

Toyo Seikan Group CSR Report 2018



Open Up and Be Inspired

The Toyo Seikan Group contributes to the solution of social issues through its business activities.

All employees of the Group are aware of their social responsibility in daily operations and act accordingly.

Through these efforts, the Toyo Seikan Group creates the values of "Open Up and Be Inspired", and aims to become a company that contributes to creating a sustainable society.

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Editorial Policy

The Toyo Seikan Group (the "Group") promotes CSR management based on its "Management Philosophy" under a holding company system.

This report was created with the aim to clearly communicate the Group's CSR vision and activities to its stakeholders.

This year, in order to better communicate our specific CSR activities to you, the report features our achievements in FY2017 classified by environmental, social and governance (ESG) criteria. Please visit our website for information not covered by this report such as "Policies and organizational structure."

Our stance on CSR is based on sincere communication with our stakeholders and actions originating from such communication.

We would appreciate your opinions and feedback.

<https://ssl.tskg-hd.com/en/csr/>

Basic Report

Companies covered by the Report:

Domestic and overseas group companies including Toyo Seikan Group Holdings, Ltd.

Period covered: April 1, 2017 to July 31, 2018

Numerical data: April 1, 2017 to March 31, 2018

Published in:

October 2018
(Next issue to be published in October 2019)

Reference Guideline:

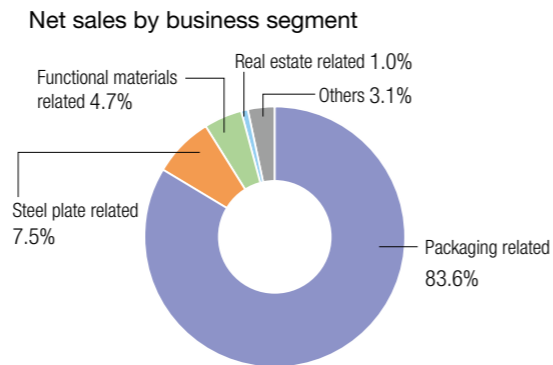
ISO26000 (Guidance on Social Responsibility)

Please refer to the relevant websites for details of activities at group companies described below. (Reports marked with an asterisk (*) are available only in Japanese.)

- Toyo Seikan Co., Ltd.: Focusing on Environment and Society (CSR)
- Toyo Kohan Co., Ltd.: CSR*
- Tokan Kogyo Co., Ltd.: Environment Charter
- Nippon Closures Co., Ltd.: Environmental and Social Report*
- Toyo Glass Co., Ltd.: Environmental Report*
- Toyo Aerosol Industry Co., Ltd.: Our Stance on Environment*
- Toyo Material Technology Co., Ltd.: The Measure for Environment

Toyo Seikan Group Holdings, Ltd.

Founded: June 25, 1917
Representative: Ichio Otsuka,
 President and Representative Director
Capital: 11,094,600,000 yen
Head Office: Osaki Forest Bldg., 2-18-1 Higashi-Gotanda,
 Shinagawa-ku, Tokyo 141-8627, Japan
Number of Employees: 385 (18,419 on a consolidated basis)
 as of March 31, 2018



Business Overview

Packaging business



Manufacturing and sales of various packaging containers that support people's daily lives, such as metal cans, plastic containers, closures, glass bottles, paper containers and aerosol products.

Steel plate related business



Manufacturing and sales of various steel plate materials used in every phase of daily life, such as materials for cans, electrical and electronic components, automotive and industrial machinery parts, and construction and consumer electronics.

Functional materials related business



Manufacturing and sales of materials with various functional properties, such as aluminum substrates for magnetic disks, functional films for optics, glaze, micronutrient fertilizers, pigments and gel coats.

Machinery and equipment



Manufacturing and sales of packaging-related machinery and equipment including container manufacturing equipment and filling & seaming equipment.

Real estate related business



Leasing of office buildings and commercial properties.

Other businesses



Manufacturing and sales of hard alloys, machinery and appliances and agricultural materials; sales of petroleum products; non-life insurance agency business; and real estate management services.

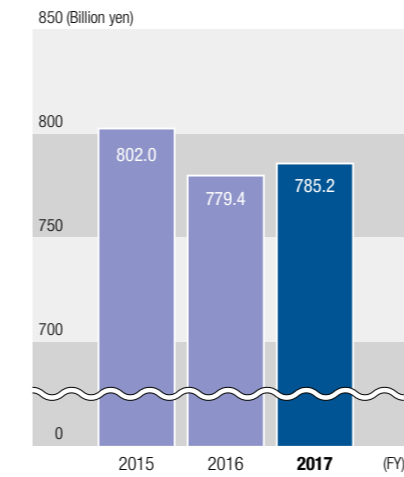
Logistics



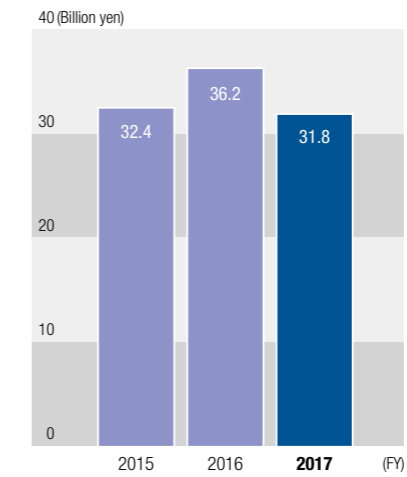
Motor truck transportation and warehousing mainly for group companies.

Financial Data (Consolidated)

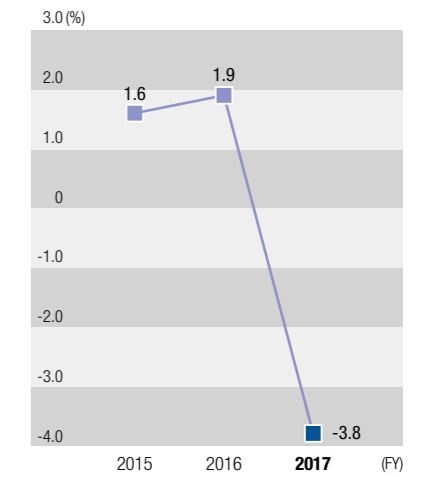
Net sales



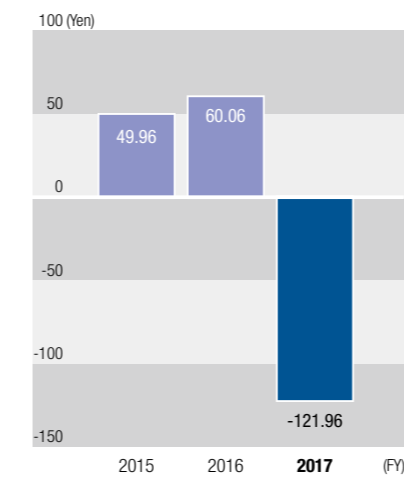
Operating profit



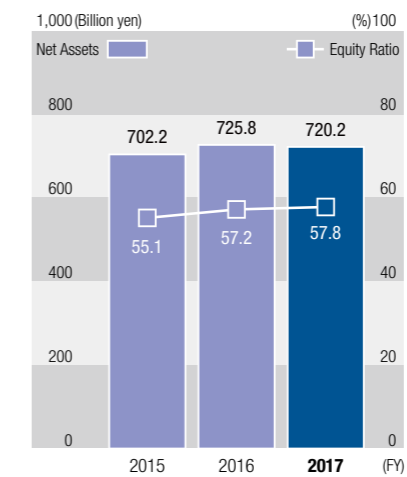
ROE



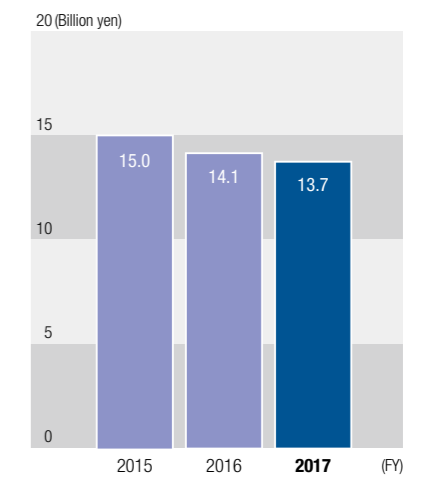
Earnings per share



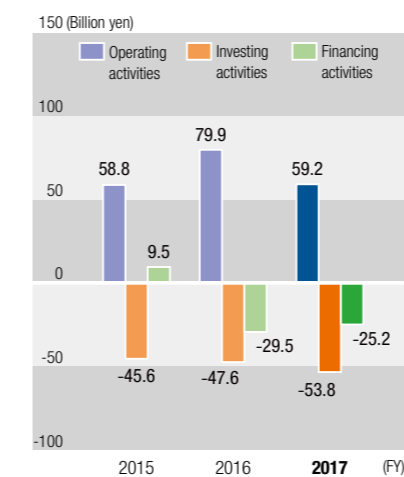
Net assets & equity ratio



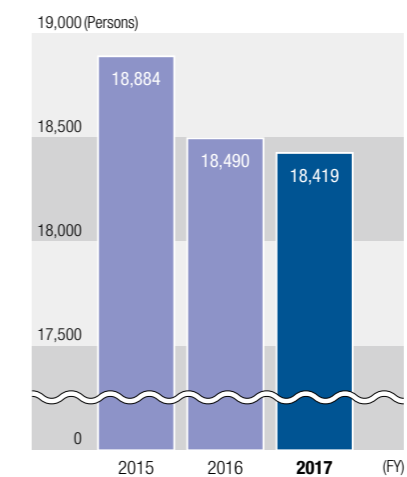
Research & development costs



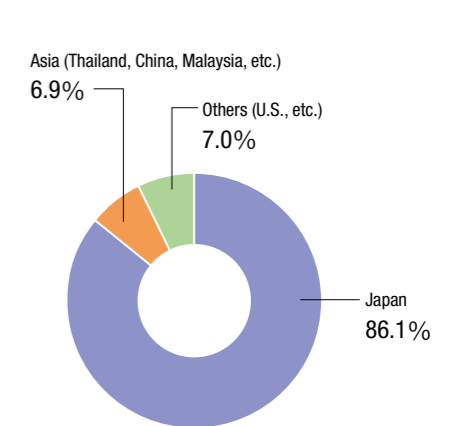
Cash flow



No. of employees



Net sales by region



*Toyo Seikan Group Holdings changed its accounting standards for provision for FY2017 and thereafter. To reflect this accounting policy change, the figures for FY2015 and FY 2016 are retrospectively adjusted.



We will contribute to a sustainable society through management fully integrated with CSR

●●● Launch a new mid-term management plan integrating social solutions into business activities

In 2018, the Toyo Seikan Group launched its Fifth Mid-term Management Plan.

Looking ahead to the period after the 100th anniversary, we have been actively engaged in efforts to reform our business structure and reorganize the group and industry, while the business environment surrounding us has been drastically changing. Now we believed it was essential for us to review our Fourth Mid-term Management Plan, which started in fiscal 2016, with new perspectives, and decided to discontinue the existing plan to switch to the new one.

Based on the Management Philosophy of Toyo Seikan Group established in 2016, we will promote corporate management integrated with CSR, which fully integrates business activities with social solutions. We have set the “eight materiality items” on which we place a high priority in CSR management, and will strive to implement them with all our strength. Through this commitment, we will contribute to achieving the Sustainable Development Goals of 2030 Agenda for Sustainable Development (SDGs).

●●● Eight Materiality Items

Now let's look at each of the eight items of our materiality.

Category	Materiality
Continuous creation of new products and services	Development of packaging and services in line with social needs
	Enhancement of quality assurance
Environmentally-friendly systems	Contribution to environmental protection
	More sustainable supply chain
Honest and responsible behavior	Coexistence with communities
	Respect for human rights
	Respect for employees
	Ensuring thorough compliance

Development of packaging containers and services in line with social needs; Enhancement of quality assurance; and contribution to environmental protection

Our key products, packaging containers, face a number of environmental issues. Today, almost all consumer products, except for a very few items such as automotive gasoline, are packaged in containers; people do not bring their own containers to buy contents. Despite this significance of packages in our living, they are disposed after being used. This is the reason why recycling has been encouraged all over the world. Recently, micro-plastic particles that are generated from plastic packages, including PET bottles, and drift around in the ocean, have become a serious social problem.

As part of environmental management, we have been undertaking an initiative to bring a technical innovation to the production system for aluminum cans, which are broadly used worldwide. Can-making needs a huge amount of water to wash away lubricant that is used in the can forming process. According to an estimate, approximately 30 million tons of rinsing water is consumed in the world every year.

The Toyo Seikan Group will commercialize a can production system that drastically reduces consumption and disposal of rinsing water. A new technology will be adopted in machines produced by Stolle Machinery, a group company and the world's largest manufacturer of can and can-end making machines. I believe this will allow us to make a world-scale contribution to resource saving.

In an environmental contribution through manufacturing, we cannot accomplish meaningful results without consideration to the entire supply chain. It is not sufficient to reduce CO₂ emissions just from our own manufacturing

processes. We also need to take account of raw material procurement, suppliers' production methods and how consumers use the product, as well as recycling and disposal processes. The Group therefore calculated the amount of Scope 3 emissions, the green gas emissions from upstream and downstream of our supply chain. Meanwhile, three of our Thai subsidiaries plan to launch solar power generation utilizing roofs of their factory buildings, which is expected to start by fiscal 2019.

We will continue our efforts, together with our suppliers, to achieve “zero carbon emissions” in the entire supply chain.

Respect for Employees

Respecting employees, one of our materiality items, is also a significant management issue. It is essential for the Group's sustainability to create a corporate culture that allows diverse individuals to actively work in good health and provides them with various opportunities to generate high productivity. I strongly believe that a company with a sufficient capacity to accept different perspectives dares to face challenges and is able to take advantage of people's different views to accomplish growth.

As the first step to become such a company, we have set the target ratio of female recruits at 30% of all new recruits, aiming to create a workplace where women are able to play significant roles. We believe that the improvement of work environment from the viewpoint of women's active involvement will lead to the creation of a workplace comfortable for everyone, including the elderly and the disabled. The latest recruitment results show that women accounted for 36% of the new employees in administrative and technical departments, while the ratio was only 19% of total new recruits across the organization including manufacturing departments. We will continue with discussion and examination from various standpoints to draw up effective measures to achieve the goal.

More sustainable supply chain; Respect for human rights; and Coexistence with communities

In addition to our internal issues of business operation, we need to give consideration to social issues that exist in global supply chains.

As to respect for human rights, which constitutes the fundamental platform of all CSR activities, we are required to take human rights of all relevant parties from suppliers to consumers into consideration, as well as human rights of our own employees. We, as the Toyo Seikan Group, also need to take the initiative in CSR procurement,



which some of our suppliers have already requested us to implement, focusing on specific aspects of “human rights, environment and social issues” in our supply chains.

To coexist in harmony with communities, we will continue our contribution to communities based on the specific issues of regions where group companies operate.

Ensuring thorough compliance

It is regrettable that, in 2017, the Japan Fair Trade Committee conducted an on-site inspection at the Group's key operating company Toyo Seikan for alleged violation of the Antimonopoly Act. Since then, I have met all employees in sales section of the company, every time around 20 members in a meeting, to hand down the founder's lofty ambition and to discuss SDGs, thereby aiming to ensure compliance and deepen their understanding of CSR. In the next step, I will also pursue other initiatives, including bribery prevention.



●●● Contribute to the creation of a sustainable society, utilizing two validity scales: the Group's Management Philosophy and SDGs

We have two scales to measure the validity of direction of our efforts: the Management Philosophy of Toyo Seikan Group and the Sustainable Development Goals (SDGs).

The Group's Management Philosophy has succeeded the spirit of founder Tatsunosuke Takasaki, who stated in the “Fundamental Policy of the Company” that “our aim is to contribute to the happiness of mankind through packaging.” The Management Philosophy stipulates our management policy as “we will constantly create new and innovative values, aspire to achieve a sustainable society and contribute to people's happiness.” Meanwhile, SDGs are referred to as a scale to measure how well a corporation fulfills the social responsibility, as mentioned by Ms. Hiroko Kuniya, the former anchorwoman of NHK's news show *Close-up Gendai*.

We will always conduct our business operation based on these two scale, the Group's Management Philosophy and SDGs, while engaging in efforts to accomplish our eight materiality items. This is the way we contribute to the creation of a sustainable society, and I believe our commitment to these efforts is the meaning of the existence of the Toyo Seikan Group.

Takao Nakai
Chairman and Representative Director
Toyo Seikan Group Holdings, Ltd.

Takao Nakai

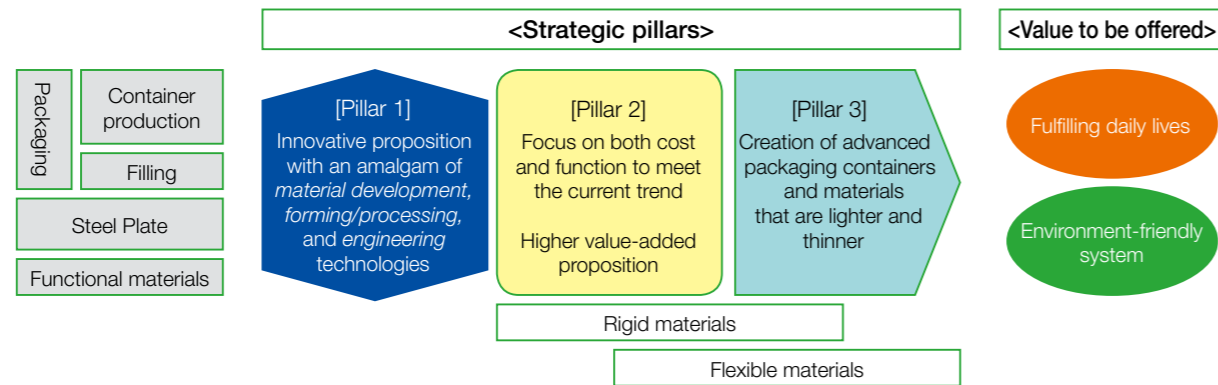
Toyo Seikan Group 5th Mid-term Management Plan

Basic Strategy

The Toyo Seikan Group 5th Mid-term Management Plan, which was recently developed for the period from fiscal 2018 to 2020, defines the fiscal 2018 as the year of a fresh start with the spirit of foundation, and provides a fundamental policy for the Group's growth strategies and measures to execute the strategies, including reforms of business structure and corporate culture as well as finance and capital management measures.

(1) Continuous offering of new value to our customers and society

We will continue to help people live more fulfilling lives, and propose environmentally friendly systems, taking advantage of the combination of technologies we have developed in three key categories of material development, forming/processing and engineering. Based on these technologies, we will capitalize on open innovation, Internet of Things (IoT) and AI technologies to accelerate our new value offering.



(2) Pursuing reforms of organizational structure and corporate culture to support sustainable growth

We will undertake reforms of organizational structure and corporate culture to achieve higher satisfaction of customers as well as improved productivity resulting from better working environment for employees.

Through these efforts, we will pursue growth by offering new value.

- Reorganization to allow for flexible business operation
- Optimization of scale, function, and location
- Implementation of the social role a leading company is required to take on

(3) Carrying out finance and capital management measures to allow for both growth strategy investment and financial soundness

- Implementation of growth strategy investment through an appropriate allocation of management resources
- Carrying out finance and capital management measures that can flexibly respond to environmental changes

Numerical Goals

	(billion yen)			
	FY2017	FY2018 (E)	FY2019 (E)	FY2020 (E)
Net sales	785.2	800.0	810.0	820.0
Operating income	31.8	34.0	40.0	50.0
Ordinary income	29.2	35.0	41.0	51.0
Profit attributable to owners of parent	-24.7	22.0	28.0	35.0

ROE target:
5% or more

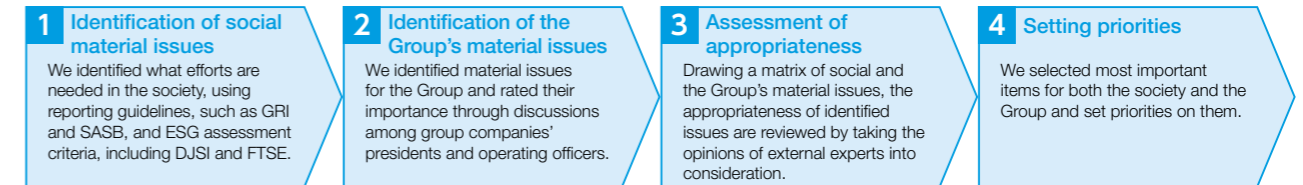
Expected total investment of the Group:
250 billion yen
(FY2018 - FY2020)

Materiality of Toyo Seikan Group

We have set the Toyo Seikan Group's eight materiality Items on which we place a high priority in order to contribute to the creation of a sustainable society.

They are based on the Management Philosophy of Toyo Seikan Group and serve as a basic guide for the Group to promote management that is fully integrated with CSR. Through addressing these material issues, we will also contribute to achieving the UN Sustainable Development Goals (SDGs), which were adopted by the United Nations in September 2015.

Process of Setting Materiality




Materiality of Toyo Seikan Group

Category	Materiality	Goals	Contribution to SDGs	
Continuous creation of new products and services	Development of packaging containers and services in line with social needs	Develop and provide safe and useful products, systems and services to the society.	2, 12, 14, 15	
	Enhancement of quality assurance	Ensure quality and safety of our products, systems and services.	9	
Eco-friendly systems	Contribution to environment protection	Contribute to the creation of a low-carbon, recycling-oriented society that coexists with nature.	6, 7, 8, 12	
	More sustainable supply chain	Establish a system for sustainable raw material procurement.	13, 14, 15	
Honest and responsible behavior	Coexistence with communities	Promote community contribution activities with a careful understanding of social conditions, cultures and customs of countries where we operate.	2	
	Respect for human rights	Respect the fundamental human rights and never violate the human rights in every aspect of our business.	5, 8	
	Respect for employees	Develop and support individuals who continue to seek growth and challenges.		
		Create a corporate culture where we are able to take advantage of our diversity.		3, 5, 8
		Achieve a flexible work style that allows for a right balance between work and home life.		
Maintain the workplace that is safe and healthy and comfortable for employees.				
Ensuring thorough compliance	Ensure that our business activities are properly conducted.		16	

Opinions of Experts

Makiko Akabane
Director of CSR Asia Japan Office



Junichi Mizuo, Ph.D.(Management)
Professor Emeritus of Surugadai University
President of MIZUO Compliance & Governance Research Office



The Toyo Seikan Group's materiality includes initiatives unique to the Group, and can be effective for the creation of a sustainable society.

Regarding the "development of packaging containers and services in line with social needs", I hope that the Group, with the power of packaging, will contribute to the food distribution to regions that are facing food shortage due to severe weather and other harsh conditions. As to "more sustainable supply chain", more careful control of aluminum across the supply chain will be required since an international initiative for sustainable aluminum production has launched in 2015.

The Group made a big step in the selection of its materiality items since its officers joined the process. In the next step, I hope the Group will set specific goals and KPIs.

As setting the materiality is essential to the Toyo Seikan Group's development, it should be shared and understood by all employees as well as officers. To that end, I suggest that the Group conduct small group discussions or a business model competition that can be directly connected to materiality initiatives. Actually, I have experienced many opportunities in which new ideas and perspectives were created through such activities.

For the "development of packaging containers and services in line with social needs", I heard the Group has launched cross-functional teams to address the issue. I suggest launching a new team to create new businesses that provide solutions to social issues.

CSR Management of Toyo Seikan Group

The Toyo Seikan Group has established “Management Philosophy of Toyo Seikan Group” in 2016. Under this Management Philosophy serving as the Group’s common direction, we will exercise our collective power, looking to the next 100 years.

Management Philosophy of Toyo Seikan Group

Management Policy

We will constantly create new and innovative values, aspire to achieve a sustainable society and contribute to people’s happiness.

<Creed>

- We will honor dignity and always strive to be fair and unbiased in every way.
- All of us will fully demonstrate our own strengths and expertise, and contribute to social prosperity while we grow and thrive as an individual, a corporation or a group.

<Vision>

We will aim to become the Group which can provide unique and innovative technologies and products that will meet global expectations.



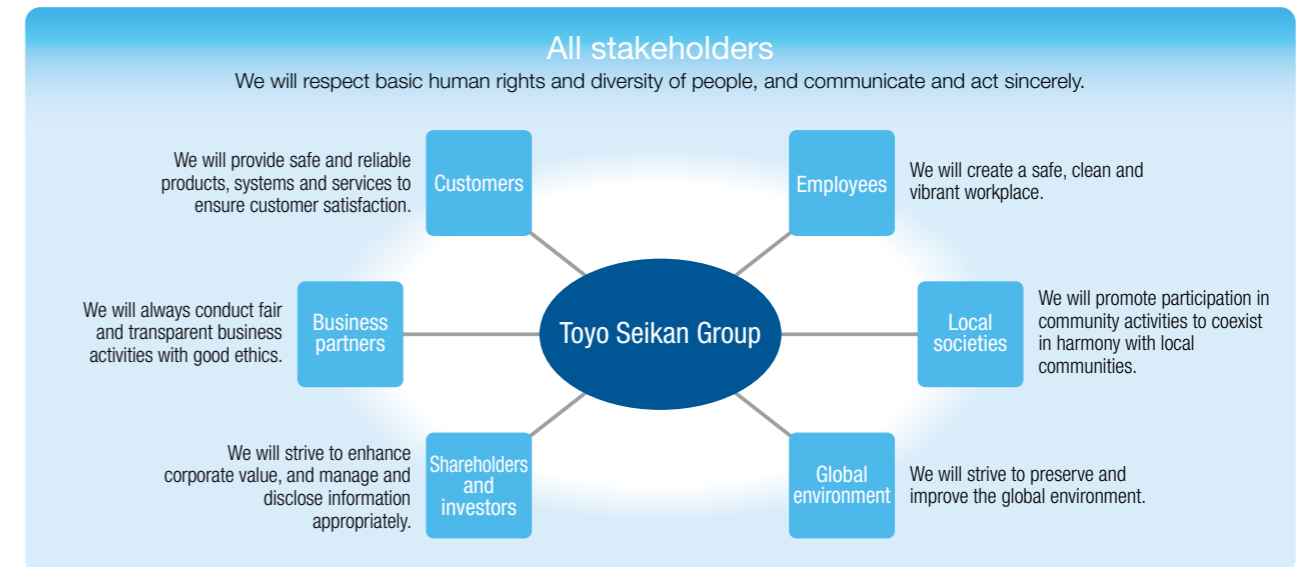
Our basic philosophy

In 1933 our founder Tatsunosuke Takasaki documented the founding principles as basic philosophy in the handbook named “The Mission of Toyo Seikan”, and distributed it to shareholders, employees, and industry participants. Since then, the Toyo Seikan Group has fulfilled its mission based on such basic philosophy. The Group’s essential CSR spirit is found there.

1. Our objective is to bring happiness to mankind.
2. Purpose of our business is not just to gain profit. Profit is a result of our hard work and not our main aim.
3. Each of us must incorporate a sense of service in our work. Exercise this sense collaboratively and strive to ensure the prosperity of our business partners in the same way as we would for ourselves.

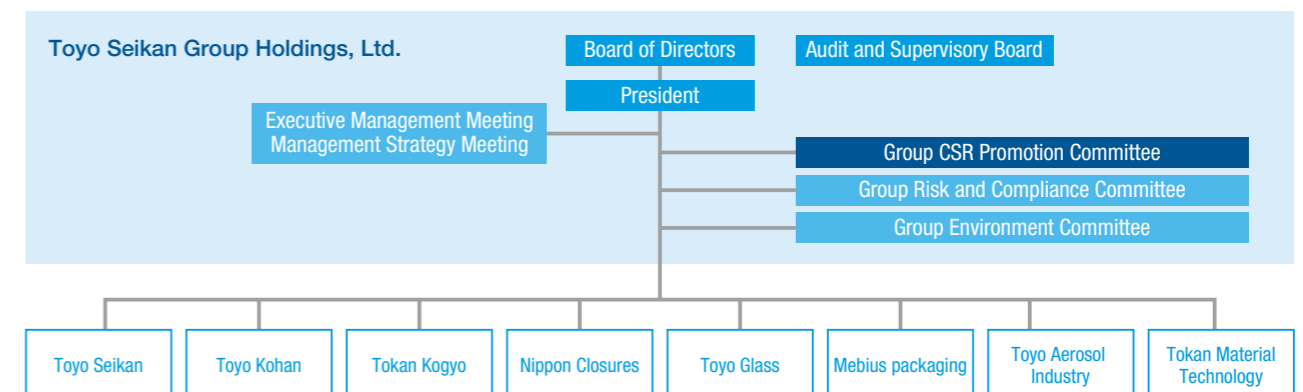
Basic CSR policy of the Group

The Toyo Seikan Group defines CSR as “continuous contribution to the happiness and prosperity of mankind through fair and honest business activities.” All employees of the Group understand its CSR commitment and work for all stakeholders.



Group CSR promotion framework

The Group has established the Group CSR Promotion Committee to promote its CSR management. The committee, chaired by the Chairman of Toyo Seikan Group Holdings, consists of officers of the company and presidents of key group companies.



Our Commitment to Global Environment

We will actively strive to preserve the global environment and improve environmental quality.

2017 TOPICS

Freight Container Transportation

The Toyo Seikan Group has been promoting the modal shift, a shift in freight transportation method from truck to railway. In October 2015, Toyo Glass Logistics began to use two 31-foot containers to switch its product transportation between Chiba and Shiga Plants to railway freight transport. As a result, the company has succeeded in an approximately 118 tons of reduction in annual CO₂ emissions. In December 2017, Toyo Seikan and Toyo Mebius also started railway transport of can ends between Kanto and Kansai areas, reducing CO₂ emissions by approximately 105 tons every year.



Freight container of Toyo Glass Logistics



Running container trains

FSC® Certification

As a supplier of corrugated cardboard products and paper containers made of forest-based paper, Nippon Tokan Package has been granted certifications accredited by the Forest Stewardship Council (FSC), which is an organization of international initiative for responsible forest management focusing on forest environments.

Eleven of the company's facilities obtained the certification in March 2017, and then the other seven facilities acquired it in October 2017, resulting in all offices and plants nationwide now being certified. In fiscal 2017, the company sold 4,922 thousand cases of 104 certified items to 4 customers. As the environmental awareness is rising in Japan with the 2020 Tokyo Olympic games approaching, the recognition of FSC certification has been rapidly increasing since the second half of the fiscal 2017.

Certification Acquisition

Certification number	SGSHK-COC-350122
Date of acquisition	March 4, 2017
FSC license number	FSC®C134391
Certified products	corrugated cardboard products / paper containers
Certified offices and plants (All 18 facilities)	Head Office / Sapporo Office / Sendai Plant / Fukushima Plant / Tochigi Plant / Ibaraki Plant / Koga Plant / Saitama Plant / Sagami-hara Plant / Atsugi Plant / Shizuoka Plant / Aichi Plant / Gifu Plant / Shiga Plant / Kyoto Plant / Osaka Plant / Kansai Office / Fukuoka Plant



Award of eco Examination & Eco People

On November 7, 2017, the ceremony of the eco Examination Award 2017 was held by the Tokyo Chamber of Commerce and Industry to honor successful applicants, including organizations, who have been actively engaging in exemplary eco-friendly activities.

Toyo Glass acquired the Excellent Award in the eco unit section, being highly evaluated for its internal activities to promote the eco examination as well as eco-friendly activities performed from different standpoints of employees, consumers, local citizens and others. In the eco Master Grand Prix 2017, which was concurrently held with the eco Examination Award, the company's team won the second prize in the corporate section and the third prize overall. Toyo Glass, as a company generating eco people, will further promote eco-friendly activities going forward.



At the ceremony

Environmental Vision and Goals

The Toyo Seikan Group established its environmental policy in 2002. Since then, the Group has been actively working on the protection and improvement of the global environment through its business activities.

In 2015, the Group fully revised its environmental vision and set new long-term goals towards 2050, and has taken the next step for the creation of a sustainable society.

Toyo Seikan Group Environmental Vision

Combining our proprietary technologies and tapping into technologies across the world, the Toyo Seikan Group will contribute to achieving a sustainable society from the three perspectives in the value chain of our products, services and systems.



Long-term Goals towards 2050

We aim to halve CO₂ emissions by 2050
*Compared to fiscal 2013

We will reduce the use of new resources to the maximum extent and replace them with recycled or renewable materials.

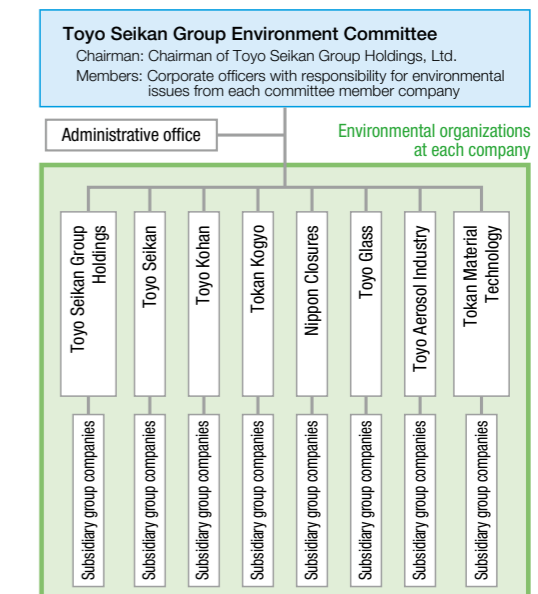
We will contribute, through our products and services, to the creation of a society where humans and all other creatures on the planet can coexist permanently, with due consideration to product lifecycles in the processes of procurement, development, manufacturing, sales and service activities.

Group environmental management framework

The Toyo Seikan Group has formed a Group Environment Committee (chaired by the Chairman of Toyo Seikan Group Holdings, Ltd.), and has been promoting environmental management on a Group-wide basis.

Deliberations and resolutions concerning group-wide environmental management initiatives are carried out at the biannual Environment Committee meetings. Progress is managed through administrative office liaison meetings, which are held five times a year. Each Group company takes initiatives based on decisions by the Group Environment Committee to promote their environmental management activities.

Toyo Seikan Group Environmental Management System



ECO Action Plan 2022: Mid-Term Environmental Goals and Progress

All Toyo Seikan Group companies are working towards the realization of its Group Environmental Vision by achieving goals based on the ECO Action Plan; a set of specific mid-term environmental goals.

ECO Action Plan 2022: Mid-Term Environmental Goals and State of Progress

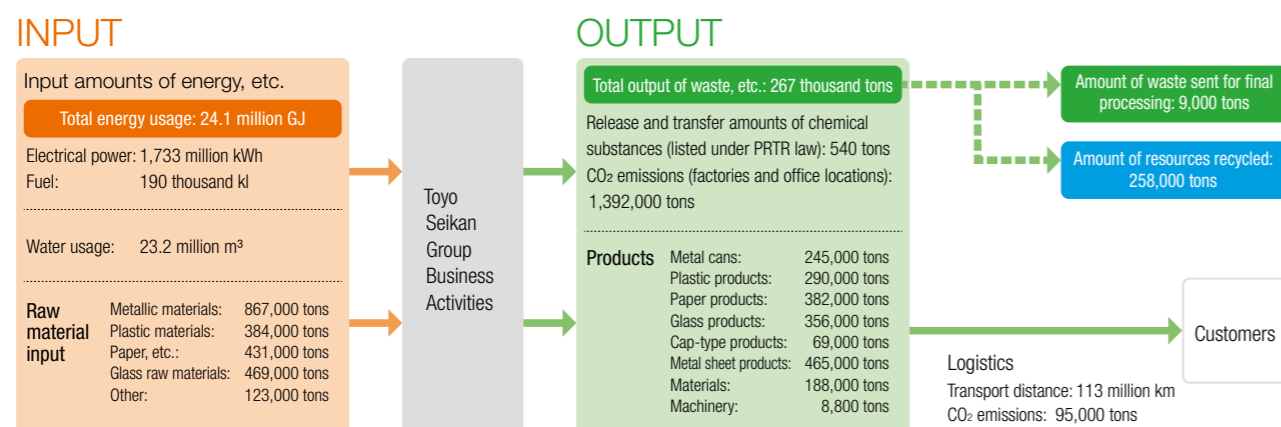
Environmental Vision	FY2022	FY2017		
	Mid-Term Goal	Single Year Goal	Actual results (Main initiatives)	Assessment
1) "Low-Carbon Society" that significantly reduces CO ₂ emissions	Reduce CO ₂ emission by 14%	<ul style="list-style-type: none"> Reduce CO₂ emission by 6.4% Reduce energy consumption by 4% 	<p>CO₂ emissions: down 7.9% Energy consumption intensity: down 7.5%</p> <p>Through various energy-saving initiatives, including the renewal of equipment and the improvement of production efficiency, the energy consumption per unit of production has steadily decreased. Although CO₂ emissions have slightly increased due to the start of full operation at a new plant overseas, the goal of CO₂ emission reduction was achieved.</p>	★★★★
2) "Recycling-Oriented Society" that effectively uses limited resources	<ul style="list-style-type: none"> Reduce material input intensity by 3% Promote green procurement of purchasing materials 	<ul style="list-style-type: none"> Reduce material input by 1.3% 	<p>Material input intensity: down 3.2%</p> <p>By reducing weights of packages and other products and improving yield rates (or lowering defective rates) in production lines, the material input per unit of production has been steadily falling. We continue to seek more efficient use of resources.</p>	★★★★
3) "Society Coexisting with Nature" that continuously benefits from nature	<ul style="list-style-type: none"> Reduce environmental risk Reduce environmental pollutant Increase purchase of certified products Promote communication with external parties Promote biodiversity conservation 	<ul style="list-style-type: none"> Reduce release and transfer amount of chemical substances under the PRTR Law by 6% 	<p>Release and transfer amount of chemicals subject to the PRTR Law: up 2.9%</p> <p>The Group reduced the chemical release and transfer subject to the PRTR (Pollutant Release and Transfer Register) Law by 3% from the previous fiscal year through its efforts to improve material specifications, such as excluding toluene from printing ink. However, the overall release and transfer amount exceeded the target due to significant impact of increased use of such chemicals in production processes of certain products to meet quality requirements.</p>	★

Assessment: ★★★★★ Achieved ★★ Nearly achieved ★ Not sufficiently addressed Base year: FY2013

Environmental Impact of Business Activities

The Toyo Seikan Group monitors amounts of material inputs and outputs of the entire group, and is working to reduce the environmental impact of its business activities.

Toyo Seikan Group FY2017 Material Flow (for Japanese business locations)



Initiatives to Reduce CO₂ Emissions

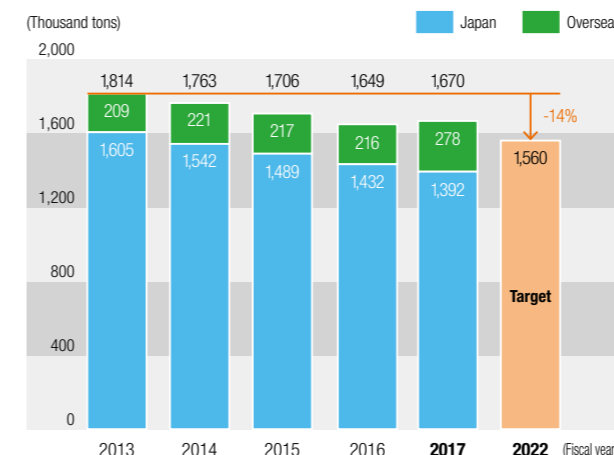
CO₂ Emissions from Business Activities (Scope 1 + Scope 2)

In fiscal 2017, total CO₂ emissions from the Toyo Seikan Group's facilities, both in Japan and overseas, increased approximately 1.3% compared to the previous year.

Although CO₂ emissions decreased in Japan through various energy-saving efforts by 40 thousand tons from the year earlier, the emissions overseas increased due to the start of full operation of several facilities, more than offsetting the reduction in Japan. As a result, the total CO₂ emissions from the Group exceeded the previous year's amount by 21 thousand tons.

The Group continues to pursue reduction in CO₂ emissions through its energy-saving initiatives, including renewal and replacement of equipment, streamlining production lines and improvement of production efficiency. For further reduction, the Group is drawing up a plan for launching solar power generation.

Change in CO₂ emissions



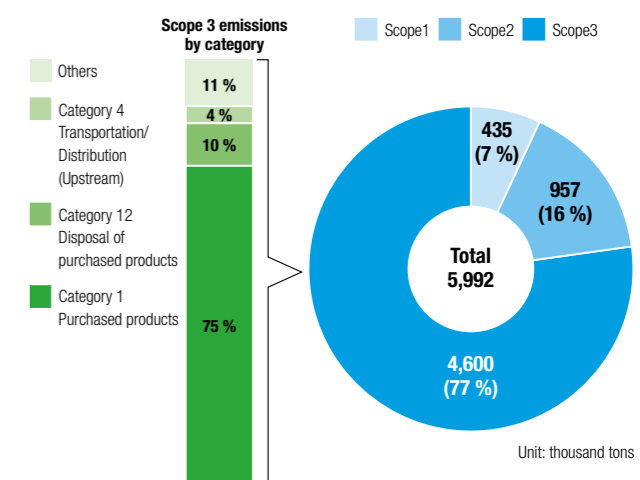
Greenhouse Gas Emissions from Supply Chains (Scope 3)

The Toyo Seikan Group conducted a calculation of greenhouse gas (GHG) emissions from upstream and downstream of the relevant supply chains (Scope 3 emissions) as well as its direct emissions (Scope 1 emissions generated by fuel combustion) and indirect emissions (Scope 2 emissions generated by electricity consumption).

The combined GHG emissions from supply chains for all domestic facilities were 5,992 thousand tons in fiscal 2017, of which Scope 3 emissions accounted for 77%.

Of the Scope 3 emissions, emissions from purchased products (Category 1) accounted for more than 70%, followed by emissions from product disposal (Category 12) and transportation and distribution (Category 4). The calculation results show that efforts to reduce GHG emissions from purchased products, or raw material procurement, will be more important. We will promote further reduction of product weights and more use of recycled and renewable materials.

GHG Emissions from Supply Chains



Certification of Eco-friendly Products

The Toyo Seikan Group promotes to develop, manufacture and sell products that have low impact on environment, with consideration to the entire lifecycle of a product.

The Group has conducted eco-friendly product certification based on the Group's common criteria, which consist of assessment items in each stage of product lifecycle, including raw material procurement, manufacturing, transportation, consumption and disposal or recycling. As of the end of September 2018, 50 products are certified as eco-friendly products.



Quality Assurance System

The Toyo Seikan Group endeavors to develop and provide products, systems and services that cater to the needs of its customers and wider society, through the effective utilization of experience, technologies and know-how accumulated over many years in the industry.

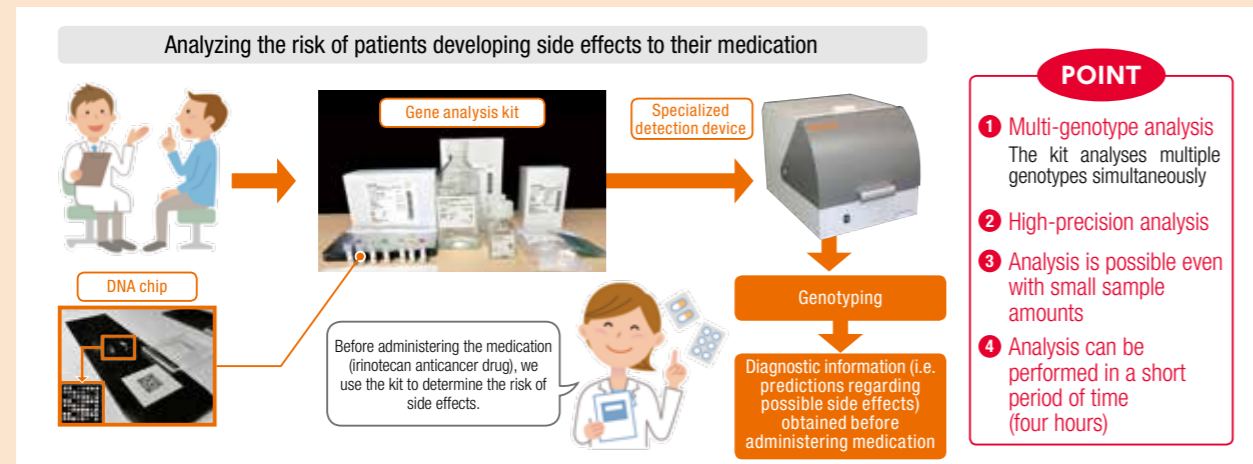
2017 TOPICS

Introduce DNA Chip Kit to the Governor of Yamaguchi Pref.

Toyo Kohan introduced its "Gene Silicon DNA Chip Kit UGT1A1" to Mr. Tsugumasa Muraoka, Governor of Yamaguchi, when he visited Kudamatsu Plant. The product was developed using a subsidy from Yamaguchi prefecture to support industrial research and development activities. Leveraging Toyo Kohan's proprietary materials and surface-processing technologies, the kit is designed to predict the risk of side effects of Irinotecan, an anticancer drug. Mr. Muraoka highly evaluated the product, which was developed solely by entities in the prefecture, stating that it would contribute to new medical treatments in the future. Toyo Kohan's genetic analysis kit will support the establishment of Precision Medicine, the world's new trend in healthcare.



Process from analysis to judgment using the gene analysis kit with DNA chips



Major Design Change of Work Wear

Toyo Seikan fully changed its work wear design at the time of its 100th anniversary. From the viewpoint of food safety, whose importance has been increasing year by year, the company focuses more on preventing foreign particles from entering products to establish more reliable manufacturing environment for its customers. At the same time, the company aims to create a more worker-friendly environment with this design change. The new work wear uses a breathable, highly-absorbent and quick-drying material to allow workers to wear more comfortably, and a stretch material for easy action.



Quality Assurance System

The Toyo Seikan Group's quality assurance systems are managed by each group company in their business operations. To be worthy of customers' trust, the group companies focus on the Group's business spirit of "high quality", "reasonable prices" and "swift delivery", the mottoes that the Group has had since its foundation, and engage in efforts to maintain and improve product quality that meets requirements of the times through all operational processes including development, procurement, manufacturing, sales and service provision.



Constructing Management Systems

Each of the Group's operating companies has established a quality management system in accordance with the ISO9001 standard, and is working to ensure and improve product quality. Companies engaging in manufacturing and sales of food containers have been building up food safety management systems in line with the FSSC22000 standard, in order to provide safe and reliable products and to increase customer satisfaction across the Group's entire food chain.

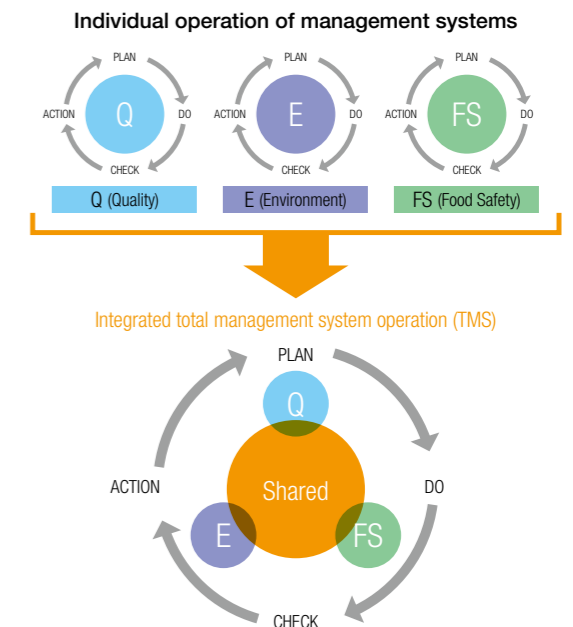
Technology Development Initiatives

To increase trust and satisfaction of customers, the Group is engaged in research and development efforts to develop products, technologies, systems and services with high added-value to fulfill the diversifying needs in the packaging and container market. The Group is also working to create new markets and new businesses by utilizing both newly developed technologies and existing technologies accumulated over many years.

Initiatives at Business Companies

With regard to the systems for quality management (ISO9001), environmental management (ISO14001) and food safety management (FSSC22000), Toyo Seikan acquired the certification for multiple system operation in the integrated assessment of management systems in July 2013, and Toyo Glass in January 2015.

Through management system integration, the Group has now reduced overlaps in work duties and shifted its focus from individual optimization to overall optimization to create a combined, more "lively" system that integrates our management systems with actual business activities, and will promote manufacturing that is able to gain customers' trust.



Technology Development Framework

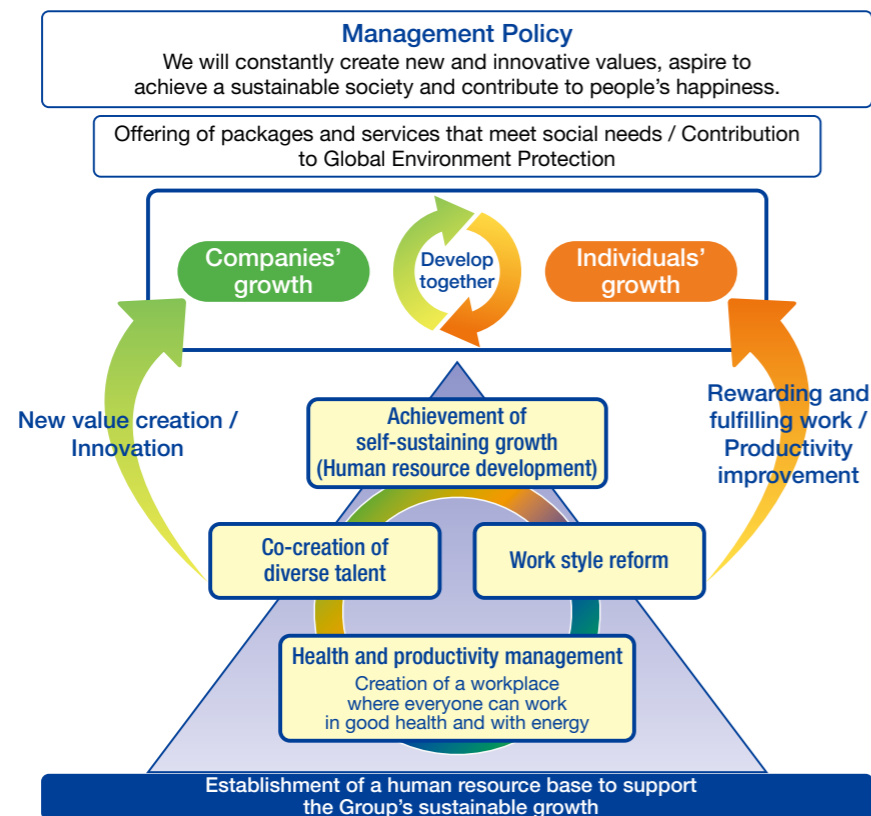
Collaborative efforts to develop technologies are continued across the Group by technical development-related divisions of Toyo Seikan Group Holdings, including the Corporate R & D, the company's basic research and development unit, and technical development divisions of the Group's operating companies, including Toyo Seikan's Technical Center, Toyo Kohan's R&D Center, Tokan Kogyo's Technology Development Division, Nippon Closures' Technical Development Center, Toyo Glass's Development Division and Mebius Packaging's Research & Development Department.

Together with Our Employees

We will create a safe, hygiene and vibrant workplace.

Personnel Policy of Toyo Seikan Group

The Toyo Seikan Group provides packaging containers and services that meet social needs, and contributes to global environment protection, thereby aiming to accomplish its Management Policy (“We will constantly create new and innovative values, aspire to achieve a sustainable society and contribute to people’s happiness”). To achieve the goals, it will establish a human resource base that supports the Group’s sustainable growth, to allow both individuals and companies to develop together.



To implement its personnel policy, the Group focuses on the following four key pillars: achievement of self-sustaining growth (Human resource development), co-creation of diverse talent, work style reform, and health and productivity management.

1) Achievement of self-sustaining growth (Human resource development)

To help its employees maintain their self-growth efforts and continue to meet new challenges, the Group provides them with opportunities for growth through rotation and reassignment, training programs, and self-education support activities.

2) Co-creation of diverse talent

For continuous innovation and new value creation, we need a corporate culture which allows each employee to respect others’ personalities and play a significant role by capitalizing on diversity. To that end, the Group continues to develop diverse human resources and provide career paths for them, regardless of nationality, gender or past experiences.

3) Work style reform

The Group attaches importance to a work style reform to enable each employee to achieve results in regular working hours with awareness of higher productivity. Through the reform, the Group aims to achieve work-life balance and become a corporate group in which every employee can feel rewarded and fulfilled.

4) Health and productivity management

Under the policy that places a first priority on employees’ health, the Group aims to create a workplace where everyone can work in good health and with energy.

Human Resource Development

• Coordinated Human Resource Development across the Group

The Toyo Seikan Group has been conducting cross-company training programs within the group for human resource development. The collective educational programs commonly provided for group members include the Logical Thinking Training Program for younger generations, managers training programs for newly assigned general managers, managers and assistant managers, and the Technical Leaders Program (TLP) for younger employees in technical divisions selected based on the perspective of management of technology (MOT). Through these programs, the Group has been cultivating the sense of unity across group companies and establishing a group-wide human network. As to employees’ self-education, a financial support system has been established to reimburse those who completed a correspondence course for the full amount of the course fee; in fiscal 2017, there were 3,313 applications in total across the group. The Group also offers a financial aid program to pay the full amount of TOEIC test fee to promote language skill enhancement efforts.

Meanwhile, in order to foster its next-generation leaders, the Group has been implementing core personnel management for general managers and managers of key group companies that focuses on “finding, training and allocating” human resources. Selected candidates attend the Next-Generation Management Training Program designed for general managers or the Toyo Seikan Group Business College (TSGBC) designed for managers. Through the training, the participants gain “knowledge” on management and establish the “core” as a leader, engaging in drawing up business plans and proposals to management. After completing the courses, they are provided with opportunities to take significant roles in various fields.

With these various personnel training opportunities, the Group has been actively engaging in the establishment of its human resource base.

Group-wide internal training programs (FY2017)

Category/Program		Participants
Programs for selected candidates	Next-Gen. Management Training (5th)	16
	TSGBC (6th)	25
	TLP (10th)	24
Programs for specific positions	Training for new general managers (3-part)	30
	Training for new managers (5-part)	72
	Training for new assistant managers (6-part)	68
	Logical Thinking Training (5-part)	91
Total number of participants		326

• Global Human Resources Management

The Toyo Seikan Group has 128 employees currently posted abroad at 42 overseas business locations, primarily in countries such as Thailand and China.

To develop human resources that can make active contributions globally towards the further development and expansion of its overseas business operations, the Group provides language learning support for its employees, and conducts training for its overseas employees in Japan.

Overseas locations: 42 / Employees posted overseas: 128

Breakdown by country	No. of locations	No. of posted employees	Breakdown by country	No. of locations	No. of posted employees
Thailand	9	53	Germany	2	5
China	14	30	Philippines	1	4
Indonesia	3	10	Turkey	1	3
Malaysia	2	8	Taiwan	2	2
United States	4	7	Other countries	4	6

Includes employees from: Toyo Seikan, Toyo Kohan, Tokan Kogyo, Nippon Closures, Toyo Aerosol Industry and Tokan Material Technology

Comments from participants in TSGBC

During the one year of TSGBC, I learned knowledge on management, including corporate strategy, financing, accounting and financial analysis, while joining team projects to perform competitor analysis and address our own issues. Although I was painfully made aware of my lack of knowledge on management, the days of struggle for acquiring knowledge appeared to extend my limit to some extent, and I gained satisfaction from this experience.



Tatsuya Miura
Manager
General Affairs Section
Toyohashi Plant
Toyo Seikan Co.,Ltd.

In team projects, I met various leaders from research, development, sales and administrative divisions, with extremely diverse personalities. While actively exchanging opinions, having exciting discussions and together tackling issues, I encountered different perspectives and ideas about our companies. The teammates are my lifetime treasure. I will take advantage of my experience in this training program and make efforts to contribute to the Group’s growth and expansion.



Scene of a discussion at TSGBC

Together with Our Employees

More Diversified Human Resources

In order for the Toyo Seikan Group to enhance its competitiveness and continue its development over the long term, every employee is required to make full use of his or her own abilities to achieve individual growth while contributing to the Group's growth. We run diversity management initiatives to become an organization in which everyone respects each other's personalities and abilities, and leverages diverse values, ideas and findings for good achievement.

Promotion of Women's Active Participation

From 2018, the Group set the target ratio of female recruits at 30% or more of all recruits, including production line staff. With introduction of AI technologies, automation and labor-assistance equipment at production facilities, we aim to create a workplace that is comfortable for women to work, which is also comfortable for everyone, resulting in a productive work environment.

Current situation with regard to female employment rates (for new graduate and mid-career hires)

	FY2015	FY2016	FY2017
Overall	15%	17%	19%
Administrative depts	31%	36%	48%
Technical depts	11%	18%	22%
Administrative + technical depts	20%	27%	36%
Production line staff	11%	11%	7%

Employee numbers (at the end of each fiscal year)

	FY2015	FY2016	FY2017
Number of employees	8,169	7,539	7,678
Proportion of female employees (overall)	12.2%	12.0%	12.6%
Administrative + technical depts	18.8%	18.1%	19.1%
Proportion of female employees in management roles (section manager and above)	2.1%	2.5%	3.0%

Includes employees from: Toyo Seikan, Toyo Kohan, Tokan Kogyo, Nippon Closures, Toyo Glass and Toyo Seikan Group Holdings

Support for Achieving a Balance between Work and Child/Elderly Care

The Group has been enhancing its support system for employees to strike a balance between work and child/elderly care, which provides more support than legally required.

Toyo Seikan has been encouraging employees to take childcare leave, by paying for part of the leave, regardless of the gender of the applicant. This has prompted more male employees to take the leave; 14 of 22 employees who took childcare leave in FY2017 were male employees.

NCC Farm Launched

In May 2017, Nippon Closures opened a farm called "NCC Farm" inside the Work Happiness Farm in Ichihara-shi, Chiba. Currently, four employees, including persons with disabilities, are working to grow fresh vegetables in the new farm, experiencing trials and errors. Harvested vegetables are sent to the company's head office and Hiratsuka Plant to be distributed to employees. The vegetables are so popular that many people can hardly wait for their arrival.



The Group's Health and Safety Activities

The Group has been making efforts to create a workplace where all employees can work safely, healthily and with peaceful mind.

One Million Hours of Operation without Accidents

In an effort to eliminate disasters and accidents through raising safety awareness and enhancing teamwork, Tokan Kogyo gives an award to the plants that achieved "one million hours of operation without accidents." In 2017, Osaka Plant achieved it in January, Shizuoka Plant in February, and Komaki Plant in September. These results were accomplished with persistent efforts made by every employee at the plants with high safety awareness.



Awarded by Shanghai City for Achieving Harmonious Labor Relationship

Toyo Kohan Shanghai Co., Ltd. was selected as a company that achieved the Harmonious Labor Relationship in Shanghai and awarded by Shanghai City. The company won the award for the third time, with the previous two awards from the Changning District of the city. Since its foundation in 2009, the company has been focusing on establishing a good relationship with its stakeholders, complying with rules and improving work environment, and believes that the award was granted since these efforts were recognized. The company will continue to attach great importance to being a workplace that is comfortable for employees and has no labor dispute, maintaining good communication with employees.



Health and Productivity Management

The Toyo Seikan Group understands that the health of employees is one of its management issues. For health maintenance and enhancement, it released in September 2017 the Toyo Seikan Group Health Management Declaration.

Toyo Seikan Group Health Management Declaration

To realize its management policy of "We will constantly create new and innovative values, aspire to achieve a sustainable society and contribute to people's happiness", the Toyo Seikan Group hereby declares that it will proactively pursue the promotion of health management. We strongly believe that it is of utmost importance that our employees, who represent our most valuable asset, can maintain their physical and mental health, work with energy, and make full use of his or her own unique abilities.

The employees will endeavor to manage and improve their own health, while the company supports their health enhancement and creates comfortable and pleasant work environment.

Recognized as a 2018 Outstanding Enterprise in Health and Productivity Management

In February 2018, four of the Group's companies, including Toyo Seikan Group Holdings, Toyo Seikan, Toyo Kohan and Toyo Glass, were recognized as 2018 Outstanding Enterprises in Health and Productivity Management in the large enterprise category ("White 500") of the recognition program managed by the Nippon Kenko Kaigi and the Ministry of Economy, Trade and Industry.



Interviews with All Employees

In fiscal 2017, Toyo Seikan Group Holdings conducted the mental and physical health interview in which all employees were interviewed by the company's corporate health manager. In addition to health instruction, appropriate advice on health management has been provided according to employees' mental conditions and stress symptoms in order to reduce risks and raise health awareness.



NCC Sports Festival

In October 2017, Nippon Closures conducted the NCC Sports Festival for its employees and their families to increase their health awareness and support health enhancement. For children, there were street stalls selling cotton candy and other sweets and game attractions such as *Struck Out* (a ball pitching game). As many as 600 people joined the event.



Health Exercise

On October 6, 2017, Mie Plant of Toyo Aerosol Industry conducted health exercise as part of the nation-wide labor health campaign. Being guided by sports gym instructors, participants performed stretching exercise to prevent stiff shoulders and lower-back pain, making their mind and body refreshed.



Family Day of Tokan Kogyo's Head Office

In August 2017, Tokan Kogyo conducted its first Family Day. Participating family members visited the Package Museum and the Innovation Gallery in the headquarters building to feel close to products of the Group. They also had a valuable experience of visiting office space, in which children learned the environment of the place where their moms and dads work every day. There was a lively conversation afterwards, and children exchanged name cards for the first time with President Kiyoyasu Takasaki.



Social Contribution Activities

We will promote participation in community activities to coexist in harmony with local communities.

Cooperation with Local Fire Department in Drill

Yokohama Plant of Toyo Seikan provided a location, a partially unused factory building on the site, for a fire drill to develop and train firefighters, in response to a request from the Tsurumi Fire Station in Kawasaki. The fire station officials extended their gratitude, stating that this was a valuable opportunity since it was rare for them to use actual buildings in fire drills.



Best Practice Award 2017

On September 29, 2017, Bangkok Can Manufacturing (BCM) won the Best Practice Award 2017. This prize is to honor a corporation for having done something valuable for the King of Thailand and contributed to the country.

BCM has been engaging in various activities such as support for an association for artificial limbs, tree planting in coordination with the city of Rangsit, where BCM operates, public space cleaning, donations to facilities for the disabled, and conducting factory tours for rural area students. These continuous efforts were evaluated, resulting in BCM's winning the prize this time.



Donation for Next-Generation Support

There was a concert by Koma, a performing group of traditional Japanese musical instruments, in the city of Kudamatsu, Yamaguchi prefecture, sponsored by the donation that Toyo Kohan makes every year to the city for next-generation support activities. Around 1,600 junior high school students were invited to the performance and enjoyed the sound of Japanese drums, *koto* and *shamisen*. "I'm glad to have a good opportunity to learn Japanese instruments", said a student who attended the concert.



President Sumida (left) and Mayor Kunii



Participation in a Bell Mark Project

Since 2016, Toyohashi Plant of Toyo Seikan has been involved in the "Bell Mark No.1-in-Japan Project" of the city of Toyohashi. By joining the Bell Mark program, which is managed by a Japanese educational support foundation to provide fund for local schools, the plant collects Bell Marks as well as used ink and toner cartridges that are exchangeable into Bell Marks to help schools buy educational materials. In addition, sorting work of collected Bell Marks has provided opportunities of practical training for children with disabilities.



Participation in the TABLE FOR TWO Program

Since February 2018, the Toyo Seikan Group has participated in the TABLE FOR TWO program at its headquarters building cafeteria. Buying one meal of the specific healthy menu automatically makes a donation of 20 yen for one meal of a child in developing countries. This activity also includes the exhibition of display panels to provide information for employees.



Donation of Disaster Supplies to Food Bank

The head office, Osaka Plant and Komaki Plant of Tokan Material Technology donated disaster supplies they had stored in case of emergency to a food bank. Donated items will be provided to welfare facilities and nonprofit organizations that offer food to people in need of support.



Display Panel to Indicate AED-Installed Facility

Komaki Plant of Tokan Material Technology has displayed a panel at the side of the main gate to inform that the plant has installed AED units in its site, and established a cooperative scheme to allow residents in the surrounding area or people passing by to use the AED units in case of emergency. The plant has also been registered on the Aichi AED Map since 2016.



Blood Donation Activity Continues

Nippon Closures conducts blood donation every year to cooperate with the Japan Red Cross Society in its blood donation programs for eliminating the ongoing shortage of blood for transfusion. There were a total of 95 donors during FY2017 from the head office and Ishioka, Hiratsuka, Komaki and Okayama plants. The company will continue its cooperation in blood donation as a simple way of social contribution.



Ishioka Plant



Hiratsuka Plant

Award for Promoting Young People's Learning through Practical Experience

On March 1, 2018, Toyo Glass was given a prize in the ceremony of the award, managed by the Ministry of Education, Culture, Sports, Science and Technology, for companies that promote young people's practical experience as part of their social contribution activities. The company won the judging committee's Encouraging Prize (in the large enterprise category) with a high evaluation for a practical experience opportunity of "3Rs" (Reduce, Reuse and Recycle) the company has provided to encourage eco-friendly activities.



Cleaning the Site of Monumental Cherry Tree: Shokawa Sakura

On May 20, 2017, T&T Enertechno cleaned up the site of a monumental old cherry tree, *Shokawa Sakura*. The tree, which is estimated to be over 400 years old, was transplanted before a village was submerged by a dam with a suggestion by Tatsunosuke Takasaki, the founder of Toyo Seikan. After picking up garbage, participants also weeded out the area.



Gourmet Event to Support Restoration of Tohoku and Kumamoto Regions

On October 3, 2017, the Toyo Seikan Group held a gourmet event, "Marché for Restoration of Tohoku and Kumamoto" at its headquarters building. The event has been held since 2016 to expand marketing channels and revitalize industries in the disaster-stricken areas. This year, the event was very successful as various foods and locally brewed sake were sold. The Group will continue to support the restoration of the regions.



Ranked AA in Japan Habitat Evaluation and Certification Program

In the yard area around its headquarters building, the Toyo Seikan Group has created a "forest in an urban environment" that forms part of a greenery network with its surrounding area. In March 2017, the yard space was ranked AA in the Japan Habitat Evaluation and Certification Program, which quantitatively assesses efforts to preserve and restore biodiversity. The open space offers local citizens a relaxation place with beautiful scenery that changes from season to season.



Corporate Governance

We strive to enhance our corporate governance to conduct fair and honest business.

Our Perspective on Corporate Governance

Toyo Seikan Group Holdings (the "Company") believes that the enhancement of corporate governance under the Group's management philosophy, including its management policy, creed, and vision, is one of the most important management issues in improving its corporate value and continuing new development and progress while contributing to the society through its business activities. Continuous commitment to this management issue constitutes our fundamental policy of corporate governance.

Based on Japan's Corporate Governance Code, which came into effect on June 1, 2015, we will strive to further enhance our corporate governance to achieve sustainable growth and increase corporate value.

Corporate Governance System

The Company's Board of Directors (the "Board") is composed of fourteen Directors, of whom five are independent outside Directors, representing more than one-third of the Board. The Board generally meets once a month and holds extraordinary meetings as necessary to make important decisions on management matters. The term of office for Directors is set at one year in order to clarify Directors' management responsibility and to flexibly establish a management framework that can promptly respond to changes in business environment. The Audit and Supervisory Board is composed of four auditors, of whom two are independent outside auditors. The Audit and Supervisory Board generally meets once a month and holds extraordinary meetings as needed.

The outside Directors, together with outside Audit and Supervisory Board Members, hold the outside directors' meeting on a monthly basis in principle, where they have straightforward discussions to enhance transparency and objectivity in management. They are also actively engaged in other duties, including on-site inspections of domestic and overseas group companies.

In addition to active discussions at the Board meetings, these outside Directors and outside Audit and Supervisory Board Members conduct monitoring on management with an objective view of an outsider, which allows the Company to ensure that surveillance function regarding its management structure works effectively.

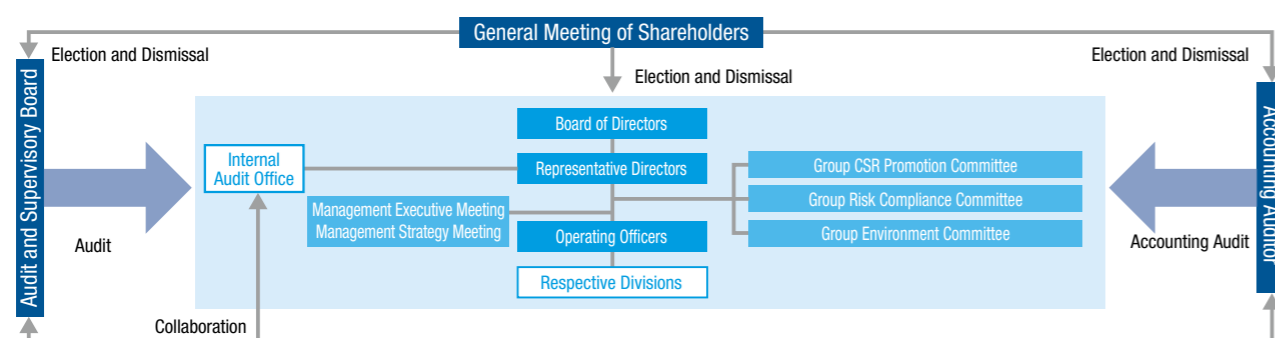
Strategic planning and execution by the Management Strategy Meetings

The Company has introduced an operating officer system for the purpose of distinguishing and clarifying responsibilities for decision-making/supervisory functions and business execution. To develop the basic management policy and take necessary measures swiftly and appropriately for strong management, it regularly conducts the Management Strategy Meeting and the Executive Management Meeting; the former is held on a monthly basis and comprised of full-time Directors, Heads in charge of key organizational functions, Senior Executive Officers, and Executive Officers, while the latter is scheduled twice a month and attended by full-time Directors, Heads in charge of key organizational functions, Senior Executive Officers, and Presidents of major group companies.

Structure of Internal Control System Operation

The Company and other group companies operate their internal control systems. The Company has set up the Internal Audit Office, which is responsible for internal audit and operates directly under the President, to ensure corporate activities compliant with laws and regulations and improve efficiency of management. The state of development and operation of the internal control systems and their law compliance are checked through internal audits that are regularly conducted by the Internal Audit Office, and, if any issues are identified, improvement measures will be implemented based on the audit results.

Corporate governance system



Outside Directors' Role to Enhance Corporate Governance

At the Board of Directors Meeting

As an outside auditor, I have attended the Board of Directors meetings for a year. The meetings had an open atmosphere that allowed members to provide their opinions freely, and I remember that all agendas, without exception, were discussed by officers at every meeting.

The chairman maintained a positive attitude to listening to members' opinions, as he often asked particularly outside directors for a remark even when there were no objections. I understand this was because he always paid attention to how the company's stance is viewed by outsiders.

Support system for outside directors

I had a lot of opportunities to visit the Group's factories, including overseas facilities. These experiences were truly valuable for deeper understanding of its business. Although we, outside directors, are not expected to have knowledge and experience to the same extent as internal directors do, I believe that without such understanding we are not able to fulfill our responsibility of stating our opinions to protect the stakeholders' interests.

The Group has also established a system to provide information related to the board meeting, including meeting materials, for members prior to the meeting so that we are able to prepare for the discussion in advance.

What I mostly care about

I believe that the social significance of the existence of a corporation is to contribute not only to its shareholders' interests but also to the benefit of all other stakeholders and the entire society.

I have worked at the National Tax Agency Japan over many years and reviewed how tax laws are applied to various cases, including individual transactions and industry-wide business schemes. One of the most important points to be focused on in the work was how a transaction itself is evaluated in light of social common sense and whether the tax treatment of the transaction is in line with the common practice and acceptable to general tax payers. Furthermore, I believe the tax treatment of a transaction can become a key factor for a corporation to make a decision on its business operations.

The board of directors is required to perform fair and appropriate decision-making through a deliberation process whose reasonableness is guaranteed even from outsiders' point of view. I understand the role that outside directors are expected to assume is to supervise internal directors' business execution in order to keep the stakeholders' interests intact.

Through providing advice as a tax professional, I will leverage my knowledge and experience to examine the appropriateness of scope and content of information that is included in agendas presented to the board meeting, as well as the transparency of the decision-making process to determine the course of business management.



Hiroshi Suzuki
Outside Director

Compliance

The Toyo Seikan Group values dignity, and is engaged in daily efforts to ensure fairness and equality in all aspects of its business activities in order to meet the expectations of society.

Group Risk & Compliance Promotion Framework

The Group has established the following organizational structure to promote group-wide compliance.

Group Risk & Compliance Committee	
Chairman:	Chairman of Toyo Seikan Group Holdings, Ltd.
Members:	Directors of Toyo Seikan Group Holdings / Presidents of key group companies
Administrative office:	General Affairs Department & Legal Department
Group Risk & Compliance Subcommittee	

Main Activities Conducted During FY2017

The following activities for domestic group companies were conducted.

Group Compliance Promotion Campaign (October 2017)

- Group's common campaign theme
 - Distinction between public and private matters
 - Healthy relationships with business partners and governments
- Held Group Compliance Training Seminar
- Submission of written pledges on ethics and legal compliance

Legal Training Program for Newly Appointed Group Officers

- 28 participants on May 29, 2017
- 11 participants on July 25, 2017

Review of Compliance Framework regarding the Antimonopoly Act

- Conducted a review of organizational structures; established/revised internal regulations regarding Antimonopoly Act compliance; set rules for contacts with competitors; and carried out educational programs (36 times in total with 869 participants).

Compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (from October 2017)

- Established and reviewed the compliance framework regarding the Subcontract Act, including the introduction of rules to manage subcontractors and the clarification of subcontract procedures.

Managers' Full Understanding of / Compliance with Labor Law

- Conducted an educational program for managers focusing on the prevention of long hours work and managers' responsibility (1,938 participants in total).

Compliance Hotlines

For reporting and consultation about compliance violations, the Group has established two external hotlines, the Corporate Ethics Hotline and the Sexual Harassment and Interpersonal Relations Hotline, as well as an internal consultation desk. In fiscal 2017, there were 86 contacts to the external hotlines. The Group has also established appropriate procedures for processing received reports and consultations and a scheme to protect hotline users, while promoting employees' better understanding of the external hotlines with posters and self-check cards.

Group Compliance Training Seminar

On October 13, 2017, the Group Compliance Training Seminar was held, inviting a lawyer as a lecturer, and attended by 133 officers from group companies.



Theme: **Latest trend of work style reform (Long hours work / Diversity / Work conditions of non-regular workers)**

Main Activities Planned for FY2018

- Establishment of a compliance framework regarding the Antimonopoly Act
- Compliance training programs
- Establishment and announcement of the Toyo Seikan Group Code of Conduct and Guidelines of Behavior
- Group Compliance Promotion Campaign
- Establishment and announcement of the Group's regulations related to bribery prevention
- Establishment of compliance framework for European group companies in response to the enforcement of the EU General Data Protection Regulation
- Collection and transmission of compliance-related information

Risk Management

The Toyo Seikan Group implements risk management to achieve business continuity and greater stability of its management infrastructure.

Initiatives at Operating Companies

Regular BCP Drill

Toyo Kohan has formulated its emergency response procedures and business continuity basic plan, and has regularly conducted business continuity planning (BCP) drills. The drill conducted in fiscal 2017 assumed that the occurrence of a Nankai Trough earthquake shut down operation of lamination lines at Kudamatsu Plant and suspended product supply to customers. In the drill, the emergency headquarters set up within the head office carried out an ideal simulation with Kudamatsu Plant according to an expected scenario towards the resolution of emergency situations. After the drill, the company made a review to identify issues to address and deficiencies in the existing procedures and manuals. The company will continue to perform BCP drills for the improvement of its ability to respond to emergency.



Emergency Elevator Evacuation Plan in Place

In May 2018, the Toyo Seikan Group's headquarters building acquired an approval of the Shinagawa Fire Station to an evacuation plan with use of emergency elevators, which became the first approval for this type of evacuation plan in the Shinagawa fire district. The plan was formulated based on the "safety measure for evacuation of the walking disabled from high-rise buildings", which was introduced by the Tokyo Fire Department in October 2013. Although guiding people to elevators in fire evacuation is prohibited, the measure allows the walking disabled to use elevators in fire evacuation with certain conditions being fulfilled. It is rare for an existing building to acquire the approval. We succeeded in the acquisition as a result of discussions with the fire station to install sign boards and secure temporary evacuation space.



Training and Educational Programs for Emergency

The Toyo Seikan Group performs at its headquarters building drills and educational programs to prepare for emergency situations such as a major earthquake. On September 1, 2017, the "Exploration Tour for Learning Disaster Prevention Equipment" was conducted for better understanding of employees about the building's disaster prevention function. In the tour, participants visited various facilities from the second basement to the rooftop, including places that are usually not opened to employees, and learned their functions and performance. On May 18, 2018, employees participated in an emergency drill and experienced shaking in an earthquake simulation vehicle. The Group will continue to raise employees' awareness for disaster prevention.



Drill to Respond to Environmentally Hazardous Accidents

Osaka Plant of Tokan Material Technology conducted an emergency drill in which a gas leak from the furnace was assumed. Required procedures were followed according to the manual: 1)confirm the location of the switch to activate the emergency gas insulation valve, 2)confirm that the switch will be turned on when the leakage point is not identified; and 3)make emergency contact with the gas company. The company will continue training to ensure steady implementation of procedures at the time of emergency.



Toyo Seikan Group Companies: 96 (Japan: 45, Overseas: 51)

As of June 30, 2018 ● : Consolidated subsidiary

● Toyo Seikan Group Holdings, Ltd.

Holding Company

● Toyo Seikan Co., Ltd.

Manufactures and sells various kinds of cans and containers and filling equipment

● Honshu Seikan Co., Ltd.

Manufactures and sells 18 liter cans, metal cans and general line cans

● Nippon National Seikan Co., Ltd.

Manufactures and sells beverage cans

● Ryukyu Seikan Kaisha, Ltd.

Manufactures and sells metal cans and plastic bottles

● Toyo Seihan Co., Ltd.

Manufactures and sells printing plates for printing metal and film

● Fukuoka Packing Co., Ltd.

Manufactures and sells sealant for metal, plastic and glass containers

● TM Pack Co., Ltd.

Manufactures and sells beverage PET bottle products

● Japan Bottled Water Co., Ltd.

Manufactures and sells containers for bottled water

● Toyo Seikan Group Engineering Co., Ltd.

Manufactures and sells canning machinery, bottling machinery, packaging machinery and food processing machinery

● Toyo Mebius Co., Ltd.

Trucking, warehousing and others

■ T&T Energetechno Co., Ltd.

Manufactures and sells packaging material mainly for lithium-ion secondary batteries

● Bangkok Can Manufacturing Co., Ltd. (Thailand)

Manufactures and sells 2-piece aluminum cans, welded cans and aluminum ends

● Next Can Innovation Co., Ltd. (Thailand)

Manufactures and sells 2-piece steel & aluminum cans

● Toyo Seikan (Thailand) Co., Ltd.

Manufactures and sells general plastic products; manufactures and sells beverage PET bottles and undertakes contract filling; a technical support center and administration of group companies

● Kanagata (Thailand) Co., Ltd.

Manufactures and sells molds for plastic products

● Global Eco-can Stock (Thailand) Co., Ltd.

Manufactures and sells resin-coated aluminum materials

■ Yangon Can Manufacturing Co., Ltd. (Myanmar)

Manufactures and sells beverage cans

● Toyo Seikan Guangzhou Co., Ltd. (China)

Sells plastic containers and other packaging

● Toyo Pack (Changshu) Co., Ltd. (China)

Manufactures and sells beverage PET bottles and undertakes contract filling

● Toyo Mebius Logistics (Thailand) Co., Ltd.

Trucking business

■ Asia Packaging Industries (Vietnam) Co., Ltd.

Manufactures and sells 2-piece aluminum cans and ends

■ Asia Packaging Industries (Vietnam) Trading Co., Ltd.

Sells 2-piece aluminum cans and ends

● Toyo Kohan Co., Ltd.

Manufactures and sells tin plates, thin plates, and various surface-treated steel sheets and various functional materials

● FUJI TECHNICA & MIYAZU INC.

Manufactures and sells stamping dies for car bodies and various molds

● Kohan Shoji Co., Ltd.

Sells steel sheets and their processed products

● Kohan Kogyo Co., Ltd.

Manufactures and sells steel bands, automatic binders, hard alloys and manufactures magnetic disk aluminum substrates

● KY TECHNOLOGY CO., LTD.

Manufactures and sells building materials and logistics equipment

■ TOYO PACKS CO.,LTD.

Manufactures and sells packing materials; cutting, verification and packing work

■ KYODO KAIUN CO.,LTD.

Marine transport and harbor transport services, custom agent services

■ TOYO PARTNER CO., LTD.

Services related to employee welfare facilities and others

■ Kudamatsu Unyu Co., Ltd.

Land transport, harbor transport services, custom agent services and warehousing

● TOYO-MEMORY TECHNOLOGY SDN.BHD. (Malaysia)

Manufactures and sells aluminum substrates for magnetic disks

■ MIYAZU MALAYSIA SDN. BHD. (Malaysia)

Auto parts production, and design and production of the dies, and sale

■ TOYO KOHAN SHANGHAI CO., LTD. (China)

Sells steel sheet related products, hard materials and automatic binders and provides related services

■ TOYO KOHAN JIANGSU CO., LTD. (China)

Manufactures laminated steel sheet for cans

■ YANTAI FUJI TECHNICA & MIYAZU TRADING INC. (China)

Trading stamping dies and other products & services for customers in China

■ YANTAI FUJI WILSON ENGINEERING CO., LTD. (China)

Stamping die and jig design for the body, NC data creation

■ FUJI RAYHOO ENG. INC. (China)

Stamping die and jig design for the body, NC data creation

■ YANTAI FUJI MITSUI AUTOMOTIVE DIE & PARTS CO., LTD. (China)

Mortor parts production and design production, sale of the die

■ KOHAN KOGYO KOREA CO., LTD. (Korea)

Manufactures and sells automatic binders and hard alloys

■ TOSYALI TOYO CELIK ANONIM SIRKETI (Turkey)

Production and sales of cold rolled steel sheet and surface treated steel sheet

■ Toyo Kohan America Inc. (USA)

Business management etc. of business company in North America

■ Polytech America, LLC (USA)

Development and manufactures and sells laminated steel sheet in North America

■ FUJI TECHNICA & MIYAZU AMERICA INC. (USA)

Die and body technology facilities order intermediation, procurement of a die design, an inspection jig, the proto panel of the order product

■ PT FUJI TECHNICA INDONESIA (Indonesia)

Auto parts production, and design and production of the dies, and sale

● Tokan Kogyo Co., Ltd.

Manufactures and sells paper and plastic packaging container products

● Nippon Tokan Package Co., Ltd.

Manufactures and sells cardboard products and printed paper container products

● Tokan Kosan Co., Ltd.

Manufactures and sells agricultural films

● Tokan Takayama Co., Ltd.

Manufactures and sells paper packaging container products and lid products

● Tokan Logitech Co., Ltd.

Trucking and cargo handling operation contracting

● Shosando Co., Ltd.

Manufactures and sells paperwares

● Sunnap Co., Ltd.

Plans and sells paper and plastic dishwares

■ Shida Shiko Co., Ltd.

Manufactures and sells plastic and paper products

● Tokan (Changshu) High Technology Containers Co., Ltd. (China)

Manufactures and sells plastic products

● TAIYO PLASTIC CORPORATION OF THE PHILIPPINES

Manufactures and sells plastic products

● T.K.G. CORPORATION (Philippines)

Land leasing

■ TAIWAN TOKAN CORPORATION

Manufactures and sells paper packaging containers products

● Nippon Closures Co., Ltd.

Manufactures and sells metal and plastic closures

● Shin-Sankyo-Pd.

Trucking business

● Crown Seal Public Co., Ltd. (Thailand)

Manufactures and sells metal and plastic closures and crown closures

● Riguan Closure (Changshu) Co., Ltd. (China)

Sells metal and plastic closures

● NCC Europe GmbH (Germany)

Sells metal closures

■ PT. INDONESIA CAPS AND CLOSURES (Indonesia)

Manufactures and sells plastic closures

■ NCC Crowns Private Ltd. (India)

Manufactures and sells metal closures

● TOYO GLASS CO., LTD.

Manufactures and sells glass bottles

● TOYO - SASAKI GLASS CO., LTD.

Manufactures and sells glassware

● Toyo Glass Machinery Co., Ltd.

Manufactures and sells molds for glass and plastic bottles, and glass bottle manufacturing machinery

● TOHOKU KEISYA CO., LTD.

Manufactures and sells silica sand

● TOSHO GLASS CO., LTD.

Sells glass products

● TOYO GLASS LOGISTICS CO., LTD.

Trucking business, various yard operation contracting

● ICHINOSE-TRADING CO., LTD.

Sells glass bottles and accessories

● Mebius Packaging Co., Ltd.

Manufacturing and sales of plastic products

● Toyo Aerosol Industry Co., Ltd.

Contract manufacturing and sales of aerosol and general aseptic filling products

● Toyo Filling International Co., Ltd. (Thailand)

Contract manufacturing and sales of aerosol products

■ Toyo & Deutsche Aerosol GmbH (Germany)

Manufactures and sells aerosol products

● Tokan Material Technology Co., Ltd.

Manufactures and sells frit products, complex inorganic color pigment, gel coat and composite micronutrient fertilizer

● TOMATEC (Shanghai) Fine Materials Co., Ltd. (China)

Manufactures and sells complex inorganic color pigment

● TOMATEC (Xiamen) Fine Material Co., Ltd. (China)

Manufactures and sells frit products

● TOMATEC America, Inc. (USA)

Imports and sells complex inorganic color pigment and frit products

● PT. TOMATEC INDONESIA (Indonesia)

Manufactures and sells frit products and complex inorganic color pigment

● Can Machinery Holdings, Inc. (USA)

Holding Company

● Stolle Holdings, Inc. (USA)

Holding Company

● Stolle Machinery Company, LLC (USA)

Develops, manufactures and sells can and end manufacturing machines and provides related services

● Stolle Europe Ltd. (U.K.)

Sells can and end manufacturing machines and provides related services

● Stolle Machinery do Brasil Industria e Comercio Equipamentos Ltda. (Brazil)

Manufactures and sells can and end manufacturing machines and provides related services

● Stolle Asia Pacific Co., Ltd. (Vietnam)

Sells can and end manufacturing machine parts and provides related services

● STOLLE MACHINERY (SHANGHAI) CO., LTD. (China)

Sells can and end manufacturing machine parts

● Stolle EMS Group Limited (U.K.)

Holding Company

● Stolle European Manufacturing Solutions Limited (U.K.)

Manufactures and sells can manufacturing machines and provides related services

● Stolle EMS Precision Limited (U.K.)

Manufactures and sells can manufacturing machine parts

● Stolle EMS Polska Sp. z o.o. (Poland)

Manufactures and sells can manufacturing machines and provides related services

● Tokan Trading Corporation

Sells packaging materials, petrochemical products and food machinery, equipment & parts

● Tokan Kyohei Kaisha, Ltd.

Offers insurance products, real estate rental management services, and tourism services