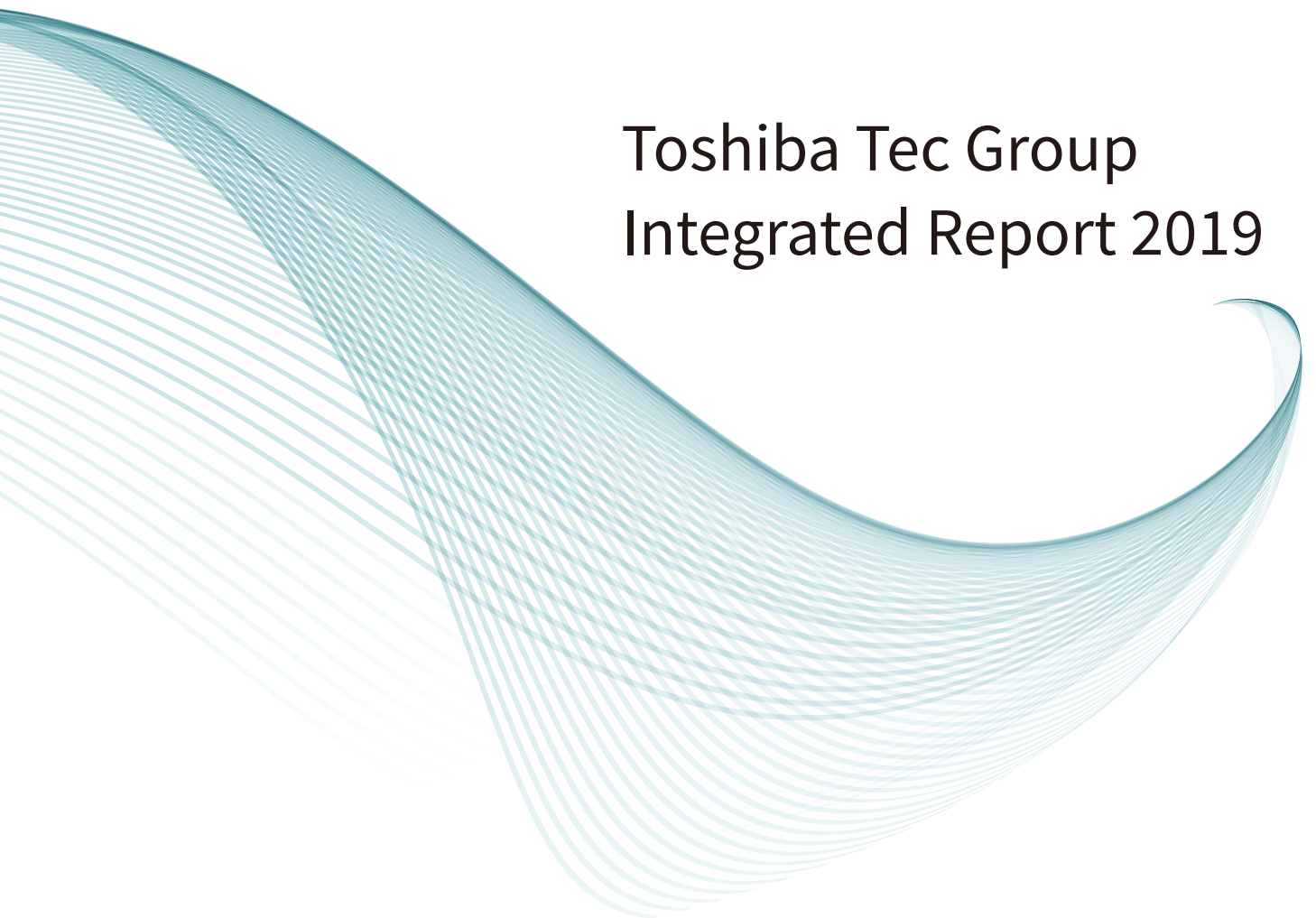


**TOSHIBA**

Toshiba Tec Group  
Integrated Report 2019





**Our Five Commitments**  
**Corporate Philosophy of Toshiba Tec Group**

**“Monozukuri”\* creating our products  
with pride and passion.  
Keeping our customers in mind all the  
time and everywhere.**

\* “Monozukuri” is the ongoing process of creating new values realized in quality products and services that exceed customer expectations by applying superior proprietary technology and knowledge nurtured over long years.

## Editorial Policy in the 1st Issue of the Integrated Report

Among information on Toshiba Tec Group's corporate activities, we have created this report collectively and multilaterally with a focus on financial and non-financial information, which is of importance for stakeholders. We are committed to disclosing information and communicating with stakeholders including shareholders and investors, to help them gain a better understanding of our efforts to achieve sustainable growth of our group. Financial and CSR information that cannot be included in this report is available on our website.

### ■ Reporting Organization

In principle, Toshiba Tec Corporation and its consolidated subsidiaries

### ■ Reporting Period

This report not only focuses on the activities in fiscal 2018 (from April 2018 to March 2019) but also includes some activities continuing from the past as well as more recent ones.

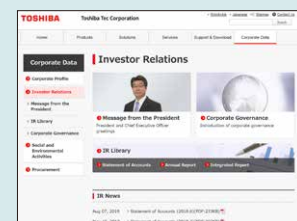
### ■ Reference Guidelines

- Global Reporting Initiative (GRI)  
“Sustainability Reporting Guideline 4th Edition (G4)”
- Ministry of the Environment “Environmental Report Guidelines” (FY2018 Edition)
- Ministry of the Environment “Environmental Report Guidelines” (FY2012 Edition)
- Ministry of the Environment “Environmental Accounting Guidelines” (FY2005 Edition)
- ISO 26000 (Guidance on Social Responsibility)

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## W e b s i t e



INTEGRATED REPORT  
<http://www.toshibatec.com/company/ir/>



INTEGRATED REPORT  
<http://www.toshibatec.com/company/ir/>



Takayuki Ikeda

President and Chief Executive Officer  
Toshiba Tec Corporation

October 2019

### Spirit of Customer Value-creation First

We create and deliver what customers truly need by always taking their perspective as we seek to contribute to society through products and services that satisfy customers.

We consistently aim to be of benefit to our customers and to create new value.

Our mission is to please stakeholders including customers through the creation of products and services that exceed their expectations.

### Achieving a Sustainable Society and Growth

The environment surrounding us is dramatically changing every day. As symbolized by the SDGs\* and Paris Agreement adopted at the United Nations, global society is facing various problems and these problems are getting worse and complicated every year.

To solve them, we aim to promote corporate activities in two aspects: one is management for which we have a strong awareness of the relationship between social problem solving and business, and another is responsible behavior as a member of society.

We have strategically selected items with a high affinity for business from 17 Goals and 169 Targets of

the SDGs established by the United Nations, to promote CSR management that helps to solve social problems through business activities.

### Strengthening Toshiba Tec's Significant Management Resources

A variety of solutions we provide are generated by a combination of diverse knowledge, experience and values. Accordingly, it is important to create a workplace environment where employees can capitalize on their strengths and participate actively on an individual basis. Therefore, we are committed to working on creative work-style reform.

Eventually, we aim for a sustainable growth by increasing productivity both on an individual and organizational level.

### Conclusion

By putting into practice strategic CSR management in line with the corporate philosophy “Our Five Commitments”, we, Toshiba Tec Group, are committed to creating value with various solutions in our group business areas, contributing to achieving a sustainable society, and improving corporate value.

\* SDGs stands for Sustainable Development Goals. The SDGs were adopted by the United Nations in 2015, and are targets to be achieved by 2030.

# We contribute to the achievement of a sustainable society by putting into practice the corporate philosophy “Our Five Commitments”

## Corporate Philosophy

The foundation of Toshiba Tec Group’s management is 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 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 building a sustainable society.

Toshiba Tec Group’s CSR management is to put the corporate philosophy and standards of conduct into practice. By doing so, we build a mutual relationship with stakeholders, helping our group grow in a sustainable way and further contribute to society.

## 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 including customers, shareholders/investors, employees, local communities and suppliers. 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 stakeholders and gain a full understanding of their expectations through a variety of communication opportunities. Doing so will enable us to improve business operations.



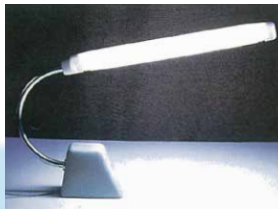
# HISTORY

Since its establishment, Toshiba Tec has accurately recognized the needs changing with the times and created new value ahead of the times. And we keep moving forward together with stakeholders in a flexible and powerful way based on our accumulated achievements and know-how.

From 1950

**Building a foundation based on a principle of "Autonomy and Independence"**  
**Full-scale overseas expansion in late 1960s**

Independently from Toshiba, we started to open up new fields one after another under the principle of "autonomy and independence". We established three pillars of businesses, such as office equipment, lighting fixtures and home appliances. Accordingly, we built up a foundation that leads to the following significant development. In late 1960s in search of global markets, we expanded into markets in North America, Europe and Southeast Asia.



**1955**  
"FO-1013" desk light type 7



**1957**  
Mechanical cash register in the early days



**1963**  
"VC-37HD" magic vacuum cleaner



**1964**  
Tostec "BC-401" compact electric adding machine

From 1970

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

We were among the first to develop electronic cash registers in the office equipment industry, and took a lead over competitors while this industry was shifting to digitization. In 1980s, we advanced into new fields such as printers and POS systems, and eventually ranked top in the world in the printer OEM business in only three years. We successfully developed the world's first wireless POS system in the POS business.



**1971**  
Maconick "BRC-30B" electronic cash register



**1973**  
Microcomputer chip-incorporated "BRC-32CF-GS" electronic accounting machine



**1979**  
"M-800" POS system with bar code scanner



**1986**  
Vocofax "PN-3000"

1950

1950  
Established Tokyo Electric Appliances Co., Ltd.  
1952  
Renamed as Tokyo Electric Co., Ltd.

1960

1962  
Opened Mishima Plant.  
1969  
Established Tec America, Inc., the first overseas subsidiary.

1970

1972  
Established TEC Electronics Business Machine Co., Ltd. (1977 Renamed as TEC Electronics Corporation.)

1980

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

<b>Lighting Business</b>	Released desk light type 7	Our lighting fixtures appreciated in Olympic facilities	Took over production of facility lighting fixtures from Toshiba Electric Appliances	Released "Super Ballast" electronic ballast			
<b>Home Appliances Business</b>	Released Blue Star shaver and cleaner	Launched magicvacuum cleaner	Developed toaster oven	Started sales of small motors	Broke into space business with small precision motors for satellite		
<b>Retail Solutions Business</b>	Entered into cash register business	Released "Tostec" compact electric adding machine	Launched "Maconick" electronic cash register	Released microcomputer chip-incorporated "BRC-32CF-GS" electronic accounting machine	Launched POS system with bar code scanner	Released vertical type stationary scanner	Developed wireless POS system
<b>Printing Solutions Business</b>			Developed postal savings office accounting machine in the Ministry of Posts and Telecommunications	Entered into full-scale printer OEM business	Held the world's top share in the dot printer business		

## From 1990 Establishing a stable foundation through changes in business structure

We pushed forward changes in business structure to generate stable profits in the Heisei Depression (from 1991 to 2002). By working on establishing an organization and operating structure that can flexibly respond to the market environment of the new times, we successfully brought operating results back into the black. In 2000s, we exerted ourselves to establish a strong business structure while undergoing structural transformation to a profitable group under the slogan of change and creation.



**1993**  
"B-470 Series" bar code printer



**1999**  
"FANTASIA22" digital full-color MFP



**2006**  
"WILLPOS-Self SS-1000" self-checkout system



**2006**  
"OrderExpress" wireless ordering system



**2006**  
"CF1" inkjet print head

## From 2010

### Aiming to become a global one-stop solution company

While accelerating overseas business expansion, we built a global system that covers approx. 100 countries and regions. With our long-cultivated core technologies, we aimed to become a global one-stop solution company that provides customers worldwide with products and services that are one step ahead of the times.



**2013**  
"IS-910T" vertical type object recognition scanner



**2014**  
"Smart Receipt" electronic receipt service



**2016**  
"SemiSelf" semi-self-checkout system



**2017**  
Hybrid MFP "Loops LP50 Series" paper reusing system

## 1990

- 1992 Started activities of Toshiba Tec Philanthropy Fund.
- 1994 Merged with TEC Electronics Corporation and renamed as TEC Corporation.
- 1999 Took over copier business from Toshiba and renamed as Toshiba Tec Corporation.

## 2000

- 2001 Started the production of photocopiers in our new plant in Shenzhen, China (Toshiba Tec Information Systems (Shenzhen) Co., Ltd.).
- 2004 Set out a new corporate philosophy "Our Five Commitments".
- 2005 Integrated Tokyo area offices into Osaki Office (Shinagawa-ku).
- 2006 Formed the Inkjet Business Group.

## 2010

- 2012 Acquired retail store solution (RSS) business from International Business Machines Corporation (IBM).
- 2018 Established TD Payment Corporation.

Transferred lighting business to Toshiba Lighting & Technology

business on es Won the top share in the vacuum cleaner market Transferred home appliances to Toshiba Home Appliances Manufacturing

Entered into barcode printer business First in the world Conducted demonstration experiment of "EXPRESS POS" as a means of settlement Released self-checkout system

Launched "Smart Receipt" electronic receipt service

Released "SemiSelf" semi-self-checkout system

Won the top share in the Chinese MFP market

Launched "Loops" paper reusing system

Released hybrid MFP paper reusing system

# BUSINESS OVERVIEW

We, Toshiba Tec Group, aim to realize a safe, secure, reliable, and sustainable society through our 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

**Providing the best solution for the smiles of customers and stores**

As the 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 system



Self-ordering tablet

Smart Receipt



## Printing Solutions

**Creating new value with advanced technical capabilities**

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



MFPs

**Aiming to become a global one-stop solution company**

Sensing solutions (Beacon terminal)



Label printer



RFID system

**Supporting the establishment of SCM system in a wide-range of 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.

## Auto ID Solutions

Inkjet print head



**Meeting diverse printing needs of various fields**

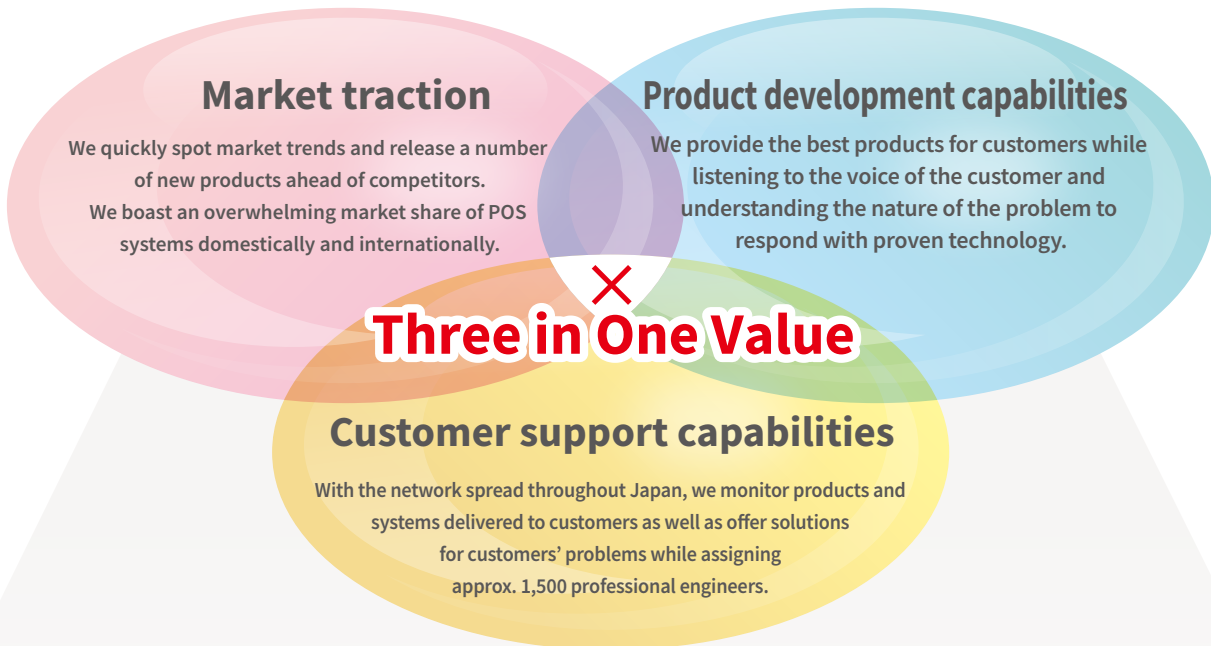
We offer inkjet solutions, including inkjet heads and peripheral devices that meet various printing needs of various industries and create new value for customers. Products with high image quality and reliability are indispensable for daily-advancing printing technology.

## Inkjet Solutions



# Taking advantage of our strengths in the retail market to create new value

We, Toshiba Tec Group, create products and services that generate new value for customers while providing solutions from multiple perspectives based on our accumulated achievements and know-how.



## Retail Solutions × Auto ID Solutions

## Retail Solutions × Printing Solutions

### Fusion of self-checkout system and RFID scanning technology

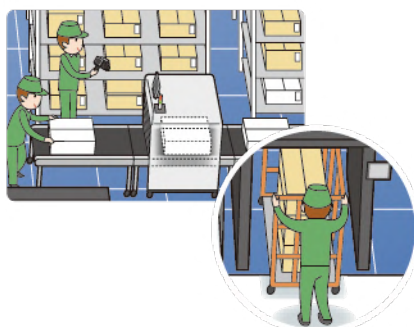
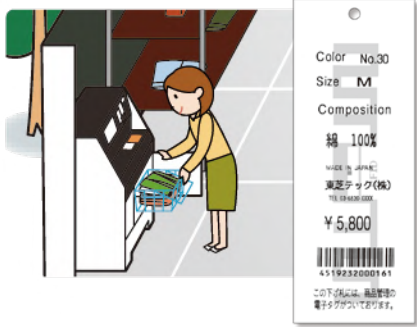
### RFID solutions connecting sites including logistics and retailers

### Fusion of network system and special paper printing solutions

We have developed a self-checkout system, which allows a customer to perform a checkout operation on his/her own from registration of RFID-tagged items to payment, for apparel stores. The customer checks the payment amount and item information and selects a payment method to complete the transaction.  
This system quickly scans all items in the shopping basket at once, resulting in a significant reduction in checkout time for each customer. Eventually, it can save the customer waiting time for checkout and improve customer turnover.

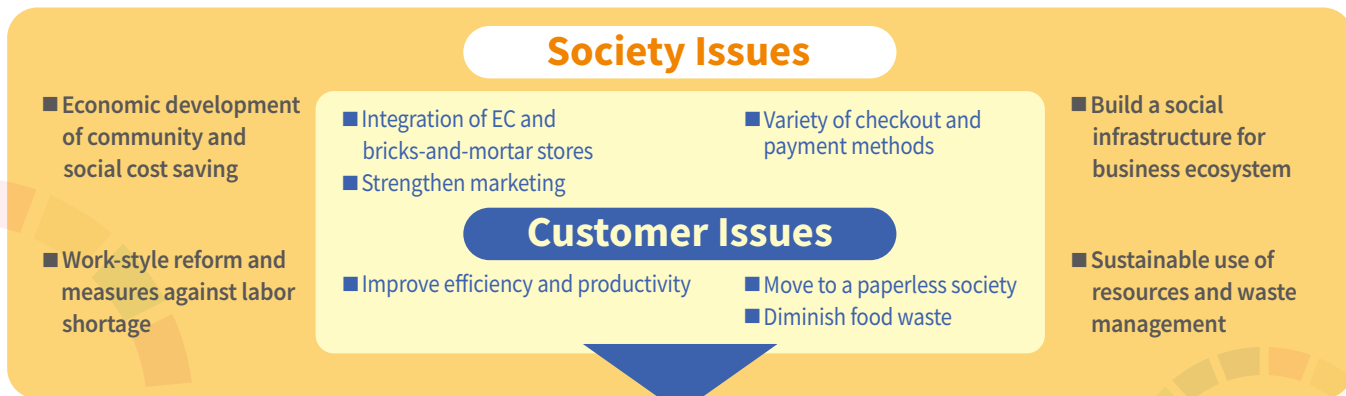
Due to labor shortage, operational efficiency with the use of RFID tags is required on sites, including logistics and retailers. RFID tags have a problem of low reading accuracy due to spillover and tag overlap. We have developed unique antenna, radio wave diffusion and blocking technologies to solve this problem. With the RFID Tunnel-type Gate, which quickly scans RFID tags at once, we contribute to shortening work hours and improving productivity.

We offer a POP issuing system that meets customer needs to create in-store point-of-purchase advertising more quickly, cleanly and easily. Data can be consolidated at the headquarters and automatically distributed to each store, which means the work burden of store staff can be reduced. Coordination with the scale with label information enables the use of information on production areas and raw materials for point-of-purchase displays. In this way, we help customers create a more effective sales area, in combination with a color MFP, which allows printing on various special paper types.



# SDGs × Toshiba Tec

Toshiba Tec, as a solution partner, focuses on its efforts to implement the SDGs along with customers by contributing its value creation in “retail”, “office”, “logistics” & “manufacturing”



## Toshiba Tec Challenges for SDGs



Contribution to the environment with only one technology to “erase” printed text and “reuse” paper

## “Loops” paper reusing system



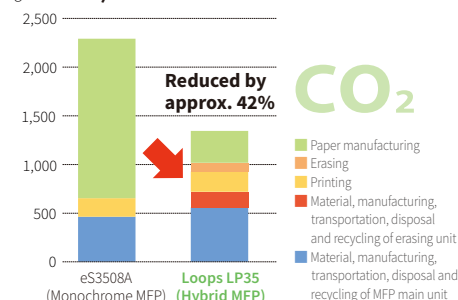
The contribution the hybrid MFP “Loops” makes to the SDGs has been recognized, and eventually won two awards: Excellence Award at the 1st EcoPro Awards and Eco Mark Award 2018 Excellence Award, for enabling regular printing as well as erasable printing on one single device.



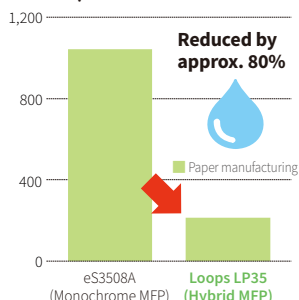
### Contribution to the environment

Paper use reduced by reusing paper. Life Cycle Assessment (LCA) indicates an approx. 42% reduction in CO<sub>2</sub> emissions and an approx. 80% reduction in water use.

#### 1) Reduction in CO<sub>2</sub> emissions



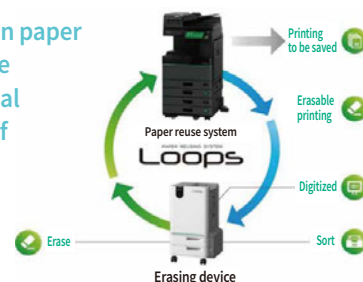
#### 2) Reduction in water use



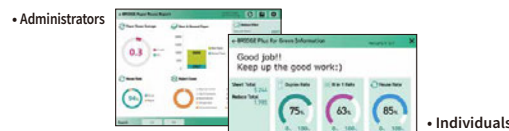
\* Criteria used in the calculation of CO<sub>2</sub> reduction / basic unit Electricity when used: Calculated based on typical electricity consumption (TEC), Number of printed sheets of paper: 270,000 sheets/5 years, Using the same paper 5 times, Calculation method: Third-party verification by British Standards Institution Japan, CO<sub>2</sub> (News Release issued by the Agency for Natural Resources and Energy, Paper (The 2011 edition of “Life cycle CO<sub>2</sub> emission of paper/cardboard” by the Japan Paper Association)

\* Criteria used in the calculation of water reduction Corrected by Toshiba Tec based on the estimate by Itsubo Laboratory at Tokyo City University Number of printed sheets of paper: 270,000 sheets/5 years, Using the same paper 5 times

Reduction in paper use with the conventional approach of printing



Eco-visualization Effect of paper reduction easily visualized

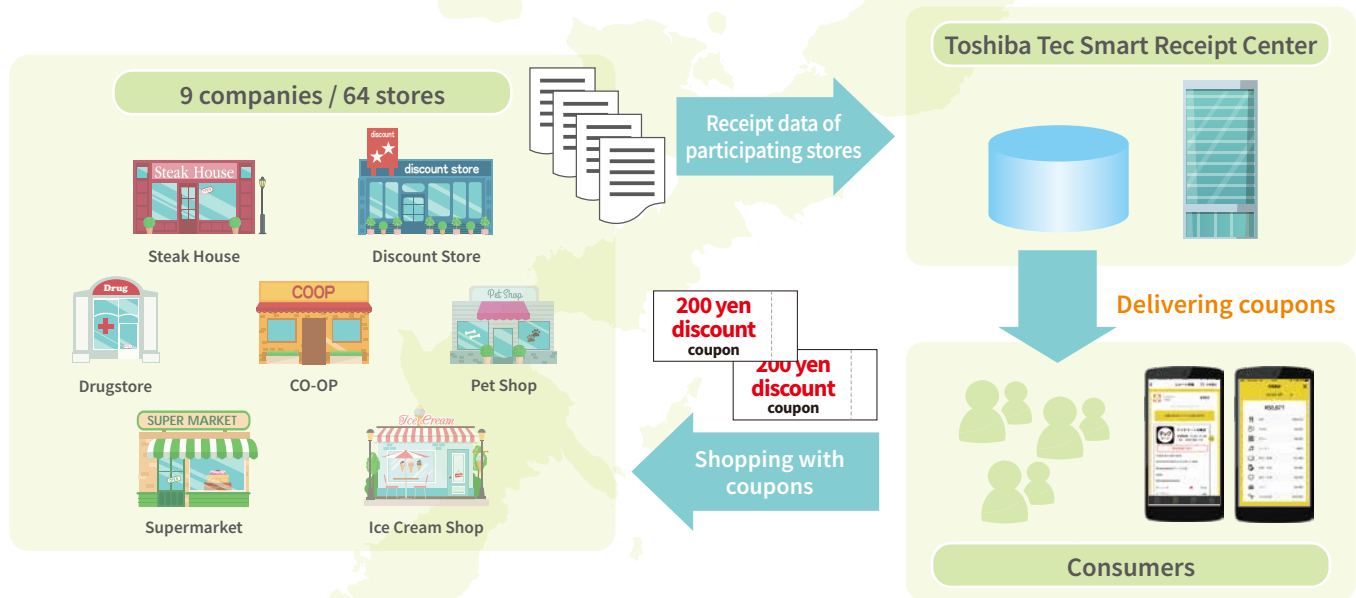


# Project to Improve Living Convenience



## Contribution to Regional Economic Revitalization with Smart Receipt

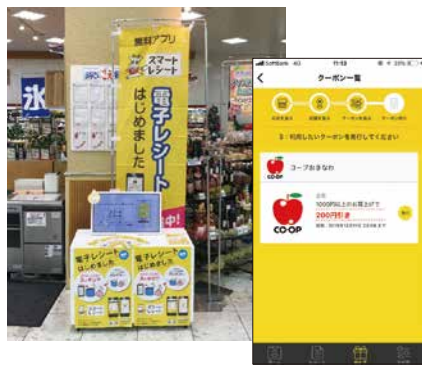
Okinawa has a large number of our customers (retail stores) among the 47 prefectures. Also, the local “Yuimaru” spirit of mutual aid takes a strong hold in Okinawa. That’s why Okinawa was singled out for this project to improve living convenience using Smart Receipt (e-receipt), and it was implemented for 7 months from September 12, 2018 to April 21, 2019. It was the first large project in Japan in which everyday shoppers, 9 regional companies and 64 stores participated. The aims are to familiarize users with Smart Receipt and achieve promotional partnership between stores, regardless of what business they are in or whether they are competitors.



### ❖ Acquired approx. 7,000 users with special in-store events and coupons!

#### 1 Promotional partnership through coupons

Recruiting new members and implementing promotional partnership through in-store events and coupons under the slogan of “Smart Wallet with E-receipt”



#### 2 Mutual invitation through coupons



#### 3 Mutual invitation and reception through coupons

Inviting supermarket shoppers to restaurants by offering restaurant coupons

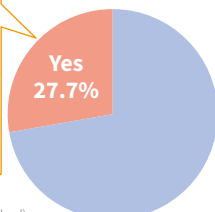


### ❖ More than half of users satisfied with Smart Receipt, and experienced shopping around

Q. After installing Smart Receipt, have you shopped around at different stores?

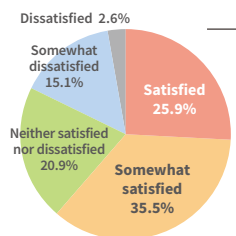
26.5% of members who shopped around have shopped at more than 3 companies

6 companies	0.4%
5 companies	1.1%
4 companies	3.6%
3 companies	21.4%
2 companies	73.5%



\* 7 companies: None  
\* 8 companies: 1 (Party involved)

Q. Are you satisfied with Smart Receipt services?



Satisfied with convenience of Smart Receipt

Receipt amount to be calculated	57.8%
Coupon availability	54.8%
Receipt visibility	46.2%
Receipt delivery time	18.7%
Data output	11.8%
Entire design	5.6%
Other	3.4%
None	2.1%

In this project, store owners/managers held periodic meetings to report progress and exchange opinions mutually. Even after completion of the project, the meetings have continued as “User Meeting” to expand joint sales. Smart Receipt has been instrumental in creating new value while revitalizing the region, regardless of what business stores are in or whether they are competitors.



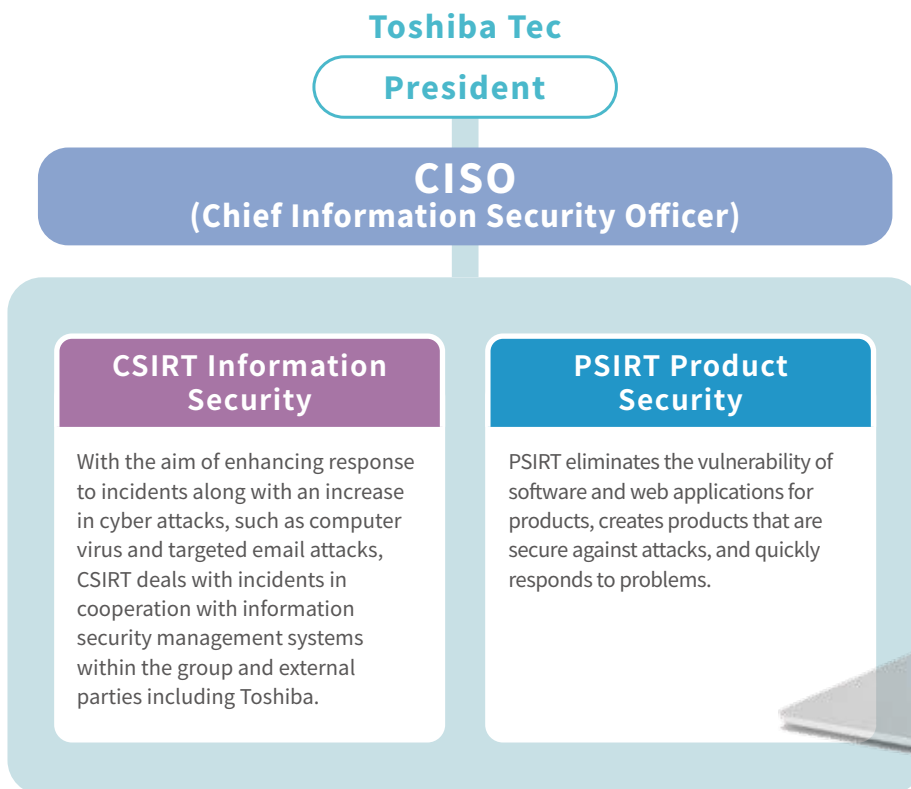
# Toshiba Tec's Cyber Security Measures to Protect Systems and Products from Cyber Attacks

In recent years, cyber attacks, which target customer information and important engineering data obtained by companies, are increasing. Meanwhile, appropriate investment judgment on IT and security, as well as prompt action in the case of a major security incident that affects business management are essential as corporate strategies. In April 2018, we, Toshiba Tec, established a Chief Information Security Officer (CISO) and Product Security Incident Response Team (PSIRT) to implement cyber security measures in the aspect of product, along with Computer Security Incident Response Team (CSIRT) to implement cyber security measures in the aspect of information security. We added professional members from each division to build a cyber security system that can handle security matters in every aspect.

## Cyber security system

We have established a network for information sharing with a focus on CISO as One Ttec, while dealing with incidents in accordance with our in-house network for PSIRT/CSIRT.

We promote security measures in a rapid and consistent manner for cyber security risks in information systems, products and services. Meanwhile, we enhance cyber security governance under CISO.



### Message from Takeshi Eguchi, CISO Vice President

As the first CISO, I endeavor to enhance the product security and information security of Toshiba Tec Group. Many of our products are connected to the network. Therefore, it is essential to promote measures to enhance security in order to protect our customers' assets. The Cyber Security Management Guidelines were formulated by METI, in other words, security requirements are increasing in society. Accordingly, we have built a cyber security system to promote measures to enhance security. We hope to create products that our customers feel comfortable using while further enhancing security.

# Toshiba Tec Cyber Security Measures

## e-STUDIO Digital MFP Series



Digital MFPs incorporate data storage that allows the user to store document data as well as a document emailing function. Many office documents contain sensitive information, including personal data, privacy information, and corporate information. It is necessary to protect information assets from cyber attacks. Various security functions are required for digital MFPs to protect users' information assets, such as user/card authentication, access control, a self-encrypting HDD with a wipe-out function, network traffic encryption, firmware integrity assurance, secure printing, audit logging, and wrong transmission prevention.

The e-STUDIO series is certified under the Common Criteria (CC) for Information Technology Security Evaluation that is compliant with HCD-PP (Hard Copy Device- Protection Profile), the latest and highest security standard for MFPs. CC is an international standard for information security certification and a recognized standard to evaluate if security functions have been properly developed. HCD-PP requires the use for cryptographic modules equivalent to the FIPS 140-2 standard that is very difficult to comply with. The HCD-PP-certified MFPs are expected to become increasingly disseminated since they are recognized as digital MFPs with robust security by third party organizations.



Common Criteria



User/card authentication functions help to prevent misuse of MFPs and data stored in MFPs from being leaked.



All protected assets in the MFP are protected by encryption. Data and TLS in the network can be protected by IPsec.



An Opal SED HDD with a wipe-out function is included as standard. A function is provided, which automatically erases the encryption key if someone attempts to steal HDD and illegally read data, to protect all data in the HDD from leakage due to theft.

### HCD-PP security features

- User recognition and authentication
- Access control
- Encrypted communication
- Self-test
- Auditing
- Update verification
- Storage encryption
- Fax/network separation
- Overwrite erasure and complete wipe-out

## CT-5100 Card Settlement Terminal Series



Payment and settlement methods are diversified and the typical one is credit card settlement with an IC card. For credit card settlement, sensitive data, such as credit card numbers and personal information, is handled. If some of the data were leaked and misused due to cyber attacks, credit card users would suffer significant damage. Therefore, the Japanese government designates credit card settlement services as one of the 14 critical infrastructure sectors that have a significant impact.

Manufacturers engaged in development and production had produced and marketed settlement terminals according to their own security standards, respectively. However, the Payment Card Industry Security Standard Council (PCI SSC) was established in 2006 and global security standards were developed. The Payment Card Industry PIN Transaction Security (PCI PTS) is one of the standards. PCI PTS is a high difficulty standard that is required for settlement terminals to enter PIN.

The PADCT-5100 PIN Pad connected to the CT-5100 card settlement terminal series is certified as conforming to the PCI PTS 4.1 standard to provide safe credit card settlement. PCI PTS specifies a wide range of requirements, such as security functions and product management for software and hardware, necessary for settlement terminals. In addition, the CT-5100 uses a closed operating system instead of an open one such as Android and Linux, and incorporates authentication and encryption functions into all built-in software, to maintain robust security against outside hacking. The supplied tamper-resistant function helps to protect sensitive data from external illegal attacks



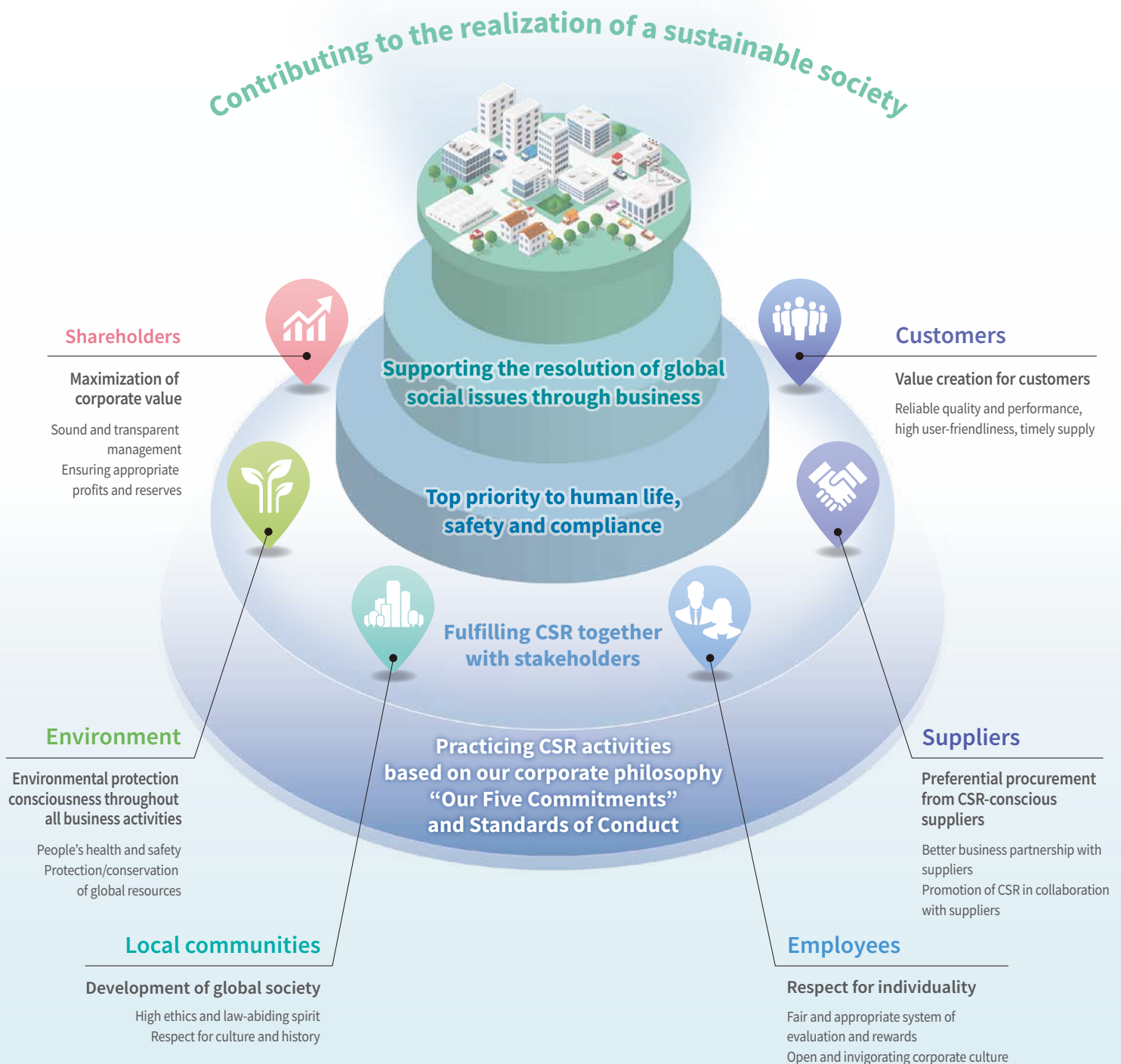
CT-5100 (Main unit)

PADCT-5100 (PIN Pad with IC card reader/writer)



# 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

“Monozukuri” creating our products with pride and passion.  
Keeping our customers in mind all the time and everywhere.



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.



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.



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.



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.



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

<http://www.toshibatec.com/company/corporate/philosophy/action.html>

## Organization of CSR Management

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.

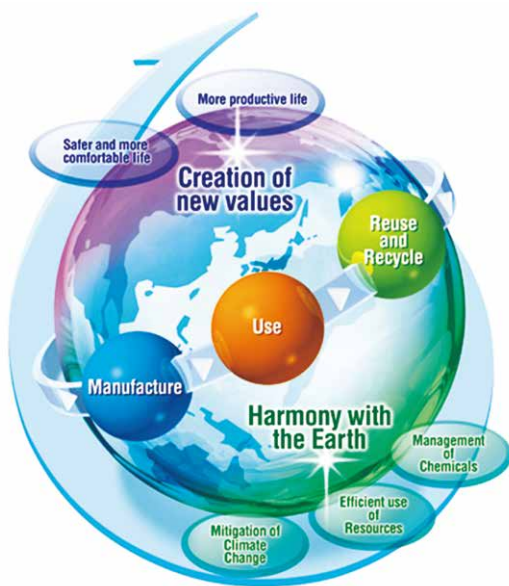
# Environment



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.

## Vision & Strategies

### Promotion of “Three Greens” and “Sustainability” based on “Environmental Vision 2050”



We, Toshiba Tec Group as a reliable partner, 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 business activity to 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 de-carbonized society, recycle oriented society and coexisting with nature society, as well as the achievement of SDGs, such as climate change and sustainable consumption and production.

#### 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
<b>Sustainability</b>		
Contribution to the realization of a de-carbonized society, recycle oriented society and coexisting with nature society		

### Environmental Promotion Structure





## Toshiba Tec Group's Basic Policy for the Environment

Toshiba Tec Group, as a reliable partner which offers global one-stop solutions for its core businesses consisting of Retail business, Printing business and AI/IJ business, contribute to the realization of a sustainable society by integrating business activities with environmental activities aiming for a de-carbonized society, recycle oriented society and coexisting with nature society through "Monozukuri" or by creating environmentally conscious products, in order to hand over the "precious global environment" to the next generation in a sound condition.

Toshiba Tec Group practices global eco management by the important pillar such as "Green Management, Greening of Products, Greening of Process and Sustainability" and contributes to achievement of SDGs such as "climate change mitigation and sustainable consumption and production".

### 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 its products, then, aims 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 recycle oriented 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 de-carbonized 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.

## The Sixth Environmental Action Plan

Based on world trends including SDGs and ESG investment as well as Toshiba Group's policy, we formulated the Sixth Environmental Action Plan and have started activities since fiscal 2017. In fiscal 2018, 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	FY2018	FY2019	FY2020	FY2018	
		Target	Target	Target	Result	
Green 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 19.	
	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 22.	
	Biodiversity	Expand the activities at all manufacturing sites for the 10 Aichi Biodiversity Targets.			Refer to page 21.	
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 <sub>2</sub> emissions. (thousand t) *1	14.7	15.2	14.8	16.1
	Efficient Use of Resources	Expand the amount of resources (thousand t) saved. *2	2.34	2.27	2.08	2.35
		Expand the amount of recycled resources (recycled plastic) used. (t) *3	577	580	592	579
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 new products and products for EU region	
Greening of Process	Mitigation of Climate Change	Total amount of greenhouse gas (GHG) emissions (thousand t - CO <sub>2</sub> ) *4	6.37	6.40	6.53	5.98
		Amount of CO <sub>2</sub> emissions from energy use per unit consumption (t-CO <sub>2</sub> /100 million yen)(compared to FY2013 levels) **	57.35 (93%)	56.66 (92%)	55.94 (91%)	54.7 (88%)
	Efficient Use of Resources	Amount of waste needed payment to disposal including 0 cost (t) *5	1,267	1,268	1,276	930
		Amount of generated wastes per unit consumption (t/100 million yen)(compared to FY2013 levels)	3.17 (90%)	3.11 (88%)	3.05 (86%)	2.79 (80%)
		Volume of received water per unit consumption (thousand m <sup>3</sup> /100 million yen)(compared to FY2013 levels)	0.64 (94%)	0.63 (92%)	0.60 (89%)	0.51 (76%)
		Management of Chemicals	Amount of released chemical substances per unit consumption (kg/100 million yen)(compared to FY2013 levels)	45.8 (81%)	45.5 (80%)	44.9 (79%)

\*1: [CO<sub>2</sub> emissions of assumed substitute products] - [CO<sub>2</sub> 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<sub>2</sub>/10 thousand kWh is used in fiscal 2013 and 5.31 t-CO<sub>2</sub>/10 kWh is used in fiscal 2018 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]

# ENVIRONMENT

## 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.

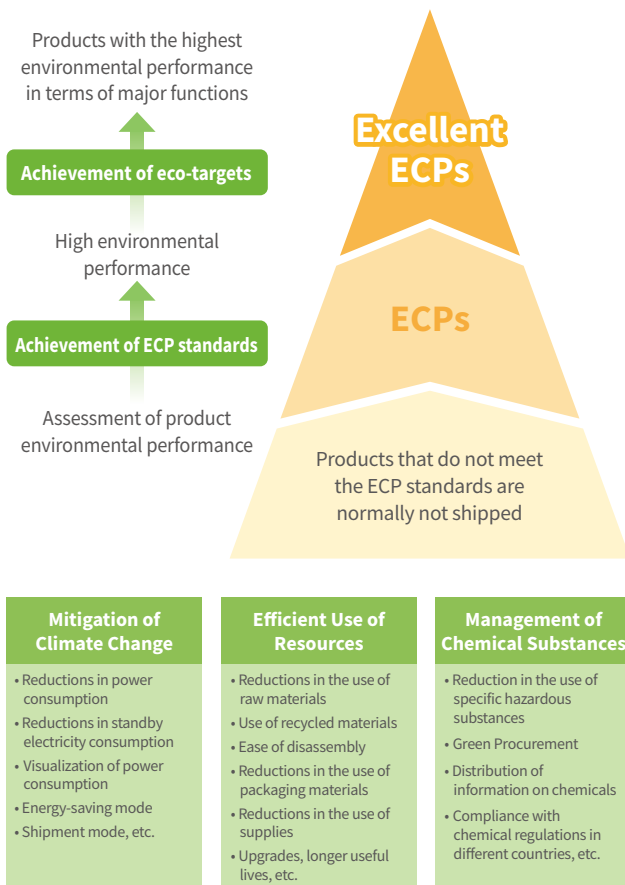
Then, in the development and design stages, we conduct environmental assessments to make sure that products comply with laws and regulations and meet the ECP\*1 standards in all three aspects (mitigation of climate change, efficient use of resources and management of chemicals) in each stage of the life 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”.

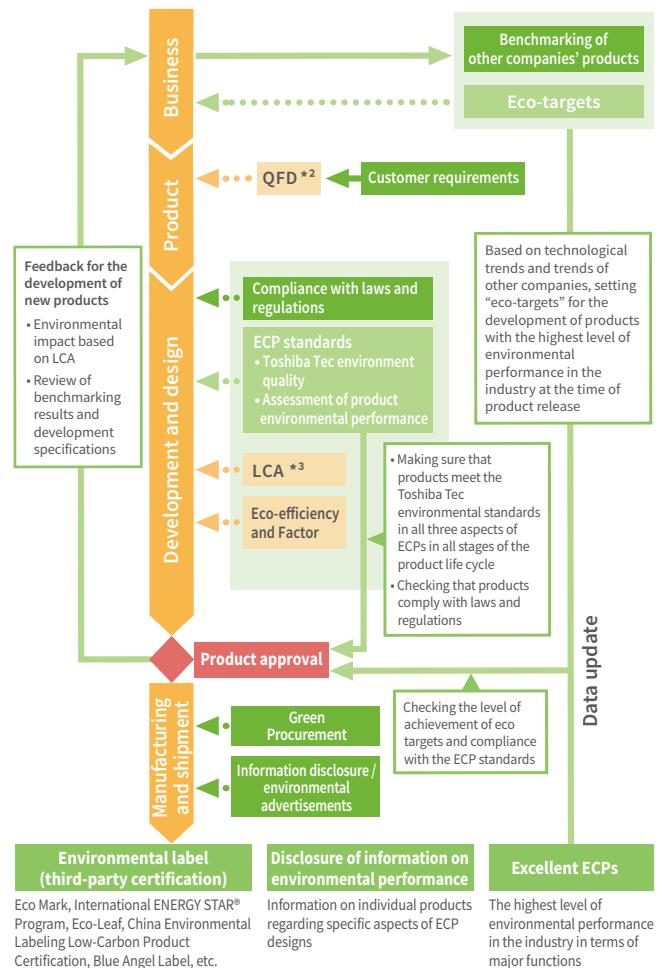
There are concerns everywhere about the demand for social infrastructure products, increased consumption of electricity and resources. In order to reduce environment impact, we aim at creating and further increasing the number of Excellent ECPs with the highest environmental performance in the industry.

\*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



#### System for the Greening of Products



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

## Main Products Certified as Excellent ECPs in Fiscal 2018

### e-STUDIO5015AC Color MFP

Released in November 2018



Top-level Typical Electricity Consumption (TEC)\*<sup>1</sup> by improving thermal conductivity of the fusing belt and succeeding use of low-temperature fusing toner



Highest amount of resources saved\*<sup>1</sup> through increase in the recycled plastics use ratio by using materials with high post-consumer recycled material

### e-STUDIO4518A Monochrome MFP

Released in November 2018



Top-level TEC\*<sup>1</sup> by reducing the heat capacity of the heat and pressure rollers and succeeding use of low-temperature fusing toner



### e-STUDIO7516AC Color MFP

Released in November 2018

### e-STUDIO5518A/6518A/7518A/8518A Monochrome MFPs

Released in November 2018



Top-level TEC\*<sup>1</sup> by using high efficiency IH fuser unit and low-temperature fusing toner



\*1: At the time of product launch; the current position is not guaranteed.

## Environmental Label and Act on Promoting Green Purchasing

We disclose information regarding many products compliant with the evaluation criteria of environmental labels and Act on Promoting Green Purchasing

### ■ 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.



### ■ International ENERGY STAR® Program

It certifies office automation equipment that meets certain standards of energy conservation as ENERGY STAR compliant. A variety of our 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.



### ■ Act on Promoting Green Purchasing

The Act on Promoting Green Purchasing 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 Act on Promoting Green Purchasing).

## 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 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 collected 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.

## 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<sub>2</sub>, waste and chemical substance in our manufacturing processes worldwide.

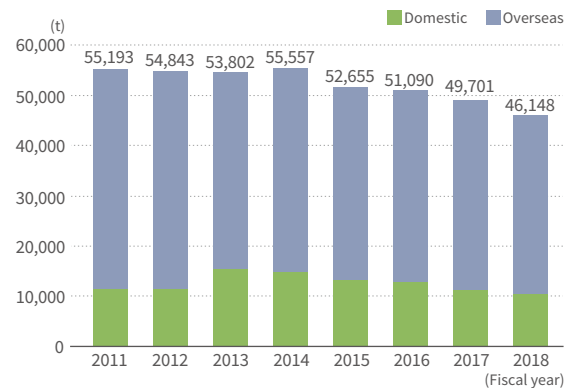
### Mitigation of Climate Change

#### ■ Minimizing the increase of CO<sub>2</sub> by using energy

We effectively use energy to reduce CO<sub>2</sub> emissions.

We continue to reduce emissions by carrying out a variety of actions mainly in overseas sites, such as switching to LED lighting, update to energy-saving equipment, and check for compressor air leaks. We effectively use subsidies to switch to energy-saving equipment.

Transition of CO<sub>2</sub> emissions at manufacturing sites

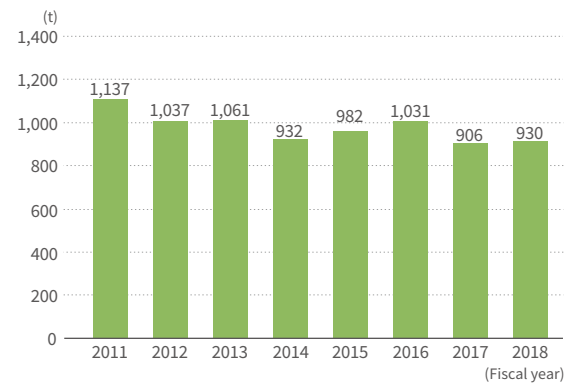


Note: Receiving end power is used for the CO<sub>2</sub> emission factor. 4.75 t-CO<sub>2</sub>/10 thousand kWh is used in fiscal 2011, 4.81 t-CO<sub>2</sub>/10 thousand kWh in fiscal 2012, 5.67 t-CO<sub>2</sub>/10 thousand kWh in fiscal 2013, 5.52 t-CO<sub>2</sub>/10 thousand kWh in fiscal 2014, and 5.31 t-CO<sub>2</sub>/10 thousand kWh in fiscal 2015 and later in Japan. WRI/WBCSD GHG Protocol data in fiscal 2006 is used from fiscal 2011 to fiscal 2012, and the one in fiscal 2009 is used in fiscal 2013 and later overseas.

#### ■ Minimizing CO<sub>2</sub> emissions associated with product transportation

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<sub>2</sub> emissions associated with product transportation.

Transition of CO<sub>2</sub> emissions associated with nationwide product transportation



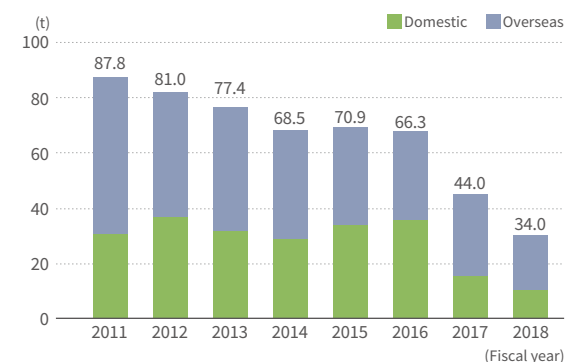
### Management of Chemical Substances

#### ■ 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", into the atmosphere and water that directly affect the environment. In fiscal 2017, TOSEI that had used paint left Toshiba Tec Group, resulting in a significant reduction of emissions. We will continue to reduce emissions by introducing manufacturing equipment with low emissions of chemical substances and reviewing the process.

Transition of emissions of chemical substances



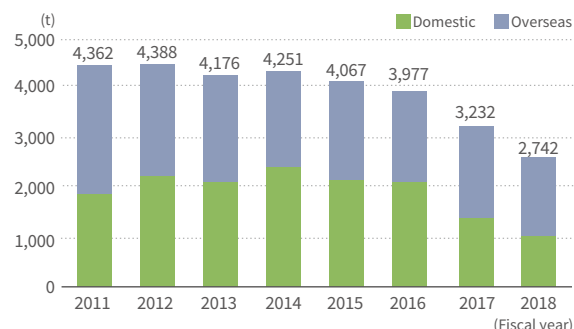
## Efficient Use of Resources

### ■ Minimizing an increase in the 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, TOSEI left Toshiba Tec Group, and in fiscal 2018, Kokusai Chart 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, and conducted communication to increase the recycling rate. We will continue to effectively use resources.

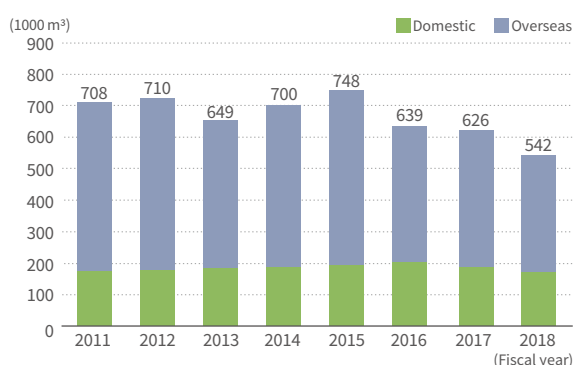
### Transition of total volume of waste generated



### ■ Efficiently using water resources

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. Thus, the use of water remains almost stable. Since fiscal 2015, we have encouraged our employees to save water through posters, and will continue to do so in the future. In fiscal 2018, we reduced the loss of water resources by installing underground fire-fighting water pipes out on the ground at Toshiba Tec Information Systems (Shenzhen) Co., Ltd.

### Transition of amount of water received



### Mitigation of Climate Change

### Topics

#### Toshiba Tec Malaysia Manufacturing Sdn. Bhd.

#### Switching to LED lighting

We are annually switching to LED lighting at manufacturing and non-manufacturing sites worldwide in a planned manner. And in fiscal 2018, we completely switched to LED lighting.



### Efficient Use of Resources

### Topics

#### Toshiba Tec Singapore Pte. Ltd.

#### Waste reduction by recycling label paper mounts

We entrusted the recycler label paper mounts, which were generated as a result of label printer performance testing, to reduce waste.



### Mitigation of Climate Change

### Topics

#### Shizuoka Business Center (Mishima)

#### Update of air conditioning and clean room chillers by using subsidies

We achieved energy saving by using subsidies to update air conditioning and clean room chillers, and eventually reduced CO<sub>2</sub> emissions.



### Management of Chemical Substances

### Topics

#### Toshiba Tec Information Systems (Shenzhen) Co., Ltd.

#### Additional introduction of VOC emission improvement equipment

We installed three VOC\* emission control devices and successfully reduced the emissions by approx. 80%. \* Volatile Organic Compounds



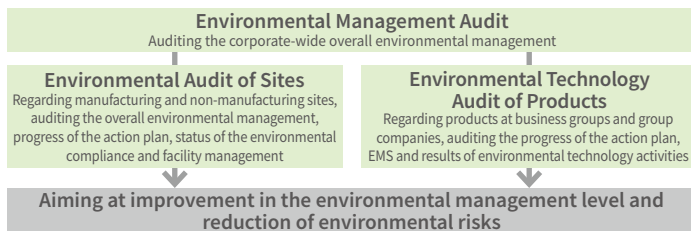
# ENVIRONMENT

## Green Management

### 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 2018, five auditors were added to enhance the compliance system and develop human resources.



On-site audit

### 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 2018, total capital investments were 90 million yen and total expenses were 770 million yen. Total environmental benefits were 2.08 billion yen.

Target site: Toshiba Tec Head Office, Shizuoka Business Center,  
1 domestic and 6 overseas manufacturing group companies  
Target period: April 1, 2018 to March 31, 2019  
Note: Some figures are estimated.

#### Environmental conservation costs

Category	Description	Investments		Costs		Change in costs from FY2017	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
(1) Business area costs	Reduction of environmental impact ① to ③	85.4	70.4	189.9	88.4	-14.6	-1.3
① Pollution prevention costs	Prevention of air, water and soil pollution, etc.	5.7	3.4	66.4	12.3	-11.5	2.2
② Global environmental conservation costs	Global warming prevention, ozone layer protection, etc.	78.8	67.0	71.8	47.4	-1.0	1.9
③ Resource recycling costs	Recycling of waste, etc.	1.0	0.0	51.6	28.7	-2.0	-5.3
(2) Upstream/downstream costs	Green procurement, collection and recycling of end-of-use products, etc.	0.0	0.0	130.2	130.2	3.9	3.9
(3) Administration costs	Establishment of EMS, environmental education, tree planting/clean-up activities, etc.	3.0	0.0	304.4	295.1	-10.9	-7.3
(4) R&D costs	Technical development for ECPs, etc.	0.0	0.0	139.9	139.9	-16.8	-16.8
(5) Public relations costs	Donations and support to groups/organizations, etc.	0.0	0.0	1.0	0.1	-3.4	-3.0
(6) Environmental damage restoration costs	Recovery from soil pollution, etc.	0.0	0.0	0.1	0.1	0.0	0.0
Total		88.4	70.4	765.5	653.8	-41.7	-24.5

#### Environmental conservation benefits

Category	Description	Amounts	Calculation method
A Actual benefits	Reduced charges for electricity and water, etc.	59.2	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.
B Assumed benefits	Reduced environmental impacts on water and atmosphere in monetary value	-393.8	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.
C Customer benefits	Benefits of impacts reduced during product use in monetary value	2,413.2	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		2,078.6	

#### A Actual benefits

Item	Reduction of environmental impact*	Benefits measured in monetary values (millions of yen)
Energy	58,000 GJ	34.9
Waste	338.1 t	20.6
Water	64,900 m <sup>3</sup>	3.7
Total		59.2

\* The reduction of environmental impact indicates the differences between fiscal 2017 and 2018. Negative figures show an increase in environmental impact beyond the benefits from reduction due to increased production, etc.

#### B Assumed benefits

Item	Reduction of environmental impact*	Benefits measured in monetary values (millions of yen)
Benefits from reduction of chemical emissions	-5.1 t	-393.8

#### C Customer benefits

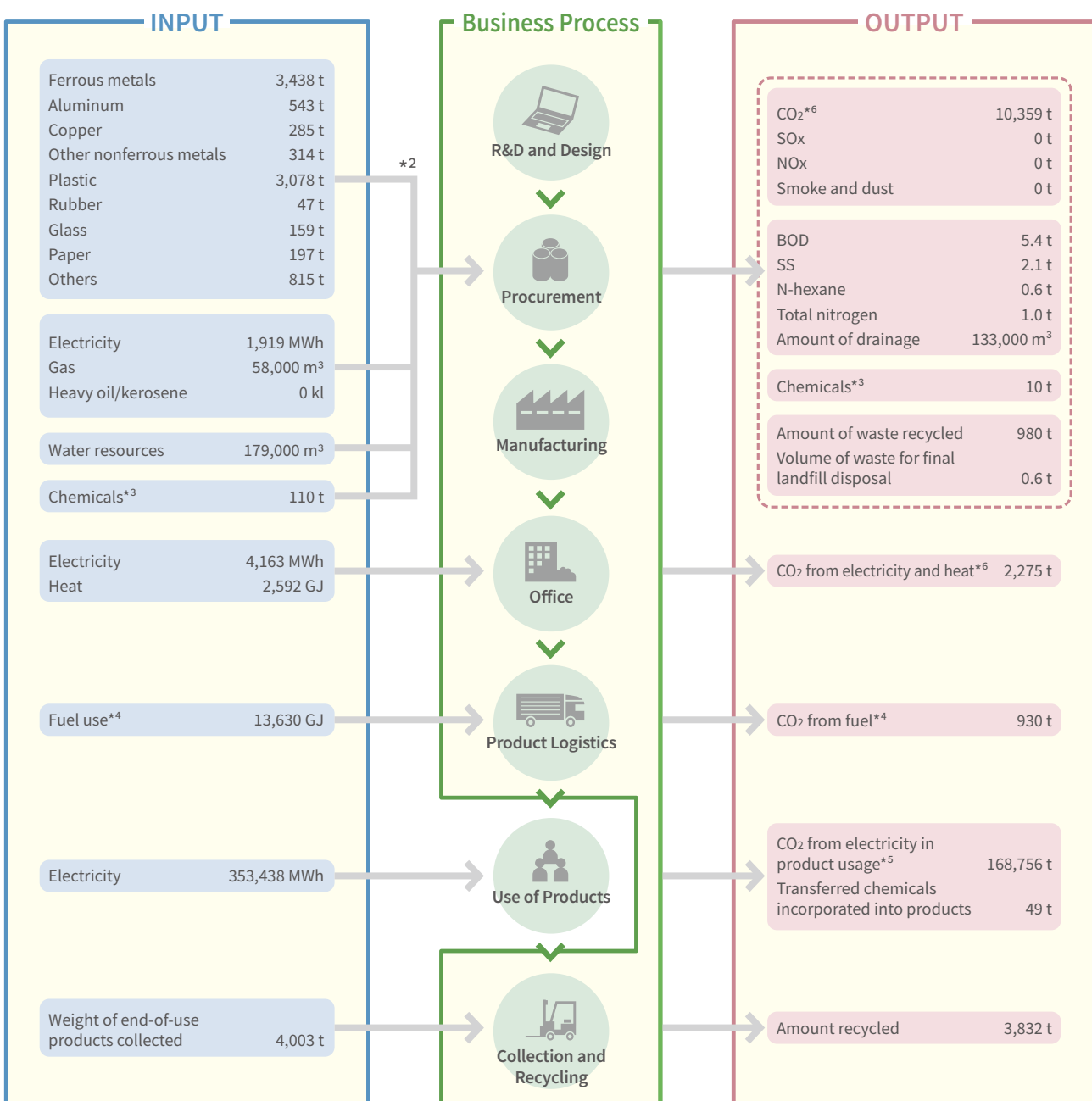
Item	Reduction of environmental impact*	Benefits measured in monetary values (millions of yen)
Benefits from reduction of environmental impact during product use	Electricity	1,533.1
	Paper rolls	880.2
Total		2,413.2

## Environmental Impact throughout the Life Cycle in Fiscal 2018

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<sub>2</sub> emissions due to consumption of all energies from plants were 10,359 tons and from offices were 2,275 tons. Emissions of chemicals into the atmosphere and water were 10 tons. The amount of waste recycled was 980 tons and the amount of landfilled was 0.6 tons. CO<sub>2</sub> emissions from major products shipped in fiscal 2018 until the end of their lives are to be approximately 168,756 tons. We are working on reducing power consumption and CO<sub>2</sub> emissions, which are the majority throughout the product life cycle, as a top priority issue.

### Environmental impact in fiscal 2018\*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<sub>2</sub> emissions for outsourcing

\*5: CO<sub>2</sub> in product usage is CO<sub>2</sub> emissions from major products shipped in fiscal 2018 until the end of their product lives.

\*6: 5.31 t-CO<sub>2</sub>/10 thousand kWh is used for the CO<sub>2</sub> emission factor.

# ENVIRONMENT

## 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.



Dismantling a MFP

### 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. 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.

## Approaches for Conservation of Biodiversity

### Relationship between Aichi Biodiversity Targets and conservation of biodiversity

We conduct 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 aim to address all 10 targets at all manufacturing sites by fiscal 2020. In fiscal 2018, Target 5, Target 9 and Target 11 were applied, eventually, we completed 9 of them (surrounded by blue flames) at all manufacturing sites.

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

### Major activities in fiscal 2018

Here are the major activities we achieved in fiscal 2018.

Target 5 Habitat loss halved or reduced

At Toshiba Tec Singapore Pte. Ltd. and P.T. Tec Indonesia, we use Forest Stewardship Council (FSC) certified copy paper, which was made from trees cut down in properly controlled forests. In this way, we contribute to halving or reducing habitat loss.

Target 11 Protected areas increased and improved



Toshiba Tec Europe Imaging Systems S.A. Management of green spaces in the site for bird protection



Toshiba America Business Solutions, Inc., Toner Products Division Periodic cleanup of trails around Lake Mitchell



## Global Environmental Action

We are committed to carrying out environmental contribution activities worldwide by incorporating the activity items of the Sixth Environmental Action Plan. As a recommended theme for fiscal 2018, we focused on Water and worked on a total of 79 activities.

\* Energy for FY2017, Water for FY2018, Resources for FY2019, Chemical Substances for FY2020



Toshiba Tec Malaysia Manufacturing Sdn. Bhd.  
Lake and river cleanup around the site



P.T. Tec Indonesia  
Use of rainwater for plant watering and cleaning



Toshiba Tec Information Systems (Shenzhen) Co., Ltd.  
Water pipe leakage prevention construction



Toshiba Tec Singapore Pte. Ltd.  
Save Water posters

## Information Disclosure and External Evaluation

### Exhibitions

The 27th Toshiba Group Environment Exhibition was held in Kawasaki in February, 2019. We presented products with high environmental performance, such as Loops and Smart Receipt, and emphasized our contributions to the environment and SDGs. We also presented products at the Toshiba Tec Technology Exhibition, which was held in Osaka in October, 2018.



Loops presentation



Smart Receipt presentation

### External evaluations and commendations

We were ranked high ("A") in the Sampo 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.



### Information disclosure through external media

The IS-910T vertical object scanner can scan fruits and vegetables by identifying the colors and patterns, thus, packaging and packing materials, such as barcode labels, food trays and wraps, are no longer needed. Information on this scanner, which can contribute to resource conservation by reducing packaging and packing materials, is disclosed on the official website of Plastics Smart Campaign operated by the Ministry of the Environment.



<http://plastics-smart.env.go.jp/case/?id=304> in Japanese only

## Communication and Development of Environmental Awareness

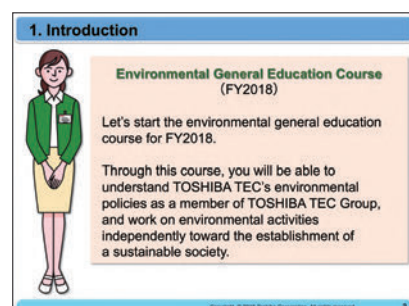
### Environmental meetings

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.



# 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.

#### Education and enlightenment on prevention of harassment

#### Topics

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

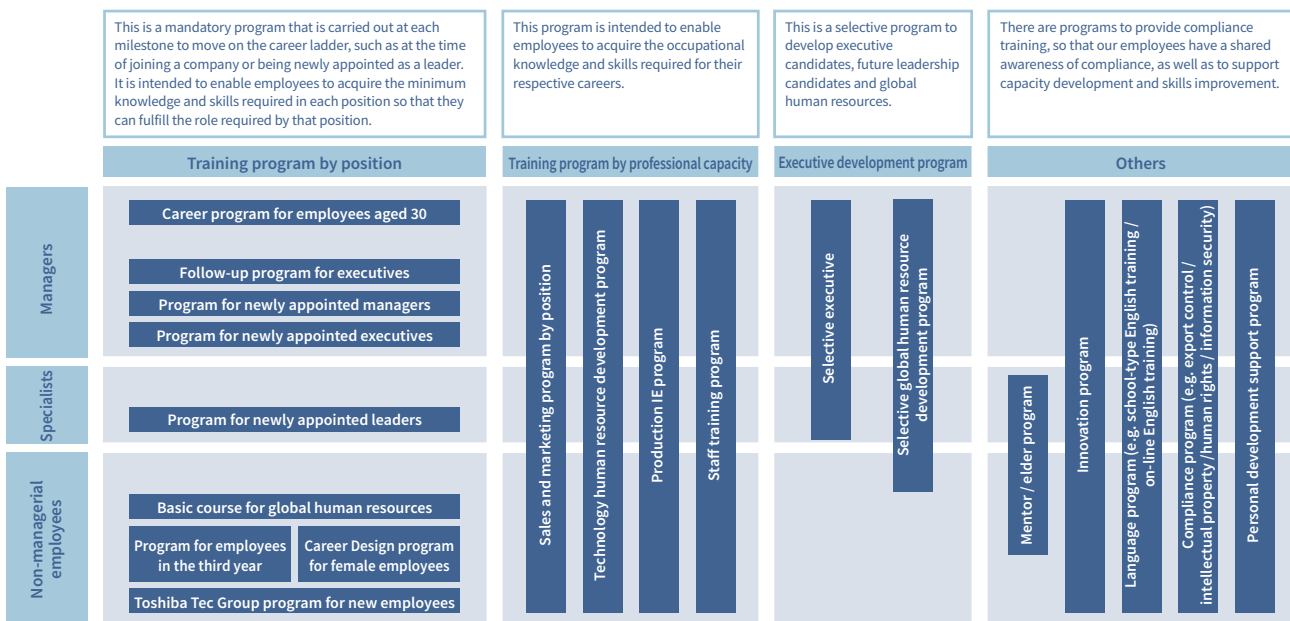
We establish fair personnel systems to help diverse employees fulfill their abilities and play active roles, as well as devote our efforts to develop and use human resources.

## 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.



### 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 an opportunity for employees to develop their own careers. 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

## Promotion of Diversity Management

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. Based on commitments made by our executives, we aim to achieve our Human Resources Strategic Vision by considering diversity management as an essential part of management strategy. 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 culture to become more accepting of diversity.



### 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 2021.

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

	FY2016	FY2017	FY2018
Percentage of female employees	11.9%	12.1%	12.0%
Percentage of female managers	2.1%	2.4%	2.3%

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

	New graduates in FY2017	New graduates in FY2018	New graduates in FY2019	(Target) New graduates in FY2022
Percentage of new female graduates employed	19.8%	18.9%	14.9%	25.0%

#### Female recruitment activities

In fiscal 2017, we started to hold a company information session for female students and a meeting with female employees to increase the percentage of new female graduates employed, with the aim of helping new female graduates imagine they are working at Toshiba Tec. In the company information session, we introduce a variety of activities to promote women, systems to support a work and life balance, and the status how female employees perform. In the meeting with female employees, we introduce their previous careers. We post the meeting with female employees who have built their careers by taking advantage of various programs and the one with female employees and prospective female employees on the recruitment website. We will continue a variety of activities.

#### 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 annually provided the content of the training guidebook via e-learning, 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, as well as fiscal 2019. We will continue this program in the future.



#### Raising awareness of women

Since fiscal 2016, we have provided the Career Design Program to female employees in their third year. It is intended to balance life events and career development to increase career awareness with regard to long-term work in the future.

#### 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.

46 employees took advantage of this program in fiscal 2018. We had the first male employee who took child care leave in fiscal 2015. Since then, more and more male employees have taken advantage of this opportunity.

## Promoting Recruitment, Participation and Advancement of Non-Japanese Employees

We, Toshiba Tec Group, 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 2017	April 2018	April 2019
Toshiba Tec	19	24	23
Domestic group companies	8	9	8
Total of domestic Toshiba Tec Group	27	33	31

## 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 2017	April 2018	April 2019
Toshiba Tec	2.26%	2.21%	2.21%
Domestic group companies	2.70%	2.69%	2.56%
Total of domestic Toshiba Tec Group	2.47%	2.43%	2.37%

\* 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 implemented a new training program (Career 30 Program) that helps to raise their awareness. We will encourage seniors to participate more actively in the workplace by putting the system and program 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.

### 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. Each employee promotes activities to increase productivity by changing their working styles and methods.

Key systems and measures concerning working hours

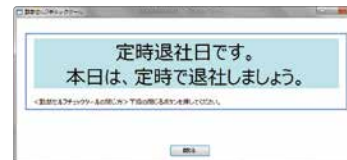
System/measure	Overview
Flexible work system	Flex work
Long leave system	Employee can take a maximum of 20-day accumulated leaves for clear and meaningful objectives, such as self-development, social contribution activities, nursing, and also for treatment of non-occupational injuries and diseases, and 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.
System for monitoring working conditions	A system (self-check tool) for monitoring working conditions was introduced in fiscal 2019. It is intended to help employees monitor working conditions on their own and managers monitor their subordinates' working conditions to prevent working hours from exceeding the standard upper limit set by the company.
Improving the work environment	<ul style="list-style-type: none"> <li>Satellite office work was introduced on a trial basis in December 2017.</li> <li>Work from home was introduced on a trial basis in April 2019.</li> </ul>
Bonus system	This system was introduced to reward employees who are highly conscious of time to carry out tasks efficiently and create remarkable results.
Company-wide unification of working time	A unified working time set on a company-wide basis was started in April 2019. It is intended to enable employees to work efficiently according to priorities in a collaborative manner to develop a sense of unity.

### Introduction of system (self-check tool) for monitoring working conditions Topics

#### Topics

A self-check tool was introduced in fiscal 2019. It displays employees' own working conditions when their computers are turned on. To prevent employees from working long hours, the system

- displays employees' own working conditions until the previous day.
- alerts supervisors and employees when they work over a certain amount of hours per month.
- alerts during break after regular working hours, midnight time zone and on no overtime days.



### 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.



### Holding a nursing care seminar

#### Topics

Due to changes in family compositions and increase of two-income households, the percentage of employees who are expected to take care of elderly family members while working full time is increasing. Accordingly, with the aim of promoting information support and awareness-raising activities, we have held nursing care seminars since fiscal 2017.

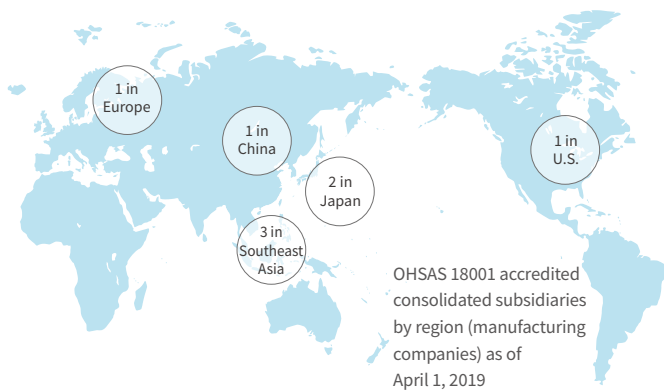


## Health and Safety

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.

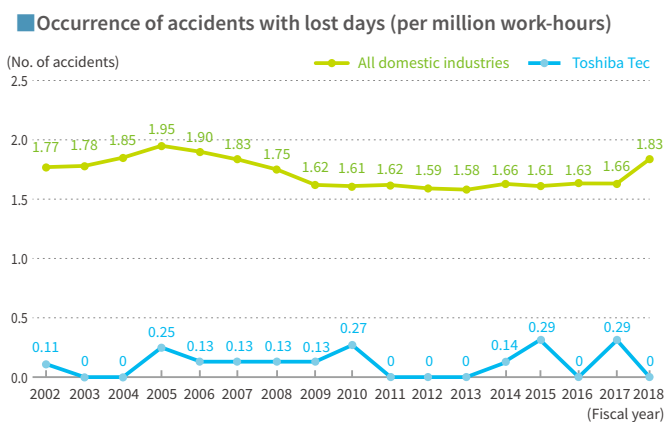
### Promoting Occupational Health and Safety Management System (OHSAS)

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.



### 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.



### 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 (from July 1 to 7) and Occupational Health Week (from October 1 to 7).

### Implementing Safety Patrol

The President and 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 2018, 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.

#### Topics

#### Training program by age

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 2018, we provided this training at the head office, Shizuoka Business Center (Mishima and Ohito) and some of our group companies. (We distributed materials at other sites.)

< 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

#### Mental health education program & Work-style Innovation (WSI) program e-learning

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 also provided the WSI program in August and September of fiscal 2018.

#### Prevention of lifestyle-related diseases (brain and heart disease)

Employees posted away from home have high risk for developing medical conditions, which may cause major work loss because they are hardly supported by their families. Therefore, we implemented training and support measures to improve health promotion and healthcare, as well as to prevent them from taking an extended leave and dying suddenly due to brain or heart disease.

(Implementation of Healthcare Education Program when Posted Away From Home, distribution of Healthcare Guidebook)

## 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.

In terms of the composition ratio of Toshiba Tec Group's procurement by business sector, Retail Solutions Business accounts for 41%, Printing Solutions Business accounts for 30%, Overseas Retail Solutions Business accounts for 28%, and others (Inkjet Business, etc.) account for 1%.

### 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.

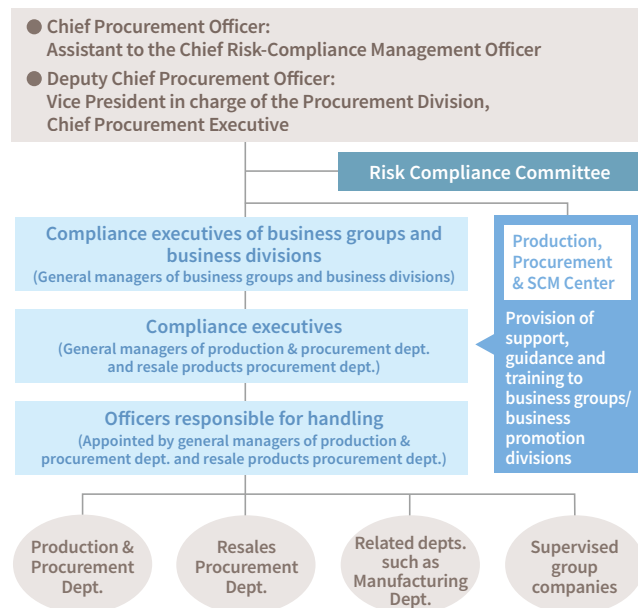
 Toshiba Tec Group Procurement Policy  
<https://www.toshibatec.com/company/procure/plan.html>

### 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 2018, a total of 6,816 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.

#### Material procurement compliance management system



### Addressing the Conflict Minerals Issue

Section 1502 on conflict minerals of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was 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 2018.

\* "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 listening to the voice of the customer (VoC) and finding the nature of problems that customers 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 satisfy customers, in other words, 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.

We feed back Voc that we receive via communication with our staff in charge of sales and maintenance to the ones in charge of product planning and development to provide accurate and functional products. We create new services and products through the demonstration experiment in cooperation with customers.

#### Maintenance service

#### Topics

Maintenance services are considered to be a bridge to help customers feel comfortable using Toshiba Tec products. We, Toshiba Tec Solution Services Corporation in charge of maintenance services in Japan, locate 120 local business sites nationwide to provide after-sales services such as failure recovery. With the aim of enhancing customer satisfaction, we monitor the networks and systems of our customers under contract 24 hours a day, 365 days a year, via six system support centers nationwide, back up our customers by providing operational support in a precise and smooth manner, utilize customer opinions and requests to improve services and operations, in collaboration with local engineers.



Customer support (Maintenance)



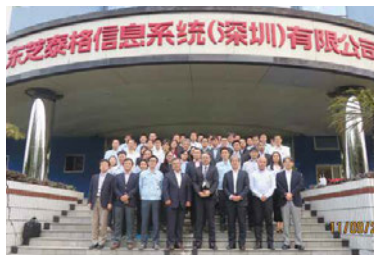
System support center

### Activities as a Global Company

We firmly run a global quality assurance system. As a top market share company for retail products, we also share and utilize information on market quality through worldwide service network in cooperation with manufacturing sites and sales subsidiaries. We develop products on a global scale by giving top priority to compliance with laws, regulations and standards in each country.

#### Meetings with manufacturing subsidiaries

We regularly hold meetings with manufacturing subsidiaries including overseas group companies. In November 2018, we held the 16th meeting at China (Shenzhen) Factory and a total of 70 group company employees participated from China, Singapore, Indonesia, Malaysia, and Japan.



#### Mishima EMC Center

Mishima EMC Center (anechoic chamber) at Shizuoka Business Center has received ISO 17025\*, the International Standard for Laboratories. We comply with standards in each country 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.



Appearance



10-meter anechoic chamber

### Commitment to Safety and Security

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.



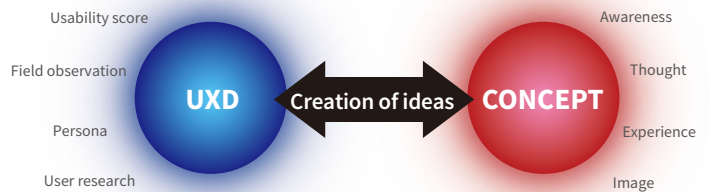
Safety review

➡ Basic Policy on Product Safety in Japanese only  
<http://www.toshibatec.co.jp/company/csr/customer/safetypolicy.html>



## User Experience Design (UXD)

UXD is a development process to create new value as well as attractive products and systems. We intend to carry out activities to create ideas in a wider and deeper way by moving back and forth between object and subject, as well as approaching from two different mindsets of the UXD process including field observation and user research, and of the concept created by individuals including their own experience and image.



### Counter type self-checkout system WILLPOS-Self SS-950U

Self-checkout systems that allow shoppers to make payment on their own in supermarkets and drugstores are diversified. We aim for a compact POS system applicable for various operations by unitizing the operation screen, scanner and receipt printer. In pursuit of simple, high-quality and reliable design and usability, which fit into different types of store image, in an aluminum body that supports compactness and strength, we develop WILLPOS-Fit dual side POS terminal and WILLPOS-Charge electronic money charger.

We conduct periodic field observations including installation conditions for interiors, services and devices in approx. 500 stores, and extract UX points along at the time to develop products without missing changes in customers, stores and social environment.



WILLPOS-Fit dual side POS terminal

WILLPOS-Charge electronic money charger



This system is equipped with a high-performance camera scanner using Toshiba Tec's unique image recognition technology. The user smoothly scans, performs discount operation and registration easily just by passing a seal over the scanner.



The LED informs you if the product has been successfully scanned. The operator and people around the operator can easily check it. Store staff can immediately support the customer who is operating a self-checkout system.



This card reader is required for quick payment processing. The LED prompts the user to support intuitive operation.

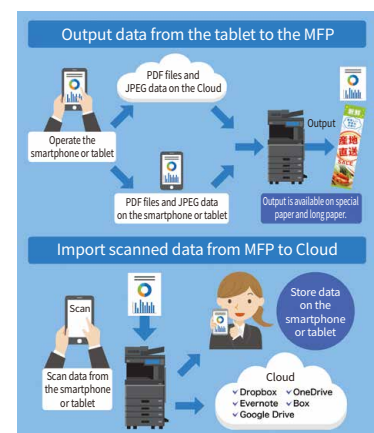
### Workshop for new employees

We provide user experience training under the theme of digital MFP for new employees who will be engaged in product planning, research and development every year. In fiscal 2018, we implemented an idea creation workshop under the theme of "new solutions for digital MFP that college students use" through experience of operating the e-RIDGE Print & Capture mobile terminal solutions used with a smartphone. New employees who had been college students until a couple of months ago actively exchanged opinions with the provided theme close at hand and created attractive ideas. They were able to have a true figure of copying, scanning, printing and data management in college life, to visualize how to handle information on the field of education.

At Toshiba Tec, we develop a unique method to create new concepts or ideas, and list all the information on a board by analyzing awareness, thought and satisfaction through individual experience.

This method helps to see at a glance the flow of the workshop, easily review, share or add information, consolidate accurate information based on individual experience, and thus create ideas efficiently.

By incorporating experience to create these methods and ideas into the program for new employees, we work for developing human resources in response to diverse social requirements as well as fostering awareness to promote highly creative tasks.



Mobile terminal solutions using a smartphone "e-BRIDGE Print & Capture"



Operating instructions for digital MFP cooperative smartphone app



Smartphone app operation experience



Idea creation workshop



Presentation

## 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 donations for recovery efforts.

In fiscal 2018, as our donations to recovery efforts, next generation development and social contributions appropriate for our company, we donated to Fukushima Donation for Orphans affected by the Great East Japan Earthquake and Japanese Red Cross Society Fund Raising. We also donated picture books and instruments to the elementary schools, kindergartens and nursery schools in the areas where our head office, Shizuoka Business Center, Tohoku and Kita Kanto branches are located.



Donation to Japanese Red Cross Society Fund Raising



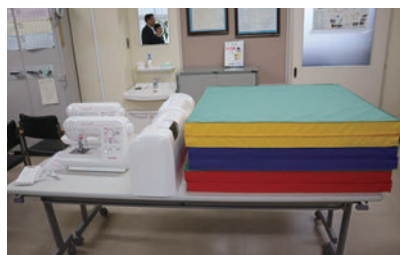
Donations to 3 Sendai municipal elementary schools (instruments, etc.)



Donation to Chuo-ku, Saitama (tent)



Donations to elementary schools, nursery schools and kindergartens in Shinagawa-ku



Donation of mats and sewing machines to elementary schools



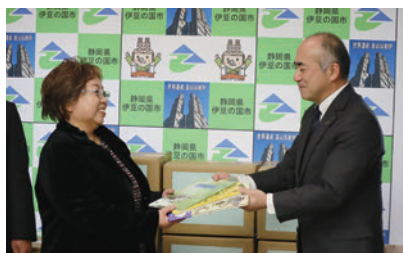
Donation of a tent

### Shizuoka Business Center: Donation of books and volunteer storytelling to kindergartens and nursery schools

### Topics

In fiscal 2010, we started to donate books from the Toshiba Tec Philanthropy Fund. Since then, we have donated picture books to kindergartens and nursery schools in Mishima and Izunokuni on our foundation day every year. In fiscal 2018, we donated picture books to approx. 55 institutions, including kindergartens, nursery schools and after-school kids clubs in Mishima and Izunokuni, which means that we have donated approx. 3,000 books in total so far.

For the purposes of contributing to the community and making children happy, we started voluntary storytelling in fiscal 2011. We do storytelling in 4 kindergartens / nursery schools in Mishima and Izunokuni, as well as book donation.



### Toshiba Group's Volunteer Days

Building on the aims of the International Volunteer Day set by the United Nations on December 5, Toshiba Group has designated December as its annual CSR Month. From fiscal 2014, we annually carry out Toshiba Group's Volunteer Days activities, and social contribution activities, including clean-up, collection, donation, fundraising, welfare and disaster relief at each business site.

## Next Generation Development

### Workplace experience learning

We provide workplace experience opportunities to help children learn about product mechanisms and manufacturing. In fiscal 2018, a total of 46 students visited the business sites of our group from 5 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.



### On-site lessons

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, as well as offer the excitement and convenience of shopping. 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.



## Environmental Protection

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



Park clean-up  
(Toshiba Tec Information Systems (Shenzhen) Co., Ltd.)



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



Participation in the tree planting activity  
(Toshiba Tec Singapore Pte. Ltd.)

## Welfare

### Food drive

A food drive is a program for donating redundant food brought from home. As one of the Toshiba Group's Volunteer Days activities, we organized food drives at the head office, Shizuoka Business Center and each business site, to donate the collected food to neighboring food banks.



### Pull-tab donation

We have been collecting pull-tabs since 2002 in 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 2018, we donated approx. 40,000 pull-tabs (16 kg) in June and approx. 35,000 pull-tabs (14kg) in December, and the sum total exceeded 500 kg.



### Donations to welfare institutions and charity organizations

We actively donate clothing, stationery, toys and umbrellas to local welfare institutions and charity organizations.



## Disaster Recovery Support

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



Donation to Fukushima



Fair of local products from Tohoku, Kumamoto, Hiroshima and Ehime

# 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

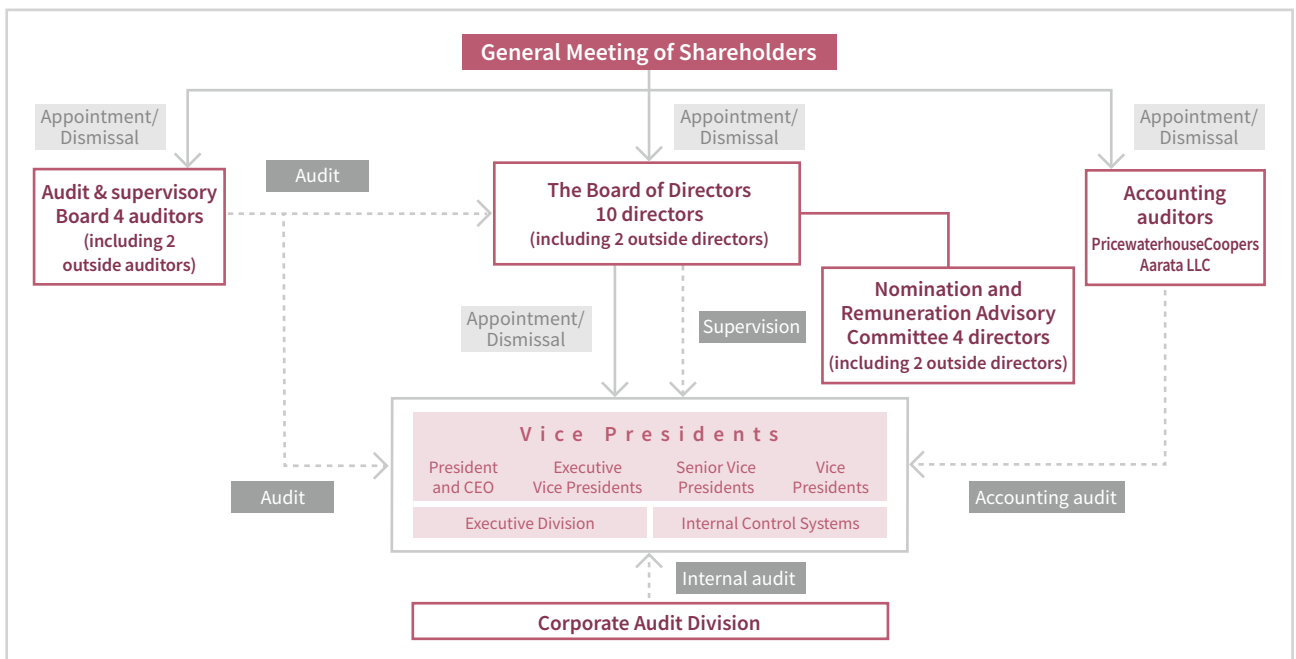
We recognize corporate governance as an essential management policy, which meets the expectations of stakeholders and continuously improves corporate values. We are committed to taking measures to improve the efficiency and transparency of management, as well as to reinforce the functions for the Board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

### Corporate Governance System

In terms of the corporate body, we have introduced the executive officer system under the Audit & Supervisory Board Members 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, ten directors including two outside directors supervise business execution, four auditors including two outside auditors conduct audits, accounting auditors conduct accounting audits, and the Corporate Audit Group under the direct supervision of the President 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 of contracting business activities, and safeguarding of assets.

#### Corporate governance system



## Compliance

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

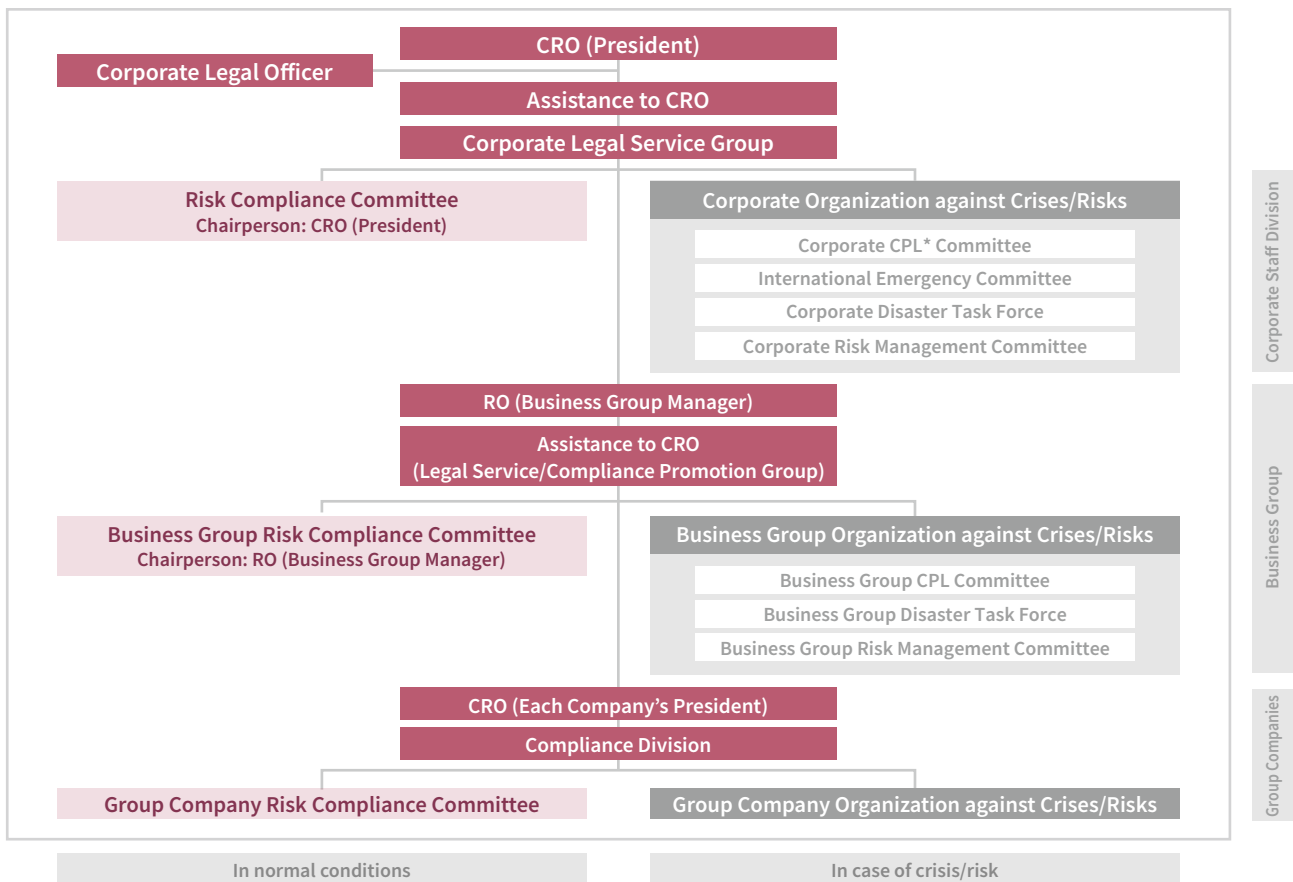
### Risk Compliance Promotion System

We appoint each company president and CEO as a CRO\* in order to propagate and thoroughly implement the “Toshiba Tec Group Standards of Conduct” as well as advance the risk compliance measures. Top management exercises initiative to devise and promote various strategies in response to emergency situations.

We organize the Risk Compliance Committee under the leadership of the CRO, to maintain the system of the entire Toshiba Tec Group, devise and promote the advancement of risk compliance.

\* CRO: Chief Risk Compliance Management Officer

#### Risk compliance system

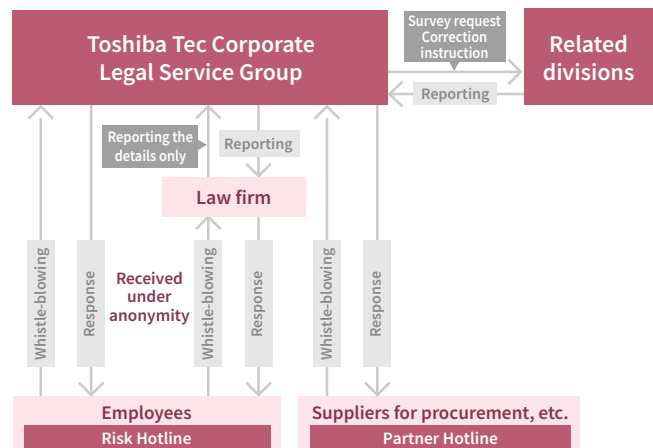


\* CPL: A term made by combining CL (quality assurance responsibility under contract) with PL (product liability)

#### Internal reporting system

We, Toshiba Tec Group, have established an internal reporting system as a way of consulting/reporting on illegal, dishonest and unethical behavior, as well as internal rules which enable executives and employees to provide information to the CRO or outside attorneys.

We give maximum consideration to ensuring the anonymity of whistleblowers, thoroughly managing information and protecting them from suffering any detrimental consequences, such as dismissal, as a result of their whistleblowing. In addition, the “Toshiba Tec Partner Hotline” has been introduced and operated so that business partners can provide information through the website.



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

## Fostering Compliance-conscious Culture

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

### ■ 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 ensure thorough dissemination of information.

### ■ 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 and education for employees to be stationed abroad.

		Topics
<p><b>e-learning programs for every executive and employee</b></p> <ul style="list-style-type: none"> <li>■ Standards of Conduct</li> <li>■ Subcontract Act ■ Antitrust Law</li> <li>■ Anti-Bribery ■ Timely Disclosure</li> <li>■ Accounting Compliance</li> <li>■ Harassment ■ Mental Health</li> <li>■ Work-style Innovation (WSI)</li> <li>■ Customer Satisfaction ■ Environment</li> <li>■ Information Security and Personal Data Protection</li> <li>■ Electrical Safety Law ■ Export Control</li> <li>■ Engineering Ethics</li> <li>■ Product Security, etc.</li> </ul>	<p><b>Educational seminars intended for specific employees</b></p> <ul style="list-style-type: none"> <li>● Law-related education for business groups</li> </ul> <p>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 2018, it was held a total of 38 times in 13 business sites throughout Japan.</p> <ul style="list-style-type: none"> <li>○ Eligible: Employees from each business group</li> <li>○ Time: 90 minutes (including Q &amp; A)</li> </ul>	

### ■ Workplace meetings on CSR

To create a positive workplace atmosphere through discussions, we develop compliance awareness in each employee, establish this as the corporate culture, and hold CSR meetings in 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 the meetings is to create a frank and open-minded work environment as well as to prevent compliance violations.

In fiscal 2018, with the theme of “personal fraud”, we discussed what factor would cause personal fraud and what points to pay attention to prevent personal fraud. We exchanged opinions based on fictional case studies in each workplace.

## 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 2018, 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, we, Toshiba Tec Group, strengthen 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 2018.

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

## Security Export Control

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

Our basic policies of export control are as follows:

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

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

## Intellectual Property

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

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

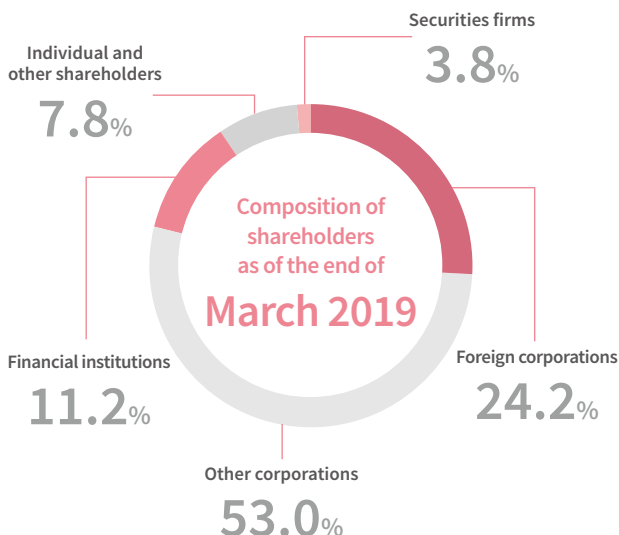
# Shareholders/Investors Relations

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

### General meeting of shareholders


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

### Composition of shareholders (excluding treasury shares)



### Investor relations library website

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

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

### Business report

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



### Investors relations for institutional investors

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



Management policy meeting

## THIRD PARTY COMMENTS

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**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 a PhD in Politics and International Studies from the University of Warwick, UK. His field of specialization is political economy. He is Representative Director and Chief of the Japan Institute of Scandinavian Studies (JISS).

**He currently focuses on how environmental changes in society and the 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.**

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Like any report, this year's report has been devised and improved in various ways based on previous reports. Among them, what receives particular attention is the revision from CSR Report to Integrated Report. Although the conventional CSR Report only includes investor relations (IR) information such as financial results and stocks, it is of great significance.

Some time ago, corporate social contribution activities in general were charitable activities that companies made with a profit and incidentally carried out within their budget range. Needless to say, the company's primary goal is to pursue a profit at all times. However, after over 20 years since the term of CSR was introduced, awareness of CSR activities, which are closely linked to the core business, is being built. Even investors who used to insist on shifting the money to the dividend if the company could afford the cost of social contribution activities, tend to think that any company which neglects efforts on CSR activities has a low sustainability and a high investment risk. The revision to Integrated Report keeps up with the mainstream CSR activities and it can be valued.

The new pages of "FEATURE" attract my attention. "FEATURE I" focuses on the SDGs (Sustainable Development Goals) that were introduced in last year's report. I have a particularly favorable impression of which goals you clearly emphasize among the 17 goals after taking one step forward from where you operated in consideration of the SDGs. However, it seems that you only present your goals, thus it will be better if a clear connection is established between respective activities and goals.

"FEATURE II" describes cyber security measures that were not introduced in previous reports. I read the article with interest. While more and more IoT products are being developed and online cashless transactions are being widespread, it is essential to create an environment where users can use products safely and securely. That's why it is remarkable to take a positive attitude toward cyber security by appointing the Vice President as a CISO (Chief Information Security Officer).

In regard to Environment, recent reductions in emissions of chemical substances and total volume of waste generated, which are attributed to the reorganization of the Group, need to be

evaluated carefully. Meanwhile, since I am absolutely certain about your intention to consistently save energy and improve equipment performance at your worldwide bases, I hope you will continue your efforts in the future.

In regard to Social, the workshop for new employees attract my attention. How to increase the creativity of young people is a question emphasized in educational institutions up to university level. There is nothing like an exciting experience involved in actual product development at the company. In addition, new employees who are not engineers can get involved in product development at the company they work for, helping to increase their motivation for future tasks.

On the other hand, I am concerned about the reduction in percentage of new female graduates employed while you are promoting biodiversity. I understand you have implemented various initiatives to recruit women, promote their participation and advancement in the workplace; however, there may be a reason why women keep a distance from your company. You do not need to give up recruiting them and stop thinking just because your company's operations do not meet their expectations. Instead, you need to extract issues considered from the perspective of women and pursue a business style fitting with the times.

You also need to keep in mind not to fall into the idea that you are implementing these initiatives as a corporate responsibility because you feel sorry for women who can hardly work in today's world. Women's recruitment, promotion of their participation and advancement are a mainstream issue of vital importance directly linked to whether Japanese companies succeed or fail, especially in the future with the declining birthrate. Younger generations who share household chores and childcare for granted think a better working environment for women is also a better working environment for men.

The activities presented in this report that also apply to the fields of Environment and Governance may no longer be seen as "responsibilities". From this point of view, the title from which the term of "CSR" has been removed is highly significant.



# SENIOR MANAGEMENT

## President and Chief Executive Officer

### Takayuki Ikeda

Chief Risk Compliance Management Officer  
Nomination & Compensation Advisory  
Committee Member

## Senior Vice President and Director

### Yukio Inoue

In Charge of Internal Control Promotion  
Chief Finance Officer  
General Manager of Corporate Finance &  
Accounting Group

## Senior Vice President and Director

### Masami Uchiyama

Managing Director of Retail Solutions Business  
Group

## Senior Vice President and Director

### Masahiro Yamada

Managing Director of Printing Solutions Business  
Group

## Senior Vice President and Director

### Hitoshi Kaneda

In Charge of Legal Service  
General Manager of Corporate Human Resources &  
Administration Group  
Nomination & Compensation Advisory  
Committee Member

## Vice President and Director

### Naohiro Yamaguchi

In Charge of Quality & Environment  
General Manager of Production & Procurement &  
SCM Center  
Chief Production Executive

## Vice President and Director

### Junichi Takei

In Charge of IT & Information Systems  
General Manager of Corporate Strategic Planning  
Group  
General Manager of Corporate Innovation Group  
Corporate Marketing Officer  
Executive Quality Leader

## Director

### Ayumi Wada

## Outside Director

### Michio Kuwahara

Nomination & Compensation Advisory  
Committee Chairman

## Outside Director

### Shin Nagase

Nomination & Compensation Advisory  
Committee Member

## Audit & Supervisory Board Member

### Yoshinari Sato

## Audit & Supervisory Board Member

### Michio Suzuki

## Audit & Supervisory Board Member

### Hideo Tabuchi

## Audit & Supervisory Board Member

### Kyoko Okumiya

## Vice President

### Etsuroh Kawamura

Deputy Managing Director of Retail Solutions  
Business Group  
President of Toshiba Tec Solutions Services  
Corporation

## Vice President

### Takeshi Hiyoshi

General Manager of Overseas Retail Solutions  
Business Group  
President of Toshiba Global Commerce Solutions  
Holdings Corporation  
Chairman of Toshiba Global Commerce Solutions, Inc.

## Vice President

### Takeshi Eguchi

General Manager of Corporate Strategic Product &  
Technology Planning Group

## Vice President

### Hiroyuki Koyama

Technology Executive of Retail Solutions  
Business Group  
Technology Executive of Overseas Retail Solutions  
Business Group

## Vice President

### Eiji Kawano

General Manager of Tokyo Main Branch  
Retail Solutions Business Group

## Vice President

### Sachio Koyama

Chief Marketing Executive of Printing Solutions  
Business Group  
General Manager of Sales Division  
Printing Solutions Business Group

## Vice President

### Atsushi Suzuki

General Manager of Inkjet Business Group

## Vice President

### Kohji Taira

General Manager of Products, Marketing Division  
Retail Solutions Business Group

## Vice President

### Yasuki Ohnishi

General Manager of Kansai Main Branch  
Retail Solutions Business Group

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## Financial Highlights

Years ended March 31

Consolidated	2015	2016	2017	2018	2019
<b>Operating Result: Millions of yen</b>					
Net sales	524,577	532,818	497,611	513,289	476,824
Ordinary profit (loss)	10,391	(2,298)	12,534	22,768	16,471
Profit (loss) attributable to owners of parent	(1,149)	(103,449)	7,758	17,512	11,211
<b>Cash Flows: Millions of yen</b>					
Cash flows from operating activities	22,952	4,567	37,016	29,092	18,400
Cash flows from investing activities	(14,772)	(9,789)	(6,876)	(11,487)	(12,779)
Cash flows from financing activities	(5,040)	(23,941)	(5,439)	(6,095)	(8,129)
<b>Financial Position: Millions of yen</b>					
Total assets	416,769	281,615	269,393	282,630	275,055
Net assets	203,108	70,359	76,047	93,215	100,758
Cash and cash equivalents	54,964	22,660	46,129	57,355	55,498
<b>Per share data: Yen</b>					
Profit (loss) attributable to owners of parent-Basic	(20.93)	(1,883.46)	141.21	318.73	204.00
Net assets	3,116.77	1,044.65	1,190.37	1,501.94	1,653.94
<b>Financial data</b>					
Capital adequacy ratio (%)	41.1	20.4	24.3	29.2	33.0
Return on equity (%)	(0.7)	(90.5)	12.6	23.7	12.9
Price earnings ratio (times)	—	—	22.1	9.9	15.1

Note: The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018.

Accordingly, the figures for the per share of profit (loss) attributable to owners of parent-Basic and net assets have been calculated assuming that the share consolidation was executed at the beginning of 2015.

# FINANCIAL INFORMATION

For the details, please refer to the “IR Library” page.

<http://www.toshibatec.com/company/ir/material/>

## Consolidated Balance Sheet

As of March 31, 2019 and 2018

ASSETS	Millions of yen	
	2019	2018
<b>Current assets</b>		
Cash and deposits	¥45,501	¥57,355
Group Deposits paid	9,996	-
Notes and accounts receivable-trade	60,054	67,996
Merchandise and finished goods	34,775	32,885
Work in process	1,905	1,525
Raw materials and supplies	6,584	6,758
Other	31,888	32,775
Allowance for doubtful accounts	(1,443)	(1,925)
<b>Total current assets</b>	<b>189,263</b>	<b>197,373</b>
<b>Non-current assets</b>		
Property, plant and equipment:		
Buildings and structures	24,343	24,044
Accumulated depreciation	(18,190)	(17,944)
Buildings and structures, net	6,152	6,099
Machinery, equipment and vehicles	43,841	41,686
Accumulated depreciation	(33,791)	(33,718)
Machinery, equipment and vehicles, net	10,050	7,968
Tools, furniture and fixtures	43,725	45,442
Accumulated depreciation	(37,808)	(39,423)
Tools, furniture and fixtures, net	5,917	6,018
Land	1,269	1,269
Leased assets	9,381	11,758
Accumulated depreciation	(5,259)	(6,208)
Leased assets, net	4,121	5,550
Construction in progress	779	1,183
<b>Total property, plant and equipment</b>	<b>28,290</b>	<b>28,090</b>
Intangible assets:		
Goodwill	3,691	4,083
Customer relationship assets	497	568
Other	9,557	8,484
<b>Total intangible assets</b>	<b>13,746</b>	<b>13,135</b>
Investments and other assets:		
Investment securities	4,008	6,058
Net defined benefit asset	2,459	2,448
Deferred tax assets	22,653	23,368
Other	14,787	12,262
Allowance for doubtful accounts	(153)	(107)
<b>Total investments and other assets</b>	<b>43,755</b>	<b>44,030</b>
<b>Total non-current assets</b>	<b>85,792</b>	<b>85,257</b>
<b>Total assets</b>	<b>¥275,055</b>	<b>¥282,630</b>

LIABILITIES AND NET ASSETS	Millions of yen	
	2019	2018
<b>Current liabilities</b>		
Notes and accounts payable-trade	¥56,215	¥59,604
Short-term loans payable	383	304
Lease obligations	4,054	4,795
Accounts payable-other	22,834	25,269
Income taxes payable	1,800	4,771
Other	41,486	45,154
<b>Total current liabilities</b>	<b>126,774</b>	<b>139,898</b>
<b>Non-current liabilities</b>		
Lease obligations	4,747	5,682
Net defined benefit liability	34,621	35,779
Other	8,154	8,054
<b>Total non-current liabilities</b>	<b>47,523</b>	<b>49,516</b>
<b>Total liabilities</b>	<b>174,297</b>	<b>189,415</b>
<b>Shareholders' equity</b>		
Capital stock	39,970	39,970
Capital surplus	—	12
Retained earnings	45,103	35,861
Treasury shares	(5,474)	(5,507)
<b>Total shareholders' equity</b>	<b>79,599</b>	<b>70,337</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,835	2,181
Deferred gains or losses on hedges	21	(22)
Foreign currency translation adjustment	9,111	10,207
Minimum pension liability adjustment	(458)	(655)
Remeasurements of defined benefit plans	788	468
<b>Total accumulated other comprehensive income</b>	<b>11,298</b>	<b>12,180</b>
Share acquisition rights	147	153
<b>Non-controlling interests</b>	<b>9,712</b>	<b>10,543</b>
<b>Total net assets</b>	<b>100,758</b>	<b>93,215</b>
<b>Total liabilities and net assets</b>	<b>¥275,055</b>	<b>¥282,630</b>

# FINANCIAL INFORMATION

## Consolidated Statement of Income

Years ended March 31, 2019 and 2018

	Millions of yen	
	2019	2018
Net sales	¥476,824	¥513,289
Cost of sales	278,464	305,196
<b>Gross profit</b>	198,359	208,093
Selling, general and administrative expenses	180,370	183,547
<b>Operating profit</b>	17,989	24,546
Non-operating income:		
Interest income	388	560
Dividend income	56	97
Insurance income	373	0
Gain on valuation of derivatives	–	820
Other	568	339
Total non-operating income	1,387	1,818
Non-operating expenses:		
Interest expenses	348	631
Loss on valuation of derivatives	555	–
Foreign exchange losses	82	1,235
Loss on sales and retirement of non-current assets	333	89
Other	1,586	1,640
Total non-operating expenses	2,905	3,597
<b>Ordinary profit</b>	16,471	22,768
Extraordinary income:		
Gain on sales of investment securities	544	274
Gain on sales of shares of subsidiaries	–	238
Gains on reversal of foreign currency translation adjustment	–	438
Total extraordinary income	544	951
Extraordinary losses:		
Loss on pension fund liquidation at consolidated subsidiary	335	–
Loss on valuation of investment securities	–	236
Restructuring cost	–	176
Total extraordinary losses	335	412
<b>Profit before income taxes</b>	16,679	23,307
Income taxes:		
Current	4,380	5,079
Deferred	892	(572)
Total income taxes	5,273	4,507
<b>Profit</b>	11,406	18,800
Profit attributable to non-controlling interests	195	1,287
Profit attributable to owners of parent	¥ 11,211	¥17,512

## Consolidated Statement of Cash Flows

Years ended March 31, 2019 and 2018

	Millions of yen	
	2019	2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	¥ 16,679	¥ 23,307
Depreciation and amortization	14,308	14,036
Loss (gain) on sales and retirement of property, plant and equipment	333	89
Increase (decrease) in allowance for doubtful accounts	(469)	(1,247)
Increase (decrease) in net defined benefit liability	(743)	(315)
Interest and dividend income	(445)	(658)
Interest expenses	348	631
Decrease (increase) in notes and accounts receivable-trade	9,034	(4,253)
Decrease (increase) in inventories	(1,224)	(756)
Increase (decrease) in notes and accounts payable-trade	(5,305)	(983)
Loss (gain) on sales of investment securities	(544)	(274)
Loss (gain) on valuation of investment securities	–	236
Loss (gain) on sales of shares of subsidiaries	–	(238)
Loss on pension fund liquidation of consolidated subsidiary	335	–
Restructuring cost	–	176
Other, net	(6,241)	5,966
<b>Subtotal</b>	<b>26,065</b>	<b>35,716</b>
Interest and dividend income received	469	632
Interest expenses paid	(363)	(610)
Income taxes paid	(7,770)	(6,646)
<b>Net cash provided by (used in) operating activities</b>	<b>18,400</b>	<b>29,092</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(9,350)	(8,214)
Proceeds from sales of property, plant and equipment	131	123
Purchases of investment securities	(21)	(13)
Proceeds from sales of investment securities	680	313
Purchases of intangible assets	(3,424)	(3,349)
Payments for acquisition of businesses	(423)	(320)
Net decrease (increase) in short-term loans receivable	3	0
Payments of long-term loans receivable	(0)	(7)
Collections of long-term loans receivable	13	12
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(667)	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(289)
Other, net	281	257
<b>Net cash provided by (used in) investing activities</b>	<b>(12,779)</b>	<b>(11,487)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	80	(787)
Repayments of finance lease obligations	(3,056)	(3,415)
Repayments of long-term loans payable	(9)	(3)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,910)	–
Purchase of treasury shares	(13)	(22)
Cash dividends paid	(2,471)	(1,374)
Dividends paid to non-controlling interests	(749)	(492)
Other, net	–	0
<b>Net cash provided by (used in) financing activities</b>	<b>(8,129)</b>	<b>(6,095)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>251</b>	<b>(282)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,257)</b>	<b>11,226</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>57,355</b>	<b>46,129</b>
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	399	–
<b>Cash and cash equivalents at end of period</b>	<b>¥55,498</b>	<b>¥57,355</b>

# GLOBAL NETWORK

Through our global service locations, Toshiba Tec offers a wide range of products and solutions that can meet the different needs of our customers in various parts of the world, thus contributing to the maximization of our customers' profits.

We offer a one-stop solution to support your global business development by establishing the best possible system to assist you in each phase, including planning, introduction and maintenance.



**12** Toshiba America Business Solutions, Inc. (Plant)



**13** Toshiba Global Commerce Solutions, Inc.



**25** Toshiba Tec Europe Imaging Systems S. A.



## Japan

- 1 Toshiba Tec Solution Services Corporation
- 2 Tec Information Systems Corporation
- 3 TD Payment Corporation
- 4 TER Corporation
- 5 Toshiba Global Commerce Solutions Holdings Corporation
- 6 Toshiba Tec Document Processing Systems Co., Ltd.
- 7 Tec Precision Co., Ltd.
- 8 T.T. Business Service, Co., Ltd.
- 9 Toshiba Tec Shizuoka Business Center (Mishima)
- 10 Toshiba Tec Shizuoka Business Center (Ohito)

## Americas

- 11 Toshiba America Business Solutions, Inc.
- 12 Toshiba America Business Solutions, Inc. (Plant)
- 13 Toshiba Global Commerce Solutions, Inc.
- 14 Toshiba Global Commerce Solutions (Canada) Ltd.

- 15 Toshiba Global Commerce Solutions Mexico, S. de R.L. de C.V.
- 16 Toshiba Global Commerce Solutions (Colombia), S.A.S.
- 17 Toshiba Global Commerce Solutions for Retail (Brazil), Ltd.
- 18 Toshiba Global Commerce Solutions Chile SpA
- 19 Toshiba Tec Canada Business Solutions Inc.

## Europe

- 20 Toshiba Tec U.K. Imaging Systems Limited
- 21 Toshiba Tec Germany Imaging Systems GmbH
- 22 Toshiba Tec France Imaging Systems S. A.
- 23 Toshiba Tec Nordic AB
- 24 Toshiba Tec Europe Retail Information Systems S. A.
- 25 Toshiba Tec Europe Imaging Systems S. A.
- 26 Toshiba Tec Italia Imaging Systems S. P. A.
- 27 Toshiba Tec Switzerland AG
- 28 Toshiba Tec Poland S.A.
- 29 Toshiba Global Commerce Solutions (U.K.) Limited





**9** Toshiba Tec Shizuoka Business Center (Mishima)



**10** Toshiba Tec Shizuoka Business Center (Ohito)



**44** Toshiba Tec Information Systems (Shenzhen) Co., Ltd.



**40** Toshiba Tec Singapore Pte Ltd



**41** Toshiba Tec Malaysia Manufacturing Sdn. Bhd.



**46** P.T. Tec Indonesia



- 30 Toshiba Global Commerce Solutions (Spain), S.L.
- 31 Toshiba Global Commerce Solutions (France), SAS
- 32 Toshiba Global Commerce Solutions (Italy) S.r.l.
- 33 Toshiba Global Commerce Solutions (Netherlands) B. V.
- 34 Toshiba Global Commerce Solutions (Germany), GmbH
- 35 Toshiba Global Commerce Solutions (Austria), GmbH
- 36 Toshiba Global Commerce Solutions (Nordic), AB
- 37 Toshiba Global Commerce Solutions (Denmark) ApS
- 38 Toshiba Global Commerce Solutions (Poland), sp. zo.o.
- 39 POS Perakende Otomasyon Sistemleri Ticaret ve Sanayi A. S.

**Asia / Oceania / Middle East / Africa**

- 40 Toshiba Tec Singapore Pte Ltd
- 41 Toshiba Tec Malaysia Manufacturing Sdn. Bhd.
- 42 Toshiba Tec Malaysia Sdn. Bhd.
- 43 Toshiba Tec (H.K.) Logistics & Procurement Ltd.
- 44 Toshiba Tec Information Systems (Shenzhen) Co., Ltd.

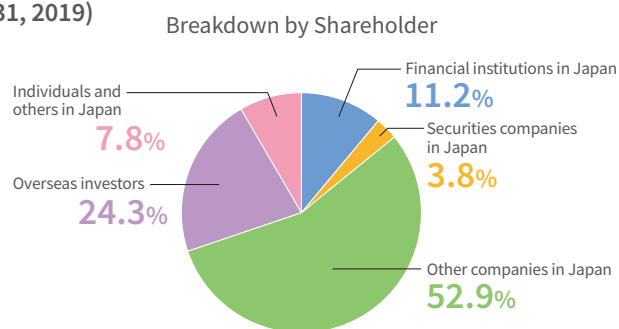
- 45 Toshiba Tec Information Systems (Shenzhen) Co., Ltd., China Business Headquarters
- 46 P.T. Tec Indonesia
- 47 Toshiba Tec (Thailand) Co., Ltd.
- 48 Toshiba Global Commerce Solutions (Thailand) Company Limited
- 49 Toshiba Global Commerce (Beijing) Co., Ltd.
- 50 Toshiba Global Commerce Solutions Korea, Ltd.
- 51 Toshiba Global Commerce Solutions (Taiwan), Co. Ltd.
- 52 Toshiba Global Commerce Solutions (Hong Kong), Co. Limited
- 53 Toshiba Global Commerce Solutions (Philippines), Inc.
- 54 Toshiba Global Commerce Solutions (Singapore), Pte. Ltd.
- 55 Toshiba Global Commerce Solutions (Australia) Pty. Ltd.
- 56 Toshiba Global Commerce Solutions (South Africa) Proprietary Limited
- 57 Toshiba Global Commerce Solutions Gulf FZ - LLC

Manufacturing bases

(as of July 2019)

## Ratio of Shares by Shareholder Type (as of March 31, 2019)

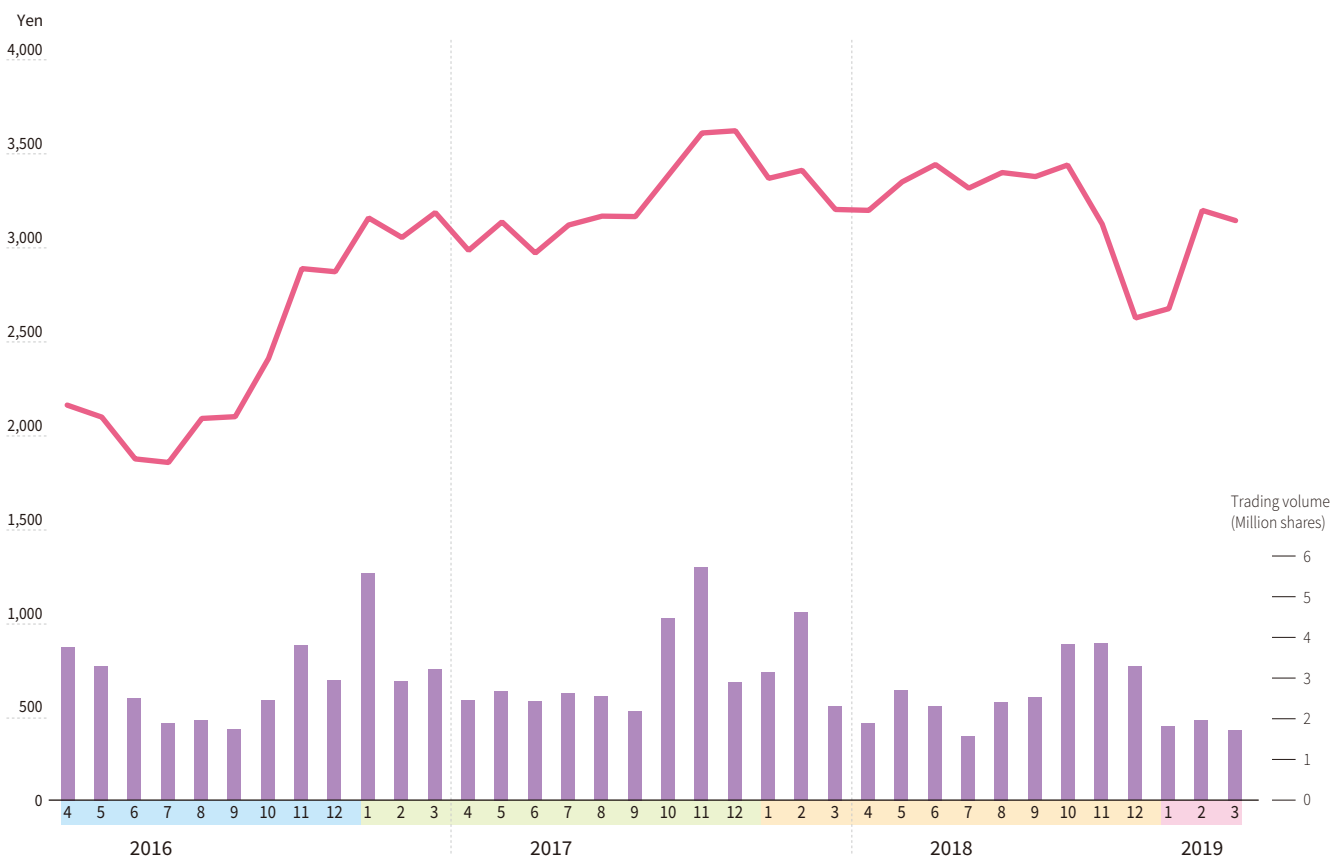
- 1) Total Number of Authorized Shares by Resolutions:  
200,000,000 shares
- 2) Total Number of Outstanding Shares  
(except 2,670,805 shares of treasury stock): 54,958,335 shares
- 3) Number of Shareholders: 9,175
- 4) Major Shareholders



Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Toshiba Corporation	28,827	52.5
Goldman Sachs International	1,649	3.0
Goldman Sachs and Company Regular Account	1,636	3.0
THE BANK OF NEW YORK BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,395	2.5
Credit Suisse Securities Limited	1,323	2.4
The Master Trust Bank of Japan, Ltd.	1,140	2.1
J.P. MORGAN BANK LUXEMBOURG S.A. 1300003	1,123	2.0
Japan Trustee Services Bank, Ltd. (Trust account)	934	1.7
Toshiba Tec Employees Shareholding Association	924	1.7
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	854	1.6

Note: The shareholding ratio is calculated by subtracting treasury stock from the total number of outstanding shares.

## Stock Price and Trading Volume Trends



\* The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018. Accordingly, the stock price and trading volume have been calculated assuming that the share consolidation was executed at the beginning of 2016.

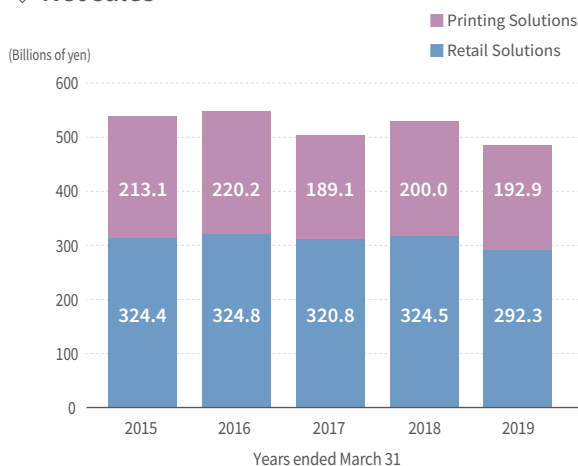
## Corporate Overview (as of March 31, 2019)



<b>Company Name</b>	Toshiba Tec Corporation
<b>Head Office</b>	Gate City Ohsaki West Tower 1-11-1, Osaki, Shinagawa-ku, Tokyo 141-8562 Japan
<b>President and CEO</b>	Takayuki Ikeda
<b>Established</b>	February 21, 1950
<b>Common Stock</b>	39,970 million yen
<b>Employees</b>	Consolidated: 19,980
<b>Toshiba Tec Group</b>	Consolidated: 81 companies

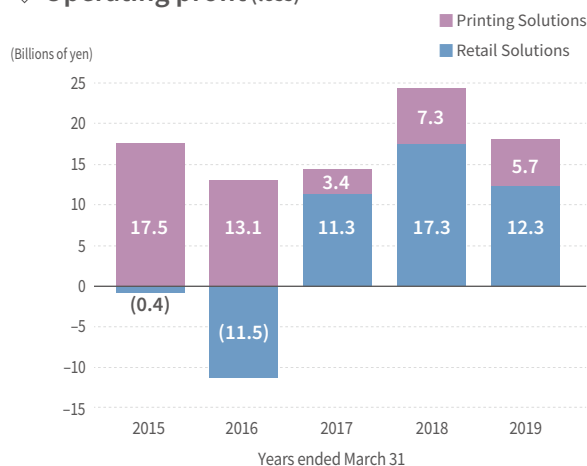
## Consolidated Operating Results

### Net sales

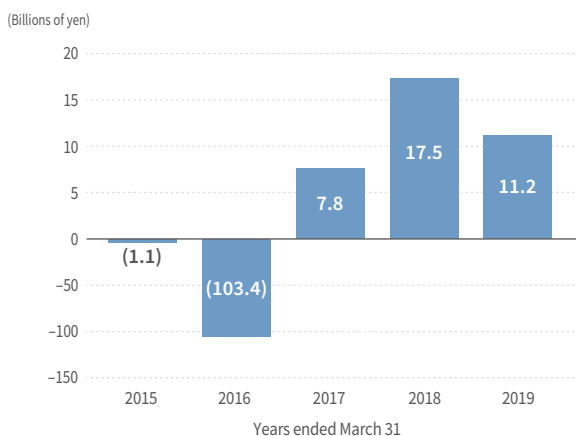


\* Net sales by segment are the amounts before elimination of sales between segments.

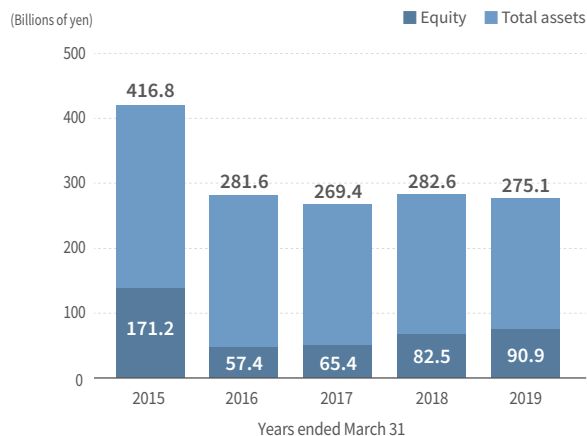
### Operating profit (loss)



### Profit (loss) attributable to owners of parent



### Equity / Total assets



## **Toshiba Tec Corporation**

Contacts:

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