value
Sound and transparent management
Ensuring appropriate profits and reserves

We endeavor to maximize our corporate value, and on the basis of sound and transparent management, we strive to achieve appropriate profits and reserves, constantly seek to implement management innovation and energetically invest in research and development, among others, in order to meet the expectations of our shareholders.

Toshiba Tec Group Standards of Conduct

The "Toshiba Tec Group Standards of Conduct" have been established as a course of action for the company to bring the corporate philosophy into shape, conduct business activities with fairness, integrity and a high transparency, and contribute to the realization of a sustainable society.

Each and every executive and employee of Toshiba Tec Group should comply with the "Toshiba Tec Group Standards of Conduct" and strive to operate a sound and high quality business as a part of a global enterprise which emphasizes a balance between the environment, human rights and local communities under the principle of giving the highest priority to life, safety and compliance with laws, regulations, social standards and ethics.

* Established in 1990, revised in 2014

1. Human Rights	11. Engineering Ethics
2. Customer Satisfaction	12. Intellectual Property Rights
3. Procurement	13. Accounting
4. Production and Technology, Quality Assurance	14. Corporate Communications
5. Marketing and Sales	15. Advertising
6. Competition Law and Government Transactions	16. Workplace
7. Bribery	17. Information Security
8. Environment	18. Company Assets and Conflicts of Interest
9. Export Control	19. Community Relations
10. Antisocial Groups	

CSR Promotion Structure

In 2004, Toshiba Tec Group established a "CSR Promotion Center" as an organization to promote CSR, and has been improving the promotion structure since then. We are conducting activities in cooperation with CSR-related divisions, such as Human Resources, Environment and Procurement, in order to root CSR as the corporate culture on the premise of "Compliance" to abide by corporate ethics, laws and regulations. We also appoint persons in charge of CSR promotion at domestic and overseas group companies to conduct CSR activities.

HISTORY OF TOSHIBA TEC

Toshiba Tec Corporation keeps moving together with stakeholders in response to the changing times. We continue to create a new value based on our accumulated achievements and know-how.

Establishment of a business foundation based on a principle of "Autonomy and Independence"

After separation and independence from Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation), we weathered the chaotic postwar period, entered into new business fields inspired by a policy "Autonomy and Independence", and established our business foundation.

1950 Tokyo Electric Appliances Co., Ltd. was established.

1952 Renamed as Tokyo Electric Co., Ltd.

1957 Entered into cash register business.

1962 Opened Mishima Plant.

1964 Started production of "Tostec" Series electric adding machine.

Tostec "BC-401" compact electric adding machine

Dawn of the age of POS system Printer business to the top of the world

We consolidated our business foundation for the next great expansion into new fields, such as printers and POS systems.

1979 Entered into printer business.

1979 Launched POS system with bar code scanner.

1982 Released "Chosaku Series" office computer.

1985 Acquired a Singaporean company, SEMICON INDUSTRIES PRIVATE LTD. and started overseas production. (Current Toshiba Tec Singapore Pte Ltd.)

"M-800" POS system with bar code scanner

1980~

1970~

1960~

1950~

Seeking markets overseas Digitalization of office equipment

Expansion into North America, Europe, and South East Asia gained momentum. Size, weight, and price reduction trends continued as digitalization of office equipment progressed.

1969 Established Tec America, Inc., the first overseas subsidiary.

1971 Started production of "Maconick" electronic cash register.

1972 Established Tec Denshi Jimuki Co., Ltd. (Renamed as TEC Electronics Corporation in 1977.)

1973 Developed microcomputer chip-incorporated electronic cash register.

First in the world

"BRC-32CF-GS" cash register

Reformation and creation

We moved forward on establishing a stable profit-making business structure under a slogan of reformation and creation.

1994 Merged with TEC Electronics Corporation and changed the name to TEC Corporation.

1999 Copier business was transferred from Toshiba and the trading name was changed to Toshiba Tec Corporation.

2001 Started the production of photocopiers in our new plant in Shenzhen, China (Toshiba Tec Information Systems (Shenzhen) Co., Ltd.)

2004 Established new management policy of Toshiba Tec Group called "Our Five Commitments".

2004 Launched "e-STUDIO 350EB" MFP supporting erasable toner (e-blue).

2005 Tokyo area offices were integrated into Osaki Office (Shinagawa-ku).

2006 Launched "WILLPOS-Self SS-1000" self-checkout system.

"WILLPOS-Self SS-1000" self-checkout system

2018~

2010~

2000~

1990~

Aiming to become a global one-stop solutions company

2011 Launched "IS-890T vertical type image processing scanner" which recognizes characters on mark-down labels.

2011 Paper reusing MFP system won the Minister of the Environment Award for the Prevention of Global Warming (technology development and commercialization category).

2012 Acquired retail store solution business (RSS) from International Business Machines Corporation (IBM).

2013 Released "Loops" paper reusing system.

2013 Released "IS-910T" vertical type object recognition scanner.

2014 Launched "Smart Receipt" electronic receipt service.

2016 Launched "SemiSelf" semi-self-checkout system.

2017 Launched RFID-enabled self-checkout system.

2017 Released "Loops" paper reusing hybrid MFP system that enables regular printing as well as erasable printing on one single device.

Aiming to become a company capable of responding to changes

We strove for revitalization of management and growth of our POS business.

1987 Launched "TEC Smart Line Scanner" vertical type stationary scanner. *First in the industry*

1987 Launched "Order Stream" wireless ordering system for restaurant.

1989 Developed wireless POS system. *First in the world*

1989 Started full-scale bar code business.

1992 Started activities of Toshiba Tec Philanthropy Fund.

"B-470 Series" bar code printer

Loops LP50 Series

BUSINESS OVERVIEW OF TOSHIBA TEC GROUP

Toshiba Tec Group aims to realize a safe, secure, reliable, and sustainable society through its retail and printing solutions that support the businesses in offices, stores and logistics.
We contribute to creating a better society by offering state-of-the-art solutions based on our accumulated core technologies.

Retail Solutions Business

Providing the best solution for the smiles of customers and stores

As a best partner of the retail distribution industry, we support efficient and smooth management of stores of various business types and categories, such as specialty stores, restaurants, and shopping centers, through our optimum solutions.

POS systems

Self-ordering tablets

Smart Receipt

Printing Solutions Business

Creating a new value with advanced technical capabilities

We offer printing solutions that contribute to improvement of efficiency in customer operations and reduction of environmental impact and cost through the paper reusing system which helps reduce paper consumption and the color Digital Multifunction Peripherals (MFPs) which meet various applications.

MFPs

Aiming to be a global one-stop solutions company

Auto ID Solutions Business

Supporting an establishment of SCM system in various fields with auto ID technology

We offer powerful solutions using auto ID technologies, such as bar codes, RFID, beacon, and images, to support customers to build supply chain management (SCM) system in a wide range of industries.

Label printers

RFID systems

Sensing solutions (Beacon terminal)

Inkjet Solutions Business

Meeting various printing needs of various fields

We offer inkjet solutions, including inkjet heads and peripheral devices that meet various printing needs of various industries and create a new value for customers. Products with high image quality and reliability are indispensable for daily-advancing printing technology.
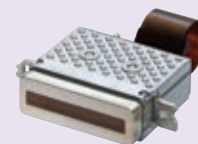
Inkjet heads

Semi-self-checkout system/RFID-enabled self-checkout system

Reducing waiting time for checkout and providing the joy of shopping

In recent years, the retail industry suffers from a serious problem of chronic labor. Toshiba Tec provides various types of cash registers and POS systems that reduce workload at stores, improve work efficiency, and meet diversified shoppers' life styles. Particularly, the semi-self-checkout system and the RFID-enabled self-checkout system contribute to satisfaction of both stores and shoppers with speedy checkout and easy payment.

With the semi-self-checkout system, cashiers scan bar codes and shoppers pay by themselves. With the RFID-enabled self-checkout system, shoppers perform a total checkout operation by themselves, from reading of RFID tags to payment.

RFID-enabled self-checkout system with a total checkout operation, from RFID tag reading to payment, is done by shoppers

Semi-self-checkout system with which shoppers perform the payment by themselves

"Loops" paper reusing system

Hybrid MFP which enables "conventional printing" and "erasable printing" on one single device

Even if paperless trend is promoted by digitalizing documents or using tablets, paper is still essential to exchange or store information. On the other hand, many companies try to reduce paper consumption out of environmental consideration and cost saving. To support such customers' efforts, Toshiba Tec released the "Loops" paper reusing system in 2013 which enables erasing printed data from paper and reusing the same paper multiple times. In 2017, we launched the Loops LP50 Series hybrid MFP which is provided with regular black printing function as well as the paper-reusing feature of the "Loops".

"Loops" paper reusing system

Official documents are printed with black toner.

Internal documents are printed with erasable toner.

Report

Save

Eco office plan

Erase

Reusing paper
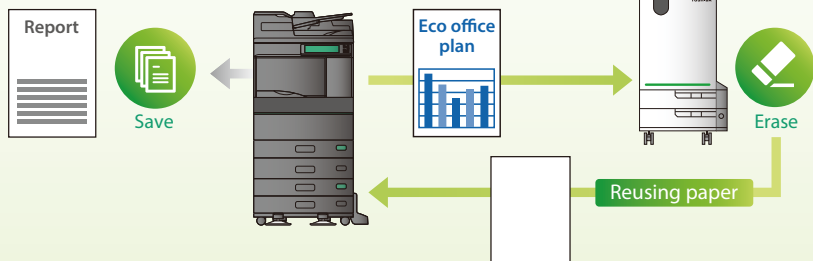
GOVERNANCE

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.
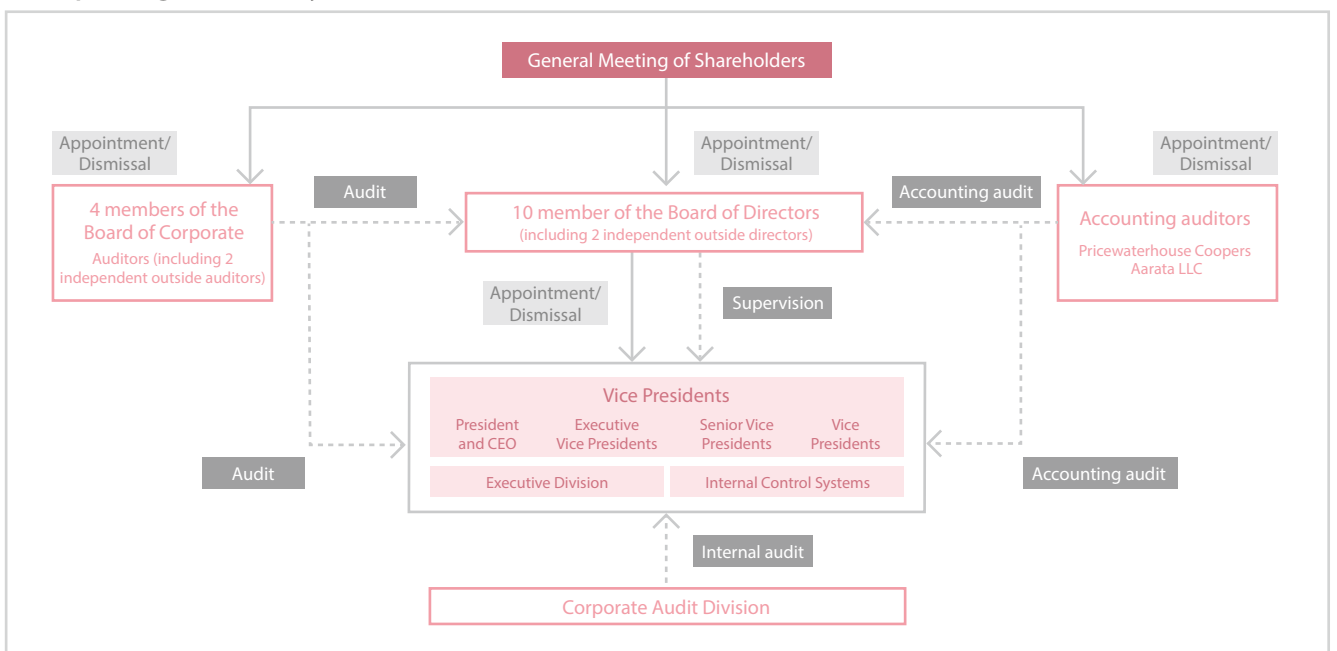
Corporate Governance

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**

General Meeting of Shareholders

Appointment/Dismissal

Audit

4 members of the Board of Corporate
Auditors (including 2 independent outside auditors)

10 member of the Board of Directors
(including 2 independent outside directors)

Appointment/Dismissal

Accounting audit

Accounting auditors
Pricewaterhouse Coopers Aarata LLC

Appointment/Dismissal

Supervision

Vice Presidents

President and CEO | Executive Vice Presidents | Senior Vice Presidents | Vice Presidents

Executive Division | Internal Control Systems

Audit

Accounting audit

Internal audit

Corporate Audit Division

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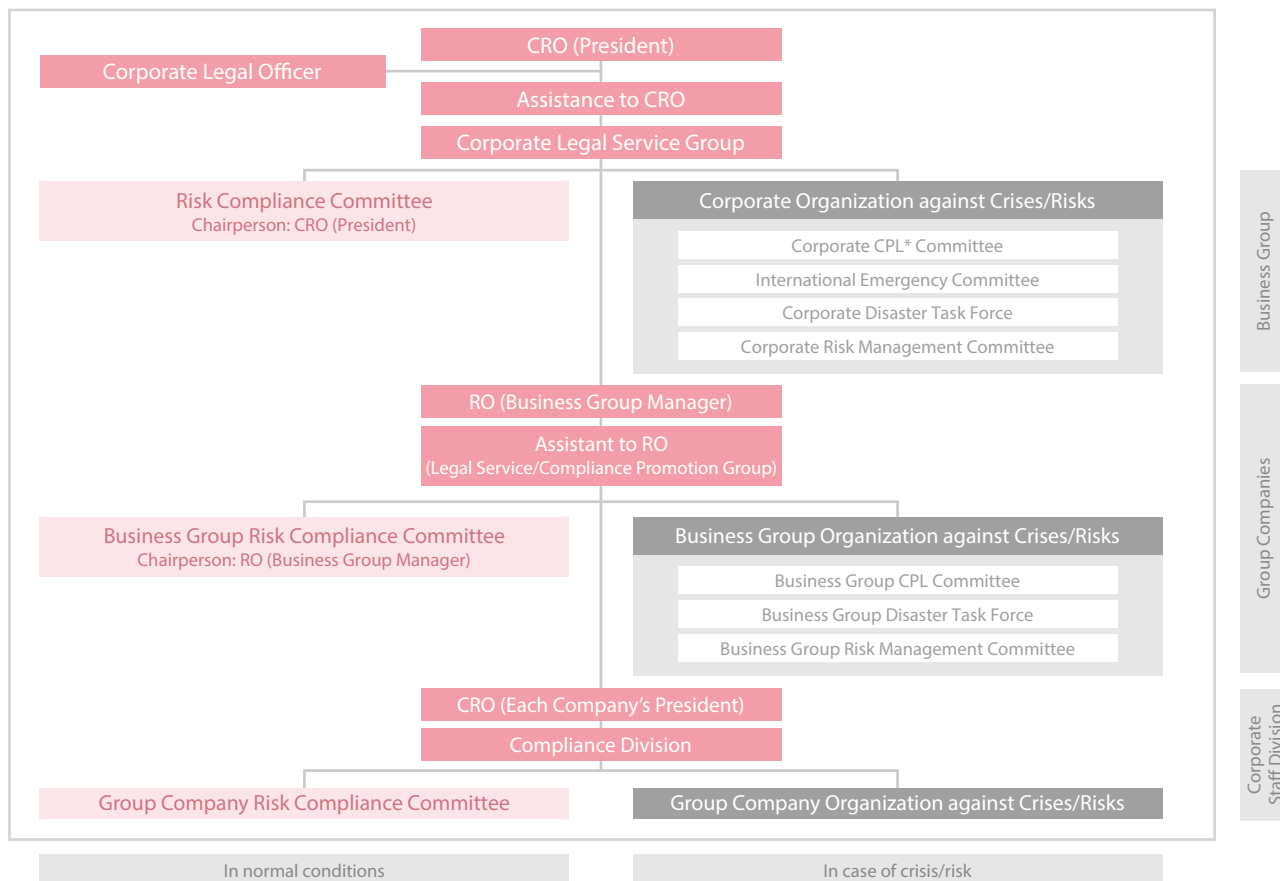
* CPL: A term made by combining CL (quality assurance responsibility under contract) with PL (product liability)

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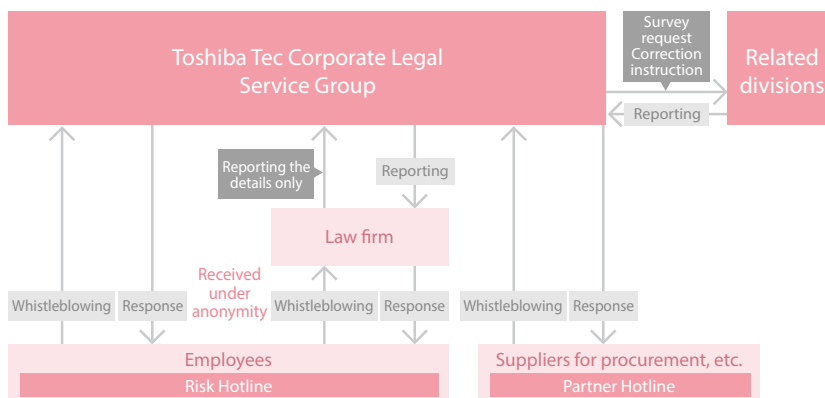
Toshiba Tec Partner Hotline
https://www.toshibatec.co.jp/contacts/partnerline/ in Japanese only

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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.

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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.
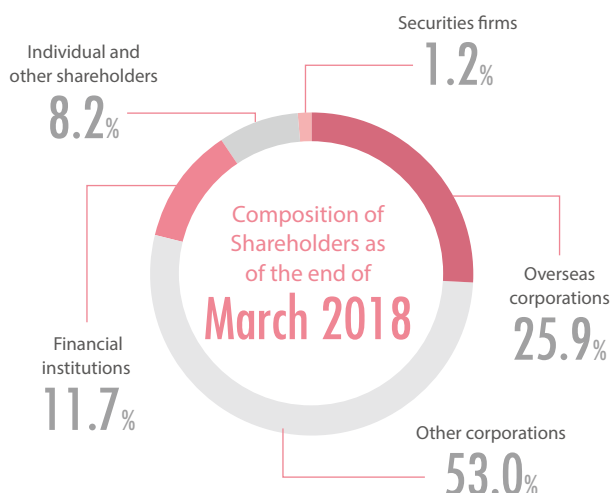
Shareholders/Investors Relations

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)

Securities firms
1.2%

Individual and other shareholders
8.2%

Composition of Shareholders as of the end of
March 2018

Financial institutions
11.7%

Overseas corporations
25.9%

Other corporations
53.0%

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 ad 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

SOCIAL

We work on people-oriented management and CSR through supply chains.
We put our customers first when developing and providing products and services.

Respect for Human Rights

We comply with universal principles regarding human rights and labor practices worldwide, and respect human rights through sound business activities.

Policy on Respect for Human Rights

We designate "Respect for Human Rights" as Article 1 in the "Toshiba Tec Group Standards of Conduct" to which Toshiba Tec Group's executives and employees must adhere.

In addition to compliance with laws and regulations, our Standards of Conduct stipulate respect for basic human rights and oppose child labor and forced labor. They also explicitly state that we shall embrace basic human rights, individuality, privacy, and a diverse set of values from all individuals, and refrain from human rights violations such as physical violence, sexual harassment, abuse of power (workplace bullying or harassment), and discriminatory remarks and actions against race, religion, gender, nationality, physical or mental disability, age, and sexual orientation.

They also state that we must comply not only with the laws and regulations of countries and regions in which we operate, but also with the international principles on human rights, and demand our suppliers to take actions against basic human rights violations.

Education and Enlightenment on Respect for Human Rights

With the aim of establishing a discrimination-free organization that provides job satisfaction, we encourage our employees to foster awareness of human rights under the leadership of the Diversity Committee. We provide human rights education to new employees and appointed managers in training.

Topics

Education and enlightenment on prevention of harassment

Our employment regulations and collective agreements also prohibit sexual harassment and abuse of power and stipulate disciplinary action for anyone involved in wrongdoing.

We provide consulting services and establish a system to address employee concerns together by staffing both a trained male and female counselor.

We also raise awareness in our workforce by delivering a message from top management during Human Rights Week, providing regularly scheduled training and e-learning for all employees, distributing anti-workplace harassment booklets and posting information at all business sites. We make continuous efforts to create a sound and comfortable work environment of mutual respect.

e-learning

Poster

Human Resource Development and Labor Relations

We establish fair personnel systems to help diverse employees fulfill their abilities and play active roles, as well as devote our efforts to develop and use human resources.

Human Resource Utilization and Development

We define "respecting the individuality of each employee, striving to promote each one's abilities, and implementing a fair and appropriate system of evaluation and rewards" as part of our corporate philosophy, and aim to continue to secure and develop competent and competitive human resources to form a strong professional team that may tirelessly seek new challenges in a planned way for the growth and development of Toshiba Tec.

Training program / education system

We provide training programs to establish a shared base for our employees and systems that can respond to individual needs and career characteristics.

This is a mandatory program that is carried out at each milestone to move on the career ladder, such as at the time of joining a company or being newly appointed as a leader. It is intended to enable employees to acquire the minimum knowledge and skills required in each position so that they can fulfill the role required by that position.	This program is intended to enable employees to acquire the occupational knowledge and skills required for their respective careers.	This is a selective program to develop executive candidates, future leadership candidates and global human resources.	There are programs to provide compliance training, so that our employees have a shared awareness of compliance, as well as to support capacity development and skills improvement.
Training program by position	Training program by professional capacity	Executive development program	Other programs

Managers
- Career program for employees aged 30
- Follow-up program for executives
- Program for newly appointed executives
- Program for newly appointed managers

Specialists
- Program for newly appointed leaders

Non-managerial employees
- Career Design program for female employees
- Basic course for global human resources
- Mentoring program
- Program for new employees

Training program by professional capacity:
- Sales and marketing program by position
- Technology human resource development program
- Production IE program
- Staff training program

Executive development program:
- Selective executive candidate development program
- Selective global human resource development program

Other programs:
- Language program (on-site / correspondence language program)
- Compliance program (export control / intellectual property / human rights)
- Personal development support program

Global human resource development program

Topics

Under the current business environment, the need for human resources who can play active roles in the international arena is increasing. With a focus on the development of global human resources who have a deep cross-cultural understanding and the ability to carry out their tasks through dialogue with people around the world, we provide the global human resource development program for young to mid-career employees.

Career development support program

As part of Human Resource Utilization and Development, since 2011 we have adopted the Career Design Program (CDP) to create an individual 3-year development plan based on the CDP, and annually conduct interviews and reviews in order to ensure that employees continue to grow as professionals. With the aims of ensuring that employees and supervisors understand and communicate with each other, as well as share their long-term career plans and express life-style wishes that include the employee perspective on life, without being bound by the CDP-based 3-year plan, we implement the Career & Life: Mutual Understanding Program along with interviews for CDP, helping a variety of employees work with enthusiasm, pride and will to challenge themselves.

We also provide career development systems that encourage employees to plan their careers autonomously. For example, our Internal Job Posting System helps each employee apply for personnel transfer in order to fill a vacant post announced by a division.

Employee survey

We conduct the TEAM Survey for the purpose of soliciting the opinions of employees. With the purpose of improving employees' engagement, we understand their awareness and measure the performance of the organization to identify problems and the gap in recognition, leading to improvements in management style and corporate culture. Based on these survey results, we hold dialogue with employees by providing the management vision and goals from the President and top management to employees, and visiting the workplaces.

Labor Relations

We have many opportunities to encourage labor-management dialogue for smooth labor relations and corporate business activities. Labor and management have agreed that business plans and performance, and major organizational reforms must be periodically explained to the labor union, and that changes in labor conditions must be discussed between labor and management in advance.

Business briefing labor-management meeting

Diversity Promotion

We believe that the utilization of diverse human resources, regardless of gender, age and nationality, leads to increased innovation and vitality, which allows us to more readily adapt to unexpected issues or changes in the market, thereby increasing our global competitiveness. We consider diversity management as a basis for implementing an effective overall management strategy.

Raising Management Awareness and Commitment

Since fiscal 2015, we have annually held a Diversity Committee, which has executives as members, in order to establish a system to clearly regard diversity management promotion as a management strategy. Based on commitments made by our executives, we aim to achieve our Human Resources Strategic Vision. This states that human resources and organizational strength contributing to the creation of customer value are to be enhanced and every one of us is to create a strong and trusting relationship between all business areas. Accordingly, we are committed to increasing productivity through work-style reform, helping create diverse human resources who can play an active role in responding to changes, and improving our corporate culture to become more accepting of diversity.

Increase in Productivity

Diversity Management to workout Management Strategies

Active Participation of DiverseHuman Resources

Culture Reform

Initiatives for Women's Participation and Advancement

With an eye toward increasing the number of female employees who can achieve their desired career goals and work with enthusiasm, we are promoting initiatives to achieve the goals that have been set out in the action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, by fiscal 2018.

Percentage of female employees and percentage of female managers (Toshiba Tec)

	FY2015	FY2016	FY2017
Percentage of female employees	12.1%	11.9%	12.1%
Percentage of female managers	2.2%	2.1%	2.4%

Action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace

	FY2016	FY2017	FY2018	…	(Target) FY2019
Percentage of new female graduates employed	17.2%	19.8%	18.9%		25.0%

Creating an environment in which female employees can continue to work with peace of mind

Since July 2015 we have implemented the Mutual Understanding Program for Childbirth and Child Care to help female employees prepare for life events such as child bearing and rearing, which will provide peace of mind and allow them to continue to work for a long time even after these events. This program is intended to develop an easy-to-work environment where supervisors and female employees have periodic interviews to deepen mutual understanding during the period before and after maternity/child care leave.
39 employees took advantage of this program in fiscal 2017. We had the first male employee who took child care leave in fiscal 2015, one in fiscal 2016, and two in fiscal 2017.

Strengthening executive management capabilities

In March 2015, we created a new booklet titled Guidebook for Training Managers who have Female Subordinates. It summarizes the key points that managers need to know in order to train female subordinates. We distributed the booklet to all managers and female employees.
In an effort to facilitate improvement of on-site management practices, we have provided the content of the training guidebook via e-learning in fiscal 2017, following fiscal 2016, an initiative that started in December 2015. In April 2018, we implemented a new e-learning program for managers to conduct better interviews with subordinates, with the aim of further promoting mutual understanding. We will continue these e-learning programs.

Raising awareness of women

In September 2017, following fiscal 2016, we held a Women Exchange Meeting for the purpose of developing careers and building networks to help deal with life events. A guest speaker whom we invited from outside the Group talked about diversity management along with women's participation and management. Then, the participants shared information, presented and exchanged ideas in a workshop. A total of 28 female employees participated in this meeting.
We have also provided the Career Design Program to female employees in their fourth year of service from fiscal 2016. It is intended to increase career awareness with regard to long-term work in the future.

Women Exchange Meeting

Promoting Recruitment, Participation and Advancement of Non-Japanese Employees

We are actively recruiting non-Japanese employees. In addition to the recruitment of people who have studied in Japan as foreign exchange students, we have been carrying out the Global Recruitment Program in an effort to directly recruit students graduating from foreign universities since fiscal 2010. After entering Toshiba Tec Group, they play active roles in various fields such as sales, development and design. We provide a wide range of assistance and support including the first four-month Japanese language training program, for employees who entered through the Global Recruitment Program to facilitate their adaptation to life and work in Japan.

Transition of the number of non-Japanese employees

	April 2016	April 2017	April 2018
Toshiba Tec	20	19	24
Domestic group companies	7	8	9
Total of domestic Toshiba Tec Group	27	27	33

Promoting Employment of People with Disabilities

We are positively hiring people with disabilities and improving workplace environments to bring their capabilities into full play.

Employment ratio of people with disabilities

	April 2016	April 2017	April 2018
Toshiba Tec	2.08%	2.26%	2.21%
Domestic group companies	2.49%	2.70%	2.66%
Total of domestic Toshiba Tec Group	2.29%	2.47%	2.42%

* We are eligible as a company that employs people with disabilities.

Promoting Active Participation of Seniors

With the aim of developing a system to help seniors work with enthusiasm, regardless of their age, we have introduced a Senior Expert System that clarifies and handles special skills and expected roles in fiscal 2017, and established a new training program (Career Self Reliance Program) that helps to raise their awareness.
We will encourage seniors to participate more actively in the workplace by putting the system into practice, comparing their own awareness with that of their workplace colleagues, and deepening their mutual understanding.

Work-style Innovation (WSI)

We are working on activities toward accelerating work-life balance under the unique name of "Work-style Innovation (WSI)". "WSI" refers to a campaign aimed at creating a positive spiral, where employees work in an efficient and lively manner as well as make the most of their private lives to rejuvenate and improve themselves so that they can add higher value to their work.
Each employee promotes activities to increase productivity by changing their working styles and methods.

### ■ Reducing working hours and considering scheduled working hours

We are working on correcting long working hours, in order to allow the participation and advancement of diverse personnel, and to promote WSI.

Key systems and measures concerning working hours

System/measure	Overview
Flexible work system	Flextime system
Long leave system	Employee can take a maximum of 20-day accumulated leaves for clear and meaningful objectives, such as self-development, social contribution activities, nursing, and also for treatment of non-occupational injuries and diseases, and other conditions including infertility.
"Family Day" initiatives and no overtime days set to leave work at a specific time	In order to accelerate WSI and create time for employees to spend with their families, employees are prompted to leave work at a specific time at least two days during Japan's "Family Week" in November. In principle, no work is allowed on holidays. For employees posted away from their families, travel expenses are supported and annual paid holidays are recommended for visits home.
Making working hours visible	"Work Record Notification" (FY2012), and "Work Record Display" (FY2012) to increase transparency of working hours.
Improving the work environment	A satellite office is introduced on a trial basis.

■ Supporting employees in balancing work with child care/nursing care

All employees work with enthusiasm and fulfillment to carry out their responsibilities at work. Meanwhile, we are improving and expanding a variety of support systems, and enhancing their flexibility in order to help them live healthy and prosperous lives while having time for raising children and nursing care. We also post a handbook that provides information on these support systems and procedures on the internal bulletin board.
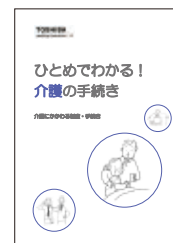
Nursing care seminar   *Topics*

Due to changes in family compositions and increase of two-income households, the percentage of employees expected to take care of elderly family members while working full time is increasing. As a result, we held three nursing care seminars in fiscal 2017.

Tour for employees' children   *Topics*

We invite our employees' children to our offices during the summer vacation. A tour of the showroom, workplace and a visit to the president's office along with the operation of cash registers are organized to help children gain social experience as well as provide an opportunity for our employees and their children to deepen family bonds. In fiscal 2017, a total of 269 employees and their families participated in the tours held at the head office and Shizuoka Business Center, as well as the head office and brunch offices of Toshiba Tec Solution Services Corporation.
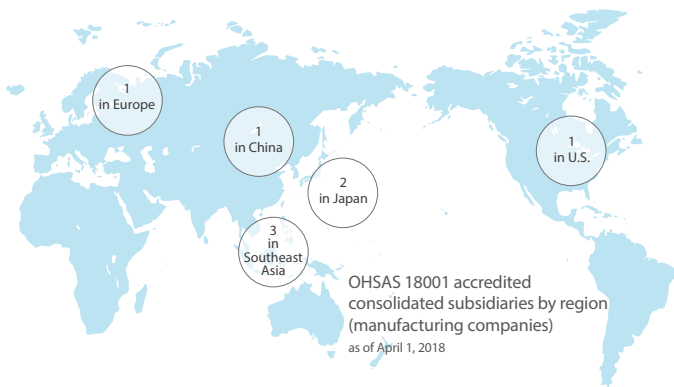
Health and Safety

By placing safety control and healthcare as a top priority issue for management, we are striving to create a safe and comfortable work environment with a focus on the safety and health of employees.
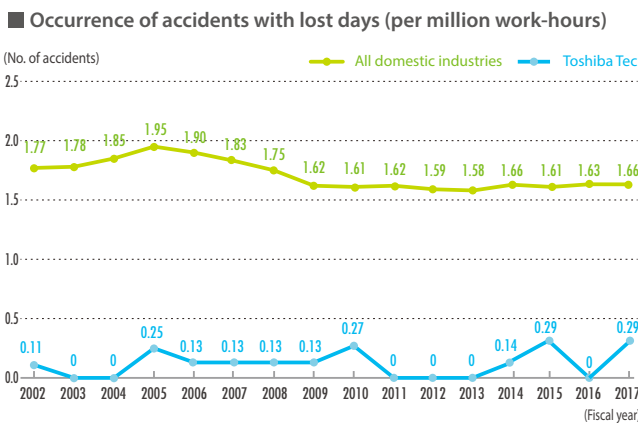
Promoting Occupational Health and Safety Management System (OHSAS)

Eight of our domestic and overseas manufacturing group companies have obtained OHSAS 18001 certification which is an international occupational safety and health management system specification. This management system is operated to improve health and safety issues related to each workplace and operations, create safe and comfortable workplace environments, maintain and promote the health of employees.

1 in Europe
1 in China
2 in Japan
3 in Southeast Asia
1 in U.S.

OHSAS 18001 accredited consolidated subsidiaries by region (manufacturing companies) as of April 1, 2018

Preventing Industrial Accidents

The occurrence of accidents with lost days at Toshiba Tec is at a lower level than the average of all industries. We strive to prevent industrial accidents by identifying risks that may cause accidents through risk assessment, reviewing operation processes, renovating equipment, and providing training to employees in a planned manner to reduce risks.

■ Occurrence of accidents with lost days (per million work-hours)

(No. of accidents)

All domestic industries — Toshiba Tec

All domestic industries: 1.77 1.78 1.85 1.95 1.90 1.83 1.75 1.62 1.61 1.62 1.59 1.58 1.66 1.61 1.63 1.66

Toshiba Tec: 0.11 0 0 0.25 0.13 0.13 0.13 0.13 0.27 0 0 0 0.14 0.29 0 0.29

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017
(Fiscal year)

Developing Awareness of Health and Safety

As a measure to raise safety awareness of employees, the President delivers messages by taking the opportunity of Nationwide Safety Week (July 1 to 7) and Occupational Health Week (October 1 to 7).

Implementing Safety Patrol

The President and the responsible officer of the Corporate Human Resources & Administration Group aim to raise safety awareness to prevent accidents, and to continue to increase the level of safety. Accordingly, they visit business centers and offices to conduct safety patrols, check the safety promotion structures and activities, as well as exchange ideas with those involved. In fiscal 2017, the responsible officer conducted safety patrols in July and the President in December at Shizuoka Business Center and group companies, respectively.

Safety patrol

Ensuring Health Management

We implement various approaches to help all employees raise awareness of health and maintain physical and mental well-being. We have introduced a system, which unifies information on the results of medical checkups and post-checkup cares as the basis for health care of employees, and utilize them for various purposes, including health guidance and education.

To prevent disorders due to labor overload by working extreme long hours, we require all employees who worked over a certain amount of hours per month to have interviews with a physician for guidance, to maintain and promote their health.

Training program by age   *Topics*

Since fiscal 2015, we have provided this program. It is intended to encourage each and every employee to be aware of changes in their physical condition, to recognize their own knowledge and skill levels according to age, as well as to learn how to help them to autonomously promote better physical and mental health practices. In fiscal 2017, we provided this at the head office, Shizuoka Business Center (Mishima and Ohito) and some of our group companies.

<Details>
○ Eligible: Regular employees
○ Implementation: Provided by group aged 30, 40 and 50 years
○ Time: 90-minute lecture (with group workshop)

Training program by age

e-learning mental health education program

With a focus on disease prevention and health promotion, we provide this program annually for all employees of Toshiba Tec and its domestic group companies. It is intended to encourage each and every employee to acquire the correct knowledge of mental health issues and how to cope with mental and physical disorders, as well as to put these mechanisms into practice. We implemented this in October of fiscal 2017.

Installation of Automated External Defibrillator (AED)

In December 2017, we installed AEDs at all business sites of Toshiba Tec and its domestic group companies as an aid to employee emergency medical treatment.

Promotion of CSR Procurement

We work on CSR through supply chains, in order to continue to develop together with suppliers to build better partnerships, as well as to promote CSR including suppliers.

Procurement Policy

As a member of Toshiba Group, we strive to build sound partnerships with suppliers through procurement activities based on the Toshiba Tec Group Procurement Policy.

We request suppliers to take into account human rights, labor, health and safety along with the environment. When selecting new suppliers, we promote transactions with suppliers that are committed to focusing on consideration for CSR.

The Toshiba Tec Group Procurement Policy was established in August 2007, for the purposes of helping suppliers, who play a key role in production and service provision for its group companies, understand the policy much better, and encouraging them to cooperate for CSR promotion. Since then, we have been requesting suppliers to put the policy in practice while amending it according to the social situation. In October 2014, we clearly specified to conduct activities in accordance with the United Nations Global Compact (UNGC) and the Electronic Industry Citizenship Coalition (EICC) Codes of Conduct, both of which Toshiba has pledged to follow, and thoroughly informed our domestic and overseas suppliers of the activities.

→ **Toshiba Tec Group Procurement Policy**
https://www.toshibatec.com/company/procure/plan.html

■ **Material procurement compliance management system**

● Chief Procurement Officer: Assistant to the Chief Risk-Compliance Management Officer
● Deputy Chief Procurement Officer: Vice President in charge of the Procurement Division, Chief Procurement Executive

Risk Compliance Committee

Compliance executives of business groups and business divisions
(General managers of business groups and business divisions)

Compliance executives
(General managers of production & procurement dept. and resale products procurement dept.)

Officers responsible for handling
(Appointed by general managers of production & procurement dept. and resale products procurement dept.)

Production, Procurement & SCM Center

Provision of support, guidance and training to business groups/ business promotion divisions

Production & Procurement Dept.

Resales Procurement Dept.

Related depts. such as Manufacturing Dept.

Supervised group companies

Compliance in Procurement

We have established a system to ensure compliance concerning procurement, which is connected with the procurement department under the system of Toshiba, and enhance procurement compliance. Information related to compliance concerning procurement is thoroughly shared with Toshiba Tec and its group companies through this system. Moreover, we thoroughly explain measures through group company procurement department manager liaison meetings organized by the Procurement Department of Production, Procurement & SCM Center.

We will continue with audits against the act for our domestic group companies with regard to subcontracted transactions to ensure fair transactions with subcontractors.

Since fiscal 2007, we have been annually providing e-learning on the Subcontract Act for employees of our domestic group companies. In fiscal 2017, a total of 6,998 employees including six domestic group companies participated in the e-learning program on the Subcontract Act. We actively participate in training sessions on the Subcontract Act organized by supervisory or other authorities.
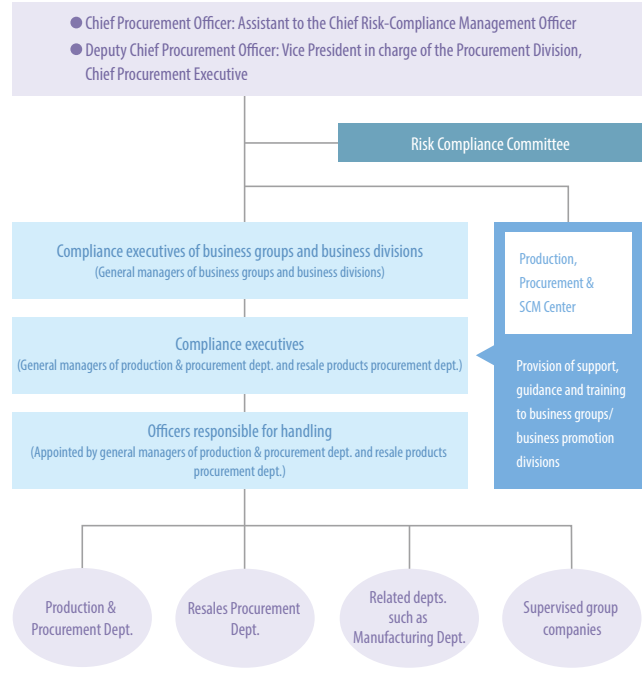
Addressing the Conflict Minerals Issue

Since Section 1502 on conflict minerals of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) enacted in January 2013, companies listed in American Exchange are required to report on the use of conflict minerals mined in the Democratic Republic of the Congo and its adjoining countries. Toshiba Group is not a listed company, however, as a part of the supply chain of listed companies, is obliged to investigate and report to its customers. Prior to the enactment of the Act, Toshiba Group organized an internal system to address conflict minerals issues, and established the Toshiba Group's Conflict Mineral Policy and publicized it on its website in October 2011.

For humanitarian reasons, we prohibit the use of raw materials such as tin, tantalum, tungsten and gold mined in the Democratic Republic of the Congo and its neighboring countries which violate human rights, in accordance with the Toshiba Group's Policy.

In June 2013, we started a survey with overseas manufacturing subsidiaries and suppliers of Shizuoka Business Center which may use 3TG*, regarding the use of conflict minerals and the smelter verification using the Conflict Minerals Reporting Template (CMRT), and also continued with the survey in fiscal 2017.

* "3TG" stands for the initial letters of four conflict minerals, Tin, Tantalum, Tungsten and Gold.

→ **Toshiba Group Conflict Mineral Policy**
https://www.toshiba.co.jp/csr/en/performance/social/procure.htm

Enhancement of Customer Satisfaction

We exercise our business activities, while giving top priority to providing products and services that please customers with safe and reliable quality. To achieve this, each and every employee always thinks and behaves from the customers' point of view.

Voice of the Customer

We consider "earnestly listening to the voice of the customer (VoC) and finding the nature of customers' problems that they really want to solve, to provide attractive quality products and services that accurately meet their needs" as the practical implementation of Toshiba Tec's corporate philosophy for "all ideas originated at the creation of customer value". We work on activities to improve the quality of our products and services.

As a leading retail manufacturer that offers consistent services from product planning to development, distribution and maintenance, we aim to be a company that is always there for our customers.

Furthermore, we use feedback received from customers via system support centers and communications with our salespersons to analyze, improve and plan current products, and apply this feedback to future products. In the product development stage, we give robustness and implement redundant design by using quality engineering, as well as create more accurate and functional products.

In the product commercialization stage, we understand operating environments and conditions in cooperation with our customers, to create attractive products and achieve reliable systems through simulations and design reviews.

Provision of services by the system support center

Topics

We at Toshiba Tec Solution Services Corporation in charge of maintenance services in Japan, monitor our customers' networks and systems 24 hours a day, 365 days a year, via five system support centers nationwide. Our engineers (service technicians) provide operational support and handle failure recovery in a precise and smooth manner, in collaboration with approximately 130 local business sites.

We collect comments and requests for our services in order to enhance customer satisfaction and to improve services and operations. We also hold periodic meetings with the quality assurance, development and sales divisions on a branch basis, to thoroughly understand the market conditions from the perspective of customers.

Activities as a Global Company

We provide products and services that deliver customer satisfaction on a global basis.

We firmly run a global quality assurance system, as well as maintain and improve the level of quality through meetings with manufacturing subsidiaries. We share and use market quality information through the worldwide service network.

We also comply with laws and regulations in each country. As part of it, Mishima EMC Center (anechoic chamber) at Shizuoka Business Center has received ISO 17025*, the International Standard for Laboratories.

We comply with the standard and provide products in a timely manner based on reliable EMC measurements through the product life cycle.

* ISO 17025: International Standard for Laboratory Quality Management, Equipment and Technologies. Once a site has been certified, its high measurement reliability is confirmed and measurement data is available as official data worldwide.

Meetings with manufacturing subsidiaries *Topics*

We regularly hold meetings with manufacturing subsidiaries including overseas group companies.

In January 2018, we held the 25th meeting and a total of 100 employees participated from China, Singapore, Indonesia, Malaysia, and Japan.

Commitment to Safety and Security

For product safety, we train specialists in product safety, reliability and risk assessment, and work on technical research to ensure quality that customers feel comfortable with, based on the Basic Policy on Product Safety. In order to ensure that our customers feel comfortable using our products and services, we implement risk assessments to prevent potential risks of failures and accidents we have predicted, and then provide products and services that have passed through evaluation and verification processes. According to customer information provided by the maintenance service division, we also endeavor to ensure the higher operational level of safety by understanding the customers' operating environments and end-users' operating conditions.

The importance of product security is increasing against the leakage of information and threat of cyber attacks. We endeavor to comply with relevant laws and regulations based on the Basic Policy on Product Security, and strengthen our commitment to products that provide security regarding customer data production.

In preparation for any event that reports a serious product accident, we have established a system to quickly and sincerely respond to any accident at the initiative of the CQO*, under the instruction of the President.

* CQO: Chief Quality Officer

→ Basic Policy on Product Safety
https://www.toshibatec.co.jp/company/csr/customer/safetypolicy.html in Japanese only

Basic Policy on Product Security

1. We observe both Japanese and overseas laws and regulations related to product security.
2. We strive to eliminate vulnerabilities from products prior to shipment.
3. We collect a wide range of information on product vulnerabilities in order to reduce risk as soon as possible.
4. We widely provide product security measures in cooperation with the relevant organizations.

Commitment to User Experience Design (UXD)

UXD is a development process to create new value as well as attractive products and systems. We observe installation conditions for interiors and devices in approx. 500 stores and select UX points to develop products. We also promote test demonstrations from ideas generated through shopping behavior.

Idea generation

UX

On-site observations
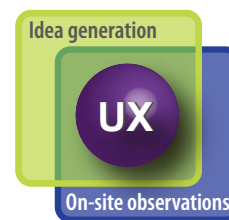
WILLPOS-Touch QT-20 / WILLPOS-Mini QT-200 / WILLPOS-Unity M-9000

A variety of services, including prompt response, various procedures and payment methods, are provided for individual shops, merchandisers, specialty stores and restaurants. Three models from the WILLPOS series are arranged by category to conduct various types of UXs. We won the Good Design Award 2017 for our QT-20 and M-9000 POS systems by virtue of their highly evaluated compatibility with the store environment and high level of versatility.

WILLPOS-Touch QT-20
Multiple responses to information terminals and POS terminals

Vertical type with an attractive design for compatibility with the surrounding environment that does not impair the atmosphere of the store

Flat type designed for familiarity and easy installation in the counter by limiting the unit's height

WILLPOS-Mini QT-200
POS terminal with printer

Compact POS with a built-in printer that enables selection of the customer display from multiple options as well as installation of a keyboard the same size as the operation screen, depending on counter space and operation

WILLPOS-Unity M-9000
Response to diversified checkout operations

Supermarket	Small supermarket	Drugstore	Bakery (two-way semi-self-checkout system)

This system, in which a high-performance 15-inch display with control unit, keyboard, customer display, printer and base unit can be combined as needed, responds to a variety of storefront needs. It is also available as a two-way semi-self-checkout system as the printer can be also installed to send receipts out to the customer side.
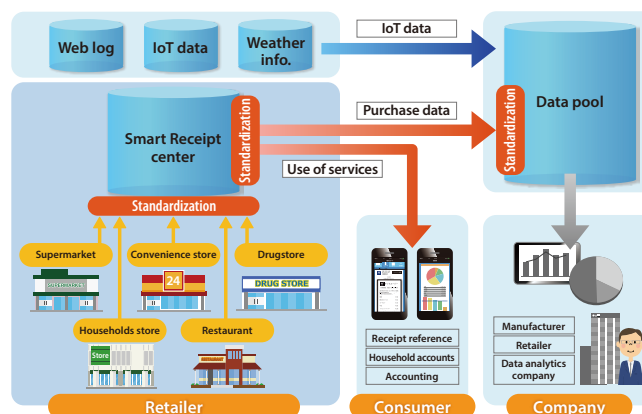
Demonstration experiment for Smart Receipt (electronic receipt)

As part of the New Energy and Industrial Technology Development Organization (NEDO) of the Ministry of Economy, Trade and Industry (METI)'s "Infrastructure Development for Creating New Industrial Models Utilizing IoT", we provided our advanced technologies in a test demonstration for Smart Receipt, which sends receipts to customers' smartphones, instead of receiving them during payment.

Through the experiment, customers were impressed that they were able to track previous purchases using their smartphone at any time, and did not have to keep receipts in their wallets. Store staff were pleased that they were able to easily and smoothly perform checkout operations.

Smart Receipt system   Smartphone application screen

Web log   IoT data   Weather info.

IoT data

Data pool

Smart Receipt center

Standardization

Purchase data

Use of services

Standardization

Supermarket   Convenience store   Drugstore
DRUG STORE

Households store   Restaurant
Store

Retailer

Receipt reference
Household accounts
Accounting

Consumer

Manufacturer
Retailer
Data analytics company

Company

Smart Receipt system

Social Contribution Activities

As a member of the global society, we, Toshiba Tec Group, understand deeply the history, culture and customs of each country or region in which we operate. With the aim of creating a better society, we conduct a variety of activities that are rooted in the area, based on next generation development, social welfare, and environmental protection.

Toshiba Tec Philanthropy Fund

In October 1992, with the aim of contributing to society as a corporate citizen, we established the Toshiba Tec Philanthropy Fund, which is made up of contributions from employee salaries and bonuses. We annually use this fund to promote local welfare activities, support children who will lead the next generation, and promote environmental conservation. In the event of a large-scale disaster, we make a monetary donation.

In fiscal 2017, as our periodic donations to recovery, next generation development and social contributions appropriate for our company, we donated to the Fukushima Donation for Orphans affected by the Great East Japan Earthquake, the Red Feather Campaign of the Central Community Chest of Japan, and the Japanese Red Cross Society Fund Raising. We also donated picture books and playground equipment to the elementary schools, kindergartens and nursery schools in the areas where our head office and Shizuoka Business Center are located.

Donation to the Central Community Chest of Japan

Donation of books to kindergartens and nursery schools

Donation of unicycles to elementary schools

Simultaneous Social Contribution Activities

We participate in the Toshiba Group Simultaneous Social Contribution Activities targeted December 5, the International Volunteer Day set by the United Nations. We annually conduct a variety of activities related to clean-up, collection, fundraising, welfare and disaster relief at the business sites of our group.

The aim is to make a significant social contribution that cannot be achieved by individuals.

Next Generation Development

Workplace experience learning

We provide workplace experience opportunities to help children learn about product mechanisms and manufacturing. In fiscal 2017, a total of 51 students visited the business sites of our group from 7 junior high and high schools. We hope to help children in developing their thinking and understanding of work, as well as to contribute to their future learning, through showroom tours, product operation and interaction with our employees.

Storytelling volunteer

In 2011, we donated books to kindergartens and elementary schools near Shizuoka Business Center from the Toshiba Tec Philanthropy Fund. Since then, in addition to donations, our employee volunteers have been holding storytelling sessions. Storytelling is thought to be effective for children to cultivate sensitivity and learn vocabulary.

In fiscal 2017, we donated picture books and playground equipment to 18 public kindergartens and nursery schools, 19 after-school kids clubs in Mishima, and 9 public kindergartens and nursery schools in Izunokuni. We also held a total of 20 storytelling sessions or 5 sessions at 4 of the aforementioned kindergartens and nursery schools, respectively.

On-site lesson

We provide experience-based on-site lessons to elementary and special-needs schools by capitalizing on our employees' expert knowledge and business activities. These lessons allow students to experience work involving the operation of checkout systems and scanners. These events allow us all to learn about science closely related to our daily lives, such as checkout operation and mysterious things about barcodes, together with children.

Welfare

Food drive

A food drive is a program for donating redundant food brought from home. As one of the Simultaneous Social Contribution Activities, we organized food drives at the head office, Shizuoka Business Center and business sites, and donated the collected food to neighboring food banks. At Toshiba America Business Solutions, Inc., we conducted creative activities to help employees enjoy and participate in these activities, such as stacking the collected food cans to make art.

Toshiba America Business Solutions, Inc.

Blood drive

At the head office and Shizuoka Business Center, we conduct blood drives once every half term by encouraging employees to participate. We actively conduct blood drives at domestic and overseas business sites during the period of the Simultaneous Social Contribution Activities.

Pull-tab donation

We have been collecting pull-tabs since 2002 in the Shizuoka Business Center, to raise environmental awareness and contribute to local communities. We collect pull-tabs from vending machines and from homes, and donate them twice a year to local welfare institutions to help their activities. In fiscal 2017, we donated approx. 40,000 pull-tabs (16 kg) in June and approx. 37,500 pull-tabs (15 kg) in December, and the sum total exceeded 500 kg.

Donations to welfare institutions and charity organizations

We actively support underprivileged children by donating clothing, stationery and toys to local welfare institutions and charity organizations.

Donation of books to children living in mountain regions
(Toshiba Tec Information Systems (Shenzhen) Co., Ltd.)

Environmental Protection

We are actively working on activities, such as biodiversity conservation, local clean-up and tree planting, in collaboration with local residents.

Beach clean-up (P.T. TEC Indonesia)

Protection of green turtles (Toshiba Tec Malaysia Manufacturing Sdn. Bhd.)

Participation in the tree planting activity (Toshiba Tec Information Systems (Shenzhen) Co., Ltd.)

Disaster Recovery Support

To support recovery in areas severely affected by the earthquake, we make donations to support children in Fukushima, and organize a Tohoku and Kumamoto local products fair. We also provide special menus featuring local Tohoku and Kumamoto dishes in our cafeteria.

Donation to Fukushima

Fair of local products from Tohoku and Kumamoto

ENVIRONMENT

Based on recognition of the fact that it is our responsibility to maintain the health of the global environment as an irreplaceable asset for future generations, we, Toshiba Tec Group, contribute to the creation of new values and harmony with the Earth.

Vison & Strategies

Promotion of "Three Greens" and "Sustainability" based on "Environmental Vision 2050"

We, Toshiba Tec Group as a "global enterprise", are promoting activities based on Toshiba Group's Environmental Vision 2050 aimed at realizing a world where people can lead affluent lives in harmony with the Earth.

Based on the following three Greens and Sustainability as a concept, we will focus on reducing the environmental impact in every product and proceed from the perspectives of mitigation of climate change, efficient use of resources and management of chemicals. We will also contribute to the realization of a low-carbon society, a recycle-oriented society and a society coexisting with nature.

Integration of business management and environmental management

Implementation of measures with 3 Greens and Sustainability

Green Management	Greening of Products	Greening of Process
Continuous improvement of basic activities	Creation of products with the highest environmental performance	Environmentally conscious manufacturing

Sustainability
Contribution to the realization of a low-carbon society, a recycle-oriented society and a society coexisting with nature

Environmental Promotion Structure

Corporate Environmental Conference

President

Corporate Environmental Officer — Executives

Environmental Promotion Officer — Strategic Environmental Management Division

Promotion of Toshiba Tec Group's Environmental Management and Sustainable Development Goals (SDGs)
- Strict compliance with environmental laws and regulations worldwide
- Promotion of reduction in environmental impacts at manufacturing and non-manufacturing sites worldwide
- Creation of environmentally conscious products and sales promotion
- Promotion of environmental communication

Environmental Management Promotion Committee

Process Environmental Promotion Committee

Product Environmental Promotion Committee

Managing Directors of Business Groups

| Business Groups | Business Centers and Offices | Domestic Group Companies | Overseas Group Companies |

TOSHIBA TEC Group's Basic Policy for the Environment

We, TOSHIBA TEC Group as a "global enterprise," which offers global one stop solution to the nucleus putting retail business, printing business, AI/IJ business, contribute to a sustainable society by reducing our customers' and our environmental impacts through "Monozukuri" or by creating environmentally conscious products.

We practice global sustainability with the aim of realizing a low-carbon society, recycle oriented society and coexisting with nature society by seeking to bring together business and environmental activities, in order to hand down to our next generation, the health of the global environment as an irreplaceable asset.

Given Green Management, Greening of Products, Greening of Process and Sustainability as the important pillars of environmental management, TOSHIBA TEC Group is actively driving environmental protection, to contribute to the reduction of environmental impacts in business fields such as stores and offices.

1. Green Management

- TOSHIBA TEC Group assesses the environmental impacts of its business activities, products and services on the environment, specifies and promotes objectives and targets with respect to the prevention of environmental pollution, use of sustainable resources, mitigation and response to climate change, and conservation of biodiversity.
- TOSHIBA TEC Group strives to continually improve environmental management through internal audits and reviews of activities.
- TOSHIBA TEC Group complies not only with laws and regulations applied in countries or regions all over the world, but also with industry guidelines, which it has endorsed, for environmental protection.
- TOSHIBA TEC Group provides environmental education, conducts educational campaigns, and expands each employee's environmental awareness to promote environmental activities.
- TOSHIBA TEC Group actively and widely discloses its environmental policy and activities inside and outside the Group.
- TOSHIBA TEC Group participates in society-wide environmental activities in cooperation with administrations, communities and bodies concerned.

2. Greening of Products

- TOSHIBA TEC Group pursues the highest level of environmental performance on our products, then, aim at creation of Excellent ECPs and wide acceptance in the market.
- TOSHIBA TEC Group reduces environmental impacts throughout a life cycle through green procurement of environmentally conscious materials and parts, resource and energy conservation, and abolition of specified chemical substances, in order to provide environmentally conscious products on a global basis.
- TOSHIBA TEC Group advances distribution of ECPs and services, to contribute to the reduction of environmental impacts of the products or services when used by customers.
- TOSHIBA TEC Group contributes to the establishment of a recycling-based society, while collecting and recycling end-of-use products and reusing end-of-use parts.

3. Greening of Process

- TOSHIBA TEC Group strives toward resource, energy and water conservation, as well as correct control of chemical substances, for environmentally conscious production, marketing and servicing, allowing for regional situation.
- TOSHIBA TEC Group aims at realizing a low-carbon society, recycle oriented society and coexisting with nature society through "Monozukuri" and by improving the efficiency of logistics operations.

4. Sustainability

- TOSHIBA TEC Group contributes to a sustainable society through its environmental activities, which include the development and provision of outstanding environmental conscious technologies and products in cooperation with society at large and with local communities, and maximizes disclosure and transparency in communication with stakeholders and society at large.

Environmental Audit

■ Toshiba Group's Environmental Audit System

We have been annually conducting environmental audits in accordance with the comprehensive Environmental Audit System and standards established by TOSHIBA since fiscal 1993, to improve environmental management. Based on this audit system, we conduct corporate-wide environmental management audits, environmental audits of sites for manufacturing and non-manufacturing sites, and environmental technology audits of products at business groups on an annual basis. In fiscal 2017, three auditors were added to enhance the compliance system and develop human resources.

Environmental Management Audit Auditing the corporate-wide overall environmental management

Environmental Audit of Sites
Regarding manufacturing and non-manufacturing sites, auditing the overall environmental management, progress of the action plan, status of the environmental compliance and facility management

Environmental Technology Audit of Products
Regarding products at business groups and group companies, auditing the progress of the action plan, EMS and results of environmental technology activities

Aiming at improvement in the environmental management level and reduction of environmental risks

On-site audit

Sixth Environmental Action Plan

Based on world trends including SDGs and ESG investment as well as Toshiba Group's policy, we have been implementing the activities of the Sixth Environmental Action Plan since fiscal 2017. The targets are divided into four areas; "Greening of Products", "Greening of Process", "Green Management" and "Sustainability" set for fiscal 2020. In fiscal 2017, while all quantitative targets were achieved, qualitative targets were smoothly achieved. We will keep making efforts to achieve the targets by fiscal 2020.

Action area	Indicator		FY2017 Target	FY2018 Target	FY2019 Target	FY2020 Target	FY2017 Result
Green Management	Environmental management	Environmental risk compliance / Environmental human resource development	Strengthen compliance systems at overseas/domestic sites by training environmental auditors and enhancing their performance.				Refer to page 26.
		External communication (Implementation of Global Environmental Action)	Set a theme of recommended activities for each fiscal year and expand the range of Global Environmental Action activities.				Refer to page 34.
	Biodiversity	Conservation of biodiversity	Expand the activities at all manufacturing sites for 10 of the Aichi Biodiversity Targets.				Refer to page 33.
Greening of Products	Overall	Creation of Excellent ECPs	To gain the certification against all models which aim at certification of Excellent ECP in each fiscal year (100%)				100%
	Mitigation of Climate Change	Reduce the amount of CO_2 emissions. (thousand t) [1]	147	147	155	157	172
	Efficient Use of Resources	Expand the amount of saved resources saved. (thousand t) [2]	22.0	23.4	24.7	24.2	23.9
		Expand the amount of recycled resources (recycled plastic) used. (t) [3]	562	577	602	623	589
	Management of Chemicals	Reduce the amount of specified chemicals.	Complete the reduction from products for EU before the start of restriction by eliminating specific phthalates.				Completed for some products
Greening of Process	Mitigation of Climate Change	Total amount of greenhouse gas (GHG) emissions (thousand t - CO_2) [4]	68.5	63.7	64.0	65.3	63.6
		Amount of CO_2 emissions from energy use per unit consumption (t-CO_2/100 million yen)(compared to FY2013 levels) [4]	47.29 (77%)	57.35 (93%)	56.66 (92%)	55.94 (91%)	44.6 (72%)
	Efficient Use of Resources	Amount of wastes needed payment to disposal including 0 cost (t) [5]	1,480	1,267	1,268	1,276	1,239
		Amount of generated wastes per unit consumption (t/100 million yen)(compared to FY2013 levels)	2.97 (84%)	3.17 (90%)	3.11 (88%)	3.05 (86%)	2.48 (70%)
		Volume of received water per unit consumption (thousand m^3/100 million yen)(compared to FY2013 levels)	0.52 (77%)	0.64 (94%)	0.63 (92%)	0.60 (89%)	0.45 (67%)
	Management of Chemicals	Amount of released chemical substances per unit consumption (kg/100 million yen)(compared to FY2013 levels)	39.5 (70%)	45.8 (81%)	45.5 (80%)	44.9 (79%)	30.9 (54%)
Sustainability	Creation of Sustainable Society	To contribute to the realization of a low-carbon society, a recycling-based society and a society coexisting with nature through our business activities and cooperative solidarity with regions and society	Continuously create Only One products and solutions, and demonstrate environmental contribution to the society and customers. Remarkable activities corresponding to the needs of each area and society are carried out to demonstrate environmental contribution to the society.				Refer to the following section.

[1]: [CO_2 emissions of assumed substitute products] – [CO_2 emissions of shipped products] (Compares annual emissions during the usage stage and cumulates emissions for half the product life)
[2]: [Mass of assumed substitute products] – [Mass of shipped products]
[3]: [Amount of recycled plastics] / [Amount of plastics used for products] x 100
[4]: Receiving end power is used for the power factor. 5.67 t-CO_2/10 thousand kWh is used in fiscal 2013 and 5.31 t-CO_2/10 kWh is used in fiscal 2017 and later in Japan. WRI/WBCSD GHG Protocol data in fiscal 2009 is used overseas.
[5]: [Waste volumes] = [Total volume of waste generated] - [Total volume of waste sold]

Sustainability

With the aim of achieving a sustainable society in collaboration with business activities and local communities, we create and promote businesses that contribute to the three aspects of society; (1) a low-carbon society, (2) a recycle oriented society, and (3) a coexisting with nature society. In fiscal 2017, we provided products and services that contribute to a low-carbon society and a recycle-oriented society as described below.
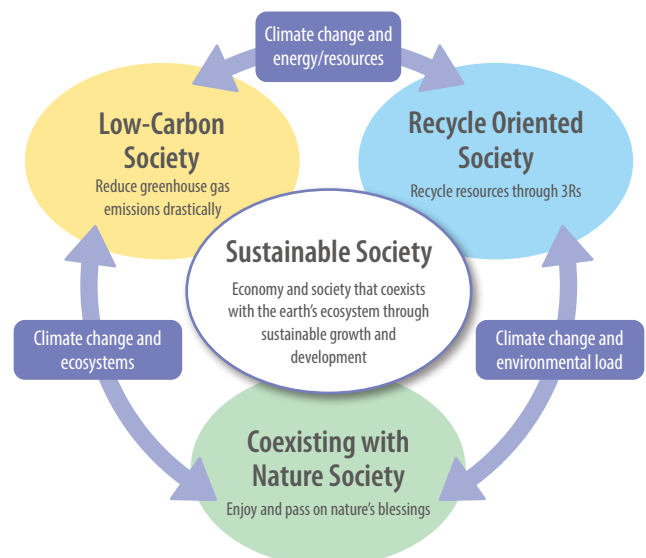
(1) Paper Reusing System
• The "Loops LP35/45/50" paper reusing hybrid MFP system generating regular and erasable prints was released in July 2017 as the only product of its kind in the world*.

(2) Smart Receipt (Electronic receipt)
• The electronic receipt system service for self-medication tax system was commenced in April 2017.
• Demonstration experiment of social infrastructure for Smart Receipt was started in January 2018.

(3) System using RFID (Electronic tag)
• "Model for reducing environmental burden and improving productivity in apparel supply chains, taking advantage of electronic tags" received the Special Awards of the Green Logistics Partnership Conference in December 2017.
• Demonstration experiment of information sharing in supply chains was conducted in February 2018.

* In the category of mass-produced MFPs that print on plain paper with electrophotographic technology as of May 1, 2017 (based on our internal research)

Climate change and energy/resources

Low-Carbon Society
Reduce greenhouse gas emissions drastically

Recycle Oriented Society
Recycle resources through 3Rs

Sustainable Society
Economy and society that coexists with the earth's ecosystem through sustainable growth and development

Climate change and ecosystems

Climate change and environmental load

Coexisting with Nature Society
Enjoy and pass on nature's blessings

Resource: 21st-Century Environment Nation Strategy approved by the Cabinet, June 1, 2007

Greening of Products

We pursue the creation of products with the highest environmental performance and reduce environmental impact throughout the life cycle of all products developed.

Development of Products with the Highest Environmental Performance

We pursue the highest level of environmental performance for all products developed, and advance "Greening of Products" activities aimed at reducing environmental impact throughout the product life cycle.

First, we set "eco-targets" for the development of products with the highest environmental performance at the time of product release, in the stages from business strategy to product planning based on technological and competitor trends.
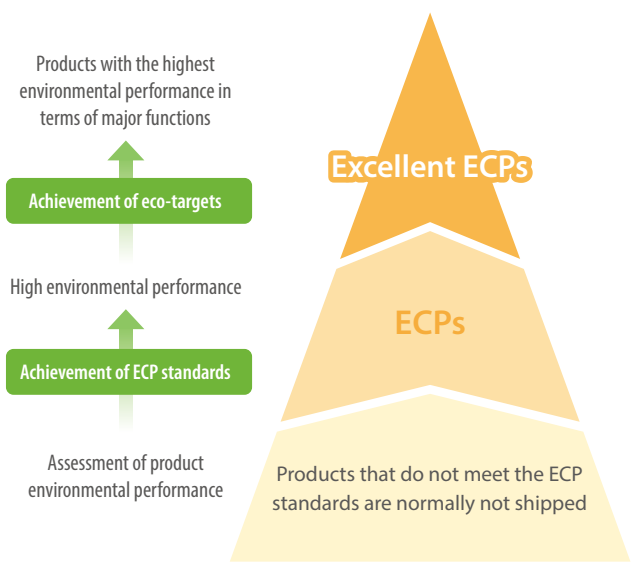
Then, in the development and design stages, we conduct environmental assessments to make sure that products comply with laws and regulations and meet the ECP standards*1 in all three aspects (mitigation of climate change, efficient use of resources and management of chemicals) in each stage of the life cycle.

In the product approval stage, we check the level of achievement of "eco-targets" and compliance with the ECP standards, and then, certify those products with the highest environmental performance as "Excellent ECPs".

There are concerns everywhere about the demand for social infrastructure products, increased consumption of electricity and resources. In order to reduce environment impact, we aim at creating and further increasing the number of Excellent ECPs with the highest environmental performance in the industry.
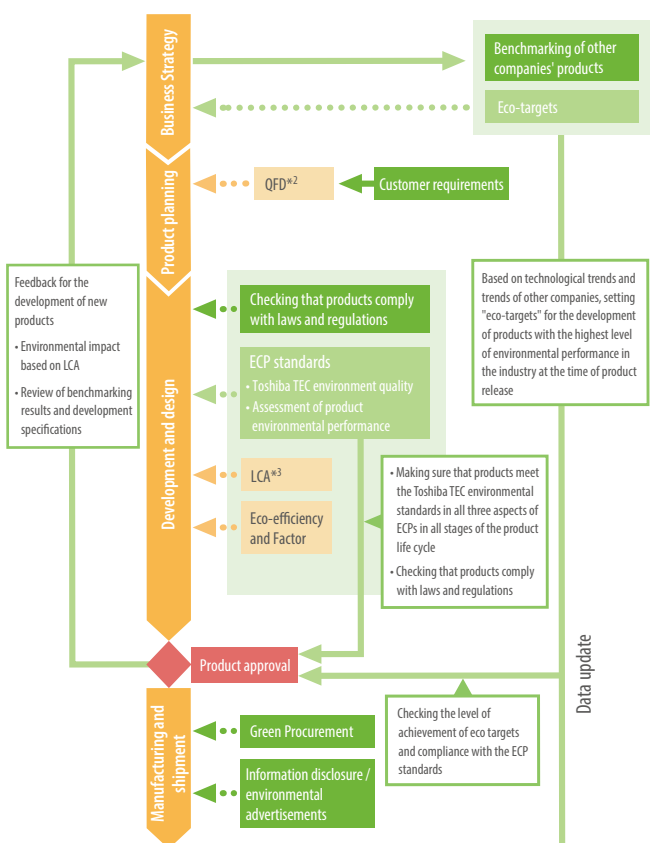
*1: Environmentally Conscious Products (ECPs) are designed to minimize environmental impact in all stages of the product life cycle, including procurement of materials, manufacturing, distribution, usage, disposal and recycling.

■ Basic Policy for the Greening of Products

Products with the highest environmental performance in terms of major functions

Achievement of eco-targets

High environmental performance

Achievement of ECP standards

Assessment of product environmental performance

Excellent ECPs

ECPs

Products that do not meet the ECP standards are normally not shipped

Mitigation of Climate Change
- Reductions in power consumption
- Reductions in standby electricity consumption
- Visualization of power consumption
- Energy-saving mode
- Shipment mode, etc.

Efficient Use of Resources
- Reductions in the use of raw materials
- Use of recycled materials
- Ease of disassembly
- Reductions in the use of packaging materials
- Reductions in the use of supplies
- Upgrades, longer useful lives, etc.

Management of Chemical Substances
- Reduction in the use of specific hazardous substances
- Green Procurement
- Distribution of information on chemicals
- Compliance with chemical regulations in different countries, etc.

■ System for the Greening of Products

Business Strategy

Product planning

Development and design

Manufacturing and shipment

Benchmarking of other companies' products

Eco-targets

QFD*2 — Customer requirements

Feedback for the development of new products
- Environmental impact based on LCA
- Review of benchmarking results and development specifications

Checking that products comply with laws and regulations

ECP standards
- Toshiba TEC environment quality
- Assessment of product environmental performance

LCA*3

Eco-efficiency and Factor

Based on technological trends and trends of other companies, setting "eco-targets" for the development of products with the highest level of environmental performance in the industry at the time of product release

- Making sure that products meet the Toshiba TEC environmental standards in all three aspects of ECPs in all stages of the product life cycle
- Checking that products comply with laws and regulations

Product approval

Green Procurement

Information disclosure / environmental advertisements

Checking the level of achievement of eco targets and compliance with the ECP standards

Data update

Environmental label (third-party certification)
Eco Mark, International ENERGY STAR® Program, Eco-Leaf, China Environmental Labeling Low-Carbon Product Certification, Blue Angel Label, etc.

Disclosure of information on environmental performance
Information on individual products regarding specific aspects of ECP designs

Excellent ECPs
The highest level of environmental performance in the industry in terms of major functions

*2 QFD: Quality Function Deployment *3 LCA: Life Cycle Assessment

Main Products Certified as Excellent ECPs in Fiscal 2017

M-9000 Series POS System
Released in September 2017

Lowest standby power for applications[*1] through the use of power-saving parts and human sensors[*2]
Reductions in size and weight by downsizing the control unit and changing the mounting position to the back of the display[*2]

Energy Saving

Standby power for applications[*1]:
Approx. 45% reduction[*3]

Resource Saving

Mass:
Approx. 35% reduction[*3]

*1: Power in standby mode for registration of purchases
*2: At the time of product launch; The current position is not guaranteed.
*3: Comparison to the M-8000 system with a 15-inch display

"Loops LP35/45/50" Paper Reusing System
Released in July 2017

Integration of erasable print, non-erasable black and erasing functions
Resource saving through the reuse of paper
Industry's "only one product"

Resource Saving

CO_2 emissions:
Approx. 50% reduction[*4] through the reduction of paper consumption
Installation area:
Approx. 50% reduction[*5] compared to the conventional model

*4: Resource: CO_2 (News Release issued by the Agency for Natural Resources and Energy), Paper (The 2011 edition of "Life cycle CO_2 emission of paper/cardboard" by the Japan Paper Association)
*5: Comparison to the previous Loops LP301 System (Comparison between installation of 3 units of Loops LP301/RD301 with eSTUDIO357 and that of 1 unit of Loops LP35)

Environmental Label and Green Purchasing Law

We disclose information regarding many products compliant with the evaluation criteria of environmental labels and Green Purchasing Law.

■ Eco Mark

Eco Mark is a Japan's environmental labeling program launched by the Japan Environment Association in 1989. The Eco Mark is attached to products which have a lower environmental impact in the stages from production to disposal, and contribute to environmental protection. Our copiers and MFPs are certified as Eco Mark products.

■ Overseas environmental labels

Our copiers and MFPs are compliant with a variety of overseas environmental labels.

China Environmental Labeling   Taiwan Green Mark

■ Green Purchasing Law

The Green Purchasing Law was put into force in April 2001 and obliges national governmental bodies to formulate green procurement policies and to procure eco-friendly goods. In other words, the government takes the lead to promote the procurement of eco-friendly goods. We disclose information regarding copiers and MFPs compliant with the evaluation criteria of designated procurement items in brochures and websites (List of Products compliant with the Green Purchasing Law).

■ International ENERGY STAR® Program

The ENERGY STAR Program was launched in October 1995 as a voluntary registration system mutually acknowledged by the US and Japanese governments, and certifies office automation equipment that meets certain standards of energy conservation in standby mode as ENERGY STAR compliant. A variety of domestic and overseas copiers and MFPs are compliant with the ENERGY STAR Program. The International ENERGY STAR Program standards will be reviewed along with the advancement of energy-saving technologies for applicable products. Accordingly, we will proceed with product development in response to future revisions of the standards.

■ China Energy Conservation Label

This label is granted to products that comply with relevant quality and safety standards as well as achieve the highest energy efficiency in the world, compared to other products of the same category. After the Energy Conservation Law was enacted in 1998, the former State Economic and Trade Commission took the lead to establish the China Standard Certification Center (CSC), formerly the China Certification Center for Energy Conservation Products (CECP), which is the only certification organization for labeling energy efficiency products.
Our copiers and MFPs for China are compliant with the standards.

Green Procurement

We implement green procurement in the procurement stage of raw materials. We also aim to procure articles with a lower environmental impact from suppliers that aggressively promote activities for environmental conservation. In addition, we have been working on reducing phthalates since 2015.

■ Suppliers' activities for environmental conservation

We prioritize suppliers who perform proactive activities for environmental conservation. We have prepared the Guidelines for Green Procurement in Japanese, English and Chinese to check the status of implementation of suppliers.

> **Activities for environmental conservation**
>
> 1. Formulating environment policy
> 2. Establishing and maintaining a system for environmental conservation
> 3. Training and monitoring of system performance

■ Data utilization

We request our suppliers to provide data on environment-related substances control for articles to be supplied in the survey format based on our Guidelines for Green Procurement, to collect data on the green procurement support system. We use the data to develop ECPs.

■ Control of environment-related substances for articles to be procured

We request our suppliers to comply with environment-related laws, regulations and control standards, such as RoHS and REACH that spread from Europe to the rest of the world. We also request them to provide parts and raw materials with a lower environmental impact.

> **Control of environment-related substances**
>
> 1. Make every supporting organization and suppliers understand the requirements.
> 2. Realize the requirements for control of environment-related substances.
> 3. Reply to our inquiries about control of environment-related substances.
> 4. Obtain necessary information from suppliers as base data for your reply.
> 5. Perform sample tests or obtain sample test results from suppliers if necessary.
> 6. Investigate suppliers' control systems.
> 7. Understand information on chemical substances whose inclusion will be prohibited.

Worldwide Collection and Recycling

We are committed to collecting and recycling end-of-use products on a global basis.

Japan

We collect end-of-use products at our sales sites and perform process checks on recycling contractors to increase the collection and recycling rates.

Asia

At Toshiba Tec Malaysia Manufacturing Sdn Bhd. in Malaysia, we implement the voluntary collection and recycling program for end-of-use MFPs in collaboration with Shan Poornam Metals.

Europe

At Toshiba Tec France Imaging Systems S.A. in France, we implement the end-of-use toner cartridge collection and recycling program in collaboration with Conibi. The collected end-of-use toner cartridges are recycled into raw materials at ClozDloop® in Belgium.

Australia & North America

We implement the "Zero Waste to Landfill" recycling program in collaboration with Close the Loop®. Almost all of the end-of-use toner cartridges collected from copiers and MFPs through this program are recycled.

Greening of Process

We are working on "Monozukuri" product manufacturing, which can minimize the input of energy, resources and chemical substances, as well as the output of CO_2, waste and chemical substance in our manufacturing processes worldwide.

Mitigation of Climate Change

■ Minimizing CO_2 emissions due to energy consumption

We effectively use energy to reduce CO_2 emissions. In fiscal 2011, CO_2 emissions increased due to the incorporation of the parts business into overseas sites. However, as a result of environmental measures undertaken, such as switching to LED lighting and checking for compressor air leakage, we successfully reduced CO_2 emissions in fiscal 2017.

Transition of CO_2 emissions at manufacturing sites
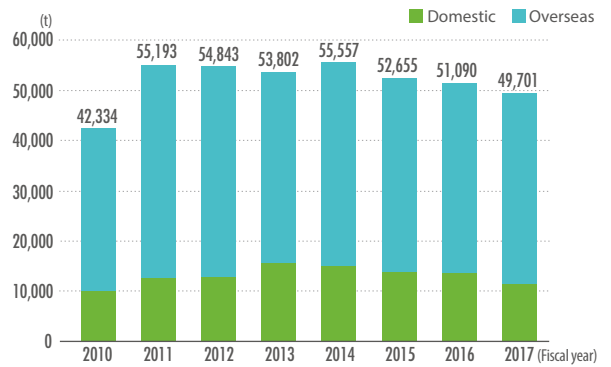
Note: Receiving end power is used for the CO_2 emission factor. 3.52 t-CO_2/10 thousand kWh is used in fiscal 2010, 4.75 t-CO_2/10 thousand kWh in fiscal 2011, 4.81 t-CO_2/10 thousand kWh in fiscal 2012, 5.67 t-CO_2/10 thousand kWh in fiscal 2013, 5.52 t-CO_2/10 thousand kWh in fiscal 2014, and 5.31 t-CO_2/10 thousand kWh in fiscal 2015 and later in Japan. GHG Protocol data in fiscal 2006 is used from fiscal 2010 to fiscal 2012, and the one in fiscal 2009 is used in fiscal 2013 and later overseas.

■ Minimizing CO_2 emissions associated with product logistics

We switched from individual shipping to full truckload shipping for imported parts to increase load efficiency, leading to a reduction in the number of trucks required. We also reduced the size and weight of new products that were developed to control CO_2 emissions resulting from product logistics. In fiscal 2017, one of the domestic companies left Toshiba Tec Group, resulting in a significant reduction of emissions.

**Transition of CO_2 emissions associated with nationwide product transportation**
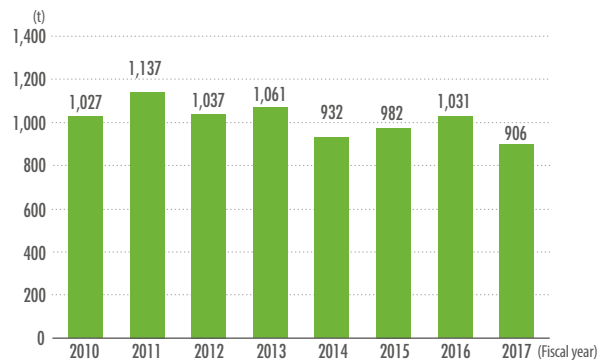
Management of Chemical Substances

■ Minimizing emissions of chemical substances used in the manufacturing process

We classify chemical substances applicable to the environmental laws and regulations into three types: "prohibition", "reduction" and "control". We strive to reduce emissions of chemical substances, which are classified into "reduction", to the atmosphere and water that directly affect the environment. In fiscal 2011, emissions of chemical substances increased due to the incorporation of the parts business into overseas sites. However, we have recently been able to reduce emissions as a result of introducing manufacturing equipment with low emissions of chemical substances and reviewing the process. In fiscal 2017, one of the domestic companies left Toshiba Tec Group, resulting in a significant reduction of emissions. We will continue to reduce emissions of chemical substances.
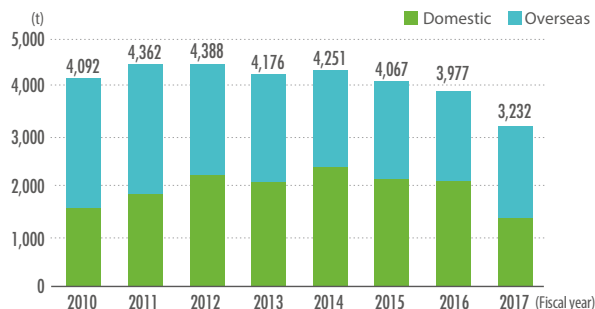
Transition of emissions of chemical substances
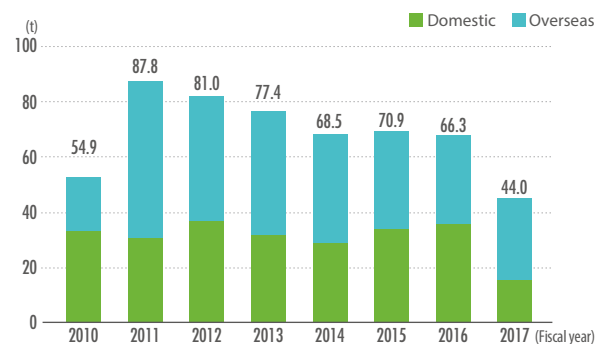
Efficient Use of Resources

◼ Minimizing total volume of waste generated

To efficiently use resources, we work on the reduction of the total volume of waste generated, by recycling and other methods. In fiscal 2017, one of the domestic companies left Toshiba Tec Group, resulting in a significant reduction of waste generated.

We also visited the recycler's facility to directly check the status of processing in Japan. We will continue to effectively use resources in collaboration with the recycler through communication to increase the recycling rate.
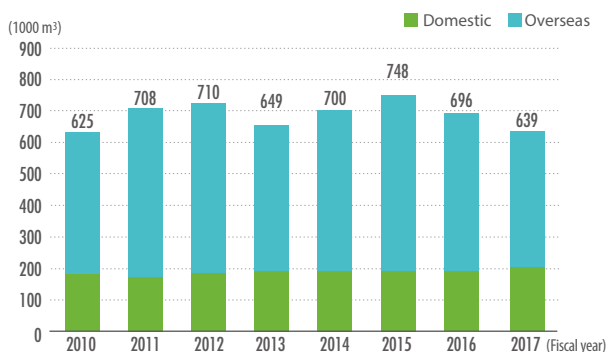
Transition of total volume of waste generated

(t)   ◼ Domestic ◼ Overseas

Fiscal year	2010	2011	2012	2013	2014	2015	2016	2017
Total	4,092	4,362	4,388	4,176	4,251	4,067	3,977	3,232

◼ Efficiently using water

A small amount of water is used in the manufacturing process and most of it is used for daily needs including toilets, cafeterias and residences. The recent use of water remains almost stable.

We will continue to encourage our employees to save water through posters.

Transition of amount of water received

(1000 m³)   ◼ Domestic ◼ Overseas

Fiscal year	2010	2011	2012	2013	2014	2015	2016	2017
Total	625	708	710	649	700	748	696	639

▌Mitigation of Climate Change

Use of renewable energy   *Topics*

Toshiba Tec Europe Imaging Systems S.A.

We have been annually switching to LED lighting and adopting renewable energy at manufacturing and non-manufacturing sites worldwide. In fiscal 2017, the digital display board, which is powered by solar panels, is set up to show vehicle speed when driving on the premises.

▌Management of Chemical Substances

Cleaning solvent substitution   *Topics*

P.T. TEC Indonesia

Isopropyl alcohol is used to clean manufacturing systems and equipment in the manufacturing process. We have been using alternative cleaning solvents with lower environmental impact at four group companies including P.T. TEC Indonesia.

▌Efficient Use of Resources

Recycling of cardboard boxes   *Topics*

Toshiba Tec Europe Imaging Systems S.A.

Cardboard boxes left over after delivered components are unpacked in the production line are repurposed for use as product shipping cushioning.
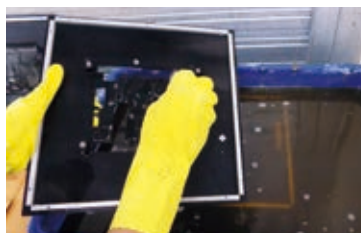
▌Efficient Use of Resources

Use of rainwater   *Topics*

P.T. TEC Indonesia

Reduction in water consumption contributes to cost reduction and biodiversity. Because we are located in a high annual rainfall zone, we keep rainwater in a storage tank and use it for sprinkling and cleaning the floors outside.

Green Management

Approaches for Conservation of Biodiversity

■ Relationship between Aichi Biodiversity Targets and conservation of biodiversity

Biodiversity is the variety of all living things, and the systems which connect them. The Aichi Biodiversity Targets were adopted at the10th Conference of the Parties to the Convention on Biological Diversity (COP10) held in Nagoya in 2010, and 20 targets were set for the international community that should achieve by 2020. We have decided to focus on 10 of these biodiversity targets, to which our business activities are closely related, based on the Toshiba Group's Policy. In the Sixth Environmental Action Plan, we promote biodiversity conservation activities for all 10 targets listed below at all manufacturing sites to be achieved by fiscal 2020.

Selected Aichi Biodiversity Targets		Specific action	Selected Aichi Biodiversity Targets		Specific action
Target 1	Awareness increased	Environmental education, internal and external information disclosure	Target 9	Invasive alien species prevented and controlled	Prevention of invasion throughout the product life cycle
Target 2	Biodiversity values integrated	Incorporation of targets into environmental policies and environmental action plans	Target 11	Protected areas increased and improved	Conservation activities in protected areas in and outside of Toshiba Tec Group sites
Target 4	Sustainable consumption and production	Suppression of climate change, efficient use of resources, and implementation of green procurement	Target 12	Extinction prevented	Protection of rare plant and animal species, internal and external conservation activities
Target 5	Habitat loss halved or reduced	Maintenance and building of ecosystem networks	Target 14	Ecosystems and essential services safeguarded	Maintenance and improvement of infrastructure, supply, adjustment and cultural services
Target 8	Pollution reduced	Reduction of emissions and correct management of chemical substances	Target 19	Knowledge improved, shared and applied	Activity information disclosure

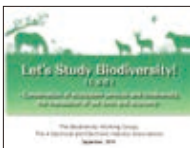### ■ Achievements in Fiscal 2017

Here are the major activities we achieved in fiscal 2017.

Target 1 — Awareness increased

▷ We implemented various training programs to raise awareness of employees.

Corporate-wide training by e-learning

Special training for environmental promoters

Awareness-raising video during lunch break at some sites

Target 2 — Biodiversity values integrated

▷ We incorporated biodiversity in the environmental policies of all manufacturing sites along with the corporate-wide environmental policy.

▷ We developed mid-term plans for biodiversity at all manufacturing sites.

Target 12 — Extinction prevented

▷ We continue activities, such as investigation of rare species and protection of endangered species, at each region.

Toshiba America Business Solutions, Inc.
Planting of native flowers in the plant premises to create an easily habitable environment for rare species

Toshiba Tec Information Systems (Shenzhen) Co., Ltd.
Investigation and protection of rare species and endangered species around our plant

Target 19 — Knowledge improved, shared and applied

▷ We disclosed information on the activities at manufacturing sites to external parties through the websites of the Nijyu-maru Project (Double 20 campaign - http://bd20.jp/en/) as well as Four Electrical and Electronic Industry Associations in Japan (Japan 4EE).

Activities
- Nijyu-maru Project
- Japan 4EE database
- Toshiba website
- Toshiba TEC website
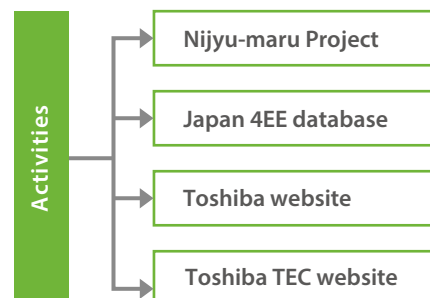
Global Environmental Action

We are committed to carrying out environmental contribution activities worldwide by incorporating the activity items of the Sixth Environmental Action Plan and choosing a recommended theme every year ("Energy" for 2017, "Water" for 2018, "Resources" for 2019, and "Chemical Substances" for 2020). In fiscal 2017, we carried out a total of 37 activities with a focus on "Energy" as the recommended theme.

Encouraging all employees for cooperation in energy conservation by email (Indonesia)

Clean-up around plants (Japan)

River clean-up (Singapore)

Collection of waste electronic devices (Singapore)

Information Disclosure and External Evaluation

Exhibitions

The 26th Toshiba Group Environment Exhibition was held in Kawasaki in February, 2018. We presented products with high environmental performance, such as Loops and M-9000, and emphasized environmental contributions. We also presented products at the TOSHIBA TEC Technology Exhibition, which was held in Osaki in November, 2017.

External evaluations and commendations

Our solutions to reduce CO_2 emissions in logistics by batch-based reading of electronic tags received the Special Award at the 16th Green Logistics Partnership Conference.
We were ranked high ("A") in the Sompo Japan Green Open Fund's "Buna no Mori" Environmental Survey, and were selected as an investment brand (index component) in the ESG assessment of environmental, social and corporate governance issues.

Member of SNAM Sustainability Index 2017

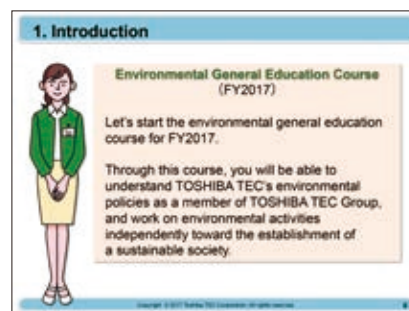# Communication and Development of Environmental Awareness

Environmental meetings

We regularly hold environmental meetings between manufacturing sites worldwide, discuss measures to reduce environmental impact and conserve biodiversity, along with environmental actions and awareness building, to develop implementation measures.

Environmental education

We annually implement e-learning training on environmental general knowledge and trends as well as the overall environmental management of Toshiba Tec Group for all employees.

1. Introduction

Environmental General Education Course (FY2017)

Let's start the environmental general education course for FY2017.

Through this course, you will be able to understand TOSHIBA TEC's environmental policies as a member of TOSHIBA TEC Group, and work on environmental activities independently toward the establishment of a sustainable society.

Environmental Data Gallery

Environmental Accounting

We adopt environmental accounting to quantitatively understand environmental conservation costs and benefits, and utilize the quantitative data as guidelines for business activities.

■ Costs and benefits

For environmental conservation costs on a consolidated basis in fiscal 2017, total capital investments were 170 million yen and total expenses were 810 million yen. Total environmental benefits were 5.6 billion yen.

Target site: Toshiba Tec Head Office, Shizuoka Business Center, 2 domestic and 6 overseas manufacturing group companies

Target period: April 1, 2017 to Mach 31, 2018

Note: Some figures are estimated.

Environmental conservation costs

Millions of yen

Category	Description	Investments		Costs		Change in costs from FY2016	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
1) Business area costs	Reduction of environmental impact (1) to (3)	168.9	153.6	204.4	89.7	91.5	35.6
(1) Pollution prevention costs	Prevention of air, water and soil pollution, etc.	86.9	84.7	77.9	10.1	43.0	6.3
(2) Global environmental conservation costs	Global warming prevention, ozone layer protection, etc.	80.9	68.8	72.9	45.5	44.0	25.9
(3) Resource recycling costs	Recycling of waste, etc.	1.0	0.0	53.6	34.0	4.5	3.4
2) Upstream/downstream costs	Green procurement, collection and recycling of end-of-use products, etc.	0.0	0.0	126.3	126.3	20.9	20.9
3) Administration costs	Establishment of EMS, environmental education, tree planting/clean-up activities, etc.	3.5	0.0	315.3	302.4	4.9	8.2
4) R&D costs	Technical development for ECPs, etc.	0.0	0.0	156.7	156.7	17.2	17.2
5) Public relations costs	Donations and support to groups/organizations, etc.	0.0	0.0	4.3	3.1	- 0.9	- 1.0
6) Environmental damage restoration costs	Recovery from soil pollution, etc.	0.0	0.0	0.1	0.1	- 0.6	- 0.6
Total		172.4	153.6	807.1	678.3	133.0	80.3

Environmental conservation benefits

Millions of yen

Category	Description	Amounts	Calculation method
Ⓐ Actual benefits	Reduced charges for electricity and water, etc.	157.5	The amount of money, such as electricity charges and waste disposal costs, that was saved compared with the previous year, plus earnings from the sale of objects with value.
Ⓑ Assumed benefits	Reduced environmental impacts on water and atmosphere in monetary value	1,166.8	The amount of money was calculated by multiplying the cadmium equivalent value of each substance obtained from environmental standards and the American Conference of Governmental Industrial Hygienists Threshold Limit Value (ACGIH-TLV) by damage compensation for cadmium pollution. This method of calculation provides a means of showing reductions in environmental impacts on the atmosphere, hydrosphere and soil and makes it possible to compare the environmental impacts of different substances using the same standard by converting the impacts into monetary values.
Ⓒ Customer benefits	Benefits of impacts reduced during product use in monetary value	4,271.2	Environmental impact reduction benefits during product use are evaluated in physical quantity units and monetary units. Energy-saving benefits are calculated by using the following equation: Benefits (yen) = Σ [(electricity consumption per year of the former model – electricity consumption per year of the new model) x number of units sold per year x benchmark unit price of electricity charge]
Total		5,595.5	

Ⓐ Actual benefits

Item	Reduction of environmental impact*	Benefits measured in monetary values (millions of yen)
Energy	- 9,400 GJ	130.6
Waste	39.1 t	21.2
Water	- 200 m³	5.7
合計		157.5

* The reduction of environmental impact indicates the differences between fiscal 2016 and 2017.
Negative figures show an increase in environmental impact beyond the benefits from reduction due to increased production, etc.

Ⓑ Assumed benefits

Item	Reduction of environmental impact*	Benefits measured in monetary values (millions of yen)
Benefits from reduction of chemical emissions	17.4 t	1,166.8

Ⓒ Customer benefits

Item		Reduction of environmental impact*	Benefits measured in monetary values (millions of yen)
Benefits from reduction of environmental impact during product use	Electricity	45,540,000 kWh	1,047.4
	Paper rolls	5,467 t	3,223.8
Total			4,271.2

Environmental Impact throughout the Life Cycle in Fiscal 2017

We reduce the environmental impact in our manufacturing processes and develop environmentally conscious products, to understand, analyze and reduce the impact at each stage of the product life cycle.

We procure raw materials and components from suppliers, manufacture and ship our products. We transport finished products to distributors or warehouses via outsourced forwarding agents. Then, we collect end-of-use products from customers wherever possible, for reuse and recycling.

At the manufacturing stage, CO_2 emissions due to consumption of all energies from plants were 10,898 tons and from offices were 2,380 tons. Emissions of chemicals into the atmosphere and water were 15 tons. The amount of waste recycled was 1,098 tons and the amount of landfilled was 0.5 tons. CO_2 emissions from major products shipped in fiscal 2017 until the end of their lives are to be approximately 275,551 tons.

We are working on reducing power consumption and CO_2 emissions, which are the majority throughout the life cycle, as a top priority issue.

Environmental impact in fiscal 2017[1]
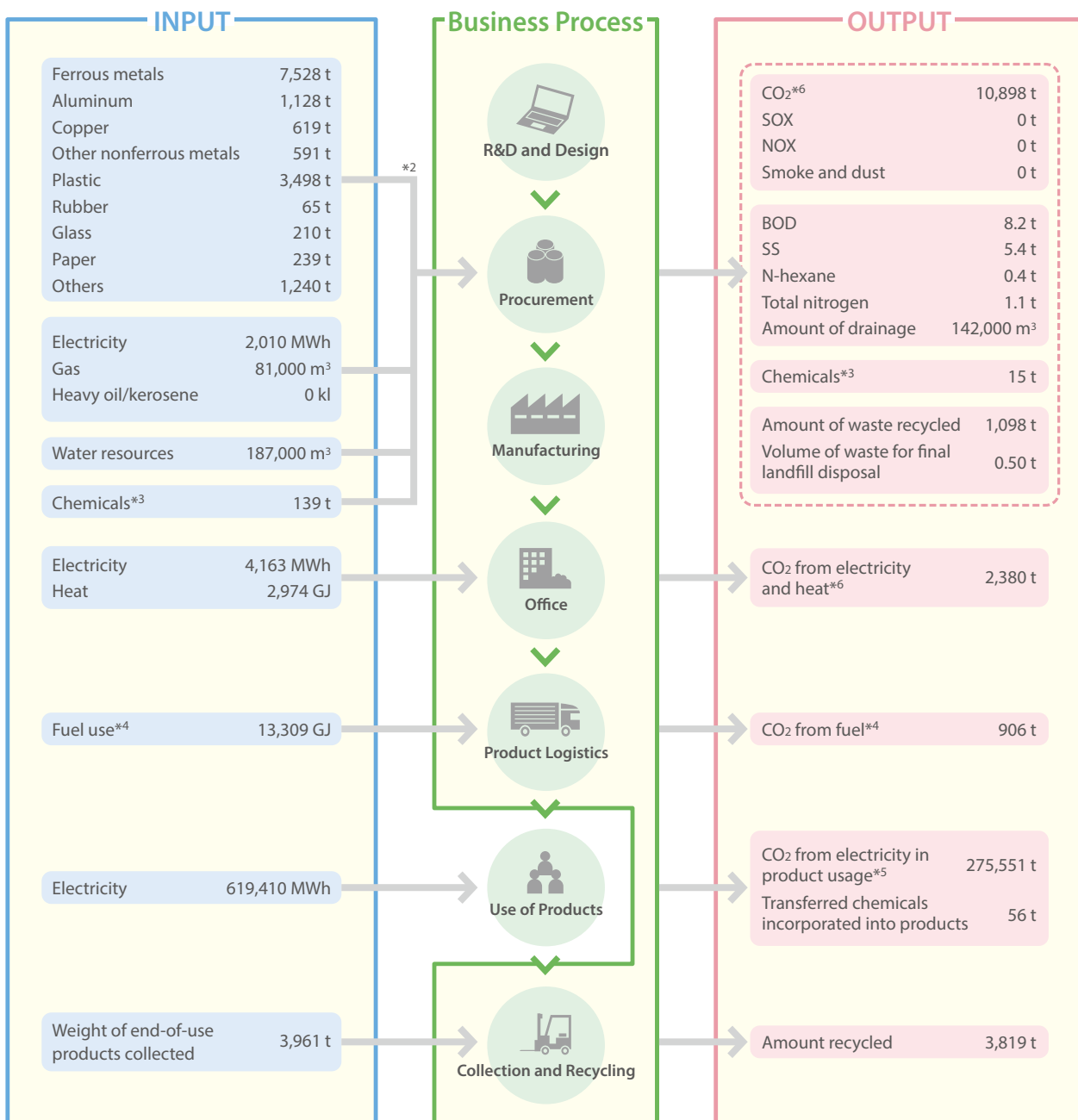
*1: Target data tabulated: Toshiba Tec
*2: Inputs of materials and parts are calculated from material procurement data using the Toshiba Group's proprietary method.
*3: Target chemicals: 551 types specified by Toshiba
*4: Product logistics: All CO_2 emissions for outsourcing
*5: CO_2 in product usage is CO_2 emissions from major products shipped in fiscal 2017 until the end of their product lives.
*6: 5.31 t-CO_2/10 thousand kWh is used for the CO_2 emission factor.

THIRD PARTY COMMENTS

Dr. Kenji Suzuki

Dean and Professor of the School of Global Japanese Studies, Meiji University, Japan

Dr. Suzuki received an LLB degree from Tokyo University, a master's degree from the London School of Economics, and PhD in Politics and International Studies from the University of Warwick.
His field of specialization is political economy. Representative Director and Chief of the Japan Institute of Scandinavian Studies (JISS).

He currently focuses on how environmental changes in society and economy change the nation's social system and affect the psychology and behavior of companies and people. He has a decade of experience in being involved with education and research in Sweden.

The 17 icons for the Sustainable Development Goals (SDGs) set by the United Nations jumped out at me as soon as I opened this 2018 CSR Report. The concept of SDGs was spread by the United Nations Conference on Environment and Development (Earth Summit) in 1992, and is understood even by children nowadays. However, these are easier said than done, and it is true that the world is just barely shifting toward achieving the SDGs even 16 years later.

By the way, what does "Sustainable Development" originally mean? This concept originates in a 1987 report published by the Brundtland Commission, which was formerly known as the World Commission on Environment and Development (WCED), called, "Our Common Future". The report defines this as follows, "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs". In other words, while it is important to pursue short-term profits, these must not be at the expense of future possibilities. As mentioned earlier, this is very difficult to realize in practice. However, I think it is commendable that you raise the Brundtland definition in "Our Common Future" as CSR and clearly position a variety of activities you have done in such a framework.

This report indicates which SDGs goals each of the topics that make up our CSR fall under. It is a good idea to understand what approach you are using for each topic. For example, the topic of governance falls under the goals of "Reduced Inequalities" and "Peace, justice and strengthen institutions". The United Nations promotes discussion with countries and societies in mind. It seems to be difficult to put a single company in this framework. However, a company is a part of society, thus it is all right for people who work for the company to consider these goals dominate forces in their lives. Therefore, it is of extreme importance that equality, peace and fairness be prioritized in company management solutions and establishment of governance. So when these are defined in this report, third parties like me can improve our understanding. Also, your employees can confirm which policies the organizations they serve are operating in

accordance with.

With regard to the topic of society, Promoting Recruitment, Participation and Advancement of Non-Japanese Employees was newly included in this report. In particular, my attention was drawn to training for employees and disclosure of data. Since I myself have worked many years overseas and also communicate with over 100 international students every year, I am quite aware how culturally exclusive Japanese companies are. As indicated in the data, the number of non-Japanese employees is still quite small but is definitely increasing. What is of greater importance is the training for those who accept new non-Japanese workers, as opposed to training for those who join the company. This is not just simply about high TOEIC score requirements. Instead, each of you is required to think about how to communicate with your subordinates or colleagues who have different cultural backgrounds and what is needed to produce positive results. It is understandable that those who come to Japan should learn Japanese and Japanese culture. However, if you just impose this idea of "When in Rome, do as the Romans do" on non-Japanese employees, you will never gain "new ideas, which are created when people with different personalities enlighten each other" as stated in MESSAGE FROM TOP MANAGEMENT. Toshiba Tec Group and many other Japanese companies are facing these issues. Therefore, it is necessary to fully recognize the reality that cannot be turned away from and actually address these issues as a Japanese company. These will in turn lead to another issue; how to maximize the strength of those who are not classified as the typical "male workaholic employee", such as female employees, employees with disabilities and seniors.

It is human nature to think that the actual conditions are not so bad...however, believing so is essentially just forcing future generations to address current issues such as environmental destruction. I expect you to further promote awareness reform in line with how this report defines the "SDGs".

CORPORATE PROFILE OF TOSHIBA TEC

◆ Corporate Profile
(as of March 31, 2018)

Company Name: TOSHIBA TEC CORPORATION

Head Office: Gatecity Ohsaki West Tower 1-11-1, Osaki, Shinagawa-ku, Tokyo 141-8562 Japan

Representative: Takayuki Ikeda, President and Chief Executive Officer

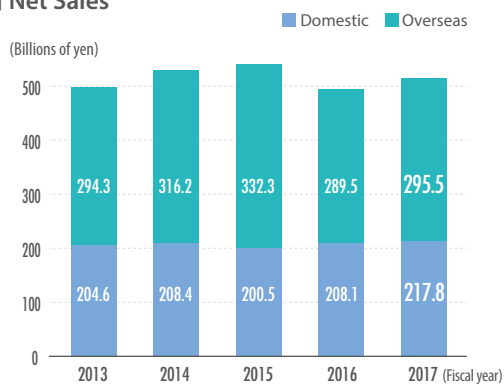Establishment: February 21, 1950

Paid-in Capital: 39.9 billion yen

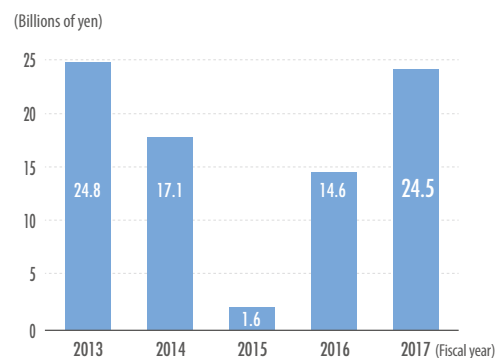Number of Consolidated Employees: 19,780 (6,770 in Japan, 13,010 overseas)

Number of Consolidated Subsidiaries: 79 (7 in Japan, 72 overseas)

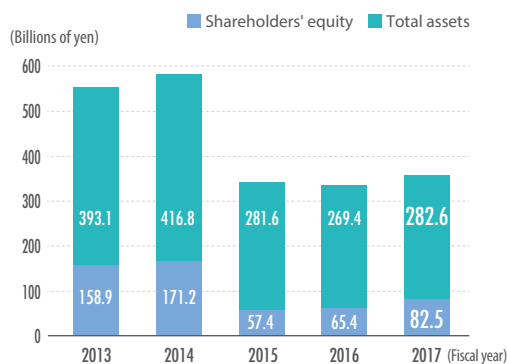## ◆ Consolidated Results (ended March 2018)

◆ Net Sales

(Billions of yen)

■ Domestic ■ Overseas

Fiscal year	Domestic	Overseas
2013	204.6	294.3
2014	208.4	316.2
2015	200.5	332.3
2016	208.1	289.5
2017	217.8	295.5

◆ Operating Income

(Billions of yen)

Fiscal year	Operating Income
2013	24.8
2014	17.1
2015	1.6
2016	14.6
2017	24.5

◆ Shareholders' Equity / Total Assets

(Billions of yen)

■ Shareholders' equity ■ Total assets

Fiscal year	Shareholders' equity	Total assets
2013	158.9	393.1
2014	171.2	416.8
2015	57.4	281.6
2016	65.4	269.4
2017	82.5	282.6

◆ Consolidated Net Sales Ratio by Business Segment

Net sales composition by business
* Before intercompany eliminations

38%
Printing Solutions Business

Development, manufacturing, distribution and maintenance services of MFPs, auto-ID systems and their related products for overseas markets, as well as inkjet heads for domestic and overseas markets
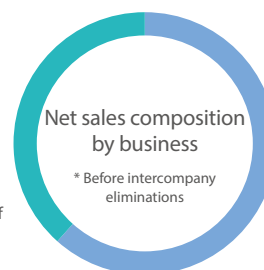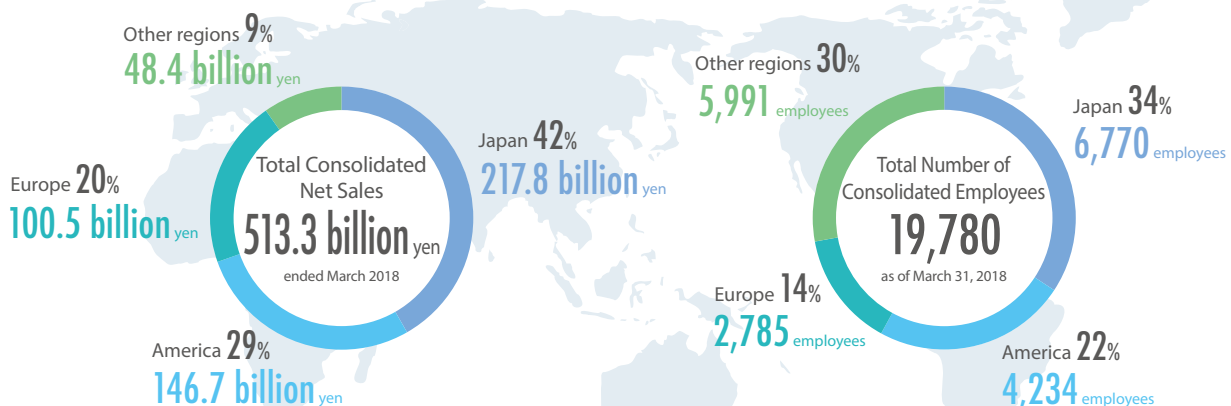
62%
Retail Solutions Business

Development, manufacturing, distribution and maintenance services of POS systems for domestic and overseas markets, as well as MFPs, auto-ID systems and their related products for domestic markets

* Automatic Identification (AI) Systems refer to systems, which contain hardware and software to automatically retrieve, identify and manage data, from bar codes and IC tags.

◆ Net Sales by Region and Number of Employees

Number of Consolidated Subsidiaries: (7 in Japan, 14 in America, 36 in Europe, 22 in other regions)

Total Consolidated Net Sales
513.3 billion yen
ended March 2018

- Other regions **9%** 48.4 billion yen
- Europe **20%** 100.5 billion yen
- America **29%** 146.7 billion yen
- Japan **42%** 217.8 billion yen

Total Number of Consolidated Employees
19,780
as of March 31, 2018

- Other regions **30%** 5,991 employees
- Japan **34%** 6,770 employees
- Europe **14%** 2,785 employees
- America **22%** 4,234 employees

TOSHIBA TEC CORPORATION

CSR Promotion Center
Corporate Human Resources & Administration Group

Contacts:

Gatecity Ohsaki West Tower 1-11-1, Osaki, Shinagawa-ku,
Tokyo 141-8562 Japan

Phone: +81-3-6830-9129
Fax: +81-3-6684-4001

URL: https://www.toshibatec.com/
E-mail: csr@toshibatec.co.jp

Production and printing of
the Toshiba Tec CSR Report 2017 reflect the following considerations:

Paper

| FSC | MIX Paper from responsible sources FSC® C014473 |

Use of FSC-certified Paper
Paper certified by Forest Stewardship
Council (FSC) is used, which is made with wood from
FSC-certified forests.

Printing

Waterless Printing
Waterless printing, a printing process
that eliminates the use of water,
is adopted, taking advantage of the
characteristics of printing plates made
of ink-shedding material.

Non-VOC ink
100% vegetable ink containing no
volatile organic compounds (VOCs) is
used.

Issued in August 2018