

Toyo Seikan Group CSR Report 2017

2017



1917

CSR Office, Toyo Seikan Group Holdings, Ltd.

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Open Up and Be Inspired

1917

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.

2017

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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 of clearly communicating the Group’s CSR vision and activities to you stakeholders.

This year, in order to better communicate our specific CSR activities to you, the report features our achievements in FY2016 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.

<http://www.tskg-hd.com/csr/>

Basic Report

Companies covered by the Report:

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

Period covered: April 1, 2016 to July 31, 2017

Numerical data: April 1, 2016 to March 31, 2017

Published in:

October 2017 (Next issue to be published in October 2018)

Reference Guideline:

ISO26000 (Guidance on Social Responsibility)

Refer to the following sites for specific activities of each operating company:

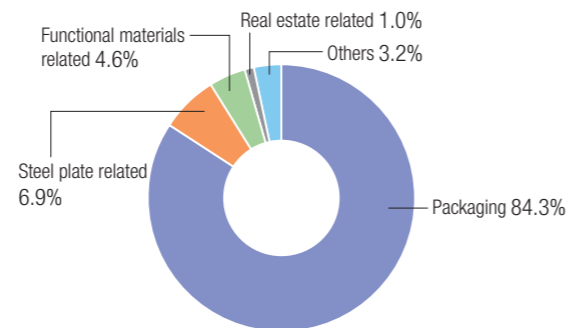
- Toyo Seikan Co., Ltd.: Sustainability Report
<http://www.toyo-seikan.co.jp/e/eco/>
- Toyo Kohan Co., Ltd.: CSR (Only available in Japanese)
<http://www.toyokohan.co.jp/en/csr/index.html>
- Tokan Kogyo Co., Ltd.: Environmental and Social Report (Only available in Japanese)
http://www.tokan.co.jp/english/environment/environment_manage.html
- Nippon Closures Co., Ltd.: Environmental and Social Report (Only available in Japanese)
http://www.ncc-caps.co.jp/corporation/eco_report.html
- Toyo Glass Co., Ltd.: Environmental and Social Report (Only available in Japanese)
<http://www.toyo-glass.co.jp/environment/report.html>
- Toyo Aerosol Industry Co., Ltd.: Our Stance on Environment (Only available in Japanese)
<http://www.toyoa.co.jp/environment/>
- Tokan Material Technology Co., Ltd.: Environmental and Social Report (Only available in Japanese)
<http://www.tomatec.co.jp/global/en/environment.html>

Company Profile

Toyo Seikan Group Holdings, Ltd.

Founded: June 25, 1917
Representative: Takao Nakai,
 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: 397 (18,490 on a consolidated basis)
 as of March 31, 2017

Net sales by business segment



Business Overview

Packaging business



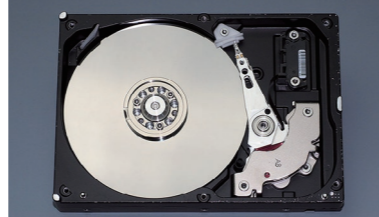
Manufacturing and sales of various packaging containers that support people's daily lives, such as metal cans, plastic containers, closures, glass bottles, paper containers and aerosol products.

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



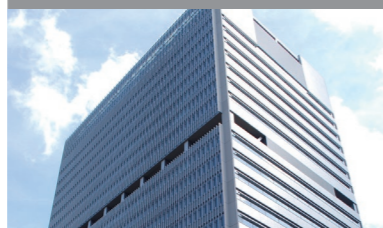
Manufacturing and sales of materials with various functional properties, such as aluminum substrates for magnetic disks, functional films for optics, glaze, micronutrient fertilizers, pigments and gel coats.

Machinery and equipment



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

Other businesses



Manufacturing and sales of hard alloys, machinery and appliances, and raw material products for agriculture, sales of petroleum products, and non-life insurance agency business and real estate management business.

Logistics



Motor truck transportation and warehousing mainly for group companies.

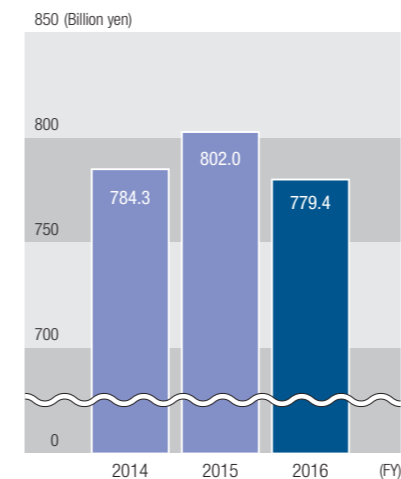
New businesses



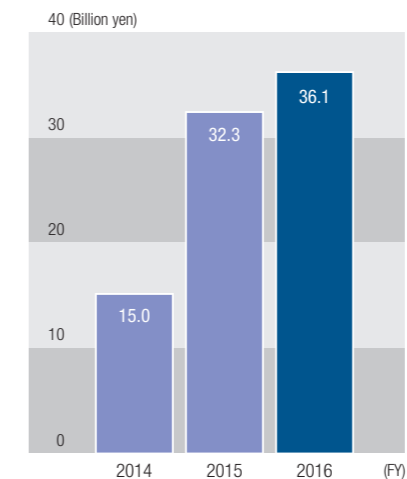
By leveraging our core technologies, we are expanding into new business areas such as IT, energy, life science and nanotechnology.

Financial Data (Consolidated)

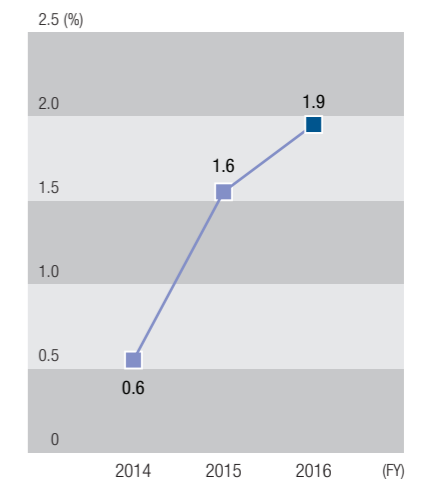
Net sales



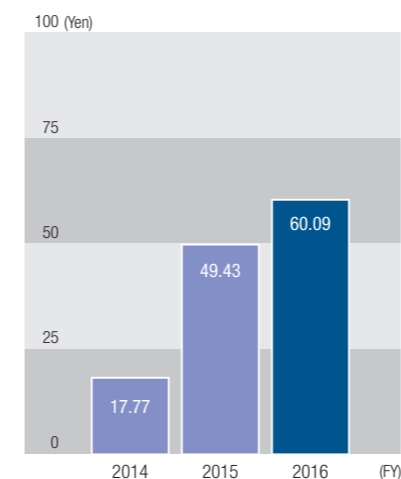
Operating profit



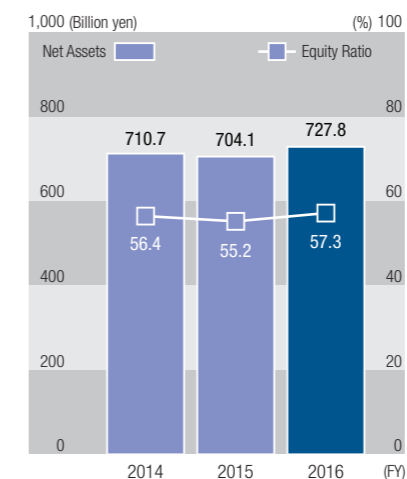
ROE



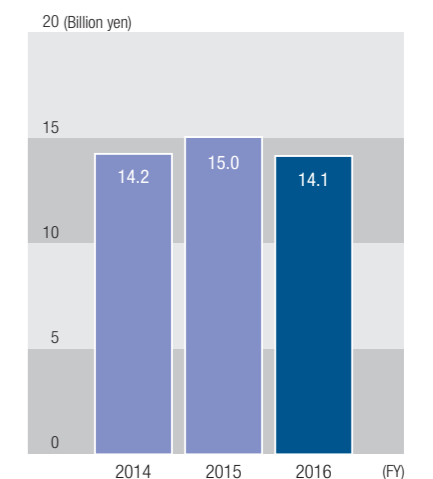
Earnings per share



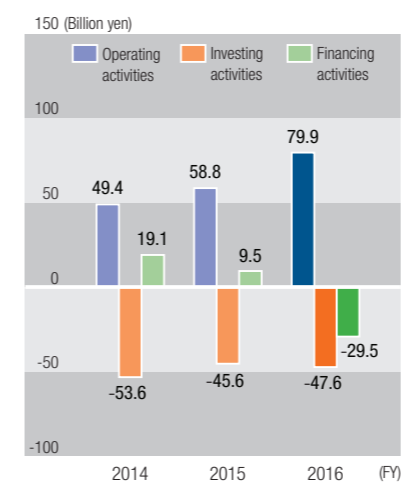
Net assets & equity ratio



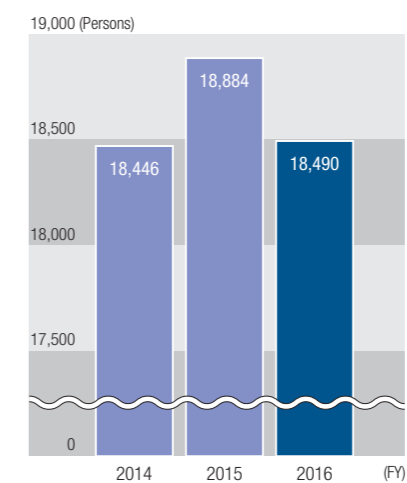
Research & development costs



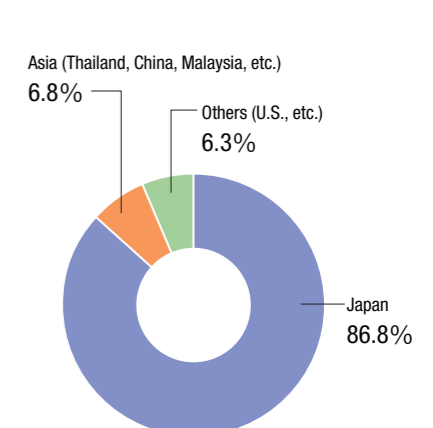
Cash flow



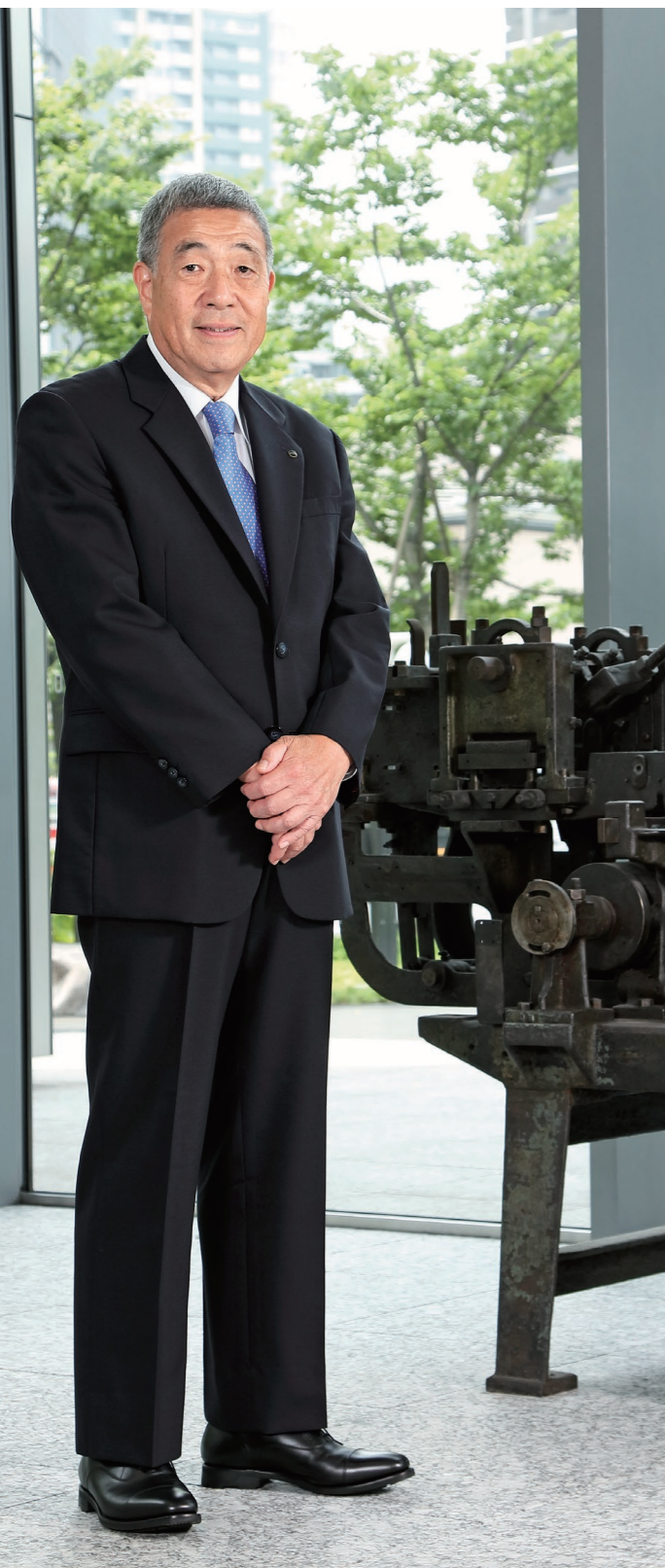
No. of employees



Net sales by region



As we look toward our next 100 years, we will strengthen our foundation to further contribute to people and society.



Toyo Seikan's 100th anniversary of founding: Establishing "Management Philosophy of Toyo Seikan Group" for the next century

In June 2017, the Toyo Seikan Group marked the 100th anniversary of its founding. I would like to take this opportunity to express our gratitude to the many stakeholders who have watched over and supported the growth of our business for many years.

Toyo Seikan has "Fundamental Principles" and "Work Rules for Employees" that were laid out by the founder, Tatsunosuke Takasaki, and have been passed down over the years until the present day as the fundamental spirit for the continuation of our business. Based on this spirit, we have continued to cater to the changing needs of society by adjusting the product portfolio of our core packaging business to include steel cans, glass bottles, aluminum cans, flexible pouches and PET bottles. I believe that this is a major factor for the successful continuation of our business up to the present day.

In recent years, there have been strong demands for the realization of a sustainable society. Last year, we established the "Management Philosophy of Toyo Seikan Group" that incorporates new ways of thinking demanded by modern society. I believe that all the Group's employees should share this philosophy as a milestone, looking ahead to the next 100 years.

Sternly Accepting JFTC Investigations and reform our work practices

To our regret, in April 2017, shortly before our 100th anniversary, Tokyo Seikan received an on-site investigation by the Japan Fair Trade Commission (JFTC) into alleged violations of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the "Antimonopoly Act"). The investigation is still ongoing, and we are proactively cooperating with this investigation. We are seriously taking such consequences, and the Group is currently working on compliance with applicable laws and regulations to ensure that similar situations will never occur again. Specifically, in addition to conducting a series of legal training seminars, we are making ourselves clear that we understand the importance of "striving to be fair and unbiased" as stated in the "Management Philosophy of Toyo Seikan Group". I myself will preach loudly and clearly the significance of this principle. At the same time, there were issues in our work practices we ourselves did not notice that resulted in the need for this investigation. Going forward, we will identify and validate these issues to put ourselves back on the right track.

Necessity of reform to boost net sales on a medium- to long-term basis

In the consolidated fiscal year ended March 31, 2017, the Group posted net sales of 779.4 billion yen, down 2.8% year-on-year (YoY); operating income of 36.1 billion yen (up 11.9% YoY); and ordinary income of 36.1 billion yen (up 35.4% YoY), resulting in lower revenue but higher profits.

Major factors for the drop in net sales include: weak sales of packaging-related machinery & equipment and beverage

containers, coupled with lower net sales in terms of yen at our overseas subsidiaries as the yen appreciated. On the profit front, the Group posted higher profits for reasons such as exchange rate changes, Group-wide cost reductions, and raw material and energy prices that were below the previous fiscal year's levels as a result of lower crude oil prices.

However, from a medium- to long-term perspective, it is essential for us to curb declining sales and take measures to boost net sales.

Focus on building a framework to achieve group synergies beyond boundaries among operating companies

Given these environmental changes, we have recently established the "Development & Sales Strategies Office", and are working to "bolster our cross-functional teams".

This office, established in April 2017, is an initiative whereby the Group's holding company plays a central role in developing products and services that will become a core business at each operating company in 5 to 10 years. In a sense, we have integrated technical development and marketing in one unit, and are cultivating them strategically by forming a tag-team between officers and staff from each of these two perspectives.

Cross-functional teams are an initiative whereby each operating company in the Group transcends its boundary and brings its own capabilities and skills to create new added value, even for existing products. This initiative has already successfully launched several highly competitive technologies and products, including a high-speed production technology for paper cups.

One indicator that I use in the evaluation of our businesses is the NPVI (New Product Vitality Index). This shows the percentage of sales coming from new products launched during the past five years to total sales, enabling us to measure the degree of innovation that a company is exhibiting. Although in different industries, there are some companies overseas with actual NPVIs of close to 30%. On the other hand, Toyo Seikan Group's NPVI is estimated at only around a few percent. Leveraging the sense of crisis that "we have not successfully launched new products", we will make every effort to develop new technologies and products.

Moving toward realization of "Work Style Reform"

Reforming the way in which we work, implementing healthy business management and promoting diversity—initially by facilitating active involvement of female employees—are pressing themes for our group. In the "Management Philosophy of Toyo Seikan Group" as well, we pledge that "all of us will demonstrate our own strengths and expertise, and contribute to social prosperity while we grow and thrive as an individual, a corporation or a group".

We aim to create a highly productive way of working and to improve the quality of our work and life, and for this purpose we are accumulating specific improvements. In addition to strongly promoting healthy business management, we will also seek to improve and enhance diversity, such as in enabling more active involvement of female employees.

For example, with regard to the active role of female employees, packages for foods, beverages and daily necessities that Toyo Seikan Group produces are naturally familiar items for women to begin with. Reflecting their perspectives in the manufacturing process and incorporating fresh ideas lead to the creation of new products that will contribute to society.

The female employment rate of the Group's five main operating companies has increased to 17% across all departments, and to 27% in administrative and technical departments (for new graduate hires in 2017 and mid-career hires in 2016). Both percentages have improved by several points from the previous fiscal year. From 2018 onwards, we will set an additional target of 30% across all departments including direct manufacturing departments. To that end, we will further exploit AI and promote automation, while proactively introducing equipment for workload reduction in direct manufacturing departments. We have already launched a project, as a pilot case, to employ female graduates in such departments at Toyo Seikan's Osaka Plant.

Business opportunities emerging for us to be active as a comprehensive packaging group

Domestic demand for packaging and containers has been on a declining trend due to Japan's low birth rate and aging population. However, turning our eyes outside of Japan, we see significant growth opportunities, especially in Asia. In terms of global packaging trends, the world has been shifting away from "heavy containers toward lighter packaging solutions". In other words, there is a shift away from glass bottles and cans toward lightweight, easily disposable and recyclable plastics and films.

On the other hand, lightweight is inversely proportional to preservation function. This means that various barrier technologies and environmentally friendly technologies that Toyo Seikan Group has developed over the years are likely to be in great demand. Business opportunities have been emerging where we can make most effective use of our true value as a comprehensive packaging manufacturer, and contribute to further advancement of the world.

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs: "The 2030 Agenda for Sustainable Development"), for tackling globally common social problems. The Toyo Seikan Group has been operating some 100 companies in 17 countries around the world including Japan, with approximately 19,000 employees. As a Group, we aim to contribute to the happiness of humanity by working together in unity to resolve social issues such as the SDGs, surpassing boundaries between companies or organizations. The Möbius strip logo adopted by our Group signifies the concept of a recycling-based society, and is a symbol of that promise.

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

Takao Nakai

100-Year History of Toyo Seikan Group



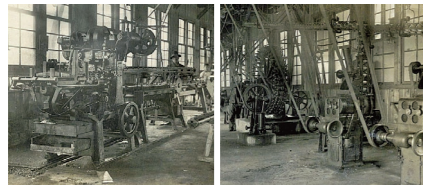
It could be said that the history of the Toyo Seikan Group is synonymous with the history of Japanese food product manufacturing and packaging industries.

Moving forward, the Toyo Seikan Group will continue working to solve social issues by offering solutions that derive from the know-how relating to food product manufacturing accumulated over the course of its 100-year history.

1917: Toyo Seikan Co., Ltd.

Toyo Seikan Kaisha, Ltd. founded

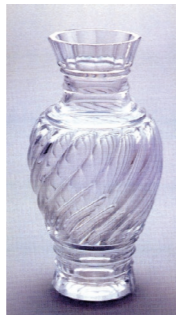
Toyo Seikan was founded by Tatsunosuke Takasaki as Japan's first company specializing in packaging containers, a mutual can making factory for all customers in need of empty cans.



1931: Toyo Glass Co., Ltd.

Lead crystal glass

Toyo Glass succeeded in mass production of lead crystal glass, which at the time was not in mass market circulation, pioneering the product in Japan.



1949: Tokan Kogyo Co., Ltd.

Paper cups for ice cream

Since their debut in 1949, Tokan Kogyo's paper cups have led the ice cream industry, and gained widespread recognition among consumers.



1961: Toyo Kohan Co., Ltd.

Tin Free Steel (Hi-Top)

Tin free steel is the global standard for surface-treated steel sheet, created by Toyo Kohan.



1962: Tokan Material Technology Co., Ltd. (TOMATEC)

FTE (Fritted Trace Elements) Micronutrient Fertilizer

Produced through the application of ceramic glaze manufacturing technology and fritting of six elements (including manganese and boron), FTE is Japan's representative micronutrient fertilizer. It dissolves gradually into the soil, steadily delivering its nutrient effects.



1963: Nippon Closures Co., Ltd.

PP caps

Metal closures with anti-tampering function that enables consumers to check whether or not container has been opened. (Bridges along the lower part of the closure break on opening.)



1972: Toyo Seikan Co., Ltd. Tokan Kogyo Co., Ltd.

Lamicon bottles (for mayonnaise)

Lamicon bottles are multilayer plastic bottles for mayonnaise. They are lightweight and have a good preserving property.



1974: Toyo Aerosol Industry Co., Ltd.

Antiperspirant deodorants

Combine the smooth feel and deodorant and sweat-controlling effects of powder with instantaneous cooling feeling of gas spray.



1974: Toyo Glass Co., Ltd.

Shrink film for pre-labeling (labeling before filling)

This multicolor-printable shrink film offers ultra-superb designability, opening the way for the age of one-way bottle.



1910s 1920-1930s 1940-1950s 1960s 1970s

1919: Toyo Seikan Co., Ltd.

Began manufacturing cans with automatic can making machine (can size: 99 x 121 mm)

Toyo Seikan imported inverted bodymaker from the United States and began manufacturing cans.



1935: Toyo Kohan Co., Ltd.

Tinplate

In the past and into the future, this surface-coated steel sheet brings a familiar shine to people's lives for generations.



1939: Toyo Glass Co., Ltd.

Anchor cups

Manufacture of anchor cups began as an alternative container to food cans. The name came from the shape of the closure that appears as if an anchor has been lowered into the mouth of a jar.



1952: Toyo Aerosol Industry Co., Ltd.

Insecticides

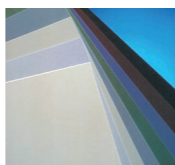
Japan's first spray-type insecticide, enabling consumers to kill mosquitos and flies with a single quick spray, and without smearing their hands.



1959: Toyo Kohan Co., Ltd.

VINYTOP

VINYTOP is a decorative steel sheet in which vinyl chloride resin is layer-coated over galvanized steel sheet. It was the world's first commercial production of vinyl coated steel sheet.



1966: Tokan Material Technology Co., Ltd. (TOMATEC)

TOMATEC COLOR

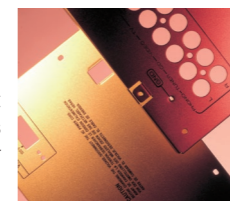
TOMATEC COLOR inorganic pigments are composed of two or more kinds of metal oxides. They are mainly used as colorings for plastics for applications such as car interiors, building materials for housing, household electrical appliances and office automation equipment.



1967: Toyo Kohan Co., Ltd.

Silver Top

An electrogalvanized steel sheet that improves corrosion-resistance properties of iron using zinc, which has superior rust-preventive effects.



1969: Toyo Seikan Co., Ltd.

Retort pouches

Toyo Seikan developed and commercialized retort pouches ahead of the rest of the world. Retort pouches allow retort sterilization, has a good preserving property, and enable distribution of food products at ambient temperature.



1976: Toyo Glass Co., Ltd.

Stackable tumblers

Their stackable design significantly improved the storage efficiency of glass tumblers.



1978: Tokan Kogyo Co., Ltd.

Lamicon cups

Sheet-type containers with oxygen barrier properties. Due to their ability to enable medium- to long-term storage at ambient temperature, they were soon adopted for numerous food products, a successful solution to changes in people's dietary lifestyles.



1984: Tokan Kogyo Co., Ltd.

Token Bag in Box (BIB)

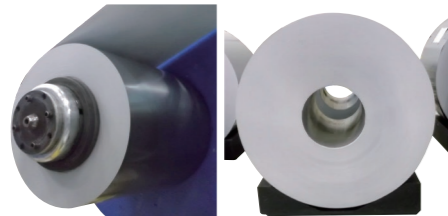
BIBs consist of a high-barrier inner container (bag) with a three-material, five-layer structure and a protective outer storage box. They have been adopted for such products as mineral water and liquid seasonings.



1985: Toyo Kohan Co., Ltd.

Laminated steel sheet (Hi-Pet)

Hi-Pet was developed to offer a new, environmentally-friendly material for familiar food and beverage cans. It is primarily used as the base material for TULC (Toyo Ultimate Can).



1991: Toyo Seikan Co., Ltd.

TULC

TULC (Toyo Ultimate Can) is a metal can that represents a dramatic breakthrough in environmental protection, achieved by reexamining the fundamentals of raw materials and production processes.



1992: Nippon Closures Co., Ltd.

MAXI-P cap

An easy-open aluminum closure fitted with plastic ring tab, which is pulled to break the seal and open the container.



1993: Tokan Kogyo Co., Ltd.

Reduced-volume collapsible bottles

These collapsible bottles feature environmentally conscious design with less raw materials and can be easily crushed for disposal. They are used for detergents, etc.



1994: Toyo Seikan Co., Ltd.

Oxyguard (for cooked rice)

Oxyguard has a good preserving property with its ability to scavenge oxygen by itself.



2000: Toyo Glass Co., Ltd.

Ultra lightweight returnable bottles

Featuring a curved dip in the middle for easy-grip, and plastic coating that makes them returnable.



2001: Toyo Seikan Co., Ltd.

Oxyblock (heat-resistant multilayer PET bottles)

Oxyblock bottles feature a two-material, five-layer structure consisting of PET resin and Toyo Seikan's proprietary barrier material that protects the contents from oxygen, offering superior quality preservation property.



2010: Tokan Kogyo Co., Ltd.

Hineru (twist) caps

Push-top type closures where the inner closure (which seals bottle mouth) becomes fixed to the roof of outer closure when twisted and tightened to open the bottle.



2012: Nippon Closures Co., Ltd.

Strap band

Closure and band connected to prevent the closure from falling off when opened.



2013: Toyo Aerosol Industry Co., Ltd.

Hair dye (DUAL)

DUAL hair dye adopts a system that enables two types of liquid contents to be filled separately in a single aerosol can, and to be mixed and discharged simultaneously.



1980s

1989: Nippon Closures Co., Ltd.

Smooth Pull-hinges

Plastic closures used on the bottles for seasonings and condiments, etc., whose lid is opened by pulling and tearing off the thin-film part using a pull-ring.



1990s

1997: Nippon Closures Co., Ltd.

Caps and spouts for pouches

Now widely used for such products as jellies, drinks and liquid meals.



1997: Nippon Closures Co., Ltd.

NC-Flap

Plastic closures with a tamper-evident band that remains around the bottle neck after opening, indicating whether or not the bottle has been opened.



1999: Tokan Kogyo Co., Ltd.

Embossed paper cups

Two-layer paper cups with an outer embossed sleeve wrapped around the inner cup. Bowl-type designs are mainly used for cooked rice dishes, and cup-type designs are widely used at convenience stores and coffee shops for serving hot beverages.

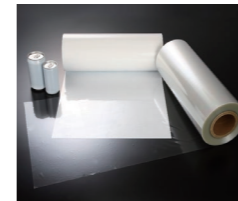


2000s

2007: Toyo Kohan Co., Ltd.

Fine Cast Film (for optics)

Applying the technology developed for functional film for packaging, this film has been adopted for flat-panel displays for televisions, smartphones, etc.

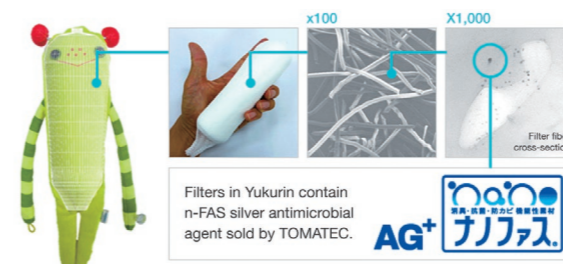


2009: Toyo Seikan Group Holdings

Tokan Material Technology Co., Ltd. (TOMATEC)

n-FAS (nano-FAS)

A silver antimicrobial material jointly developed by Toyo Seikan Group Holdings and TOMATEC. It enables uniform dispersal of silver nanoparticles, and shows promise for a diverse range of applications as deodorizer and antimicrobial material.



Filters in Yukurin contain n-FAS silver antimicrobial agent sold by TOMATEC.



2010s -

2014: Toyo Glass Co., Ltd.

KINUHARI

KINUHARI enables original designs to be printed on stock bottles, and customers can purchase bottles with their chosen design by order lots as small as one case.



2014: Toyo Seikan Co., Ltd.

OXYDEC

OXYDEC film has an oxygen scavenging layer inside barrier layer to prevent penetration of oxygen from outside and absorb residual oxygen inside.



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.



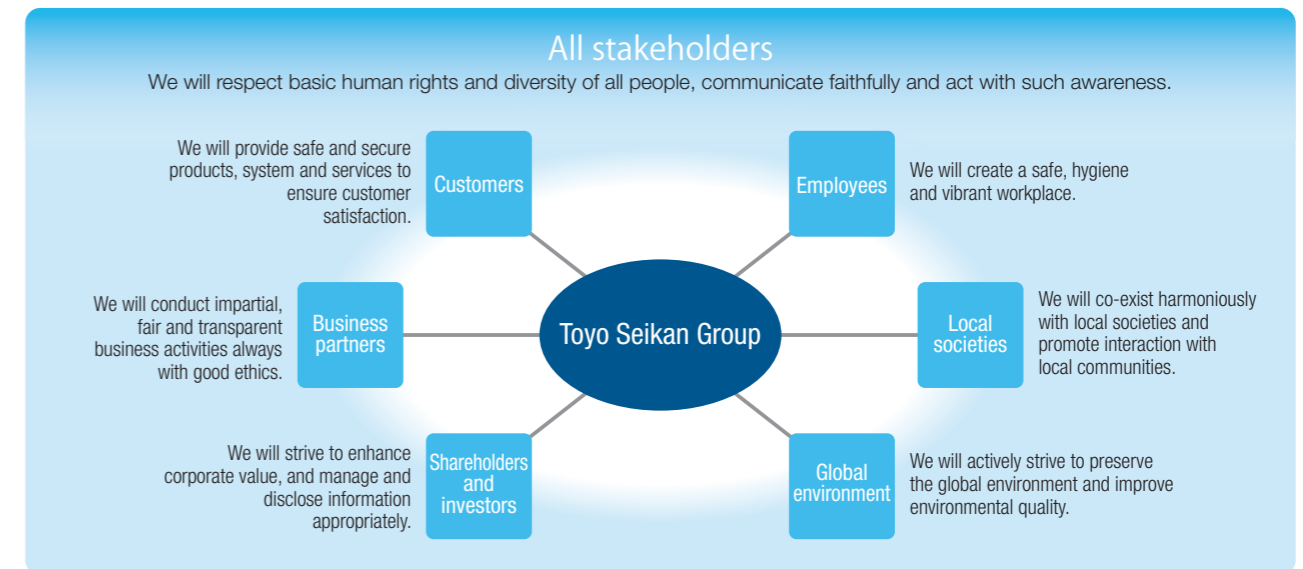
Our basic philosophy

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.

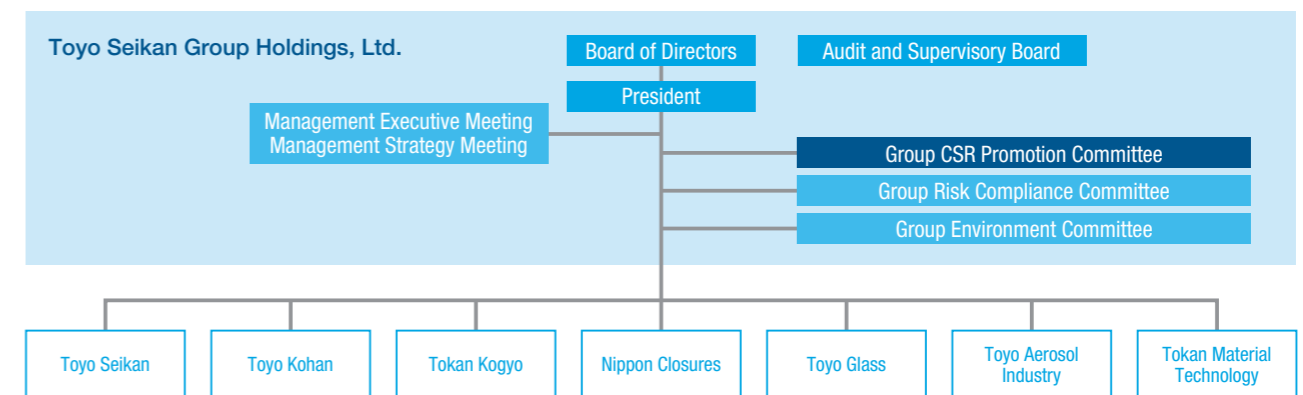
Basic CSR policy of the Group

The Toyo Seikan Group defines CSR as “a commitment to contribute to the happiness and prosperity of mankind through sincere and fair business activities.” All employees of the Group understand its CSR initiatives and respond to all stakeholders.



Group CSR promotion framework

The CSR Promotion Committee was established to promote CSR management for the entire Group. The Committee is chaired by the President of Toyo Seikan Group Holdings, Ltd., and comprises of its officers and the Presidents of each operating company as committee members.



Global Environment

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

Environmental Policy and FY2050 Long-Term Goals

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

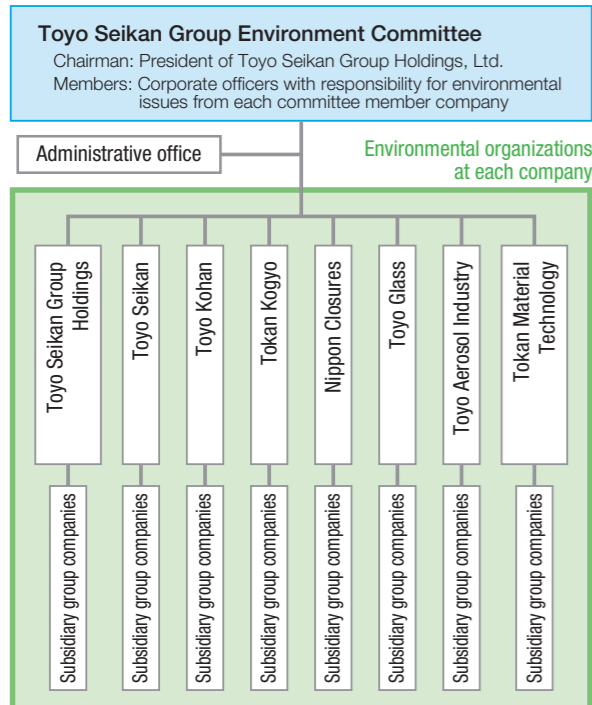
In 2015, the Group fully revised its Environmental Vision and set a new Long-Term Goal, looking towards 2050, and took the next step for the realization of a sustainable society.

Group environmental management framework

The Toyo Seikan Group has formed a Group Environment Committee (chaired by the President 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



Toyo Seikan Group Environmental Policy Environmental Philosophy

Toyo Seikan Group will contribute to the improvement of the lifestyle of human beings, strongly recognizing that the protection and quality improvement of the global environment are the most important common issues, while paying careful consideration to the environment in every aspect of its corporate activities.

Environmental Vision

Toyo Seikan Group will, leveraging all its pro-prietary and global technologies, contribute to achieving sustainable society from 3 perspectives in the value chain of products/services/systems we provide.

- 1) "Low-carbon Society" where CO₂ emission is significantly reduced
- 2) "Resource Recycling Society" where limited resources are effectively used
- 3) "Harmonious Society" where blessings from nature can be indefinitely enjoyed

Environmental Action Policy

1. Aim for the best mix of environmentally friendly energy sources, while ensuring energy conservation.
2. Promote the reduction and recycling of emissions, while maintaining resource conservation.
3. Advance environmentally friendly product and technology development as well as product manufacturing in the life cycle.
4. Seek to reduce the use of materials that have a large environmental impact, while switching to alternative materials.
5. Promote the prevention of environmental pollution.
6. Work on mutual understanding by proactively communicating with stakeholders regarding environmental issues.

FY2050 Long-Term Goal

- 1) Aim for 50% reduction of CO₂ emission by FY2050*
- 2) Reduce to the maximum extent the use of new material resources, and strive to replace with recycled or recyclable materials
- 3) Contribute through products and services to the creation of a society where humans and all other living things on the planet can co-exist indefinitely, bearing in mind product life cycles spanning procurement, development, manufacturing, sales and customer service stages

* Using FY2013 as the reference year

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

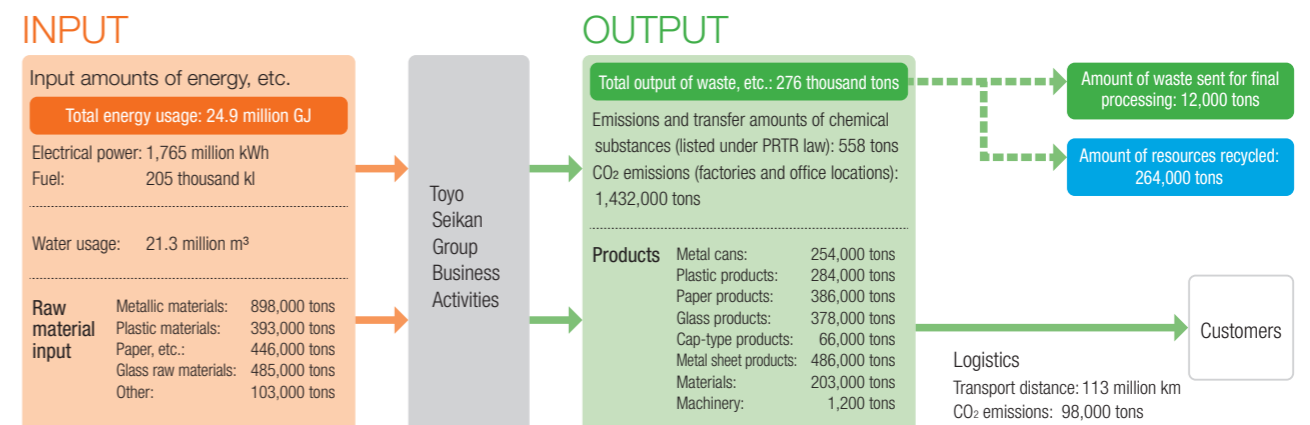
Environmental Vision	FY2022		FY2016	
	Mid-Term Goal	Single Year Goal	Actual results (Main initiatives)	Assessment
1) "Low-Carbon Society" where CO ₂ emission is significantly reduced	Reduce CO ₂ emission by 14%	<ul style="list-style-type: none"> ● Reduce CO₂ emission by 5% ● Reduce energy consumption by 3% 	<p>CO₂ emissions: reduced by 9.1% Unit energy consumption: reduced by 4.8%</p> <p>Through various initiatives with energy-saving outcomes such as renewing and replacing equipment, consolidating and/or decommissioning manufacturing lines and increasing production efficiency, the Group has achieved its goals for reducing CO₂ emissions and energy consumption.</p>	★★★
2) "Resource Recycling Society" where limited resources are effectively used	Reduce material input by 3%	<ul style="list-style-type: none"> ● Reduce material input by 1% 	<p>Material input: reduced by 0.8%</p> <p>By reducing the weight of its containers and various other products and improving the yield rate of its production processes (i.e. reducing the percentage of defective rejects), the Group succeeded in reducing specific material input, but fell short of its 1% target.</p> <p>The Group has also improved the percentage of gross product weight with respect to gross raw material input (i.e. materials usage rate) by approximately 2 points, and is endeavoring to make more effective use of resources.</p>	★★
	Promote green procurement of purchasing materials			
3) "Harmonious Society" where blessings from nature can be indefinitely enjoyed	Reduce environmental risk	<ul style="list-style-type: none"> ● Reduce emission and transfer amount of chemical substances under PRTR Law by 5% 	<p>Emissions and transfer amounts of chemical substances under PRTR law: increased by 6.2%</p> <p>The Group has made major advances in moving away from the use of toluene in the inks and solvents used in the printing processes for its film-type products. However, the increase in waste plating solution output in the course of process control activities carried out to cater to quality requirements for some of the Group's other products had a significant impact, resulting in total emissions and transfer amounts of PRTR-listed substances exceeding the target value.</p>	★
	Reduce environmental pollutant			
	Increase purchase of certified products			
	Promote communication with external parties			
	Promote biodiversity conservation			

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

Environmental Impact Resulting from Business Activities

The Toyo Seikan Group endeavors to ascertain overall amounts of group-wide material inputs and outputs, and is working to reduce its environmental impact.

Toyo Seikan Group FY2016 Material Flow (for Japanese business locations)



Relationship with the Global Environment

Global Environment

Towards a Low-Carbon Society
Initiatives to Reduce CO2 Emissions

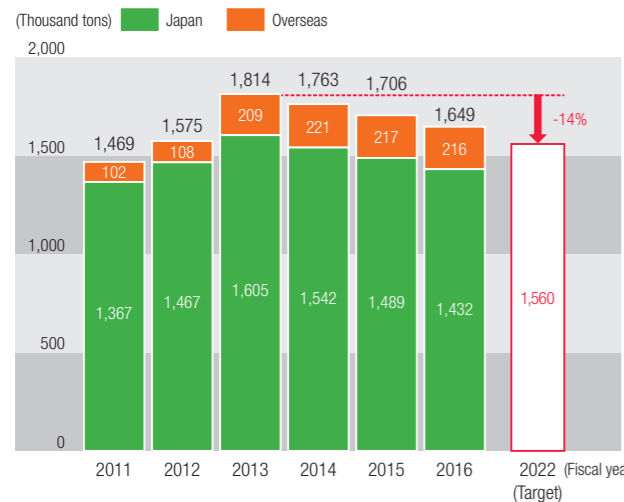
In FY2016, the Toyo Seikan Group achieved a 3.3% reduction in total CO2 emissions for its Japanese and overseas business locations (in comparison with the previous fiscal year). Around 20,000 tons of this 57,000-ton reduction was accounted for by the change in unit electrical power consumption (emission factor by power company operator). Additionally, by switching to a clean energy power contract, one factory was able to reduce its emissions by 5,500 tons. The remaining 32,000 tons represent the actual reduction in emissions.

For example, some factors to which this reduction can be attributed include the beneficial effects of renewing and/or replacing equipment (such as hot and cold water generators for air conditioning, refrigerators, high-pressure air compressors, cogeneration equipment and lighting equipment (by conversion to LED lighting, etc.)); and improving equipment and facilities (such as by exhaust heat recovery, exhaust gas recirculation, effective use of surplus air and aggregation of ancillary equipment).

Also in comparison with the target reference year FY2013, the Group has successfully achieved a significant reduction (9%) in emissions. Moving forward, the Group will continue working to reduce its CO2 emissions through various initiatives with energy-saving outcomes including renewing and/or replacing equipment, consolidating and/or decommissioning manufacturing lines, increasing production efficiency and improving yield (i.e. reducing the percentage of defective rejects).

To achieve further reductions towards the future, it will be essential to switch to renewable energy. The Group has already begun considerations towards the introduction of solar photovoltaic energy generation.

Change in CO2 emissions



Towards a Recycling-Based Society
Initiatives to Reduce Waste Output

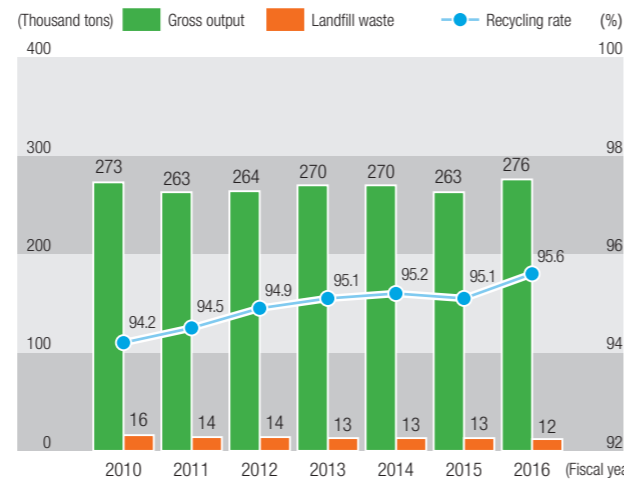
The Toyo Seikan Group endeavors to make effective use of limited resources and reduce waste output, and is engaged in proactive efforts to implement recycling with regard to unavoidable discharges of waste matter.

While the total amount of waste and other materials (including valuable resources) output by the Group's Japanese business locations in FY2016 increased by 5% in comparison with the previous fiscal year, partially due to the increase in total production volume (i.e. gross product weight), the amount of discharged material sent to landfill (including simple incineration) actually decreased by 5%. In particular, through initiatives to improve dehydration rates (i.e. reduce the percentage of water content) for waste acids and polluted sludge (materials which conventionally have been difficult to recycle into reusable resources) and reducing discharges by improving process yields, the Group has successfully reduced landfill waste output by 700 tons.

As shown in the figure, the Group's recycling rate for output materials (i.e. amount of recycled material over gross output) is increasing year by year. In FY2016, it was improved to 95.6%. In order to achieve further reductions in the amount of landfill waste it produces, the Group is working to ensure through separation of waste, and considering new methods of recycling in cooperation with waste-processing business operators.

The Group is also engaged in efforts to achieve zero emissions at each of its business locations. In FY2016, the Group successfully achieved zero emissions at 130 of its 189 Japanese locations, with a recycling rate of over 99%.

Change in output of waste, etc. (Japanese business locations)



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.

Quality Assurance System

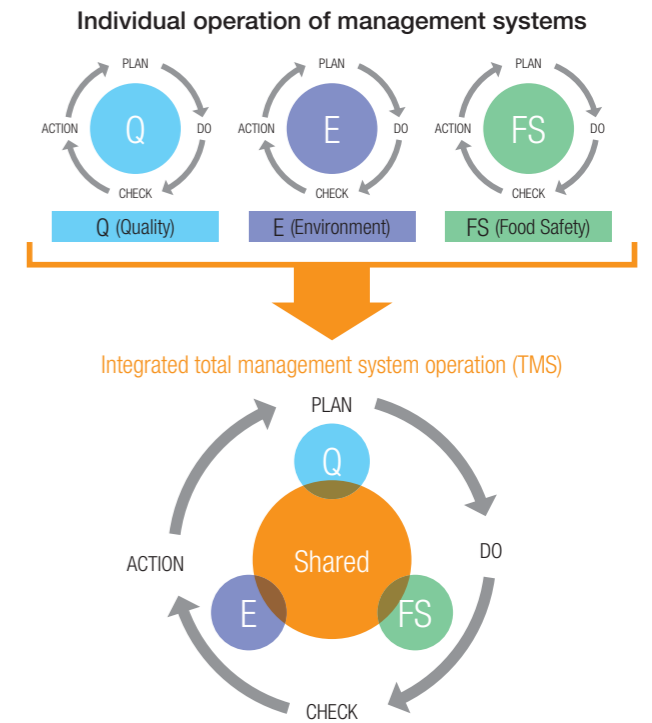
The Toyo Seikan Group's quality assurance systems are used to manage and operate the business activities of each Group company. To appropriately respond to the confidence of customers with the spirit of superior quality, inexpensive prices and swift supply, all of which have been hailed as qualities that the Group should aim to achieve since the time of its initial founding, the Group companies work constantly to ensure and improve quality to match the standards of the times with regard to all processes; including development, procurement, manufacturing, sales and services.



Initiatives at Business Companies

With regard to Quality Management (ISO9001), Environmental Management (ISO14001) and Food Safety Management (FSSC22000) systems, Toyo Seikan Co., Ltd. began operation of these systems at multiple sites as of June 2013, while Toyo Glass Co., Ltd. began operation at multiple sites as of January 2015; obtaining certification by combined screening.

Through management system integration, the Group has now reduced overlaps in work duties, expanded its focus from individual optimization to overall optimization, and created a more "lively" system that fuses the management systems with the Group's actual business activities; and is promoting manufacturing that will further gain the trust and confidence of its customers.



Constructing Management Systems

Each of the Toyo Seikan Group's operating companies has constructed a Quality Management System in accordance with the ISO9001 standard, and is working to ensure and improve quality. Companies engaging in the manufacture and sale of containers for food products are also sequentially constructing Food Safety Management Systems in line with the FSSC22000 standard, in order to offer products that guarantee safety and peace of mind and to improve the level of customer satisfaction across the Group's entire food chain.

Technology Development Initiatives

To attain even greater satisfaction and confidence from its customers, the Toyo Seikan Group is engaged in research and development efforts to develop products, technologies, systems and services with high added-value, to cater to the diversifying needs of the packaging and container market. The Group is also working to create new markets and new businesses by utilizing technologies both new and old, accumulated over many years in the industry.

Technology Development Framework

At the Toyo Seikan Group, the development divisions of each operating company (including Toyo Seikan's Technical Headquarters, Toyo Kohan's Technological Laboratory, Nippon Closures' Technical Development Center and Tokan Kogyo's R&D Center, and centered primarily around the various divisions of Toyo Seikan Group Holdings that have development functions) are engaged in various collaborative technology development efforts.

Quality Assurance System

Together with Our Employees

Quality Assurance System

New Business Initiatives

Based on the core (and peripheral) technologies in the packaging and container fields possessed by its respective Group companies, along with various solutions capabilities involving the integration of those technologies, the Toyo Seikan Group is working to drive forward cutting-edge technology development

in various fields; aiming to create new businesses that could potentially become core businesses for the next generation, in areas such as life sciences and healthcare / medical treatment, electrical and electronic engineering, information technology, telecommunications, energy and the environment.

New businesses that the Toyo Seikan Group is developing

<p>CANACCS® (High-efficiency automated cell culture system)</p>	<p>GenoGate® (Food hygiene tests utilizing DNA chip technology)</p>	<p>Silicagrin® (Gradient index micro lens)</p>
<p>CANACCS® is an automated cell culture system for cultivating floating-type cells. It is being developed mainly with a view to applications in activate autologous lymphocyte therapy, an immune cell therapy that shows promise in preventing the reoccurrence and inhibiting the advance of cancer.</p>	<p>GenoGate® is a completely new DNA-based screening and inspection system that utilizes newly developed high-performance DNA chips and microorganism control technologies to detect potentially harmful microorganisms.</p>	<p>Silicagrin is a quartz-type micro GRIN (gradient index) lens with refractive index distribution in the radial direction, developed utilizing knowledge of glass materials and glass composition design technologies.</p>
		

TOPICS Approval for Domestic Sale of Gene Analysis Kits in Japan

The GENE SILICON DNA Chip Kit UGT1A1, a gene analysis kit developed by Toyo Kohan in collaboration with Yamaguchi University, obtained pharmaceutical regulatory approval on December 12, 2016. The kit, which was developed using Toyo Kohan's own proprietary materials and surface-processing technologies, will be used to conduct genetic analyses to determine whether patients who are scheduled to be treated with irinotecan hydrochloride hydrate (a chemotherapy drug) are at risk of developing side effects. In response to the kit receiving pharmaceutical regulatory approval, a press conference and presentation was held at Yamaguchi University on January 16, 2017, to announce the news to reporters. For Toyo Kohan, this announcement represents a full-blown advance into the medical treatment field. The press conference was attended by reporters from numerous news and media outlets, and a high level of interest was displayed towards this newly developed product.

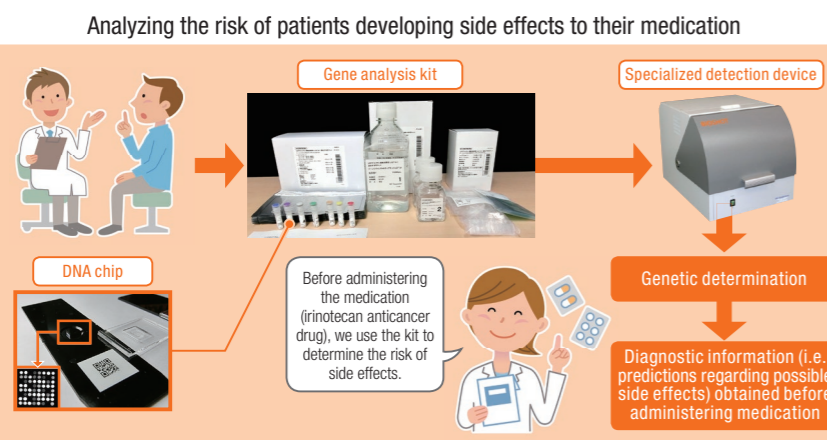


A scene from the press conference



Yamaguchi University President, Masaaki Oka (center), Toyo Kohan President, Hirohiko Sumida (to his left) and Managing Director, Toshinori Moriga (front row, far left)

Analyzing the risk of patients developing side effects to their medication



POINT

- Multi-genotype analysis**
The kit analyses multiple genotypes simultaneously
- High-precision analysis**
- Analysis is possible even with small sample amounts**
- Analysis can be performed in a short period of time (four hours)**

Together with Our Employees

We will create a safe, hygiene and vibrant workplace.

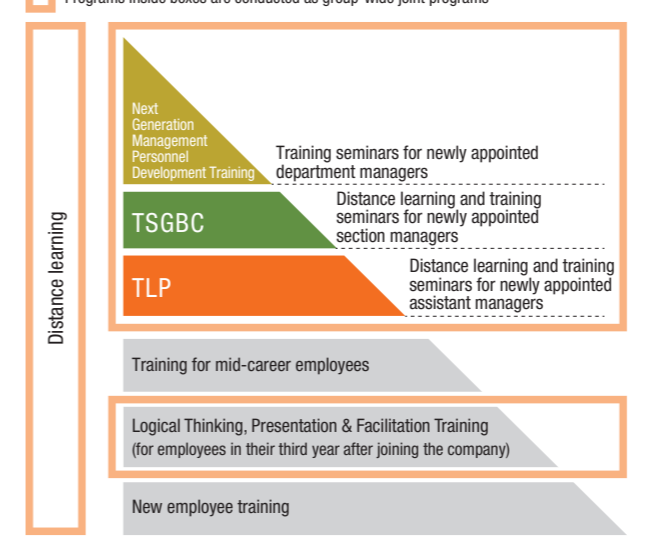
People are the key driving force at the center of the Toyo Seikan Group's continuous efforts to contribute to the happiness and prosperity of humanity. We aim to create a working environment in which each and every one of our employees can always work with vitality and pride.

Group-wide Collaborative HR Training

The Toyo Seikan Group promotes internal interactions and exchanges in relation to human resources development. The Group conducts numerous group-wide shared mass-education and training programs including the following: Next Generation Management Personnel Development Training, aimed at management personnel; the Toyo Seikan Group Business College (TSGBC), for selected members with the purpose of developing the next generation of leaders; the Technical Leaders Program (TLP) for young technically oriented leaders based on MOT (a fusion of technology and business management); Logical Thinking Training, for personnel to learn logical thinking methodologies; and class/rank-specific training for newly appointed department managers, section managers and assistant managers. In addition to these programs, as a means of supporting the personal development of its employees, the Group has also established a scheme for subsidizing the full amount of course fees for employees completing distance learning courses. In FY2016, a total of 3,405 applications were received from companies across the entire group.

By advancing group-wide collaborative HR development initiatives such as these, the Toyo Seikan Group is working proactively to develop its human infrastructure, such as by fostering a feeling of unity that transcends the boundaries of the individual Group companies, and encouraging the development of inter-personal networks.

Group-wide Common Educational Training Framework Diagram



A scene from the final report / presentation meeting of TLP training

Comment from a TLP trainee

TLP training enabled me to become familiar with the technologies and people of the various Toyo Seikan Group companies through practical exercises, to step away from my day-to-day work duties, and to talk freely with other employees about our ideas. It was a stimulating experience for me. It also enabled me to acquire practical execution capabilities for creating new businesses and to experience and understand methods for transforming ideas into actual business operations. I want to make use of the connections I made and things I learned during this training in my future development duties, so that I can make even a small contribution to the advancement of the Group.

Yuuki Itoh
Inspection Equipments Group
Technical Department
Development Division
Toyo Glass Co., Ltd.



Global Human Resources Management

The Toyo Seikan Group has 153 employees currently posted abroad at 40 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: 40 / Employees posted overseas: 153

Breakdown by country	No. of locations	No. of posted employees	Breakdown by country	No. of locations	No. of posted employees
Thailand	8	57	Malaysia	2	8
China	14	33	United States	3	5
Turkey	1	23	Germany	2	5
Indonesia	3	11	Other countries	7	11

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

Together with Our Employees

Quality Assurance System

Together with Our Employees

Diversity Management

In order for the Toyo Seikan Group to raise its level of corporate competitiveness and to achieve lasting development and advancement, every employee must make full use of his or her own abilities and strive to achieve individual growth while at the same time contributing to the growth of the Group. We run diversity management initiatives with the aim of creating an organization in which each and every employee recognizes the individuality of his or her fellow employees, makes effective use of diverse values, ideas and realizations, and links these with actual results and achievements. The first step is in promoting active involvement of female employees.

FY2016-2018 Group Policy on Female Employee Active Involvement Activities

- Female employment rate 30% or higher (excludes manufacturing and factory/on-site roles for the time being)
- Display a proactive stance towards public announcement of information
- Promote activities across the Group

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

	FY2015	FY2016
Overall	15%	17%
Administrative depts	31%	36%
Technical depts	11%	18%
Administrative + technical depts (target: 30% or higher)	20%	27%
Direct manufacturing depts	11%	11%

Employee numbers (at the end of each fiscal year)

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

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

Health and Safety Activities

The Toyo Seikan Group is continuously working with the aim of creating a safe and secure working environment where all employees can work in health, safety and peace of mind.

The Group engages in continuous and proactive safety activities, centering primarily around committee organizations at each respective group company, based on action plans incorporating workplace safety patrols, measures to prevent future reoccurrences of accidents or disasters similar to those which have occurred in the past, KY (*kiken yochi*, meaning "danger and/or risk prediction") activities and various other safety activities. We also engage in hygiene activities based on annual action plans that include precautions to prevent occupational and lifestyle-related illnesses and measures to safeguard the mental health of our employees.

Achieving Diversity in the Way We Work

The Toyo Seikan Group is advancing revisions to its support schemes to enable employees to achieve a healthy balance between their jobs and childcare and/or adult caregiving responsibilities.

	FY2014	FY2015	FY2016
Number of employees taking childcare leave	35	36	79

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

Initiatives at Operating Companies

The number of male employees taking childcare leave has significantly increased

As of May 2016, Toyo Seikan has been encouraging employees to take childcare leave by treating certain types of childcare leave as paid leave, regardless of whether the relevant employee is male or female.

Due to the introduction of this scheme, the number of employees beginning childcare leave during FY2016 rose to 40, with 15 of those employees being male. (The number of male employees taking childcare leave in FY2015 was only one.)

With this being the first year of the new scheme, the company made meticulous efforts to cater to employees, such as by providing information on an individual basis to employees who were due to begin maternity leave. Moving forward, the Group will continue to link this scheme on to beneficial effects in each workplace, such as creating an atmosphere and working environment that encourages employees to make use of childcare leave.

Corporate Governance

We are striving to enhance corporate governance to conduct faithful and fair business.

Concept of corporate governance

Ever since its foundation, Toyo Seikan Group Holdings (the "Company") has been working to improve corporate value under the corporate philosophy of "contributing to the society through packaging and containers." We place a high priority in management on enhancing corporate governance, and have been addressing it on an ongoing basis, so that we can flexibly respond to the changing business environment, and develop and evolve on a sustainable basis.

Moreover, we will strive to achieve sustainable growth and increase corporate value by further enhancing corporate governance based on the Corporate Governance Code that came into effect on June 1, 2015.

Corporate governance system

The Company's Board of Directors (the "Board") is composed of eleven (11) Directors, of whom four (4) are independent Outside Directors, representing more than one-third of the Board. The Board generally meets once a month and holds extraordinary meetings as and when necessary to make decisions on important matters regarding management and other company related issues. To clarify Directors' management responsibility and to flexibly establish a management framework that can promptly respond to the changing business environment, the term of office for Directors is set at one year. The Audit and Supervisory Board is composed of five (5) Audit and Supervisory Board Members, of whom three (3) are independent outside members. The Audit and Supervisory Board generally meets once a month and holds extraordinary meetings as needed. The three (3) Outside Directors and three (3) Outside Audit and Supervisory Board members have been reported to the Tokyo Stock Exchange as independent Officers.

These outside Directors and outside Audit and Supervisory Board Members actively express opinions at the Board of Directors, and active discussions based on such opinions have enabled the effective operation of the Board of Directors. Management surveillance function is ensured based on the monitoring by outside Directors and outside Audit and Supervisory Board Members from their independent and objective viewpoints, and through deliberation by shareholders of the proposal for appointing Directors every year.

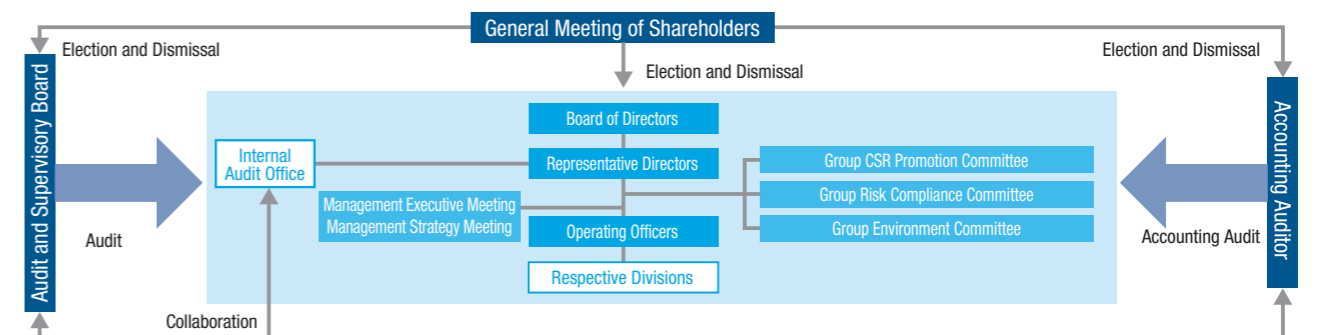
Strategic planning and execution by the Management Strategy Meetings

The Company has implemented the Operating Officer system with the aim of clearly distinguishing management's decision-making and supervisory functions from the business execution functions, while ensuring management efficiency and flexibility. To appropriately and promptly establish basic management guidelines, determine various measures and aggressively promote management activities, "Management Strategy Meeting" is held once a month, comprising full-time Directors, CFO, CTO, Senior Executive Officers and Executive Officers. Furthermore, the "Management Executive Meeting" is, in principle, held twice a month, and attended by full-time Directors, CFO, CTO, Senior Executive Officers and the Presidents of major group companies.

Internal audit

To ensure that business activity fully complies with laws and regulations and to improve management efficiency, the Internal Audit Office is placed under the direct supervision of the President as an internal auditing department. We aim to improve the internal control function by periodically auditing the development and management of the internal control system at all Toyo Seikan Group companies.

Corporate governance system



Corporate Governance

Outside Directors' Initiatives for Enhancement of Corporate Governance

Compliance

Risk Management

TOPICS

Summer Festival Held at Shiga Plant

In August 2016, Toyo Glass' Shiga Plant held a summer festival event. On the day, around 190 participants (consisting of employees and their families) took part in the festival in search of cooling relaxation. Twelve varieties of traditional stalls were on offer, from food stalls—serving festival favorites such as pan-fried *yakisoba* noodles, *karaage*-style fried chicken and frankfurter sausages—to game stalls for children to enjoy including candy-fishing, bouncy-ball scooping and a lucky dip draw. The festival was a lively and bustling event enjoyed by all.



Outside Directors' Initiatives for Enhancement of Corporate Governance



Tsutao Katayama
Outside Director

Board Meetings

The Board meetings are conducted in an open atmosphere where every participant can speak without hesitation. The Chairperson strives to listen fully to what everyone is saying, and proactively seeks opinions even when no objections are made, from which I can see his attitude to try to incorporate not only internal but also external opinions. The Board is a place for decision making, however, when discussion is insufficient, the Chairperson flexibly stimulates the discussion, saying, "Let's discuss it again," which is impressive to me.

In the past, we discussed business operations at the stage when the direction of a plan had already been determined. Now, we are able to be involved in such discussions from the planning stage. I therefore want to take such opportunities to reflect my outsider's opinions in the plan, based on my understanding of the overall business flow.

Follow-up System

From right after my appointment, I started to visit many of the Group's plants, including those located overseas. They were extremely useful in deepening my understanding of the Group's business operations. The "Three 'G' Principles" within *Kaizen* is a common phrase in Japan used to describe *Genba* (the actual place), *Genbutsu* (the actual thing) and *Genjitsu* (the actual situation). I believe that we can actually gain a first-hand understanding of the company for the first time after visiting plants, seeing things with our own eyes and talking with the employees working there.

The way of providing Board meeting information has also been improved. As we are now allowed to view Board meeting materials in advance, we can better prepare for such meetings.

Things That I Strive to Do

The important thing for us as outside directors is to express opinions from the outsider's perspective so as to prevent the interests of the stakeholders from being damaged. As a person involved in the engineering field, I strive to be aware of company trends, while tracking the overall business flow from a technological aspect and, as a university professor, to contribute to the Group in terms of development and exchange of human resources.

Currently, as part of the Group's growth strategy, we are required to seek expansion opportunities abroad for existing businesses, while also developing new core businesses. It is my understanding that the Group's engineering and mold businesses have recently entered a new phase, along with Stolle and Fuji Technica & Miyazu joining the Group. Generally, the automotive and electronic components industries are said to be more volatile than the beverage and food industries, which are the main customers for the packaging industry. I want to connect my technological knowledge obtained at university to Board meeting discussions so that the Group may create a business portfolio where it may invest its resources to achieve significant growth during the upward phase, while maintaining a stable business during the downturn phase.

For personnel development and personal exchanges, I want to support the research and development departments so that they can proactively publish the results of their research. This is because releasing information at academic conferences brings about the inflow of information and an extensive network of connections.

Personal exchanges with universities are also important, and have already been carried out in certain fields. If corporate scientists participate in university labs and conduct research there with scientists from other companies, their networks will expand. More companies use such networks when developing a new business together with other companies. Going forward, I will encourage such exchanges with universities at the Toyo Seikan Group as well.



Kei Asatsuma
Outside Director

Board Meetings

The Board meetings are conducted in an open atmosphere where participants can express their opinions freely, and I too have frequently spoken at Board meetings since right after my appointment in 2016. When I remain silent with no differing opinions regarding policies on legal issues, the Chairperson occasionally encourages me to express my opinions on the matter. I feel this reflects that the Chairperson is constantly conscious of how the Group appears to their outsiders, in order to prevent the Board from being self-righteousness.

Follow-up System

Since shortly after my appointment in 2016, I have visited many of the Group's plants, including those located overseas. They were very useful in deepening my understanding of business operations of the Group. It is my understanding that one of the important roles of outside directors is to express opinions from the outsider's standpoint, so I do not think we are expected to have the same level of knowledge and experience as internal directors. However, without sufficient understanding of the Group's business operations, we cannot fulfill our function that can be useful for the shareholders. In this sense, plant visits were very meaningful experiences for me who had just been appointed.

Things That I Strive to Do

It is my understanding that the most important role we are expected to play as outside directors is to monitor the business execution of internal directors from an outsider's standpoint, and thereby to strive to prevent the interests of all shareholders from being damaged. From this perspective, I strive to do the following two things:

The first thing is to think from the shareholders' point of view. The more we understand a company, the more strongly we tend to be influenced by the corporate logic. However, if we allow that to happen, we cannot sufficiently fulfill our role as outside directors. Catering to the demands of some shareholders does not necessarily benefit the interests of the entire shareholders. However, I also believe that considerations from the perspectives of stakeholders other than shareholders, such as customers, suppliers, local communities, and employees, should be done so that they will ultimately benefit the interests of the entire shareholders. This is quite a subtle judgment, and I strongly believe that the *raison d'être* of outside directors like us is precisely to ensure the appropriateness and validity of such judgment.

The second thing is to ensure a rational process of discussion and consideration for decision-making by the Board, so that it would be satisfactory enough even for a third party. I think that most agenda items submitted to the Board have already gone through internal careful consideration, but it is my understanding that one of our important roles as an outside director is to properly verify that process from the outsider's standpoint. For example, whenever the Board makes an important decision, I focus on points such as: how data has been collected and research has been conducted before making the decision, what options have been considered based on the collected information and research, what was the assessment of each option, and whether or not opinions from experts have been obtained. Furthermore, in such a verification process, I want to make use of my experiences as an attorney involved in numerous large transactions between companies both in Japan and abroad.

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, so as to appropriately respond to the confidence placed in it by society.

Always Acting Correctly and with Humility

In order to ensure that all employees always act correctly and with humility, the Toyo Seikan Group has established a corporate behavioral charter, and corporate codes of conduct at each of its Group companies. We also distribute self-check cards to all employees to promote review and reflection upon their own past actions.

Group Risk & Compliance Promotion Framework

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



Consultation Desk

In addition to establishing a Corporate Ethics Hotline and a Sexual Harassment and Interpersonal Relationships Hotline, as external hotlines for reports and/or consultations relating to compliance violations, the Toyo Seikan Group has also established an internal consultation desk for discussing such matters. As well as establishing mechanisms to ensure appropriate handling of reports and consultations and to protect consultees, the Group also makes employees aware of the external hotlines by listing them on self-check cards and so on.

Group Compliance Training Seminar

On October 11, 2016, the Group invited an attorney to act as a lecturer and opened a Group Compliance Training Seminar, which was attended by directors from each group company.



Seminar theme: "Group Governance and Risk Management – From Cases of Recent Corporate Scandals"

Main Activities Conducted During FY2016

- Group Compliance Promotion Month activities
 - The Group has now designated October of each year as Group Compliance Promotion Month. In 2016, the Group conducted various compliance promotion activities in line with common activity themes.
 - Common activity themes:
 - Respect for human right and individuality (creating a safe and healthy workplace)
 - Appropriate management and disclosure of information
 - Held Group Compliance Training Seminar
 - Requested submission of written pledges on ethics and legal compliance
- Held legal training seminar for newly appointed Group officers
- Promoted global compliance
- Implemented measures towards the elimination of antisocial forces (gangs, etc.)

Main Activities Planned for FY2017

- Ensuring compliance with the Act Against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors
- Ensuring through understanding of and compliance with labor law among employees in management positions (work time management, etc.)
- Compliance education and training
- Group Compliance Promotion Month activities
- Gathering and proactive communication of information regarding compliance

Risk Management

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

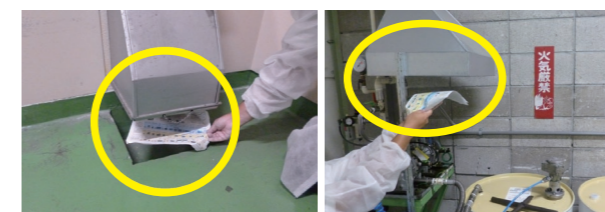
Initiatives at Operating Companies

Risk Management at Toyo Seikan and Nippon Closures

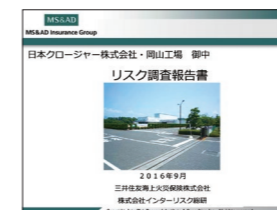
Toyo Seikan and Nippon Closures conduct factory risk assessment surveys in cooperation with their insurance company. Utilizing the outside views of the insurance company, these companies prioritize matters that they should work towards, and endeavor to reduce risks. In FY2016, Toyo Seikan conducted surveys at its Ishioka and Osaka plants, while Nippon Closures conducted surveys at all of its plants (Ishioka, Hiratsuka, Komaki and Okayama). Based on these surveys, the companies implemented measures to visualize fire, explosion and natural disaster risks. In the future, too, the companies plan to implement the same measures used in good examples at other business locations.



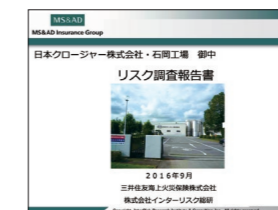
Toyo Seikan Risk Survey Report



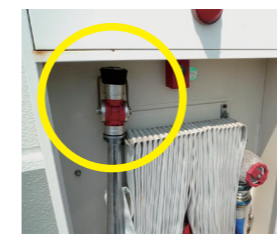
Photographs taken at the Toyo Seikan Ishioka Plant during the operation check of the local exhaust ventilation



Nippon Closures Okayama Plant Risk Survey Report



Nippon Closures Ishioka Plant Risk Survey Report



Example of a good initiative at Nippon Closures' Okayama Plant: the adoption of a spray-type switching nozzle for the fire hydrant equipment outside the plant promises to enable safe and effective delivery of water to the base of any fires at the plant.



Example of a good initiative at Nippon Closures' Okayama Plant: by equipping ladders with helmets and chains, the plant is able to reduce the risk of falls and restrict unnecessary access to high-up work sites.

Risk Management at Toyo Glass

As one aspect of its food defenses, Toyo Glass conducts identity checks using finger vein authentication for entry to rooms in some areas of its factories. In this way, the company is able to prevent unauthorized intrusions of such areas by outsiders, and deliver safer products and greater peace of mind to its customers.



Toyo Glass vein authentication system

Awarded Shiga Prefectural Governor's Excellent Business Locations Award

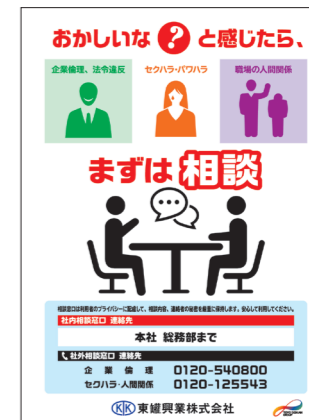
Toyo Glass Shiga Plant was awarded a Shiga Prefectural Governor's Excellent Business Location Award, at a Shiga Prefecture Rally for Promoting Fire Prevention Awareness held by the Shiga Fire Prevention Safety Association, in recognition of the excellent state of disaster readiness drills being carried out, and maintenance and management of firefighting equipment at the plant. We will further improve fire prevention awareness and promote fire prevention activities going forward.



Photograph of the presentation of the Shiga Prefectural Governor's Award

Risk Management at Tokan Kogyo

To notify employees of the existence of an internal consultation desk in addition to external hotlines, Tokan Kogyo has created original posters and displayed them at its facilities. The group leader of General Affairs Department at each business location assumes the role of the counselor for each consultation desk, responding promptly to various problems in the workplace by answering a wide array of consultations; ranging from concerns about interpersonal relationships in the workplace to opinions regarding compliance promotion activities. Counselors also undergo specialist training to enable them to respond appropriately to various consultations.



Original poster for an internal consultation desk

Corporate Governance

Outside Directors' Initiatives for Enhancement of Corporate Governance

Compliance

Risk Management

Corporate Governance

Outside Directors' Initiatives for Enhancement of Corporate Governance

Compliance

Risk Management

Toyo Seikan Group Companies: 100 (Japan: 47, Overseas: 53)

As of June 30, 2017 ● : 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

● PET Refine Technology Co., Ltd.

Recycles PET 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

● 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

● Japan Bottled Water Co., Ltd.

Manufactures and sells containers for bottled water

■ T&T Energethco Co., Ltd.

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

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

Manufactures and sells 2-piece steel & 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

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

Trucking business

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

Sells cans, plastic containers and other packaging

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

Manufactures and sells beverage PET bottles and undertakes contract filling

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

Manufactures and sells beverage cans

■ 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 tinplate, cold rolled steel, and surface-treated steel sheets
Manufactures and sells substrates for magnetic disks, functional films for optical applications

● 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

■ TOYO PAX 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

■ Kudamatsu Unyu Co., Ltd.

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

■ TOYO PARTNER Co., Ltd.

Services related to employee welfare facilities and others

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

Manufactures and sells aluminum substrates for magnetic disks

■ MIYAZU MALAYSIA SDN. BHD. (Malaysia)

Manufactures and sells stamping dies for car bodies and auto parts

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

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

■ Hunan TOYO-LEED Material Science & Technology Co., Ltd. (China)

Conducts research, development, manufacturing and sales of surface treated substrates such as steel sheets, aluminum, copper, and stainless steel and any and all business activities ancillary to the above

■ TOYO KOHAN Jiangsu Co., Ltd. (China)

Manufactures laminated steel sheet for cans

■ FUJI RAYHOO ENG. INC. (China)

Designs stamping dies for car bodies

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

Sells stamping dies for car bodies

■ YANT AI FUJI WILSON ENGINEERING CO., LTD. (China)

Designs stamping dies for car bodies

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

Manufactures and sells stamping dies for car bodies and auto parts

■ Kohan Kogyo Korea Co., Ltd. (Korea)

Sells hard alloys and machine tools

■ Tosyali Toyo Steel CO. INC. (Turkey)

Manufactures and sells cold rolled steel sheets and surface-treated steel sheets (construction of surface-treated steel sheet plant is in progress)

■ FUJI TECHNICA & MIYAZU AMERICA INC. (USA)

Sells stamping dies for car bodies

■ TOYO KOHAN AMERICA Inc. (USA)

Holding Company

■ POLYTECH AMERICA, LLC (USA)

Research and development of laminated steel sheet for food cans

■ PT FUJI TECHNICA INDONESIA (Indonesia)

Manufactures and sells stamping dies for car bodies and auto parts

● Tokan Kogyo Co., Ltd.

Manufactures and sells paper and plastic packaging products

● Nippon Tokan Package Co., Ltd.

Manufactures and sells cardboard products and paperware

● Toyo Unicon Co., Ltd.

Manufactures and sells corrugated plastic products

● Tokan Kosan Co., Ltd.

Manufactures and sells films for agriculture

● Tokan Takayama Co., Ltd.

Manufactures and sells paper container and lid products

● Tokan Logitech Co., Ltd.

Trucking and warehousing

● Sunnap Co., Ltd.

Sells paper cups, plates and napkins

● Shosando Co., Ltd.

Manufactures and sells paper cups, pasteboard and spoons

■ Takeuchi Hi-Pack Co., Ltd.

Manufactures and sells cardboard products and paperware

■ SENRI TRANSPORTATION Inc.

Trucking business

■ Shida Shiko Co., Ltd.

Manufactures and sells plastic 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 beverage paper cups

■ 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 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

● Toyo Glass Logistics Co., Ltd.

Trucking business, various yard operation contracting

● TOHOKU KEISYA CO., LTD.

Manufactures and sells silica sand

● TOSHO GLASS CO., LTD.

Sells glass products

● ICHINOSE-TRADING CO., LTD.

Sells glass bottles and accessories

● 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, pigments and gel coat

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

Manufactures and sells inorganic pigments (Complex Inorganic Color Pigment)

● TOMATEC (XIAMEN) FINE MATERIAL CO., LTD. (China)

Manufactures and sells frit for enamel, tiling and ceramics, glaze and glass filler for synthetic marble

● Sun Dragon Development Limited (China)

Holding company of TOMATEC (XIAMEN) FINE MATERIAL CO., LTD.

● TOMATEC America, Inc. (USA)

Imports and sells inorganic pigments, frits, etc.

● PT. TOMATEC INDONESIA (Indonesia)

Manufactures and sells frits and pigments

● 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.)

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

● 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 and provides related services

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

Manufactures and sells can 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 MACHINERY (SHANGHAI) CO., LTD. (China)

Sells can and end manufacturing machines and provides related services

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

Sells can and end manufacturing machines and provides related services

● Tokan Shoji Co., Ltd.

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

■ Lymphotec Inc.

Amplified Natural Killer Therapy support, pharmaceutical production