



Toyo Seikan Group  
CSR Report  
2019

 **Toyo Seikan Group Holdings, Ltd.**

CSR Office, Toyo Seikan Group Holdings, Ltd.

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Published in October 2019

# 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.

## 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. For your better understanding of our specific CSR activities, we classified our achievements in fiscal 2018 (the year ended March 2019) into environmental, social and governance categories and described them in the corresponding sections of the report. Please visit our website for the information not covered by this report, such as our CSR-related policies, systems and data.

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.

The following is our new website, which is expected to be available at the end of October.

<https://www.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, 2018 to June 30, 2019

**Numerical data:** April 1, 2018 to March 31, 2019

### Published in:

October 2019  
(Next issue to be published in October 2020)

### Reference Guideline:

ISO26000 (Guidance on Social Responsibility)

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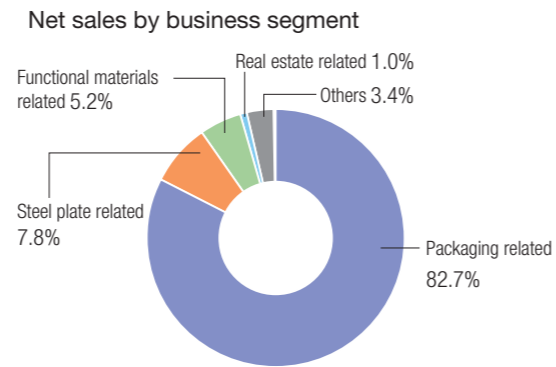
Please refer to the relevant websites for details of activities at group companies described below. (Reports marked with an asterisk (\*) are available only in Japanese.)

- Toyo Seikan Co., Ltd.: Environmental Website\*
- Toyo Kohan Co., Ltd.: CSR\*
- Tokan Kogyo Co., Ltd.: CSR
- Nippon Closures Co., Ltd.: Environmental and Social Activities\*
- Toyo Glass Co., Ltd.: Environmental Activities\*
- Mebius Packaging Co., Ltd.: Our Commitment to Environment
- Toyo Aerosol Industry Co., Ltd.: Environmental Policy\*
- Tokan Material Technology Co., Ltd.: The Measure for Environment

# Company Profile

## 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:** 399 (18,938 on a consolidated basis) as of March 31, 2019



## 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.

### Logistics



Motor truck transportation and warehousing mainly for group companies.

### Real estate related business



Leasing of office buildings and commercial properties.

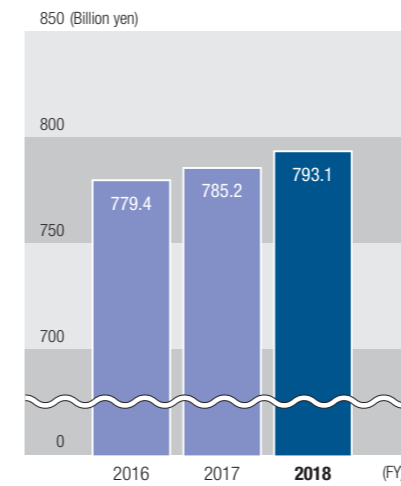
### Other businesses



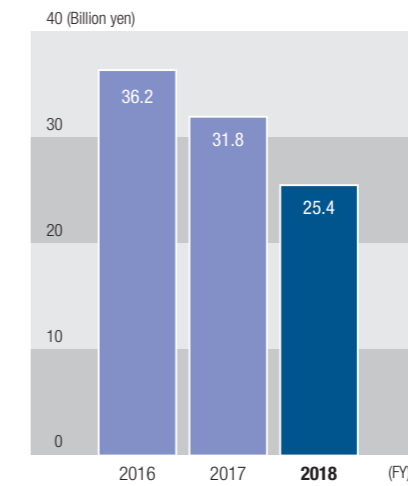
Manufacturing and sales of automotive press dies, machinery and appliances, hard alloys and agricultural-use materials; sales of petroleum products; and non-life insurance agency business.

## Financial Data (Consolidated)

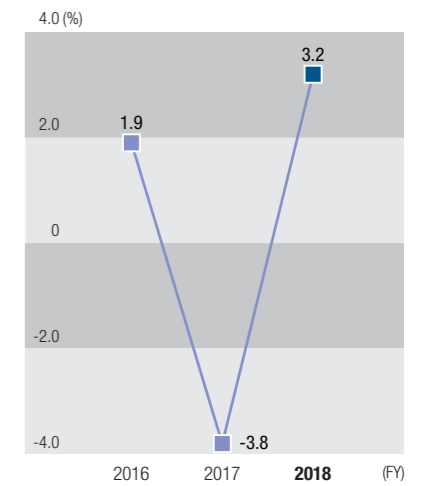
### Net sales



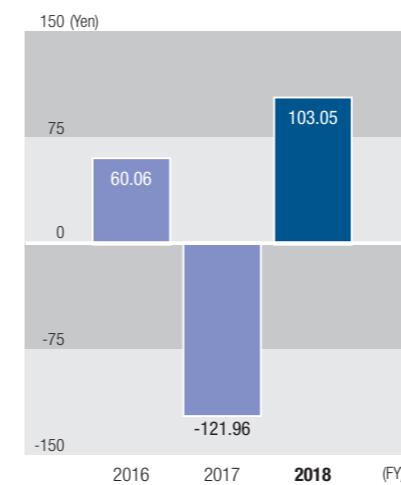
### Operating profit



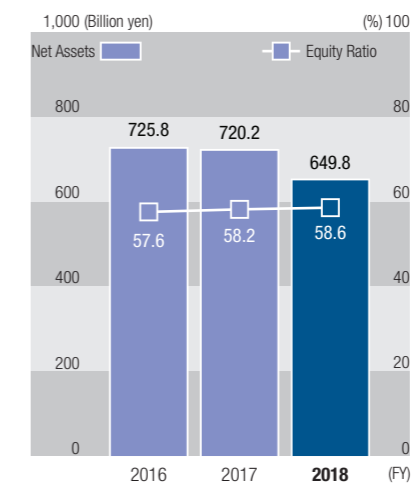
### ROE



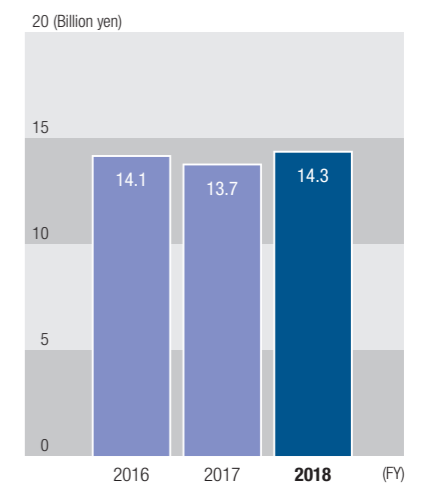
### Earnings per share



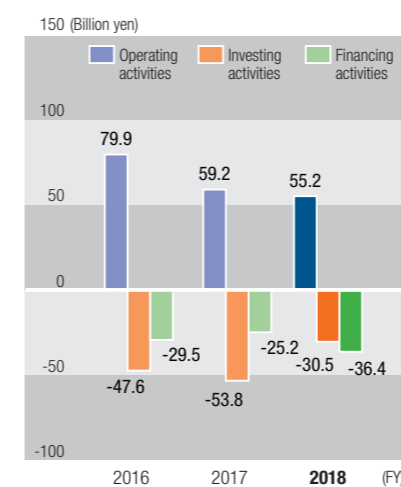
### Net assets & equity ratio



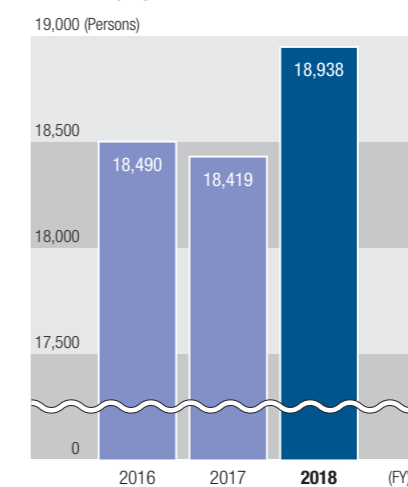
### Research & development costs



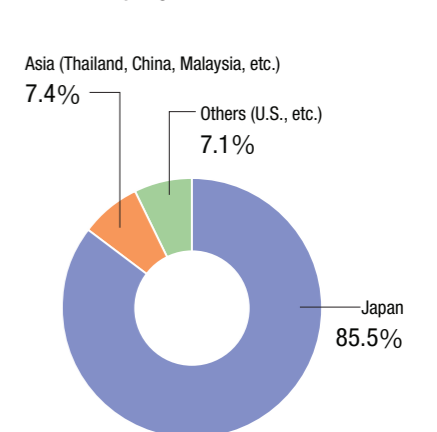
### Cash flow



### No. of employees

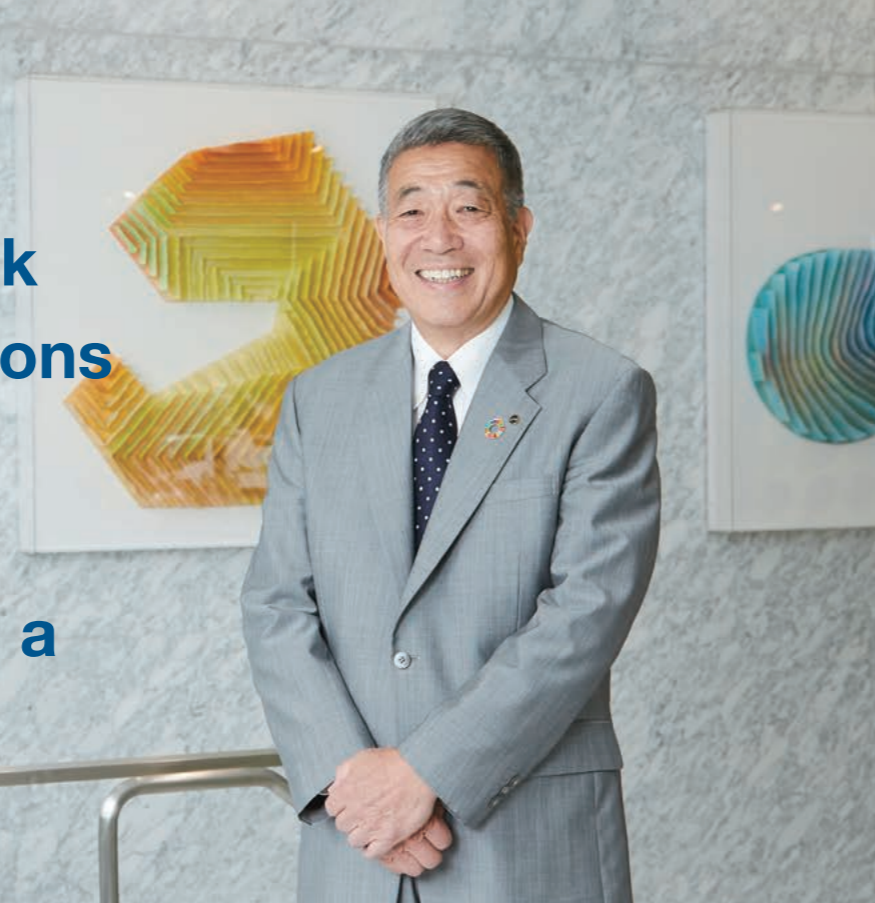


### Net sales by region



\*Since the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, issued on February 16, 2018) for its consolidated financial statements from fiscal 2018, figures for fiscal 2016 and 2017 are retrospectively adjusted according to the amended standards.

# We will seriously look at the current situations regarding our eight material issues and commit ourselves to a continuous reform.



## Clear strategies with the backcasting approach

It was 2015 when the United Nations' Sustainable Development Goals (SDGs) were adopted at its General Assembly. The fact that the solution was unanimously agreed by the member states was significant. I believe we should make every endeavor to achieve SDGs as they set specific goals for corporate activities and indicate the right direction in which the world should move.

The Toyo Seikan Group has begun its group-wide effort to address its material issues identified in line with the UN's seventeen goals.

Solutions to most of the SDGs do not lie in the existing frameworks. We need to define the final destination and then work backward to figure out what we should do, and how and by when we should do it, to approach the desired future, while making fine adjustments based on the comparison between plans and actual performance. Under this perspective, I would like to report the current status regarding the eight items of our materiality.

### 1 Development of packaging containers and services in line with social needs

Among the major breakthroughs in the history of beverage containers were the emergence of 2-piece aluminum cans for beer in 1960s and the commercialization of PET bottles in 1974. By 2015, people had used a total of 500 billion

PET bottles, the same amount as the total amount of glass bottles used. Now, in just 41 years after their appearance, PET bottles can be compared head-to-head with glass bottles, which have 5,000 years of history. With their features of light weight, crack resistance, transparency and resealability, PET bottles have satisfied what the society required.

However, plastic containers are now faced with the problem of marine plastic litter. To address this issue, the Toyo Seikan Group will promote the use of plastic containers more suitable to recycling and the reduction of waste volume by shifting to refill pouches, for which the Group has an advantage in the market.

We are at a major turning point in the history of packaging containers, the first in fifty years. I believe there are a lot of things we can do to contribute to the sustainable Earth.

### 2 Enhancement of quality assurance

As Japanese firms' data-fabrication scandals related to product quality have recently been revealed one after another, the social trust in the manufacturing sector has been undermined. The fabrication of quality data is a betrayal of social trust, while quality assurance is absolutely vital to a company's sustainability. In April 2019, the Group established the Quality Administration Department under its holding company to oversee the quality assurance system of the entire group. We believe that a commitment to maintaining and improving product quality itself represents the act of fulfilling corporate social responsibility.

## Eight Materiality Items

Category	Materiality	
Continuous creation of new products and services	1 Development of packaging and services in line with social needs	2 Enhancement of quality assurance
Environmentally-friendly systems	3 Contribution to environmental protection	4 More sustainable supply chain
Honest and responsible behavior	5 Coexistence with communities	6 Respect for human rights
	7 Respect for employees	8 Ensuring thorough compliance

### 3 Contribution to environment protection

While the Group has been addressing environmental issues based on its mid-term environmental goals, Eco Action Plan 2022, the recent development, including the problem of marine plastic pollution and the movement of governments to formulate their plastic recycling policies, is prompting the Group to set higher goals. Against this backdrop, the Group has established this year its new mid-term goals, Eco Action Plan 2030, focusing on "innovation for decarbonization." The new plan includes a carbon footprint reduction target for the entire supply chain as well as targets of replacement to recycled and recyclable materials, including plant-derived plastics.

### 4 More sustainable supply chain

To create a sustainable Earth, we need combined efforts across the entire supply chain in addition to the Group's commitment. We will contribute to achieving the sustainable Earth through pursuing a responsible corporate procurement with due consideration of environmental, social and human rights issues.

### 5 Coexistence with communities

Group companies are engaged in activities that can contribute to the respective communities where they operate. The head office, for instance, has the Museum of Package Culture in its building in Shinagawa, Tokyo, to show the general history and technologies of packaging containers. It also provides environmental education programs and career education programs for the first to ninth grade students.

### 6 Respect for human rights

The Group launched its Human Rights Policy in June 2019. All group companies, which operate in Japan and 16 foreign countries, incorporate respect for human rights, including those of their employees and all other stakeholders, into the foundation of their operations both in Japan and abroad.

### 7 Respect for employees

Respecting diversity brings additional energy to business activities. This perspective has increasingly been understood among the group members. In June 2018, Toyo Seikan Group Holdings started a pilot program of telework as part of its work style reform, and in July 2019, the telework system was officially introduced. Setting certain limitations for the time being, including up to two days a week and ten days a month, the company is encouraging a broad use of the system.

### 8 Ensuring thorough compliance

Companies are required both to increase positive activities and to refrain from engaging in negative activities. Unfortunately, there have been five drunk driving cases in the Group since April 2018, resulting in strict punishments, including demotion.

On February 6, 2018, the Group's major operating

company Toyo Seikan was subjected to an onsite inspection by the Japan Fair Trade Commission (JFTC) for alleged violation of the Antimonopoly Act of Japan related to beverage can trading. The company fully cooperated with the investigation. On September 26, 2019, it received from the JFTC a cease and desist order and a surcharge payment order under the Act.

We have seriously taken to heart these facts and will commit ourselves more firmly to compliance with laws and regulations.



## Establishment of a governance system and new organizations

In addition to the eight material issues, I would like to refer to a number of movements in the Group. In October 2018, in order to enhance our governance system, we established the Governance Committee, a consultative body which consists of two representative directors and five outside directors. In fiscal 2019, we appointed the first female outside director, allowing the Board of Directors to have more active discussions.

In April 2019, aiming to connect our SDG-related efforts with practical business activities, we launched the Innovation Incubation Office to enhance collaboration with external entities. In the same month, we opened the Singapore Branch to seek cooperative work with universities and businesses in Asia for the development of new products that meet demand of people in the region.

Four years have already passed since the SDGs were adopted at the UN General Assembly, with only eleven years remaining to the year of 2030. Just after the adoption, there were not many Japanese companies who showed willingness to commit to SDGs, but now, an increasing number of companies have been taking action with challenging targets. The Group will also accelerate the implementation of measures to achieve SDGs, with an eye on the movement of society, to fulfill its social responsibility.

**Takao Nakai**

Chairman and Representative Director  
Toyo Seikan Group Holdings, Ltd.

# 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

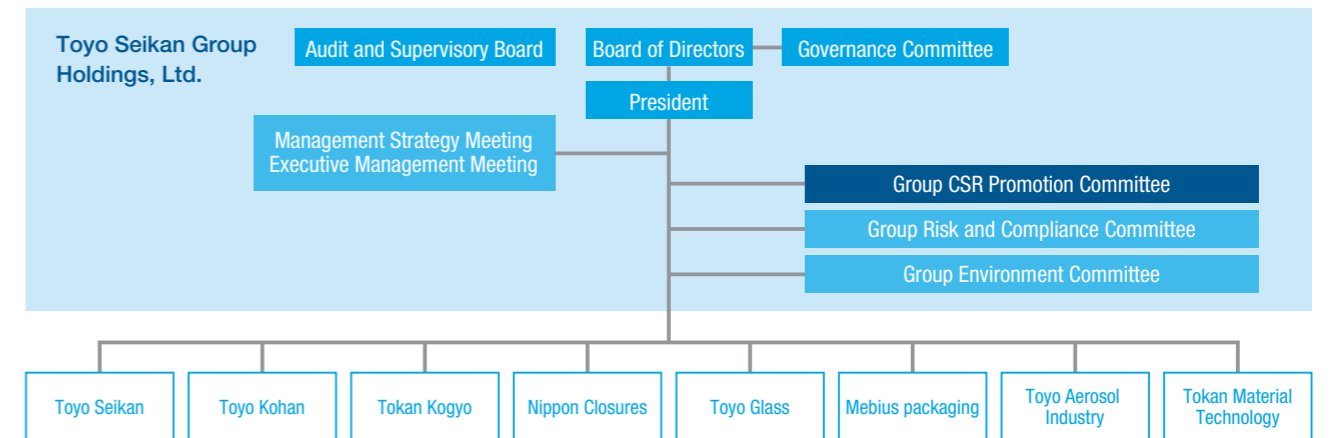
In 1933 our founder Tatsunosuke Takasaki documented the founding principles as basic philosophy in the handbook named “The Mission of Toyo Seikan”, and distributed it to shareholders, employees, and industry participants. Since then, the Toyo Seikan Group has fulfilled its mission based on such basic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

## 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.



## Basic CSR policy of the Toyo Seikan 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.



## Materiality of Toyo Seikan Group

The Toyo Seikan Group has identified its material issues to be addressed with a high priority in order to contribute to the creation of a sustainable society. They are based on the Group’s Management Philosophy and serve as a basic guide for it to promote management that is fully integrated with CSR. Through addressing these issues, the Group will also contribute to achieving the UN Sustainable Development Goals (SDGs), which were adopted by the United Nations in September 2015.

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.	12
Eco-friendly systems	Contribution to environment protection	Contribute to the creation of a low-carbon, Zero-Waste Society that coexists with nature.	6, 7, 8, 12, 13
	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.	
		Achieve a flexible work style that allows for a right balance between work and home life.	
Ensuring thorough compliance	Ensure that our business activities are properly conducted.	16	

# Our Commitment to Global Environment

We will strive to preserve and improve the global environment.

## 2018 TOPICS

### The 5th Grand Prize in the Award for Excellent Business Entities Working on Modal Shift

On November 27, 2018, Toyo Mebius won the 5th grand prize in the Award for Excellent Business Entities Working on Modal Shift (by the Japan Association for Logistics and Transport) at its award ceremony. The company has developed specifically-designed 31-foot containers, and since December 2017, it has been switching its freight transport from trucking to railway for the transportation of can and can-end products between Kanto and Kansai areas. The modal shift efforts were highly valued for its contribution to lower environmental burden and solutions to a truck-driver shortfall while paying attention to the characteristics of freighted product. Encouraged by the award-winning this time, the company will continue with its activities to further reduce environmental load.



年度 モーダルシフト取り組み優良事業  
一般社団法人 日本物流団体連合会

### Introduction of Solar Power Facility

Nippon Closures' new factory building for plastic products, which was constructed at its Komaki Plant and completed on April 3, 2019, has introduced a solar power facility as part of its project to create a plant that is environmentally-conscious and energy-efficient, including less CO<sub>2</sub> emissions and lower running costs. The new building has 2,376 solar panels on the roof, which are expected to generate 681,701 kWh of power while reducing CO<sub>2</sub> emissions by approximately 200 tons every year.

Tokan Kogyo has also constructed a new factory building at its Atsugi Plant aiming for more efficient, labor-saving operation, with a solar power facility of approximately 300 kW capacity to make effective use of the roof. The new building has significantly reduced its monthly average per-unit power consumption, compared to existing facilities. As this effort was highly rated, the company won Kanagawa Global Environment Award 2018 from Kanagawa prefecture.



New factory building for plastic products of Nippon Closures' Komaki Plant

### 2018 Environmental Education Program for Children

Toyo Seikan held an environmental education class for children in the third and fourth grade to learn the relationship between packaging containers and water, as part of its summer holiday program conducted at the Museum of Package Culture on the first floor of the Group's head office building in Tokyo. Participants learned where the water they use every day comes from and how the water is used in can-manufacturing, among others. As they worked with their parents on using a microscope to look at plankton, the program provided a good opportunity for both children and parents to think about the importance of water.



## 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 CO<sub>2</sub> 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 President of Toyo Seikan Group Holdings, Ltd.), and has been promoting environmental management on a Group-wide basis.

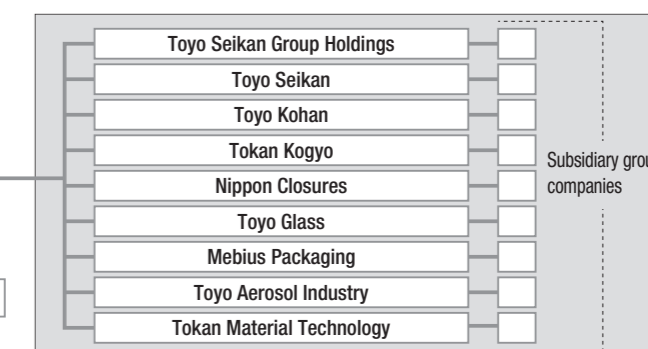
Deliberations and resolutions concerning group-wide environmental management initiatives are carried out at the biannual Environment Committee meetings. Progress is managed through administrative office liaison meetings, which are held five times a year. Each Group company takes initiatives based on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

### Toyo Seikan Group Environmental Management System

**Toyo Seikan Group Environment Committee**  
Chairman: President of Toyo Seikan Group Holdings, Ltd.  
Members: Corporate officers with responsibility for environmental issues from each committee member company

Administrative office

### Environmental organizations at each company





## Our Commitment to Global Environment

### New Mid-Term Environmental Goals “Eco Action Plan 2030”

Until the end of fiscal 2018, we implemented measures based on the Eco Action Plan 2022, which had set our mid-term environmental goals to be achieved by 2022. Although we had been making progress in line with the initial plan, recent discussions about global warming measures, resource circulation, marine plastic pollution and other environmental issues prompted us to modify the plan and newly establish the “Eco Action Plan 2030”, our new goals towards 2030, the target year of SDGs.

#### • Measures against Global Warming

In addition to reducing carbon emissions from business activities (Scope 1 emissions directly from fuel combustion and Scope 2 emissions indirectly from electricity consumption), the Group aims to cut emissions from upstream and downstream of its supply chain (Scope 3 emissions) as well. We particularly focus on reducing the emissions associated with procurement (purchased products and services) and disposal of products we sold, which account for a significant portion of the total emissions from the entire supply chain.

petroleum resources with recycled and renewable materials, including plant-derived resins, by cutting the use of exhaustible resources as much as possible, and by developing product design that allows for easier recycling. Numerical goals have been set to implement these measures.

#### • Problem of Marine Plastic Pollution

While the Group provides a wide range of plastic products for the society, solutions to marine plastic litter cannot be found through a single company’s effort. We will cooperate with all partners in our value chain to address this issue.

#### • Resource Circulation (Zero Waste)

Higher priority is placed on shifting from single-use products and systems to closed-loop ones by replacing

### Eco Action Plan 2030

<b>Low-Carbon Society</b>	1) Reduce CO <sub>2</sub> emissions from business activities (Scope 1 & 2) by 30% 2) Reduce CO <sub>2</sub> emissions from the supply chain (Scope 3) by 15%
<b>Zero-Waste Society</b>	1) Reduce the use of exhaustible resources <sup>(1)</sup> by 30% 2) Reduce the use of fossil resources <sup>(2)</sup> for plastic products by 40% <ul style="list-style-type: none"> <li>• 15% cut in the use of fossil resources by decreasing product weight and switching materials</li> <li>• 30% increase in the ratio of recycled materials and plant-derived bio-resins to the total amount of raw materials used</li> </ul> 3) All packaging products to be recyclable or reusable
<b>Society Coexisting with Nature</b>	1) Reduce environmental risk and environmental pollutant <ul style="list-style-type: none"> <li>• 15% cut in the release and transfer amount of chemical substances under the Pollutant Release and Transfer Register Law (PRTR Law) by FY2022</li> </ul> 2) Promote biodiversity conservation <ul style="list-style-type: none"> <li>• 30% cut in water consumption by business activities</li> </ul> 3) Promote communication with external parties <ul style="list-style-type: none"> <li>• Action to address marine plastic pollution (prevention of litter) and the disclosure of relevant information</li> </ul>

Note: 1. An exhaustible resource is a natural resource that is not replenished by natural processes as fast as humans consume it.  
 2. Fossil resources include crude oil and natural gas.

Base year: FY2013

### Review of Activities during FY2018

The Group has made the following progress during fiscal 2018 in the implementation of the Eco Action Plan 2022, the previous mid-term environmental goals.

### Eco Action Plan 2022: Mid-Term Environmental Goals and the Status of Progress

Environmental Vision	FY2022	FY2018		
	Mid-Term Goal	Single-Year Goal	Actual Results (Major Initiatives)	Assessment
1) “Low-Carbon Society” that significantly reduces CO <sub>2</sub> emissions	Reduce CO <sub>2</sub> emission by 14%	<ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions by 10.7%</li> <li>• Reduce energy consumption intensity by 4.8%</li> </ul>	<b>CO<sub>2</sub> emissions: down 9.2%</b> <b>Energy consumption intensity: down 10.5%</b> Although the CO <sub>2</sub> emissions during fiscal 2018 declined 1.3% from the previous year with various energy-saving efforts, including equipment renewals, the reduction fell short of the year’s target. The rise in emissions from overseas plants that increased production particularly affected the performance. The energy consumption intensity has been steadily decreasing and has met its target	★★
2) “Zero-Waste Society” that effectively uses limited resources	Reduce material input intensity by 3%  Promote green procurement of purchasing materials	<ul style="list-style-type: none"> <li>• Reduce material input intensity by 1.7%</li> </ul>	<b>Material input intensity: down 6.9%</b> 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 decreased to meet the target. The material utilization (the percentage of the total weight of finished products to the total weight of raw materials used for the products) has also improved. We continue to seek more efficient use of resources.	★★★★
3) “Society Coexisting with Nature” that continuously benefits from nature	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"> <li>• Reduce release and transfer amount of chemicals under the PRTR Law by 7.4%</li> </ul>	<b>Release and transfer amount of chemicals subject to the PRTR Law: up 6.4%</b> Although the Group has reduced the amount of chemical release and transfer subject to the PRTR Law mainly through improving material specifications, such as excluding toluene from printing ink, the amount exceeded the target level for the year. This was largely because the use of such chemicals increased to control the production of certain products to meet quality requirements.	★

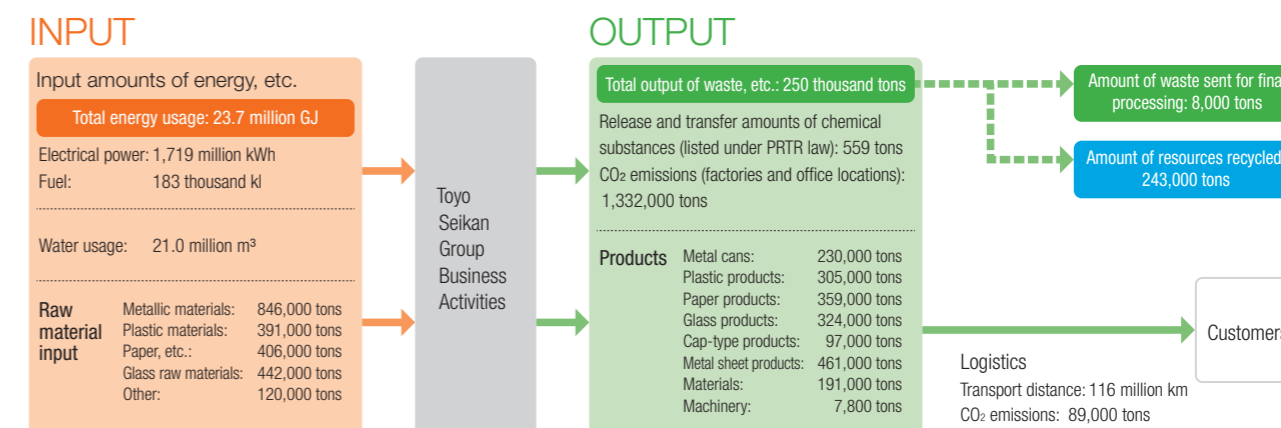
Assessment: ★★★ Achieved   ★★ Nearly achieved   ★ Not sufficiently addressed

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 FY2018 Material Flow (for Japanese business locations)





## Our Commitment to Global Environment

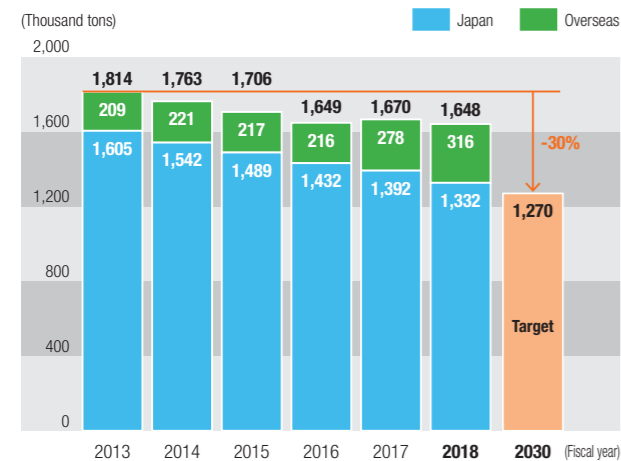
### To Create a Low-Carbon Society

#### CO<sub>2</sub> Emissions from Business Activities (Scope 1 & Scope 2)

In fiscal 2018, total carbon emissions from the Toyo Seikan Group's facilities both in Japan and abroad decreased 1.3% to 1,648 thousand tons compared to the previous year.

While the emissions from domestic facilities declined by 60 thousand tons year on year thanks to various energy-saving efforts, the emissions from overseas facilities rose mainly due to production growth at a new plant, which had started full-scale operation in fiscal 2017. The Group continues to engage in cutting carbon footprint in fiscal 2019 with renewal and replacement of equipment, streamlining production lines and improving production efficiency.

#### Change in CO<sub>2</sub> emissions

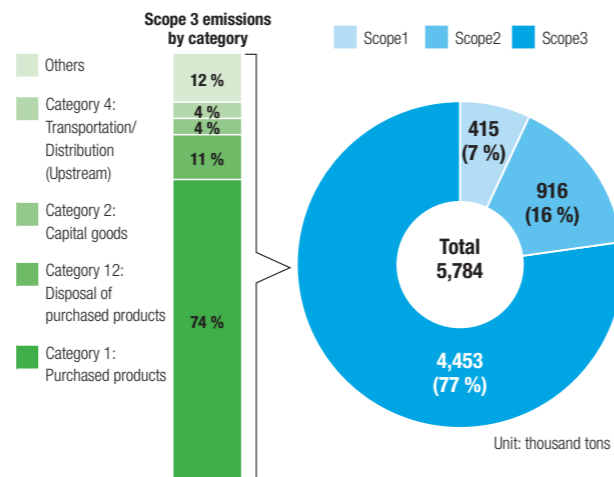


#### Greenhouse Gas Emissions from Supply Chain (Scope 3)

The Toyo Seikan Group determined by calculation the amount of greenhouse gas (GHG) emissions from upstream and downstream of the supply chain (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 Scope 3 emissions associated with all domestic facilities accounted for around 80% of the total emissions from the entire group and its supply chain in fiscal 2018. Among the Scope 3 emissions, the emissions from purchased products (Category 1: procurement of raw materials) accounted for a significant portion of the total. The calculation results indicate that we need further efforts to reduce product weights and to use more recycled and renewable materials for less GHG emissions.

#### GHG Emissions from Supply Chain (FY2018)



### 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 2019, 56 products are certified as eco-friendly products.

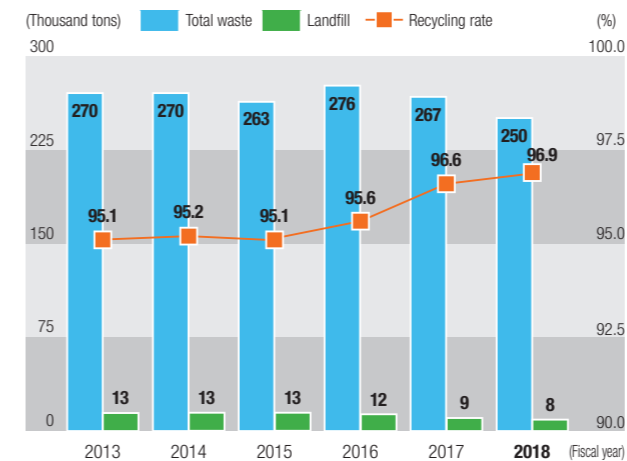


### To Create a Zero-Waste Society

#### Effective Resource Use and Less Waste

In fiscal 2018, the total amount of waste, including valuable substances, from all domestic facilities decreased 6% from the previous year. While 96.9% of the total was recycled, the remaining eight thousand tons of waste was sent to landfill, including simple incineration. We will continue to pursue waste reduction by implementing various measures, including complete waste sorting and cooperation with waste treatment operators to find better recycling methods.

#### Amount of Waste from Domestic Facilities



### To Create a Society Coexisting with Nature

#### Addressing Marine Plastic Problem Engagement through the Clean Ocean Material Alliance

In January 2019, the Clean Ocean Material Alliance was established with a wide range of business operators participating to address the problem of marine plastic pollution, an emerging global challenge. The alliance aims to promote the "3Rs" initiative for a sustainable use of plastic products and the development and introduction of alternative materials as well as to accelerate innovation through a public-private collaboration. Toyo Seikan Group Holdings has joined the alliance as a major partner since the preparation phase to start its activities in cooperation with other members from all kinds of industries.

#### Strong Commitment to Plastic Pellet Loss Prevention

Plastic resin pellets with a size of several millimeters, which are used to make plastic products, could become marine plastic litter if they escape from the plant site. Plastic product manufacturers in the Group have been implementing measures to prevent the particles from escaping through gutters into the outside environment, including placing metal net. In order to enhance its management of pellet loss prevention, the Group has recently formulated the Guidelines for Preventing Plastic Pellet Loss to allow its group companies to effectively control plastic pellets under their respective environment management systems.

### Shinagawa Eco Festival Uses Eco-Conscious Containers Made by a Group Company

Every year, the Toyo Seikan Group participates in Shinagawa Eco Festival, a local government-sponsored event in Shinagawa-ku, Tokyo, to show its eco-friendly products and to have communication with multiple generations through environment-related activities, including a craft workshop to provide an enjoyable opportunity to learn about packaging containers.

Amid a recent global attention to the marine plastic pollution, the Shinagawa government showed its efforts to reduce single-use plastic products by using eco-conscious containers to provide food and beverage for visitors in the eco festival held on May 26, 2019.

Tokan Kogyo's paper container set of a cup, lid and straw, all made of paper, was chosen to be used as an eco-conscious package in the festival. The used paper containers were recovered as recyclable garbage and sent to recycling after the event.



Exhibition panel used in the eco festival



# 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.

## 2018 TOPICS

### BCM Wins Kaizen Award

On August 31, 2018, Bangkok Can Manufacturing (BCM) received two prizes, “Silver Award” and “Certificated”, of Kaizen Award 2018 administered by Technology Promotion Association (Thailand–Japan) as the company was highly rated for the improved process of its aluminum DWI can production line, including the improvement of the lubricant drainage channel and the cleaning method for the draw-and-iron process. BCM will be continuously involved in *kaizen* activities.



### Yamaguchi Prefecture Industrial Technology Special Award

Toyo Kohan, together with ASAHIKOHAN (a diversified machinery maker) and Yamaguchi University, won “Yamaguchi Prefecture Industry Technology Special Award” for outstanding results of their joint project to research and develop a molecular in-vitro diagnostics system to be utilized for personalized medicine. This award program was launched in 2018 to encourage innovation created in joint efforts by businesses and organizations in the prefecture, and Toyo Kohan and the two partners became the first winner of the award.

At the award ceremony, Mr. Muraoka, Governor of Yamaguchi prefecture, stated he expected more accomplishments from excellent research and development activities in the future and that the prefectural government would continue to support such activities and innovative efforts.



### Change in Work Uniform Design

Tokan Kogyo has made a change to its work uniform design by enlarging the size of name tag, aiming for easier identification of individual employees by name. This change is expected to enhance the company’s food defense management to protect against intentional product contamination. It may also lead to a workplace with effective communication because everyone can be called by name even from behind or when wearing a mask. The new design was launched in October 2018, and the replacement with the new one was completed in March 2019.



### Quality Assurance System

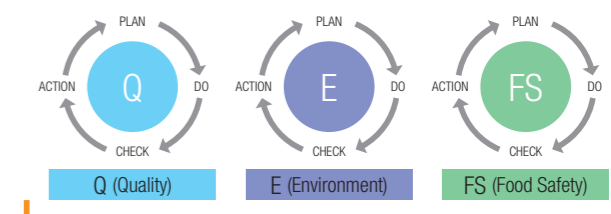
The Group is engaged in quality assurance activities across the group companies according to its quality assurance principles, which focus on i) providing customers and the society with products, systems and services that are safe and reliable, and ii) implementing social activities necessary for a corporate group that deserves the trust of customers and the society. With the Group’s business motto of “high quality, reasonable prices and swift delivery”, which it has been following since its foundation, the Group continues with its efforts to earn customer trust by maintaining and improving quality levels that meet requirements of the times throughout its operational processes, including development, procurement, manufacturing, sales and service provision.



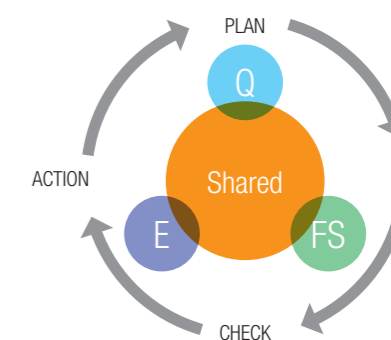
### Construction of Management System

Each operating company in the Group has constructed a quality management system for maintaining and improving the quality of products and services in accordance with the ISO9001 standards. Among them, companies manufacturing and selling food containers have also built food safety management systems based on the FSSC22000 standards, in order to provide safer products and to increase reliability in the food chain. Toyo Seikan, Toyo Glass and Mebius Packaging, in particular, have established a TMS (Total Management System), which integrates three systems of quality management, food safety management and environmental management (ISO14001 standards-based). The system integration allows the companies to reduce overlaps in operations and expand their focus from sub-optimization to total optimization. Using the dynamic system that links their management systems closely with actual business activities, they have been promoting manufacturing that provides customers with reliability.

#### Individual operation of management systems



#### Integrated total management system operation (TMS)



### 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.

### 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.

# Human Rights

# Together with Our Employees

## The Toyo Seikan Group Human Rights Policy

The Toyo Seikan Group's Management Philosophy, which was launched in 2016, states that the Group will aspire to achieve a sustainable society and contribute as a group to people's happiness. We understand that respect for human rights throughout our business operations is a prerequisite for all endeavors to accomplish the intention of the management philosophy.

We have now formulated the Toyo Seikan Group Human Rights Policy (the "Policy"), which serves as a guide for us to drive our commitment to respecting human rights and to fulfill our responsibility, in accordance with the United Nations Guiding Principles on Business and Human Rights.

At the same time, however, we admit that we cannot completely eliminate the risk of adverse impacts that business activities may have on human rights. With this fact in mind, we will seriously address this issue to ensure greater respect for human rights.

### 1. Scope of Application

The Policy applies to all directors, auditors, officers and employees working within the Group.

We also expect all business partners who are associated with the Group's products, systems and services to comply with the Policy.

### 2. Basic Perspective

We promote our commitment to respecting human rights based on the United Nations Guiding Principles on Business and Human Rights, with our support and high regard for the following international rules and agreements related to human rights.

- The United Nations International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights)
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The United Nations Declaration on the Rights of Indigenous Peoples

### 3. Responsibility to Respect Human Rights

We will not infringe on the human rights of those affected by our business activities, and if an adverse human rights impact occurs through our operations, we will take appropriate action to remedy the situation. This is the way we fulfill our responsibility to respect human rights and build a responsible supply chain.

### 4. Human Rights Due Diligence

We establish a human rights due diligence process to identify, prevent and mitigate actual or potential adverse impacts on human rights.

### 5. Communication and Consultation

While implementing the Policy, we have honest communication and consultation with our stakeholders, drawing on independent external expertise in human rights.

### 6. Education and Training

We provide appropriate education and training so that the Policy is embedded throughout our business operations and effectively implemented across the Group.

### 7. Remediation

If our own activities cause adverse human rights impacts, or if it becomes clear that we are involved with adverse human rights impacts through our business relationships, we will provide remedies to redress the harm through communication and appropriate procedures based on international standards.

### 8. Director in Charge of Policy Implementation

We officially designate a director in charge of the Policy implementation and oversee the progress of the implementation.

### 9. Disclosure

We disclose the information on the progress and results of our human rights-related activities on our website and through other media.

### 10. Applicable Laws

We comply with laws and regulations of countries and regions where we operate. If there is any conflict between internationally recognized human rights and laws and regulations of a country or region, we will seek ways to honor international human rights principles to the greatest extent possible.

## Quantitative Research on Human Rights Issues

To identify the most important issues to address, we conducted a research to quantitatively assess the significant impact that could be caused in each business domain and country with respect to the ten human rights issues that is closely related to our operations, based on the human rights database of Verisk Maplecroft, a global risk research and analysis organization. The results showed that the overall risk faced by the business domain in which the Group operates was at a medium-to-low level, and that the potential human rights issues to be given the highest priorities were those related to "labor health and safety", "proper wage and working hours" and "the rights of indigenous peoples" in the "packaging container" and "iron and steel" industries.

We also conducted interviews with relevant people in the Group to identify supply chains and stakeholders that are deeply connected with the potential human rights issues. As a result, it was revealed that all of our entire supply chain is faced with the issues regarding the "labor health and safety", "proper wage and working hours" and "the rights of indigenous peoples."

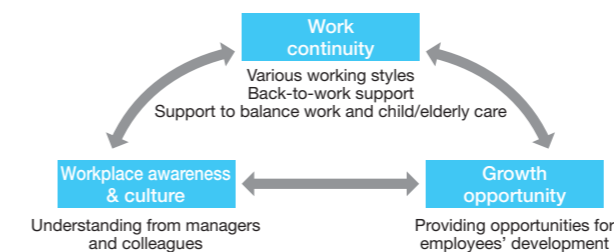
As for the next step, each company in the Group will review and study the results of the human rights impact assessment and engage in specific measures to handle their identified issues.

We will create a safe, hygiene and vibrant workplace.

## More Diversified Human Resources and Work Style Reform

In order for the Toyo Seikan Group to enhance its competitiveness and continue its development over the long term, every employee needs 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 higher performance.

### Our Perspective on Diversity Management



### • Encourage More Active Participation of Women

The Group achieved a target ratio of female recruits of 30% or more to the total recruits for administrative and technical jobs, which had been set in fiscal 2016. Since fiscal 2018, it has been pursuing a new and higher goal of female recruit ratio of "30% or more to all recruits including production line staff", aiming for a broader participation of women in the workplace.

With introduction of AI technologies, automation and labor-assistance equipment at production facilities, we will seek to create a workplace comfortable for female workers, which is also comfortable for everyone, resulting in a highly productive work environment.

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

	FY2016	FY2017	FY2018
Overall	17%	19%	21%
Administrative depts	36%	48%	57%
Technical depts	18%	22%	20%
Administrative + technical depts	27%	36%	42%
Production line staff	11%	7%	10%

Employee numbers (at the end of each fiscal year)

	FY2016	FY2017	FY2018
Number of employees	7,539	7,678	7,684
Proportion of female employees (overall)	12.0%	12.6%	13.1%
Administrative + technical depts	18.1%	19.1%	20.3%
Proportion of female employees in management roles (section manager and above)	2.5%	3.0%	3.0%

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

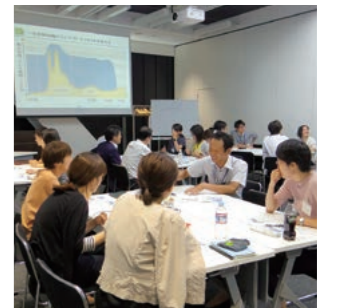
### • Initiatives to promote women's participation

Mebius Packaging's Izumisano Plant has been implementing the W Project, a project to create a workplace that works for women. It is aimed at reviewing and improving, from women's point of view, conditions of the traditional manufacturing workplace that is designed mainly for male workers, and has been achieving better work environment, including less burden of operators with automated facilities and more training opportunities using wearable cameras. To increase women's participation, Mebius Packaging has also been recruiting more female staff for production lines using the Positive Action, a government-led strategy to promote gender equality. The company continues to work on these initiatives as it believes the creation of a workplace friendly to women means a better work environment for all employees.



### • Seminar to Support Back-to-Work from Child Care Leave

The Group conducted a back-to-work support seminar for employees who returned from child care leave and their managers from four group companies. The program provided an opportunity for them to think about future career development and to share honest views and opinions from the perspective of each side. There were various feedbacks from participants, including "Well understood the need of career development efforts even while child rearing" and "Desperately felt the importance of mid- to long-term talent development with consideration to an employee's life events."



### • Pilot Program of Telework

Toyo Seikan Group Holdings has launched a telework system as part of its work style reform, aiming to allow employees to control their work hours and locations for higher productivity and to demonstrate their maximum abilities. Back in June 2018, a pilot program of telework started, with review meetings held regularly to discuss identified issues. While encouraging more departments to join the program, the company also participated in a telework-promoting model business project set up by the Tokyo metropolitan government, using consulting services and trying various tools for telework promotion. In fiscal 2019, the telework system was officially introduced.



Together with Our Employees

Full text of the Toyo Seikan Group Health Management Declaration is shown on the Group's website.  
[https://www.tskg-hd.com/en/csr/soc\\_staff.html](https://www.tskg-hd.com/en/csr/soc_staff.html)

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.

• 2019 Outstanding Enterprise in Health and Productivity Management (White 500)

In February 2019, two of the Group's companies, Toyo Seikan Group Holdings and Toyo Seikan, were certified as 2019 Outstanding Enterprises in Health and Productivity Management in the large enterprise category ("White 500") of the certification program managed by the Nippon Kenko Kaigi and the Ministry of Economy, Trade and Industry. Meanwhile, Nippon National Seikan, another group company, was recognized in the small and mid-sized enterprise category of the certification program.



• The Group's Health Management Promoting System

Organizational structure for health management promotion



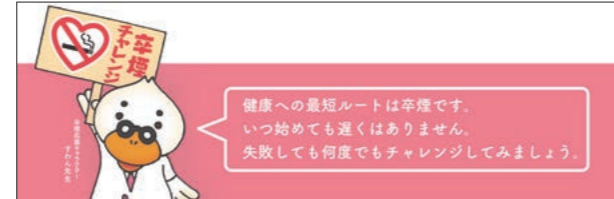
At Tsukuba Plant of Toyo Aerosol Industry on February 15, 2019

The above organizational structure is designed to achieve the Group's Health Management Declaration. The Group Health Management Promotion Meeting consists of employees responsible for occupational health and the Group's occupational health staff and implements health management activities from the standpoint of individual group companies and that of their employees. The 2018 Occupational Health Promotion Meeting was held at Tsukuba Plant of Toyo Aerosol Industry. Visiting

and learning another company's manufacturing site helps upgrade each company's health management, based on *san-gen-shugi*, a problem-solving principle that focuses on actual goods, actual site and actual situations.

• Support to Quit Smoking Initiative for Smoke-Free Workplace at Head Office Building

In September 2017, as part of its activities for employees' health maintenance and enhancement, the Group launched a campaign to "achieve a complete smoke-free workplace during work hours for all domestic facilities by April 2020." Prior to the target date, in October 2018, all floors of the Group's head office became fully smoke-free during work hours. The Group will expand its quit-smoking support measures to help group companies achieve the goal.



Part of the poster for quit-smoking promotion

Aid Programs run by Toyo Seikan Health Insurance Association

In addition to the aid for employees to use the smoking cessation outpatient service, the Health Insurance Association launched in fiscal 2019 a new aid program for the use of online medicine service for smoking cessation (both programs cover the full amount of the service fees).

• Health Maintenance Event

Several group companies and the Toyo Seikan Health Insurance Association jointly held a health-enhancing event in Odaiba, Tokyo. Each of the 51 participants from six plants walked nearly 20,000 steps during the event, while enjoying various games, including answering questions and a blind ball-picking-up game. The event provided opportunities of meeting with people from different group companies and compensating for a lack of exercise.



Human Resource Development

• Coordinated Human Resource Development across the Group

The Toyo Seikan Group has been engaged in human resource development in a group-wide effort. The collective educational programs commonly provided for group members include Logical Thinking Training Program for younger generations, Managers Training Programs for newly assigned general managers, managers and assistant managers, and Technical Leaders Program (TLP) for younger technical leaders selected based on the perspective of Management of Technology (MOT). Through these cross-company programs, the Group has been cultivating the sense of unity across group members and establishing a group-wide human network.

To assist employees in their self-development activities, 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 2018, there were a total of 3,150 applications 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, focusing 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 seek to 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 (FY2018)

	Category/Program	Participants
Programs for selected candidates	Next-Gen. Management Training (6th, 7th)	29
	TSGBC (7th, Advanced)	36
	TLP (11th)	22
Programs for specific positions	Training for new general managers (4-part)	33
	Training for new managers (5-part)	63
	Training for new assistant managers (8-part)	106
	Logical Thinking Training (4-part)	72
Total number of participants		361

• Global Human Resources Management

The Toyo Seikan Group has 131 employees currently posted abroad at 43 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: 43 / Employees posted overseas: 131

Country/Region	No. of locations	No. of posted employees	Country/Region	No. of locations	No. of posted employees
Thailand	8	56	Germany	2	5
China	14	28	Philippines	1	4
Indonesia	3	10	Turkey	2	3
Malaysia	2	8	Taiwan	2	3
United States	4	8	Other countries	5	6

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

Comments from an attendee in TSGBC

In TSGBC, I learned about marketing, corporate strategy, human resources management, organizational behavior, corporate accounting and financing, together with selected members from different group companies, aiming to be capable of taking a logical approach to address challenges and opportunities in light of basic rules of management.

Through meeting external people at external training sessions as well as working with colleagues from other divisions in the company, I gained a broader perspective and was stimulated in various ways. I also found that my way of thinking has changed, realizing my growth after attending the program. In the analysis of other companies and own company's issues, the cooperation and discussion with other attendees who have diverse values enabled me to better understand my roles and responsibilities as a member of the Group. With other attendees in the training, I will continue to contribute to future growth of the Group.



Tsutomu Takahashi  
 Corporate Planning Department  
 Tokan Kogyo Co., Ltd.



## 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.

### • Practical Safety Training for New Employees

On June 15, 2018, the new employees at Nippon Closures' Ishioka Plant participated in a practical safety training program conducted by Nippon Steel Business Service Kashima. Assuming accidents and injuries that could occur in the workplace, the program used various kinds of equipment to allow trainees to experience a simulated situation, including being caught by the machine. Meanwhile, Komaki Plant of the company conducted a safety training in which participants from all relevant departments used actual machines to be reminded of the importance of safe operation. These physical experience programs have been contributing to the prevention of disasters.



### • Heat Stroke Prevention Program

In May and June every year, Toyo Glass invites an external lecturer to conduct an educational program for heat stroke prevention and treatment. The program provides an opportunity for participants to be reminded of the danger of heat stroke as they learn the mechanism and symptoms of dehydration and the necessary steps to prevent and treat heat stroke.



### • AED Workshop

On January 29 and 30, 2019, Tokan Material Technology conducted at its head office and Osaka Plant the AED workshop, to which emergency medical technicians from the fire station were invited as instructors. Participants learned, with practical experience, the basic steps to use AED and the rescue operation process including cardio-pulmonary resuscitation. The workshop was a valuable opportunity for employees to be ready to respond to an emergency situation with a calm judgment. The company will hold the workshop on a regular basis to improve the capability to handle emergencies.



### • Award for Full Year of Zero Accident

As part of its campaign to eliminate disasters and accidents, Mebius Packaging has run an award program for a full year of zero-accident operation. In fiscal 2018, the first business year of the company, all plants and offices (Ibaraki, Kawasaki, Settsu and Izumisano Plants, Goka and Kobe Satellite Offices, and Head Office and Technology Department) operated without an accident throughout the year. The company continues with its effort to create a workplace where employees can safely work, while enhancing its risk management in order to ensure a stable product supply and fulfill its social responsibility.



## Other Activities

### • Open House at Head Office for Family Members

On July 25, 2018, Toyo Seikan's head office invited its employees' family members to an open house event at the headquarters building. There were 82 participants who joined an environmental program to learn "3Rs" and other issues and an environmental facility tour within the building. Children visited the workplace where their moms and dads work every day, and enjoyed various other programs. Finally, they made their original canned products using a can seaming machine, taking them home as souvenirs.



### • Annual Dinner

On November 24, 2018, TOYO-MEMORY TECHNOLOGY (TMT) in Malaysia hosted an annual dinner for the year. People at the party, which lasted for over four hours, enjoyed Karaoke Competition, Best Dressed Competition, Lottery and Annual "5S" Award, among others. The dinner ended with a lot of smiles and good memories, connecting TMT members with each other to form a big family.



### • Rebuilding of Dormitory

Toyo Glass has reconstructed the antiquated dormitories at Chiba Plant and Shiga Plant to improve its health and welfare services. The new dormitories were named "Jeunesse Kashiwa" and "Jeunesse Shonan", respectively, using the French word meaning youth.



### • Toyo Seikan Futsal Champions Cup

On May 11, 2019, Toyo Seikan's head office and other six plants and offices (including other group companies) held the TSK Futsal Champions Cup for the First Year of Reiya. The event had a total of 65 participants, including players and their families, and witnessed closely fought games with enthusiasm. The sports event provided people who do not regularly work together with an opportunity to meet each other and have fun, and contributed to the refreshment of their body and spirit and the enhancement of their health.





# Social Contribution Activities

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

## Development of Educational Support Program

As part of its educational support activities, the Toyo Seikan Group has developed an on-site career education program for junior high school students. The new program allows any plant or office in the Group to use the same materials in the class when requested to provide the on-site service. It adopts an active learning approach, which is essential to modern education, as students participate in group activities on the theme, "If you are engaged in product development at a packaging container manufacturer." We conducted a pilot class at a nearby school based on the new program and found it successful with an active participation of students. In addition to this program for junior high students, we have undertaken to improve an existing on-site program to provide environment education for elementary school students. Schools have been in need for the assistance of corporations in the classroom, and the Group will meet their needs through its group-wide effort to support education.



## Donation to Torrential Rain-Hit Areas

The Group donated 10 million yen, through the Japanese Red Cross Society, to help recovery of the areas in western Japan that were struck by torrential rains in July 2018. Meanwhile, two organizations run by employees at Toyo Kohan's Kudamatsu Plant (the company dormitory residents' association and the association of assistant managers and group leaders) also made donations for the disaster relief through Kudamatsu City Council of Social Welfare. The dormitory canceled its 57th summer evening festival scheduled for July 28, 2018, and the two organizations decided to use the festival's budget for the donation. All members of the Group truly wish that the disaster-hit areas will achieve a complete recovery as early as possible.



## Toyo Seikan Appears in a Supplementary Reader of Social Studies for Elementary Schools

The town of Yoshimi in Saitama prefecture, where Toyo Seikan's Saitama Plant is located, is working on a complete revision of the supplementary reader of social studies to be used by the town's elementary schools. At the request of the teacher who edits the book, Saitama Plant agreed to be published on the page of local industries in the planned new edition, and cooperated in interview and research activities.



## TK WORKS Festival 2018

On October 13, 2018, Toyo Kohan hosted TK WORKS Festival 2018, the annual open house event at its Kudamatsu Plant. It was a beautiful sunny day and the festival had around 3,000 visitors, including employees' families. The company held a factory tour, product exhibitions and various entertainment programs, such as science experience, kids' space and street stall services. Other exciting programs included the magic show performed following the previous year, and bingo games for the first to ninth grade students and mochi *maki* (rice cake scattering), which were held for the first time in the festival.



## Semi-Annual Blood Donation Campaign

Twice every year, in spring and fall, Toyo Aerosol Industry's Tsukuba Plant invites a blood donation bus from the Japanese Red Cross Society to conduct blood donation. The Plant has been cooperating in blood donation for over 30 years since it was established and became a member of the blood donation promotion committee of Ryugasaki City in December 1987. It will continue to promote the voluntary activity that everyone can easily join, encouraging as many employees as possible to get involved in the campaign.



## Externship Program for Law School Students

Toyo Seikan Group Holdings has been hosting externship programs since 2013, providing work opportunities at the Legal Affairs Department for a law school student once a year. The extern for fiscal 2018 experienced corporate legal operations through working on the examination of a contract with an imaginary business partner and the consideration of legal and contractual solutions to an imaginary problem. The Company continues to contribute to the development of legal professionals by providing future experts with opportunities to practically learn roles and responsibilities of lawyers in corporate legal affairs.

## Factory Tour for Elementary School Students

On January 15, 2019, Nippon Closures' Hiratsuka Plant invited 73 fifth-grade students from Toho Elementary School located in Chofu City, Tokyo. As part of its social studies education, the school has been providing students with opportunities to visit factories in Kanto Area.

This time, they chose to visit the Nippon Closures' plant as its products, caps, are familiar in their daily life. Unfortunately, they did not have enough time on that day to see production lines, but they enthusiastically listened to the explanation about roles of various packaging containers and looked at and touched caps that were produced at the plant.

The company hopes that factory tours help young people who will lead the next generation gain a deeper understanding of packaging containers.

## 2018 Environmental Picture Diary Exhibition

Toyo Glass participated in the 2018 Picture Diary Exhibition held by Yokohama City Resources Recycling Association at Yokohama International Port Terminal. The company exhibited on the theme of "Glass bottles; Eco-Friendly Containers", introducing 3Rs (reduce, reuse and recycle) for glass bottles. It also held a workshop for children to enjoy coloring glass bottles that have drawings printed on their body using special pens designed for writing on glass.



## Clean-Up Activity of Shinagawa CSR Promotion Council

The Toyo Seikan Group participated in the clean-up activity hosted by Shinagawa CSR Promotion Committee, an organization consisting of corporations located in Shinagawa-ku, Tokyo. The joint activity between corporations and the local government is aimed at a stronger awareness of corporate employees about social contribution, a broader recognition of the Council's activities, better relationships between participants and a deeper sense of belonging to the community. There were 135 participants from 26 companies and offices this time, who cleaned up the areas surrounding Meguro, Osaki and Gotanda stations. The program provided a great opportunity for us to cooperate with local businesses in social contribution.



## Tree Planting Activity in Rayong, Thailand

On June 5, 2018, a tree planting activity was conducted for the first time on Nong Pla Lai reservoir in Rayong province in Thailand, arranged by Thai government officials and the company managing the industrial estate where Toyo Filling International (TFI) is located. People from government offices, schools and companies operating in the industrial estate participated in the activity. TFI joined the tree planting as part of its social contribution. The 300 participants, including four people from TFI, planted 1,500 young trees. They are saplings of the tree called "Yang NA", which is a semi-deciduous tree widely distributing in South East Asia and grows to heights of 30 to 50 meters with reddish purple flowers blooming around January and February.



## Part of Plant Site Opened to Neighboring High School

Tokan Material Technology's Kyushu Plant allows a neighboring high school to use part of its site for students' club activities. The plant will continue with the provision of space to contribute to fostering young people in the local community.



# 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.

## Structures of Outside Directors and Auditors

The Company's Board of Directors (the "Board") is composed of thirteen 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 five auditors, of whom three 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.

## Executive Structure

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.

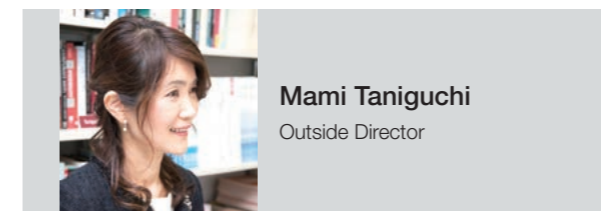
The Company provides its directors and officers with training opportunities as needed to support them in acquiring and continuously updating necessary knowledge for appropriate performance of their duties.

It has also established the Governance Committee, a voluntarily established consultative body, which consists of two representative directors and five independent outside directors. The committee is designed for more objective, transparent and timely decision-making of the Board of Directors regarding such issues as the appointment of representative directors and director and auditor candidates and the remuneration of directors and officers.

## 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.

## Outside Directors' Role to Enhance Corporate Governance



Mami Taniguchi  
Outside Director

### Three roles of outside directors

Japanese listed companies have been increasing the appointment of outside directors to allow their boards to adopt an external perspective. I believe external perspectives of outside directors play the following three roles : i) to enhance social justice with the viewpoints of various stakeholders, ii) to monitor corporate management from a third party's point of view, and iii) to achieve higher quality in a strategic decision-making through reminding the board to pause and reconsider an argument that could go too far with internal discussion. Meanwhile, according to previous studies on corporate governance and strategies, priorities of the above three roles would change depending on whether the company is in the rapid growth phase to seek new business exploration and expansion or in the mature phase in which profit growth is peaking out.

### For a more active board of directors

Having external perspectives itself only means the exchange of information and does not necessarily mean that the board can benefit from these perspectives. To capitalize on an external perspective in the board's decision-making, outside and inside directors must

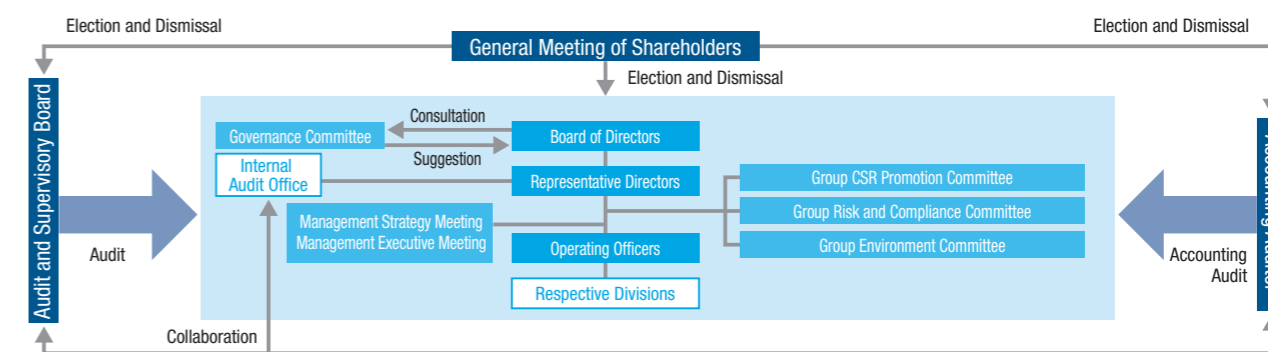
discuss issues on the same levels. To that end, they need to share the perception of the company's growth stage and the roles that external perspectives would play in the board, leveraging the difference between internal and external viewpoints to create benefit.

I have served as an outside director for two companies before Toyo Seikan Group Holdings. With those experiences, I have come to believe that whether outside directors properly function in the board of a company depends on how actively the board carries out discussion.

### What I mostly care about

I have been engaged in education and study as a university teacher of international business administration for over twenty years. I have been focusing particularly on international comparison studies and studies of multinational enterprises' organizations and their revolution, working with a global network of researchers and business professionals. In the educational field, I have been teaching, in English, leadership and diversity management to students from various countries in Europe, North America and Asia, feeling how strongly the differences in experience and value can affect judgment bases of individuals. Humans, whether students or corporate executives, make a rational decision based on their own experiences, and such rationality is also called a limited rationality. Since no one is all-knowing or all-wise, it is necessary to recognize the limit of your own rationality. With this point in mind, I will commit myself to ensuring that the Board has an appropriate perspective that can contribute to a higher quality decision-making.

## Corporate Governance Structure





# 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.

## Main Activities in FY2018

The following activities for domestic group companies were conducted during fiscal 2018.

### • Establishment of the Framework to Comply with the Antimonopoly Act

The Group has built a group-wide framework for compliance with the Antimonopoly Act with support from external expertise.

- All employees at major group companies completed an e-learning program for basic knowledge of the Antimonopoly Act.
- Introduced the "Antimonopoly Act Compliance Card" to be carried at all times by all employees in sales departments.
- Introduced the submission of a written pledge to comply with the Antimonopoly Act by all employees in sales departments.

### • Establishment of the Group's Code of Conduct and Guidelines of Behavior

We have formulated the Toyo Seikan Group Code of Conduct and Guidelines of Behavior as common standards of behavior for all group members and have promoted full understanding of the standards by all employees through distributing a booklet and other means.



Cover design of the booklet

### • Establishment of the Group Regulations to Prevent Bribery Involving Public Officials (September 2018)

We have formulated the Group Regulations to Prevent Bribery Involving Public Officials to comply with laws and regulations related to bribery prevention in Japan and abroad.

### • Month-Long Group Compliance Promotion Campaign (October 2018)

- Activities related to Group's common campaign theme
  - 1) Compliance with the Antimonopoly Act
  - 2) Understanding of the Group Code of Conduct and Guidelines of Behavior
- Group Compliance Training Seminar
- Submission of the written pledge to comply with ethics and laws and regulations

### • Collection and Transmission of Compliance Information

We were engaged in various activities through the year to raise compliance awareness across group members by sending out information about group companies' compliance activities and compliance violations occurring in the society.

## Compliance Hotlines

For reporting and consultation about compliance violations, the Toyo Seikan Group has established two external hotlines, the Corporate Ethics Hotline and the Sexual Harassment and Interpersonal Relations Hotline, in addition to an internal consultation desk. The Group has been promoting employees' better understanding of the external hotlines with posters and self-check cards. From fiscal 2019, the internal reporting system will be expanded to include overseas group companies as well.

Total contacts to the external hotlines in FY2018 **107 contacts**

## Training Programs for Group Members

Various programs including the following were conducted for domestic group companies.

### • Legal Training Program for Newly Appointed Group Officers

On June 5 and July 10, 2018, we invited an external lawyer as a lecturer to conduct a training program designed for newly appointed officers of the Group.

Theme: Liability and responsibility of operating officers **Number of attendees: 51**

### • Group Compliance Training Seminar

On October 9, 2018, the Group Compliance Training Seminar was held, inviting an external professional as a lecturer.



Theme: The essence of CSR management with commitment to compliance **Number of attendees: 142**

## Main Activities Planned for FY2019

- Maintaining and enhancing the Antimonopoly Act compliance framework
- Promoting understanding of the Group Code of Conduct and Guidelines of Behavior and their implementation
- Expanding the internal reporting system to all group companies worldwide
- Promoting full understanding of the Group Regulations to Prevent Bribery Involving Public Officials
- Month-long group compliance promotion campaign



# Risk Management

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

## Initiatives at Operating Companies

### • BCP Drill

Toyo Kohan has formulated its emergency response procedures and business continuity plan (BCP), and has regularly conducted BCP drills. The drill for fiscal 2018 was conducted following a fire drill assuming the occurrence of a fire in a production line for surface treated steel plate, assuming an emergency situation in which the fire caused severe damage to the equipment of the line. Based on the past experiences, the company had previously encouraged participants to share objectives of this BCP drill from its planning phase, while preparing a flexible drill scenario. This made the exercise more realistic than before. The company will regularly conduct the emergency training to improve its ability to respond to an unexpected incident.



### • Safety Driving and Riding Workshop

The plants of Tokan Material Technology individually held a training workshop for safety driving and riding. The head office and Osaka Plant conducted the workshop on February 20, 2019, in which participants learned by watching a video the danger of not wearing a seatbelt, ways to predict danger, and causes of accidents and their prevention. The program also provided an opportunity to understand views and blind spots which are different for drivers, bikers and pedestrians, the points to which they should pay attention to prevent accidents, and the importance of danger prediction.



### • Earthquake and Tsunami Evacuation Exercise

On December 3, 2018, Hiratsuka Plant, Technical Development Center and Die & Mold Center of Nippon Closures jointly conducted an evacuation exercise assuming a significant earthquake and tsunami like the East Japan Great Earthquake disaster in 2011. The exercise scenario involved the first evacuation to the temporary shelter in front of the gate after an earthquake of intensity 6 hit the region and the second evacuation to the main meeting room on the fifth floor of the plant building following a subsequent major tsunami alert.

The exercise was successful and meaningful as a large number of participants, 293 people, completed the evacuation within the targeted 30 minutes, the expected time of tsunami arrival in the scenario.



Moving to the evacuation area



Evacuation completed



Review of the exercise

### • Nighttime Evacuation Exercise

Tokan Kogyo's Shizuoka Plant conducted a nighttime evacuation exercise assuming a magnitude 8 earthquake. On the day just before the exercise, September 30, 2018, a typhoon hit the region and caused a blackout in the surrounding area of the plant and its employees' houses. The blackout continued while the nighttime exercise was performed, and made it more realistic as participants used a power generator stored in the emergency supply warehouse in the darkness.



As of June 30, 2019 ● : 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 PET bottles and sells metal cans

## ● 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.

Contract filling of PET-bottled beverage products

## ● Japan Bottled Water Co., Ltd.

Manufactures and sells bottled water related materials for delivery service

## ● 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 Enertechno 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 provides 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 Pack (Changshu) Co., Ltd. (China)

Manufactures and sells beverage PET bottles and provides 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 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 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

## ■ ISHIKAWA INK CO.,LTD.

Manufactures and sells Synthetic resin and Printing ink

## ● 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 Machinery (Guangdong) Co., Ltd.

Manufactures and sells can 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