

**TOSHIBA**



# CSR Report 2018

TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION CSR REPORT 2018



**TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION**

### Commitment

At Toshiba Plant Systems & Services Corporation, each employee is committed to serving society through the provision of services, products and systems that fulfill customer needs in the field of social infrastructure.

### Management Vision

An excellent company continuing profitable and sustainable growth

### Standards of Conduct

Toshiba Plant Systems & Services Corporation places top priority on life, safety and law compliance. At the same time, we will work to build bonds of trust with society, including our customers and shareholders.

### Company Data (As of March 31, 2018)

Company Name	Toshiba Plant Systems & Services Corporation
Address of Head Office	Tsurumi Toshiba Building 36-5, Tsurumichuo 4-chome, Tsurumi-ku, Yokohama City, Kanagawa, Japan
Representative	Masataka Hayashi, President and Chief Executive Officer, Representative Director
Founded	October, 1923
Established	October, 1938
Paid-in Capital	11,876,021,006 yen
Our Business	Engineering, procurement, construction, trial operation, adjustments, and services for facilities and buildings targeting power plants, substations, public facilities and general industry
Number of Employees	4,318 (Consolidated basis), 3,102 (Non-Consolidated basis)

### Contents

1	Commitment, Company Data
3	Toshiba Plant Systems & Services Group's Value Creation Process
5	Top Message
7	FY2018 Medium-Term Management Plan (FY2018—FY2020)
9	Feature: Clean Energy Power Generation Solutions
11	Toshiba Plant Systems & Services Group's Business Domains
13	CSR Management
15	FY2017 CSR Activities and FY2018 Issues and Goals
17	■ Organizational Governance
21	■ Human Rights
22	■ Labor Practices
27	■ Consumer Issues
29	■ Fair Operating Practices
30	■ Community Involvement and Development
33	■ Environment
36	Highlights of Consolidated Financial Results

### Editing Policy

The aim of the report is to provide disclosure related to the company and to allow all its stakeholders to better understand the company's CSR-related philosophy and initiatives as a whole. This report details the initiatives and roles that the company plays in society and with respect to the earth through its business activities.

### Reporting period

This report generally covers the period from April 2017 through March 2018, but also includes information on activities prior to and after this period.

### Organizations covered in this report

This report covers certain group companies with a focus on Toshiba Plant Systems & Services Corporation.

### Expected timing of issuance of next report

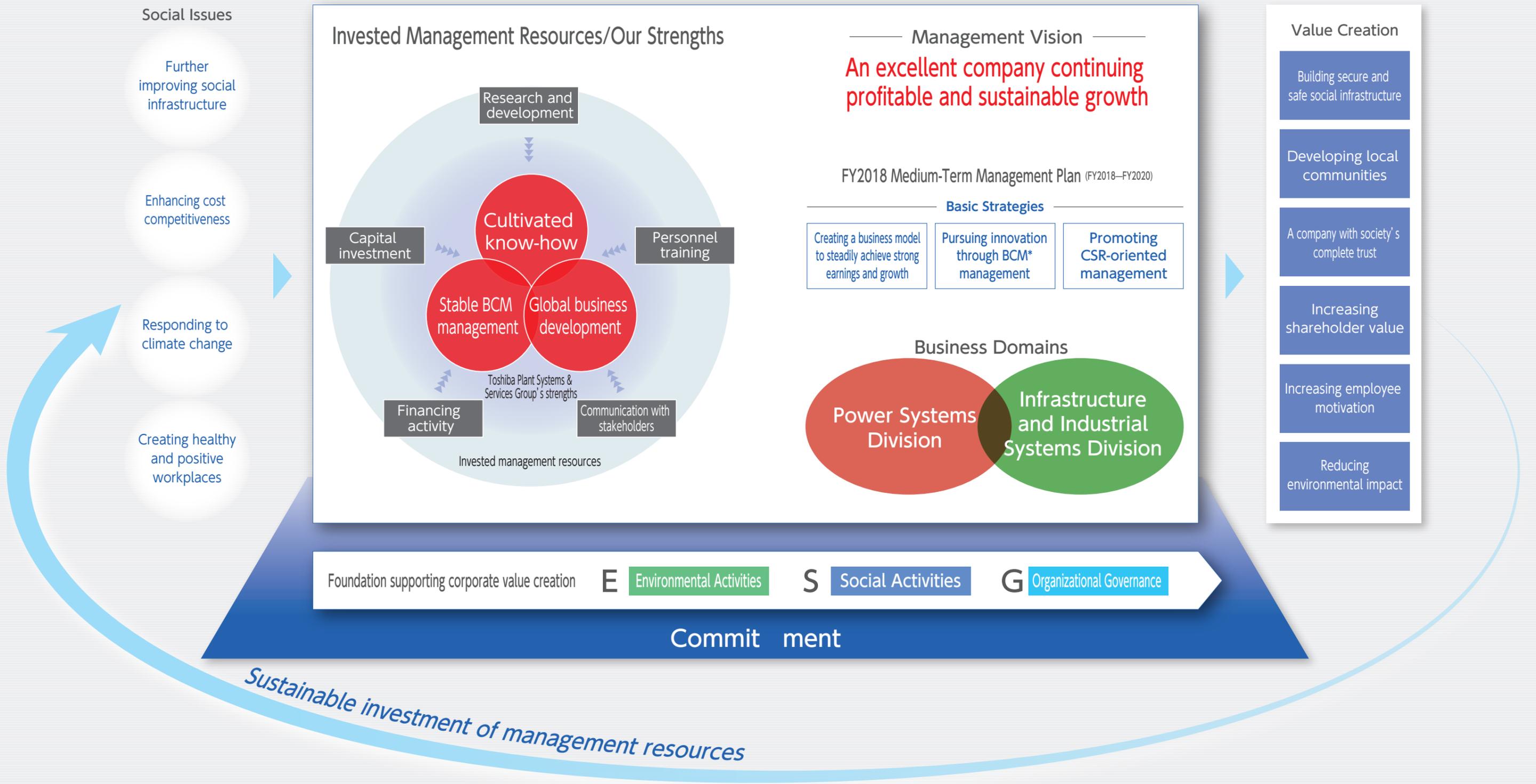
July 2019

### Reference guidelines

The international standard for social responsibility "ISO 26000" was referred to in preparing this report.

# Toshiba Plant Systems & Services Group's Value Creation Process

With the management vision of Toshiba Plant Systems & Services Corporation (the "Company") and its group companies (collectively, the "Group"), "an excellent company that continues profitable and sustainable growth," we conduct our business activities. Through our business activities we provide services, products, and systems to solve the various challenges facing society. By doing so, we aim to achieve sustainable growth while creating value for society as well as customers and other stakeholders.



3 \*BCM (Balanced CTQ Management): A methodology for management maintaining a balance between financial and other business conditions as well as management quality to realize a company's management vision. CTQ (Critical to Quality) refers to the most important management-related issues.

# Through management that takes into consideration, we will strike a balance and CSR initiatives as we promote

# both environmental and social issues balance between our financial results and sustainable growth for the Group.

## A Sure Step Towards Being an Excellent Company

To be an excellent company maintaining profitable and sustainable growth, the Group promoted three strategies under the FY2017 Medium-Term Management Plan: ① creating a business model to steadily achieve strong earnings and growth, ② pursuing innovation through BCM management, and ③ promoting CSR-oriented management.

As initiatives in line with creating a business model to steadily achieve strong earnings and growth, we continued with EPC\*1 projects including thermal power plants in Japan and overseas. We also pursued initiatives for eco-friendly clean energy power generation facilities such as plant and building facilities, hydroelectric-related facilities, and solar photovoltaic power generation and biomass power generation.

In FY2017, we focused on strengthening our frameworks, including improving and properly managing the whistleblower system that enhances the organization's transparency, and process improvements by operating the integrated job management system and enhancing the rules system.

In FY2017, the Group's consolidated net sales and ordinary income increased year on year due to the continued strong performance of our mainstay businesses, and we continued to grow in a sustainable manner. Going forward, we will continue to make steady progress towards our FY2020 goals of net sales of ¥270 billion and ordinary income of ¥23 billion, as set forth in the FY2018 Medium-Term Management Plan.

\*1 EPC: Packaged orders that encompass engineering, procurement, and construction

\*2 Please refer to Page 14 for details.

## Promoting Group-wide BCM Management

In pursuing innovation through BCM management, we promoted Management Innovation (MI) and continued to make improvements through Small Group Activities (SGA) in each business division and organization, making these activities firmly established on a Group-wide basis. As we look ahead, we will continue to pursue balanced management and innovation by continuing with our BCM management.

In FY2017, we launched "Project NOVA" which addresses issues throughout the Group spanning all organizations, occupations, and ages, and built a system to spur innovation from the inside.

Currently, we are making progress on internal reinvigoration projects, including working style reform, cultivating and entering new markets and businesses, enhancing safety and the environment, as well as technology planning. For each project, employees from various divisions and professions are working together to expand our possibilities.

In addition, with the aim of fostering a shared understanding of our goals, I have been sending the CEO e-mail magazine "The Sea Crane Monthly" to employees, and this has been helping to spur communication.

## CSR Management Evolving with People, Communities and Society

As a corporate group that operates in the energy field and develops social infrastructure, both of which are indispensable for people's lives and economic activity, we believe that we have a social responsibility to tackle a variety of challenges, and we will continue to focus on promoting CSR management. We also aim to continuously improve both social value and economic value through ESG viewpoints taking environmental and social considerations into account. In addition, it is my belief that our global business and CSR activities contribute to a number of the 17 goals in the Sustainable Development Goals (SDGs)\*2 adopted at the UN Summit in September 2015.

Going forward, while valuing communication with all of you, we will flexibly respond to the market environment and continue to focus on the important points of "integrity," "accountability," and "transparency" for the company and managers alike. I hope that you will look forward to Toshiba Plant Systems & Services Corporation's CSR management, which will evolve together with people, communities, and society.

July 2018

President and Chief Executive Officer,  
Representative Director  
Masataka Hayashi



# Be an Excellent Company That Continues Profitable and Sustainable Growth

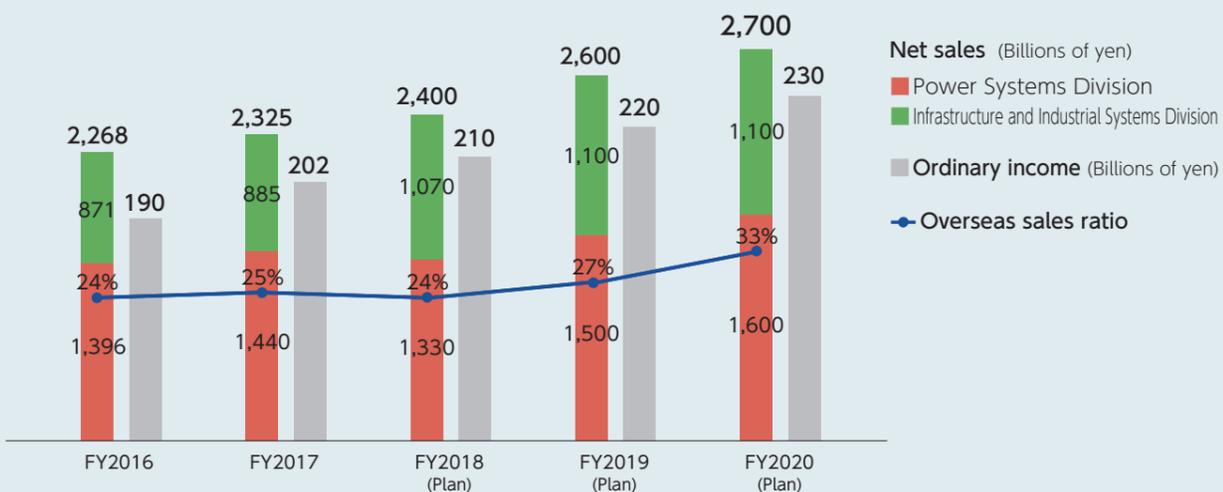
## Pursuit of and Further Progress in Process Innovation

To be an excellent company continuing profitable and sustainable growth, the Group created the Medium-Term Management Plan, which was initiated in FY2018. Under this plan, the Group is advancing specific measures based on the three basic strategies stipulated in the plan.

**Basic Strategies** We will steadily achieve strong earnings and growth under the three basic strategies.



**Quantitative Targets** We will strive to achieve “profitable and sustainable growth.”



## 1 Creating a business model to steadily achieve strong earnings and growth

### Expanding business domains and markets

- Power Systems Division**
- **Nuclear power plants**  
Decommissioning measures for Fukushima Daiichi Nuclear Power Station, address new regulatory standards, extend operating life of aging plants
  - **Commercial thermal power plants**  
Large and high-efficiency coal-fired thermal, LNG thermal
  - **Domestic industrial thermal power plants**  
Biomass-mixed fuel, gas-fired combined-cycle, large upgrade and maintenance work
  - **Overseas thermal power plants**  
Coal-fired thermal, combined-cycle, large thermal peripheral equipment
  - **Hydroelectric Power Generation Facilities**  
Construction and replacement

- Infrastructure and Industrial Systems Division**
- **EPC for manufacturing plants**  
Semiconductors, chemicals, food products, etc.
  - **Clean energy power generation facilities**  
Biomass power generation, solar photovoltaic power generation plants, etc.
  - **Water and sewage treatment**  
Measures to handle earthquakes and flooding, upgrade old facilities
  - **Building facilities, data centers**  
Stable power supply multiplexing/enhancement, upgrading extra-high voltage substations
  - **Transportation systems**  
Airport lighting, etc., Railway frequency converters / transformers, etc., Road-related ETC, etc.

### Accelerating overseas business development

- **Cultivate new markets**  
Entry into promising emerging markets (Africa, Central Asia, etc.)  
Expand clean energy business
- **Accelerate the reinforcement of global business structure**

### Strengthening competitiveness of EPC business

- **Quality**  
Establish a quality management system  
Eliminate quality non-conformance with COPQ\* reduction activities
- **Technological capabilities**  
Expand application of engineering tools  
Systematic development of supervisory/ chief engineers and project managers
- **Process improvements**  
Raise operational efficiency through IT  
Work process optimization
- **Strengthening competitiveness through cost reduction**  
Design standardization  
Promote and expand integrated procurement and global procurement  
Shorten work construction time by improving construction methods, and make testing methods more efficient

\*COPQ (Cost of Poor Quality): Unnecessary costs due to low quality or defective quality

## 2 Pursuing innovation through BCM management

We will establish BCM management in all divisions.

- Balanced management based on four perspectives (Finances, society/customers, processes, learning/growth)
- Set goals at the individual employee level
- Pursue innovation through inter-divisional projects
- Implement BCM management in domestic and overseas affiliates



## 3 Promoting CSR-oriented management

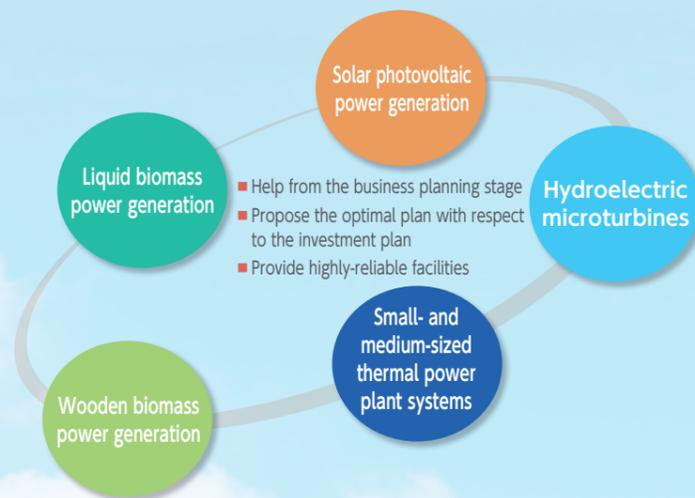
Toshiba Plant Systems & Services Corporation places top priority on life, safety and law compliance. At the same time, we will work to build bonds of trust with society, including our customers and shareholders.



# Five Cutting-Edge Clean Energy Power Generation Systems Eco-Friendly, as well as Stable and Economically Viable

As interest in renewable energy increases due to the Act on Special Measures Concerning Renewable Energy, which went into effect in 2012, the Group has established a track record for clean energy power generation solutions in various fields. This includes having received orders for solar photovoltaic power generation facilities in excess of 780MW on a cumulative basis, as well as hydroelectric microturbines, for which our construction track record is among the best in the industry.

In addition, we are actively engaged in marketing activities in the fields of biomass power generation facilities as well as gas turbine combined-cycle power generation facilities which have low environmental impact, and we are bolstering our proposals that take the level of environmental impact into consideration.



that are Extremely

Through the provision of products and services such as clean energy power generation systems and low environmental impact power generation systems that help protect the environment, the Group is committed to answering the trust of customers and promoting initiatives to consider the environment in a wide range of fields.

## Solar photovoltaic power generation

### Overview/Features

Our track record with construction of industrial mega-solar farms in Japan is top-class in the industry. We offer a comprehensive array of services, from system planning to construction, operation and maintenance, at a variety of sites, including old factory sites, old saltpan sites, as well as marshes, mountainous areas and old golf courses, which are generally considered to be difficult locations for construction. Depending on the planned local environment, we provide power stations that operate stably by delivering optimal power station design and construction, including highly-precise topographical measurements utilizing drones, as well as module layout design.



## Liquid biomass power generation



### Overview/Features

Liquid biomass power generation is a diesel engine power generation facility that uses plant-based liquid fuel. This type of power generation is receiving attention as a new form of renewable energy which qualifies for the FIT (Feed-in Tariff) Program. Compared with other types of power generation like solar photovoltaic and wind, in addition to being able to generate power in a stable manner, it is eco-friendly as a "carbon neutral" energy source that does not impact the concentration of CO<sub>2</sub> in the atmosphere.

## Hydroelectric microturbines

### Overview/Features

For hydroelectric microturbines with small power generation capacities, we have developed package-type hydroelectric microturbine technology to increase efficiency and scale down equipment. We created this new equipment by inserting a hydroelectric microturbine (1-25 kW) and a control panel into a shipping container (height: 2.6m, width: 2.4m, depth: 3.7m) in our plants and shipped following testing, thereby shortening the construction work time significantly. Power can be generated simply by installing the container and performing the water-intake work at the actual installation location. In addition, our report on package-type low-drop microturbine technology was selected as a superior paper in the POWER-GEN Asia 2017 Best Paper Awards, sponsored by the PennWell Corporation, a US media company. The paper received second prize in the renewable energy category.



## Wooden biomass power generation



### Overview/Features

Wooden biomass power generation is a new form of energy source that uses forestry scraps and factory scrap wood as fuel. The keys to a successful power generation business using this system are a stable fuel supply channel and high-performance boiler systems that ensure stable operations. We partner with Japan's prominent timber companies and proven boiler manufacturers to offer proposals for one-stop service, from woody biomass procurement to power plant construction. By procuring domestic timber from within about 50km of the power plant, you can achieve the stable operation of a 2MW-class power generator. This will also promote the consumption of locally produced materials and contribute to the revitalization of local forestry.

## Small- and medium-sized thermal power plant systems

### Overview/Features

Our EPC business provides thermal power plants both in Japan and abroad, ranging from industrial thermal power plant systems that are the main energy source for industrial plants and those for power companies, independent power producers (IPP), and power producers and suppliers (PPS). In the area of low environmental impact gas turbine combined-cycle power plants and other areas, we offer solutions tailored to our customers' diverse needs by leveraging our engineering prowess for products made by companies around the world, our global procurement track record leveraging Group synergies, and our expertise having supervised many construction projects.



Toshiba Plant Systems & Services Group emphasizes the building of a social infrastructure that enables people active in all works of society and industry to continually be

social infrastructure that ensured of security and safety.

Toshiba Plant Systems & Services Group's principal sphere of business includes the building of a foundation that supports society and industry through the construction of a social infrastructure encompassing power plants and substation facilities, water and sewage facilities, transportation facilities, industrial plants and buildings.

## Power Systems Division

The Power Systems Business provides engineering, construction, testing, trial operation and such maintenance services as inspections and renovations for thermal, hydroelectric and nuclear power plants. We conduct a broad range of business involving thermal and hydroelectric power generation facilities in Japan and overseas. In particular, we have built up a track record through numerous projects centered in the ASEAN region. In addition to commercial power plants, we apply our nuclear power technologies at nuclear power plants and related facilities.



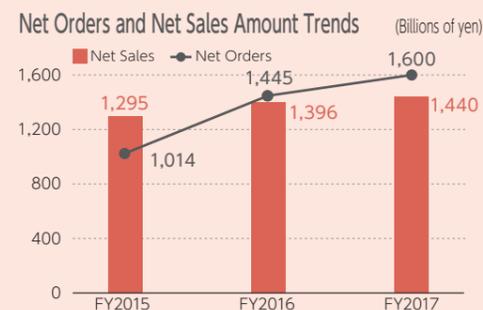
Source: Tokyo Electric Power Company Holdings, Incorporated

**Net Orders**  
**¥160.0 billion**

Year on year **10.7%** increase Percentage of orders **59.5%**

**Net Sales**  
**¥144.0 billion**

Year on year **3.1%** increase Percentage of orders **61.9%**



## Infrastructure and Industrial Systems Division

The Infrastructure and Industrial Systems Business provides engineering, construction, test operations, adjustments and field services, etc. for social infrastructure and general industrial facilities. We conduct business for public- and private-sector facilities in a broad range of fields, including electrical facilities and equipment, dispersed power source facilities, substations, transmission and distribution facilities, and other energy-related business, as well as production and related facilities.

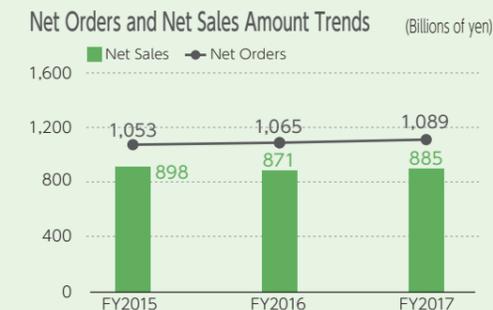


**Net Orders**  
**¥108.9 billion**

Year on year **2.3%** increase Percentage of orders **40.5%**

**Net Sales**  
**¥88.5 billion**

Year on year **1.5%** increase Percentage of orders **38.1%**



### Domestic Network

<b>Offices, Factories</b>	Tsurumi Office (Head Office, Yokohama City), Kawasaki Office (Kawasaki City), Kawasaki Solid Square Office (Kawasaki City), Isogo Office (Yokohama City), Atsugi Factory (Atsugi City), Atsugi Technology Research & Development Center (Atsugi City), Atsugi Plant Equipment Control Center (Atsugi City)
<b>Offices</b>	Fuchu Office (Fuchu City), Keihin Office (Yokohama City), Hamakawasaki Office (Kawasaki City)
<b>Branch Offices</b>	Tohoku Branch Office (Sendai City), Chubu Branch Office (Nagoya City), Kansai Branch Office (Osaka City), Kyushu Branch Office (Fukuoka City)
<b>Branch Offices</b>	Hokkaido Branch Office (Sapporo City), Shin-etsu Branch Office (Niigata City), Hokuriku Branch Office (Toyama City), Chugoku Branch Office (Hiroshima City), Power Plant Systems West-Japan Branch Office (Shunan City)
<b>Offices</b>	Fukushima Office (Koriyama City), Iwate Office (Kitakami City), Mie Office (Yokkaichi City), Shikoku Office (Takamatsu City), Oita Office (Oita City), Kumamoto Office (Kumamoto City), Okinawa Office (Urasoe City)
<b>Offices</b>	Kitakanto Office (Saitama City), Higashikanto Office (Chiba City), Shizuoka Office (Mishima City)

### Consolidated Subsidiaries (Domestic)

SHIBAURA PLANT CORPORATION  
 KANSAI TOSHIBA ENGINEERING CORPORATION  
 TOSHIBA ENGINEERING SERVICE CORPORATION  
 ES TOSHIBA ENGINEERING CORPORATION  
 SKS CORPORATION

### Affiliates Using Equity Method Accounting (Domestic)

Toshiba Power Systems Inspection Services Co., Ltd.

### Consolidated Affiliates (Overseas)

PT. TOSPLANT ENGINEERING INDONESIA  
 TPSC (INDIA) PRIVATE LIMITED  
 TPSC ENGINEERING (MALAYSIA) SDN. BHD.  
 TOSPLANT ENGINEERING (THAILAND) CO., LTD.  
 TPSC (THAILAND) CO., LTD.  
 TPSC US CORPORATION  
 TPSC (VIETNAM) CO., LTD.  
 TPSC PHILIPPINES CORPORATION

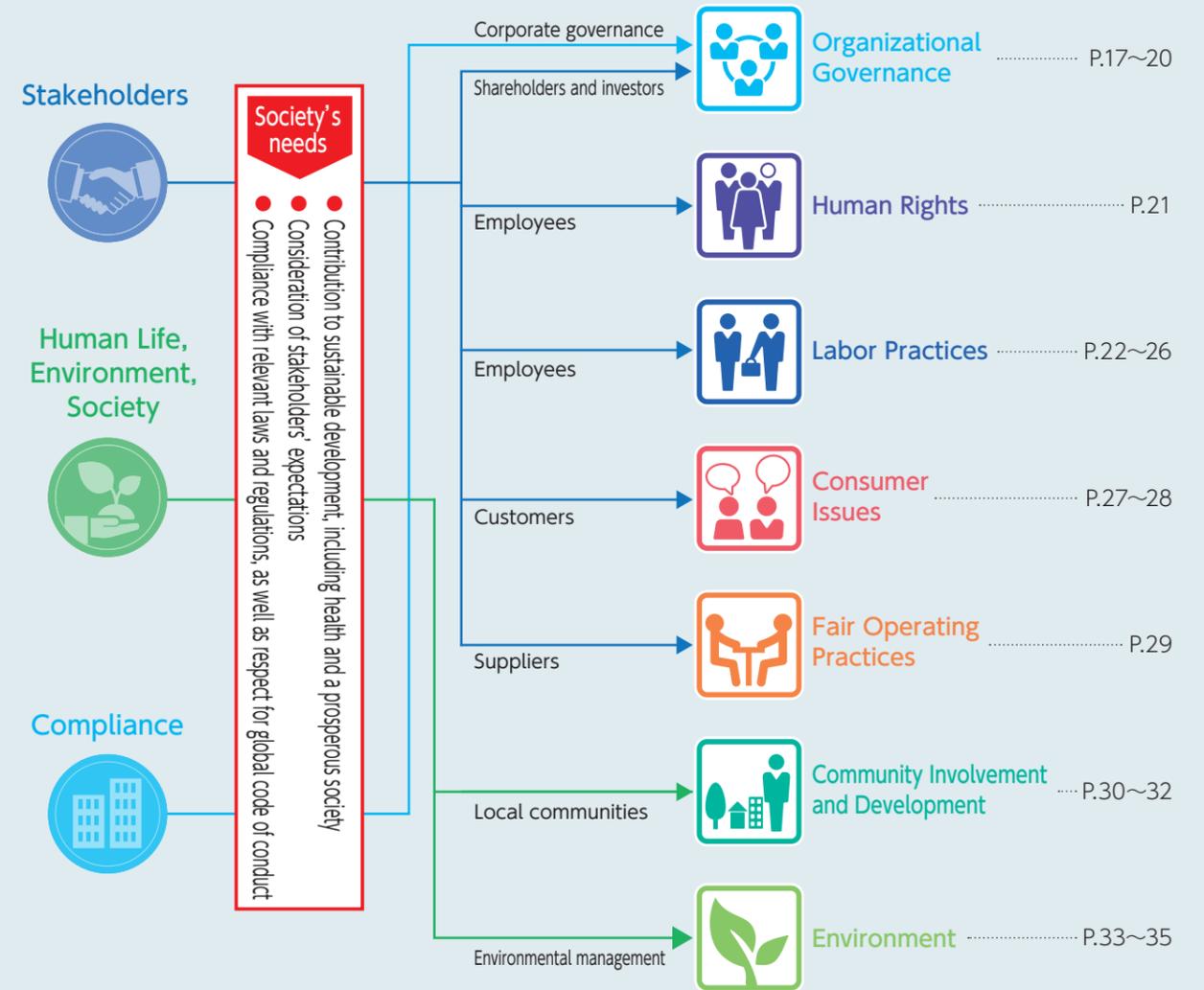
# Aggressively implementing CSR management as contributes to the building of a foundation that supports

# a company that society and industry

In order to continue to be trusted by society, the Toshiba Plant Systems & Services Group promotes all business activities with the highest priority placed on life, safety and law compliance, and fulfills its social responsibilities so as to satisfy all stakeholders.

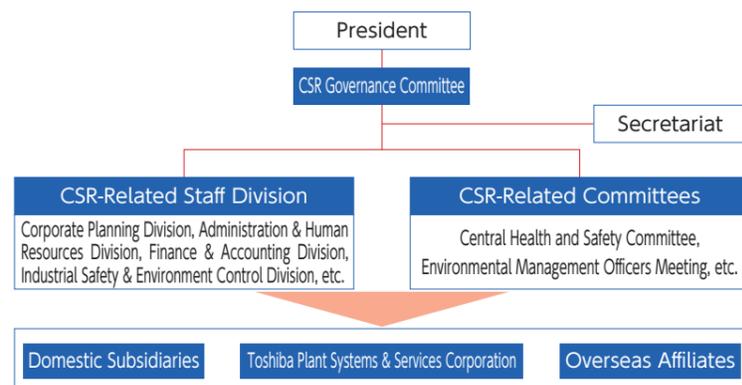
## Important CSR Initiatives

In addition to sound and high-quality management, we emphasize good communication with all of our stakeholders.



## CSR Promotion Framework

The Company has established a CSR Governance Committee chaired by the head of the Administration & Human Resources Division. This committee performs cross-organizational oversight of CSR-related staff division operations and the activities of related committees. This strengthens coordination among all CSR activities, and invigorates the CSR activities of the entire Toshiba Plant Systems & Services Group.



## SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD

Transforming our world: the 2030 Agenda for Sustainable Development was adopted at the United Nations Sustainable Development Summit held at the UN headquarters in New York from September 25-27, 2015. The Agenda is a plan of action for people, the planet, and prosperity, and includes declarations and goals. These goals were developed to succeed the Millennium Development Goals (MDGs), and are officially called the Sustainable Development Goals (SDGs). They comprise 17 goals and 169 targets for these goals.



# FY2017 CSR Activities and FY2018 Issues and Goals

Toshiba Plant Systems & Services Corporation places top priority on life, safety and law compliance. At the

same time, we will work to build bonds of trust with society, including our customers and shareholders.

Related SDGs	FY2017 (Plans & Activities)				FY2018 (Plan)		
	Action Policy	Activity Themes	Activity Plans	Activities	Evaluation	Activity Themes	Future Issues and Goals
 <p><b>Organizational Governance</b></p>	<p>In order to continue to be a corporate group trusted by society, we enhance the corporate governance system and strive to raise our level of management transparency and effectiveness.</p>	Enhancement of initiatives for the 73 principles	<ul style="list-style-type: none"> <li>Review the policy for initiatives addressing all 73 principles</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed the policy for initiatives addressing all 73 principles</li> </ul>	◎	Strengthen initiatives for the Corporate Governance Code and to appropriately address revisions	<ul style="list-style-type: none"> <li>Conduct an appropriate review of all 73 principles and formulate policies, etc.</li> </ul>
		Enhancement of the risk management system	<ul style="list-style-type: none"> <li>Make the internal control system for corporate governance function effectively</li> <li>Make sure all officers and employees understand the Standards of Conduct and continually implement risk compliance and other types of training, to bolster compliance awareness</li> </ul>	<ul style="list-style-type: none"> <li>Appropriately operated whistleblower system ("Risk Hotline" and "Board of Statutory Auditors Hotline")</li> <li>Established internal rules related to the handling of whistleblower system</li> <li>Implemented training related to Toshiba Plant Systems &amp; Services Corporation's Standards of Conduct, Antimonopoly Act compliance, and prevention of bribery</li> </ul>	◎	Enhancement of the risk management system	<ul style="list-style-type: none"> <li>Improve the effectiveness of the internal control system for corporate governance</li> <li>Improve Company-wide compliance awareness by making sure all officers and employees understand the Standards of Conduct and continually implementing compliance training and other types of training</li> <li>Enhance the Group management system</li> </ul>
		Maintaining ethical standards	<ul style="list-style-type: none"> <li>Continually provide education related to compliance and information security, and rank-based training, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance lectures given at each office and branch office by officers, and followed up with people who did not attend (compliance meetings and e-mail delivery of lecture materials)</li> <li>Implemented training related to information security and personal data protection</li> <li>Systematically implemented training related to ethics, compliance, Standards of Conduct, etc. at rank-based training (managers, supervisors, young/new employees)</li> </ul>	◎	Maintaining ethical standards	<ul style="list-style-type: none"> <li>Continually provide education related to compliance and information security, and rank-based training, etc.</li> </ul>
		Enhancement of corporate value	<ul style="list-style-type: none"> <li>Ensure a stable share price, market capitalization, and dividend payout ratio</li> <li>Strive to disclose appropriate IR information in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>Achieved the target of a consolidated dividend payout ratio of approximately 30%, the basic policy on the profit allocation (FY2017 28.8%)</li> <li>Provided timely disclosure as stipulated by the Tokyo Stock Exchange as an enhancement of IR activities, and provided timely and appropriate information for institutional investors (financial results meetings, IR meetings, etc.)</li> </ul>	◎	<ul style="list-style-type: none"> <li>Ensure a stable share price, market capitalization, and dividend payout ratio</li> <li>Strive to disclose appropriate IR information in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>Maintain the target of a consolidated dividend payout ratio of approximately 30%, the basic policy on the profit allocation</li> <li>Continually carry out timely disclosure as stipulated by the Tokyo Stock Exchange as an enhancement of IR activities, and provide timely and appropriate information for institutional investors</li> </ul>
 <p><b>Human Rights</b></p>	<p>Toshiba Plant Systems &amp; Services Corporation has 3,102 employees, while including group companies (5 domestic, 8 overseas), there are 4,318 employees. We view diverse personnel and working styles positively, and work on a global basis to create work environments that lead to imagination and competitiveness for our businesses.</p>	Respect for human rights	<ul style="list-style-type: none"> <li>Strive to have all officers and employees correctly understand human rights so that it becomes part of the corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Held human rights lecture to coincide with human rights week</li> <li>Provided education on human rights at rank-based training</li> </ul>	◎	Respect for human rights	<ul style="list-style-type: none"> <li>Strive to have all officers and employees correctly understand human rights so that it becomes part of the corporate culture</li> </ul>
		Training and utilization of personnel	<ul style="list-style-type: none"> <li>Enhance the personnel evaluation feedback system and use it to develop human resources</li> </ul>	<ul style="list-style-type: none"> <li>Held evaluator training twice (semi-annually) targeted at newly appointed managers for education for personnel evaluation feedback system</li> </ul>	◎	Training and utilization of personnel	<ul style="list-style-type: none"> <li>Enhance the career design system and use it to develop human resources</li> </ul>
		Supporting diverse working styles	<ul style="list-style-type: none"> <li>Foster the creation of workplace environments that address diversity</li> </ul>	<ul style="list-style-type: none"> <li>Confirmed the personal career plan of employees through interviews based on the career design system, and created an environment that allows employees to conduct their work and family life in a planned way.</li> </ul>	○	Supporting diverse working styles	<ul style="list-style-type: none"> <li>As a part of the Workstyle Reform Project, study measures to help senior employees work with a high level of motivation until the age of 65</li> </ul>
		Promoting work-life balance	<ul style="list-style-type: none"> <li>Appropriately maintain working hours that depend on work performance</li> </ul>	<ul style="list-style-type: none"> <li>Thoroughly establish basic work operations and actions through the continual improvement of occupational health and safety management systems</li> <li>Promote mental healthcare and strive to create healthy and positive workplaces</li> </ul>	<ul style="list-style-type: none"> <li>(1) Reduced total working hours by 50 hours/person/year</li> <li>(2) Average number of annual leave days taken: 16 days</li> </ul>	◎	Promoting work-life balance
 <p><b>Consumer Issues</b></p>	<p>As a company that supports society and industry, we deliver quality infrastructure and services that can please many people in society. We conduct business activities with customers in a broad range of fields, such as thermal, hydroelectric and nuclear power plants, and public and private-sector facilities including energy-related businesses, production facilities and related facilities.</p>	Maintaining quality management	<ul style="list-style-type: none"> <li>Maintain the quality management system by renewing ISO 9001 certification, and work to enhance quality</li> </ul>	<ul style="list-style-type: none"> <li>ISO9001: Received regular examinations including examinations of the migration to the 2015 version, and maintained certification</li> </ul>	○	Maintaining and enhancing quality management	<ul style="list-style-type: none"> <li>Promote and firmly establish Company-wide quality activities based on ISO9001:2015, and maintain and improve quality management</li> </ul>
		Enhancement of quality	<ul style="list-style-type: none"> <li>Continuously carry out PDCA cycles in order to enhance quality, and work to continuously improve the quality management system</li> </ul>	<ul style="list-style-type: none"> <li>Continuously improved the effectiveness with PDCA cycles by carrying out quality activities based on the quality control policy, along with efforts aimed at organizing and rectifying the quality management system</li> </ul>	○	Enhancement of quality	<ul style="list-style-type: none"> <li>Continuously carry out PDCA cycles in order to enhance quality, and work to continuously improve the quality management system</li> </ul>
		Raise customer satisfaction level	<ul style="list-style-type: none"> <li>Strive to provide services that contribute to solving social issues</li> <li>Continuously implement improvement activities to address customer needs</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of customer satisfaction and dissatisfaction data revealed no serious dissatisfaction information</li> <li>Implemented improvement activities to address customer needs based on survey results</li> </ul>	○	Raise customer satisfaction level	<ul style="list-style-type: none"> <li>Strive to provide services that contribute to solving social issues</li> <li>Continuously implement improvement activities to address customer needs</li> </ul>
 <p><b>Fair Operating Practices</b></p>	<p>Based on the understanding that our business depends on support from suppliers and partner companies, we make sure to engage in fair, transparent and free competition and engage in appropriate business transactions. By doing so, we create relationships in which all parties can co-exist and prosper.</p>	Ensuring transparent and fair business transactions	<ul style="list-style-type: none"> <li>Continue to engage in transparent and fair business transactions</li> <li>Work to eliminate anti-social forces</li> <li>Promote partner companies' enrollment in social insurance</li> </ul>	<ul style="list-style-type: none"> <li>Worked to implement thorough compliance related to procurement by providing training to officers and employees about relevant laws and regulations, including anti-trust laws, subcontractor regulations, construction business act, ordinance for eliminating organized crime groups, and enrollment in social insurance</li> <li>If a partner company is not enrolled in social insurance, we do not allow them to enter sites</li> </ul>	◎	Ensuring transparent and fair business transactions	<ul style="list-style-type: none"> <li>Continue compliance related to procurement to ensure transparent and fair business transactions</li> <li>Confirm that all worker dispatching companies we do business with have obtained permission in advance of the September 30 deadline for transitional measures for the unification of permission systems under the Amended Workers Dispatching Act</li> </ul>
		CSR promotion in the supply chain (Consideration of human rights, labor practices, and environment)	<ul style="list-style-type: none"> <li>Promote CSR together with suppliers, and build good partnerships with suppliers who have reliable quality</li> </ul>	<ul style="list-style-type: none"> <li>When drafting agreements (new, renewal, addition of transaction category, re-registration) with suppliers, we check their CSR initiatives (environment, quality, etc.) and demand that they promote such initiatives</li> </ul>	○	CSR promotion in the supply chain (Consideration of human rights, labor practices, and environment)	<ul style="list-style-type: none"> <li>Check on the status of our suppliers' CSR initiatives</li> </ul>
 <p><b>Community Involvement and Development</b></p>	<p>We have offices in 8 countries around the world. As a good corporate citizen, we engage in meaningful communication with local communities, and support a wide range of programs to contribute to the sound and sustainable advancement of society.</p>	Supporting programs that help the next generation in Japan and overseas	<ul style="list-style-type: none"> <li>Provide continual support for projects that restore and preserve domestic cultural properties</li> <li>Continually build social infrastructure and support programs for the next generation in emerging countries</li> </ul>	<ul style="list-style-type: none"> <li>Kyoto: Supported the conservation of a statue of Abbess Gekkyoken at Shinnyoji</li> <li>Thailand: Supported the upgrade of a drinking water supply system</li> <li>India: Continued to support the Solar Lantern project</li> <li>Vietnam: Supported the construction of Vien Son Primary and Secondary School Dormitory</li> </ul>	◎	<ul style="list-style-type: none"> <li>Provide continual support for projects that restore and preserve domestic cultural properties</li> <li>Continually build social infrastructure and support programs for the next generation in emerging countries</li> </ul>	<ul style="list-style-type: none"> <li>Kyoto: Support the conservation of a statue of Senjuji no Miya at Shinnyoji</li> <li>India: Continue to support the Solar Lantern project</li> <li>Indonesia: Support the construction of Ledang Primary School</li> </ul>
		Social contribution activities through engagement with local communities	<ul style="list-style-type: none"> <li>Continually engage in social contribution activities at offices and worksites</li> <li>Provide cooperation and support for volunteer activities carried out individually by employees</li> </ul>	<ul style="list-style-type: none"> <li>Carried out similar social contribution activities at our offices and worksites</li> <li>Maintained the system to help employees individually engage in volunteer activities</li> </ul>	◎	<ul style="list-style-type: none"> <li>Continually engage in social contribution activities at offices and worksites</li> <li>Provide cooperation and support for volunteer activities carried out individually by employees</li> </ul>	<ul style="list-style-type: none"> <li>Carry out similar social contribution activities at our offices and worksites</li> <li>Maintain the system to help employees individually engage in volunteer activities</li> </ul>
 <p><b>Environment</b></p>	<p>To reward our customers' trust and contribute to the advancement of society, we engage in environmental activities in all EPC business processes.</p>	Use of environmental management systems	<ul style="list-style-type: none"> <li>Adjust the environmental management systems in conjunction with amendments to JIS Q14001 standard</li> </ul>	<ul style="list-style-type: none"> <li>Completed re-certification at 2015 version standards</li> </ul>	◎	Considering ideal of environmental activities	<ul style="list-style-type: none"> <li>Identify environmental measures in all business processes, share measures and incorporate them into activities</li> </ul>
		Reducing the environmental impact of business activities	<ul style="list-style-type: none"> <li>Continuously strive to reduce our environmental impact in all EPC processes</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of energy-derived CO<sub>2</sub></li> <li>Maintained current levels of energy conservation activities: Electric power: 3,840,000 kWh</li> <li>Changed lighting to LED and changed to high-efficiency air conditioning units when refurbishing business sites</li> <li>Managed the fuel efficiency of vehicles used in construction work, etc.</li> <li>Efficient use of resources</li> <li>Reduced industrial waste associated with construction and maintained high recycling rate 99%</li> <li>Conservation of biodiversity</li> <li>Promoted the elimination of paper for main meetings, including company-wide meetings, etc. (Reduction of approximately 340,000 sheets of paper - A4 size equivalent)</li> </ul>	○	Reducing the environmental impact of business activities	<ul style="list-style-type: none"> <li>Reduction of energy-derived CO<sub>2</sub></li> <li>Maintain level of energy conservation activities</li> <li>Efficient use of resources (reduction of waste emissions)</li> <li>Study and implement initiatives to reduce packaging materials</li> <li>Maintain high recycling rate</li> <li>Conservation of biodiversity</li> <li>Promote green procurement for office supplies</li> <li>Promote paperless meetings in each organization</li> </ul>
		Developing and providing ecofriendly construction	<ul style="list-style-type: none"> <li>Develop eco-friendly products and provide eco-friendly services</li> </ul>	<ul style="list-style-type: none"> <li>Continued to provide renewable energy products such as solar photovoltaic power generation and hydroelectric microturbines</li> </ul>	○	Promoting provision of eco-friendly products and construction	<ul style="list-style-type: none"> <li>Promote provision of environmentally conscious products and new energy equipment</li> <li>Reduce man-hours and materials in construction by developing construction methods and technologies</li> </ul>

(Evaluation Standards) ◎ Achieved all targets ○ Targets mostly achieved △ More remaining issues than achievements × No progress



# Aiming to improve management transparency and effectiveness, and to increase corporate value

As a company that handles social infrastructure, in order to keep the trust of stakeholders such as customers and shareholders, we enhance our corporate governance system and strive to improve management transparency and effectiveness. We strive to build strong relationships of trust with shareholders, investors, customers and other stakeholders, and to increase corporate value.

## Corporate Governance

### Corporate Governance Policy

Starting with the "Toshiba Plant Systems & Services Corporation's Standards of Conduct," which is the Company's original code of conduct, we have established a compliance system through the establishment of various rules. The basic objective of our corporate governance is to ensure management soundness and transparency, to increase management efficiency, and to maximize corporate value.

We have striven to further strengthen and enhance our corporate governance, and have positioned the building of good relationships of trust with stakeholders such as shareholders,

investors and customers as an important management policy.

In addition, based on the purpose and spirit of the "Corporate Governance Code" established by the Tokyo Stock Exchange, the Company aims to realize sustainable growth and medium- to long-term corporate value improvement, and in order to clarify the basic philosophy and initiatives of the Company with respect to corporate governance, we have established "Our Efforts Related to the Corporate Governance Code" as policies corresponding to all 73 principles, the full text of which is disclosed on the Company's website.



Excerpt from the Corporate Governance report (June 21, 2018) [http://www.toshiba-tpsc.co.jp/pdf/ir/or/pdf/corporate\\_governance\\_20180621.pdf](http://www.toshiba-tpsc.co.jp/pdf/ir/or/pdf/corporate_governance_20180621.pdf)

## Corporate Governance System

The Company is a company with Board of Statutory Auditors. The Company has 11 Directors (including two Outside Directors) and four Statutory Auditors (including two Outside Statutory Auditors). Through their efforts, the Company is working to strengthen and enhance its corporate governance system, and is aiming to boost management efficiency and ensure transparency.

### 1. Board of Directors

The Board of Directors generally holds meetings once a month in order to ensure that Directors are efficiently executing their duties.

As the highest management decision-making body, the Board of Directors discusses and makes decisions on matters stipulated in laws and regulations and the Articles of Incorporation, as well as other important management matters. In addition, the Board of Directors receives reports in a timely and appropriate manner from each Director and Executive Officer regarding the status of operations, and effectively and efficiently monitors and supervises the suitability and rationality of operations.

Moreover, the Executive Officer System has been introduced to quickly respond to rapid changes in the business environment as well as competition with other companies by separating the business execution function from the management decision-making and supervising functions.

### 2. Management Meeting

The Management Meeting is generally held once a week in order to ensure quick decision-making and efficient operations.

At the Management Meeting, management policies and important business execution related to management strategies, etc., are discussed and decisions are made.

### 3. Nomination and Compensation Committee

The Nomination and Compensation Committee, comprised of two Outside Directors and four Directors appointed by the resolution of the Board of Directors, has been established as a voluntary advisory body to the Board of Directors. This Committee ensures a framework whereby Outside Directors are able to be appropriately involved in, and provide advice with respect to matters such as the nomination of officers, as well as Directors' compensation.

### 4. Board of Statutory Auditors

In accordance with the "Board of Statutory Auditors' Rules," the Board of Statutory Auditors generally holds meetings once a month. At these meetings, the

Statutory Auditors exchange opinions and share information with one another. In addition, reports about auditing matters, etc. are received from each Statutory Auditor, and the matters are deliberated and decided upon.

As an independent organization, in accordance with the auditing standards for Statutory Auditors, audit policy, annual audit plan, etc. decided by the Board of Statutory Auditors, each Statutory Auditor strives to deepen his/her understanding of business and proactively collect information, and through the investigation of management conditions and financial conditions, fairly and effectively audit the execution of business by Directors. In addition, the Statutory Auditors work closely with the Auditing Division and other divisions, request advice from attorneys and other outside experts as necessary, and otherwise strive to bolster the function of the Board of Statutory Auditors.

In addition, we have established a framework so that Statutory Auditors accurately and in a timely manner understand the important decision-making process and the status of business execution, and are able to offer advice and express their opinions as necessary. This includes providing Statutory Auditors with the opportunity to attend Board of Directors meetings, Management Meetings, and other important meetings, in addition to regularly providing opportunities for Statutory Auditors to meet and discuss matters with the President and Chief Executive Officer (Representative Director).

### 5. Auditing Division

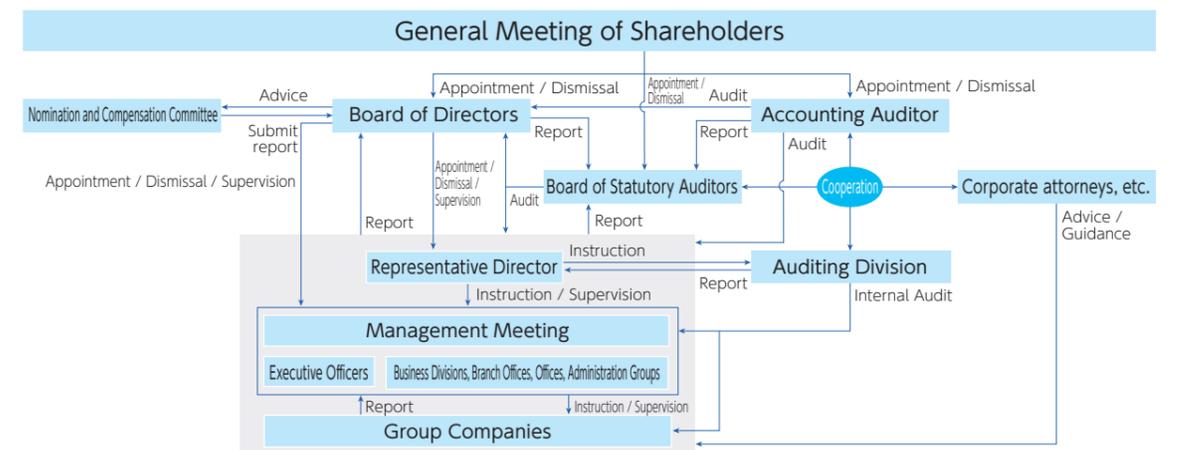
The Auditing Division was established as an organization responsible for the internal audit function. Based on the plan for the fiscal year, the Auditing Division audits the business activities and accounting of the Company's various divisions and of group companies.

The Auditing Division studies and evaluates the effectiveness of compliance, risk management and governance processes of each division, and the status of management activities impartially and from an independent position, from the standpoint of legality, rationality, and efficiency. The Auditing Division possesses the audit function to provide opinions, advice, and recommendations aimed at making improvements, and works closely with the Statutory Auditors and others with respect to the overall audit process and shares information related to audits.

### 6. Accounting Auditor

PricewaterhouseCoopers Aarata LLC, the Accounting Auditor, performs statutory accounting audits and works closely with the Board of Statutory Auditors to ensure the legality and appropriateness of accounting practices.

### Corporate Governance Structure





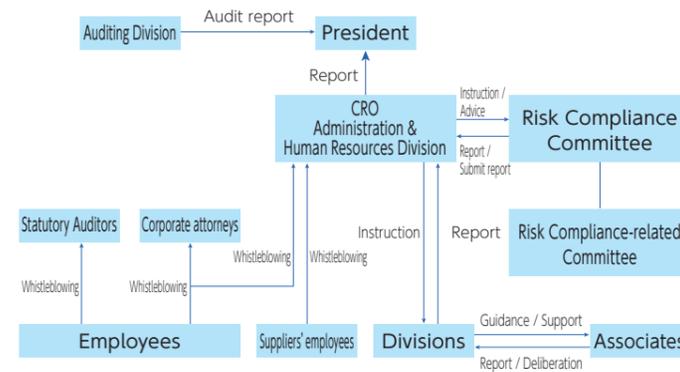
### Policy and Structure of Risk Management and Compliance

We thoroughly comply with all laws and regulations, social norms, ethics, and internal rules, and strive to improve management efficiency and ensure management transparency.

In addition, we ensure strong compliance with our Commitment, our Management Vision, and the "Toshiba Plant Systems & Services Corporation's Standards of Conduct," which is the Company's original code of conduct. As a corporate citizen of the Earth that values the environment, human rights, and harmony with local communities, we aim to realize sound and high-quality management.

Furthermore, each year we determine priority measures in our risk and compliance management measures while taking into consideration current changes in the business environment. By pursuing these measures that are common to the whole Company, we strive to enhance compliance.

#### Risk Management and Compliance Structure

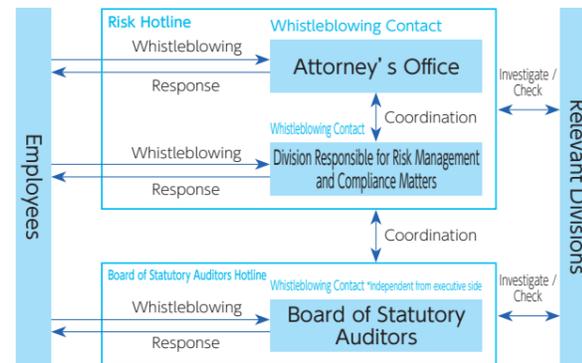


### Whistleblower System

As part of our proactive effort to prevent compliance violations and to limit risk, we have established a "Risk Hotline" as well as a "Board of Statutory Auditors Hotline." These measures allow the Company to directly obtain information on risk internally.

Furthermore, in either system, we make sure that people who provide information on risks are not subject to unfair treatment on the grounds that they provided such information.

#### Whistleblower System



### Message from Outside Director

#### Valuing viewing things from the frontlines and not simply as numbers on paper



**Outside Director**  
Certified Public Accountant, Certified Public Tax Accountant  
**Yoshikazu Yokoyama**  
[Biography]  
July 1993 Registered as Certified Public Accountant (Present position)  
September 1993 Registered as Certified Public Tax Accountant (Present position)  
June 2016 Outside Director of the Company (Present position)

I became an Outside Director in 2016, but in the early 1990s when I worked at then Showa Ota & Co. (now Ernst & Young ShinNihon LLC), I used to come to Toshiba Engineering & Construction Co. Ltd., the Company's predecessor, as an accounting auditor. When I returned to the Company as a member of the Board of Directors, I felt a sense of nostalgia, as if I had returned to my old home.

I believe that my role in the Company is to provide management-related advice from an objective viewpoint while utilizing my expertise as a certified public accountant. In addition, I place a lot of emphasis on viewing things from the frontlines and not just viewing things in terms of operating performance. I have always thought that our strengths were our strong technological capabilities that we have cultivated over the years and our frontline capabilities, where each and every employee works enthusiastically. By visiting worksites and learning the situation on the frontlines, I started to realize that if you look at things from the view of people in the field, you can gain different strategic insights. I think this allows me to provide better management-related advice.

Under the FY2018 Medium-Term Management Plan, we are proactively working to expand our business domains and markets, as well as bolster our quality and technological capabilities with a view to the future, and I believe that we can expect great things going forward. In addition, I get the feeling that we are progressing steadily towards our goals. Going forward, we will demonstrate our strengths in terms of both our technological and frontline capabilities, and I expect us to be an excellent company that continues to achieve sustainable growth.

### Together with Shareholders and Investors

#### Policy on Disclosure of IR Information

Information disclosure is an important management priority, and we recognize it is essential to appropriately disclose information in order to obtain our stakeholders' understanding.

To put this in practice, we quickly carry out

timely disclosure in accordance with laws and regulations etc., in addition to voluntarily disclosing information (including non-financial information) determined to be important for shareholders and other stakeholders.

#### Dialogue with Shareholders and Investors

We recognize that proactively engaging in dialogue with our shareholders to listen to their opinions and requests, and reflecting such feedback into management, are important responsibilities in order to achieve sustainable growth and to increase corporate value over the medium to long term. To this end, we have established an IR framework centered on the director responsible for IR. We hold financial results meetings for shareholders and investors generally twice a year, as well as proactively hold IR meetings and other events based on requests, and strive to disclose information in a timely and appropriate manner to a reasonable extent, while keeping in mind principles such as shareholder equality and insider information handling etc. As necessary, the director responsible for IR provides feedback about the outline of such information and shares information with other directors and relevant divisions through meetings, reports, and other means.



Website IR information

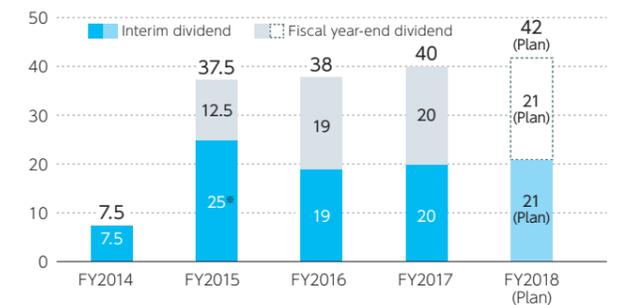


Shareholder Newsletters

### Basic Policy on the Profit Allocation

The Company works to return profits with the target of a consolidated dividend payout ratio of approximately 30%, while considering the optimal balance between increasing corporate value through medium- to long-term growth and the return of profits. Also, the Company effectively uses internal reserves to bolster its financial position, to prepare for future business development, and to flexibly respond to changes in the business environment as well as other developments. Taking changes in the business environment, the Company's financial condition, and other factors into consideration, the Company considers carrying out share buybacks as a way of raising capital efficiency and returning profits to shareholders.

#### Dividend Amount Trends



Breakdown of FY2015 interim dividend: Ordinary dividend = ¥12.5, Special dividend = ¥12.5



# Recognizing diverse values and respecting individuals

In accordance with basic human rights protected by the Constitution, related laws and regulations, as well as our Commitment, the Toshiba Plant Systems & Services Corporation's Standards of Conduct recognizes the diverse values of individuals based on a respect for people, and respects the character, individuality, and privacy of people. The Standards of Conduct also prohibit discriminatory remarks and actions against race, religion, gender, nationality, physical or mental disability, age, or sexual orientation, as well as physical violence, sexual harassment, power harassment, and other acts that violate human rights.

## Human Rights Enlightenment (Education)

In order to ensure that employees have a correct understanding of human rights, and are fully aware of them, we continuously provide education on human rights, including during new employee training, rank-based training when people are promoted, and other occasions.

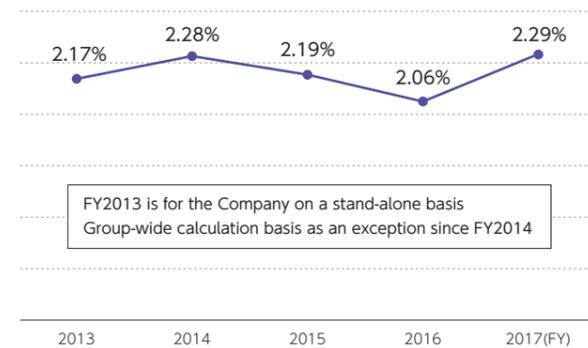
## Human Rights Lecture

Each December, as one of the events held during human rights week, an outside lecturer is invited to give a "human rights lecture" in order to raise employee awareness about human rights issues. Topics of past lectures have included approaches to creating comfortable workplaces and measures to prevent harassment.



## Employment of People with Disabilities

Based on the philosophy of normalization, the Company actively employs people with disabilities, and supports them to thrive in the workplace. Its ratio of employees with disabilities was 2.29% as of March 31, 2018.



## Establishment of Consulting Service on Human Rights

The Company established a consultation service on human rights such as sexual harassment and power harassment, and is promoting the creation of an environment where each employee can work with peace of mind. Both the Administration & Human Resources Division and the labor union have consultation desks, making it easy for employees to receive support. Issues brought to the Company's attention are addressed quickly, and the privacy of people who seek consultation is protected.



# Creating rewarding workplaces that emphasize employee health and safety

Our personnel are our greatest management resource, and are the source of our competitiveness as a company. We create an environment where employees can work with peace of mind and promote safety activities with the aim of having zero work accidents. We also keep our employees energized by making the most of each employee's abilities and unique strengths. Both of these initiatives lead to continual growth for the Company.

## Health and Safety Initiatives

### Basic Health and Safety Policy

Through our business activities, we reward the trust of our customers and contribute to the advancement of society. In addition, based on our respect for people, "Valuing People," we devote maximum effort to ensure

the health and safety of all people involved in our business activities and promote health and safety management programs. This includes our employees, as well as the people of our affiliates and partner companies.

1. We have integrated our occupational health and safety management systems into our operations and construction work management frameworks, and all employees follow it.
2. We strive to cooperate and partner with local communities based on the cooperation of all people involved in our business activities, and aim to create comfortable workplace environments and raise our level of health and safety based on safety activities through excellent communication.
3. In addition to increasing the essential safety of our facilities and the equipment we use, we aim for a thorough safety management framework in accordance with our health and safety plan which details the reduction of the potential risks for workplace accidents and harmful factors. With this, we ensure safe conditions and safe activities, and we have set a target of zero accidents/disasters as our goal for occupational safety.
4. We eliminate factors that undermine health, proactively create bright and comfortable workplaces, and proactively implement programs that support health and provide health guidance etc., thereby promoting both physical and emotional health.
5. Promoting uniform health and safety activities across the entire Group, we inform all employees, affiliates and partner companies about Basic Health and Safety Policy as well as health- and safety-related laws and regulations, rules, and standards by holding education and drills, and other such activities to increase awareness.

### Example of Health and Safety Initiative

#### ① Safety sensory education

"Safety sensory education" is aimed at reminding employees of the importance of the basic actions and work operations for safety by providing a virtual experience of dangers under conditions approximating a real worksite environment while allowing employees to feel how scary an accident or disaster is. The main curriculum includes experiencing a variety of situations related to potential dangers during regular work, including sling wire severing, pinched fingers, hanging from a belt-type safety harness, and electric shock. Since the first being held in June 2007, "Safety sensory education" has already been held more than 150 times at worksites both in Japan and overseas.



Experiencing pinched fingers



Experiencing electric shock

#### ② Safety Environment Competition

In order to raise awareness of the health, safety, and the environment, and ensure proactive promotion of the activities, the Group as a whole, including partner companies, holds a "Safety Environment Competition" each July. In FY2017, the event was held on July 18, and began with reports on examples of safety and environmental management, and included presentation of the "Safety achievement award" and the "Environmental achievement award."



Safety Environment Competition in FY2017



## Health and Safety Goals

### Safety Goal: Zero workplace accidents

- (1) Clarification of and compliance with health and safety rules
- (2) Firm establishment of basic work operations and actions
- (3) Continual improvement of occupational health and safety management systems
- (4) Enhancement of health and safety education

### Health Goal: Zero health impairments

- (1) Promotion of mental healthcare
- (2) Prevention of health impairments caused by overwork
- (3) Improvement in health concern detection rate in regular health checks
- (4) Maintenance and improvement of the workplace environment as well as disease prevention

### Basic work operations and actions

All members of the Group will return to the starting point of safety, and aim for “zero workplace accidents” by firmly establishing the Basic Work Operations and Actions.

To this end, we will incorporate risk assessment results into work instructions and manuals, and use them in TBM/KY activities\* attended by all employees, thereby continuously improving occupational health and safety management systems.

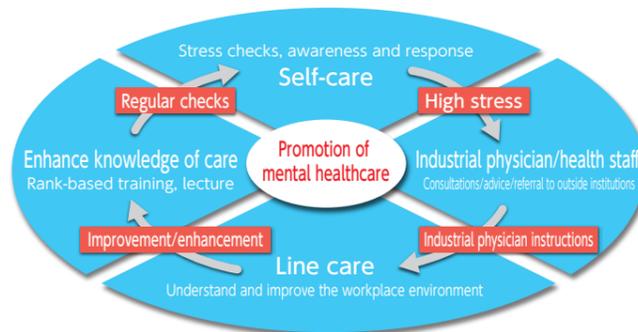
\*TBM: Tool Box Meeting. A safety meeting held at worksites prior to performing work. It is called this because workers gather near the tool box and have a discussion led by the supervisor.

KY (abbreviation of the Japanese phrase kiken yochi): Small group activity aimed at preventing accidents by having individual work groups grasp the current work conditions to predict the inherent potential risks, establish countermeasures and action goals prior to performing work.



### Mental healthcare promotion

We aim for managers and employees to have “zero health impairments” by energizing workplace communication, promoting mental healthcare, and working to create comfortable and low-stress work environments.



### VOICE My participation in “Safety sensory education” Voice of new employees

- I felt that properly using protective equipment is a very important factor in order to protect our lives. I realized that it is important to recognize that dangers are always nearby at the worksite, and that it is critical that not only individuals, but the entire team, work to increase safety awareness.
- In addition to learning about worksite risks, I learned what safety measures should be taken to ensure that no risks materialize, and I also learned that safety measures must be thorough. I want to aim for zero accidents by adhering to the fundamentals of safety when actually working on site, as well as by having others thoroughly comply with these fundamentals of safety.
- I learned that it is important to have a uniform awareness of safety, because each person has a different level of sensitivity to danger. Going forward, I will further raise my level of knowledge and skill with respect to safety, and always make sure not to cause any accidents.



New employees of the Company for FY2018

## Together with Employees

### Four Areas of Emphasis

We view diverse personnel and working styles positively, and work on a global basis to create work environments that lead to imagination and competitiveness for our businesses. Our personnel are our greatest management resource, and are the source of our competitiveness as a company. We believe that getting the most out of the abilities and unique strengths of each of our valuable employees and continually energizing them will lead to continual growth for the company.

Therefore, we set the four areas of emphasis of “Personnel training and utilization,” “Diversity-related initiatives,” “Promoting work-life balance,” and “Creating healthy and safe workplaces.”

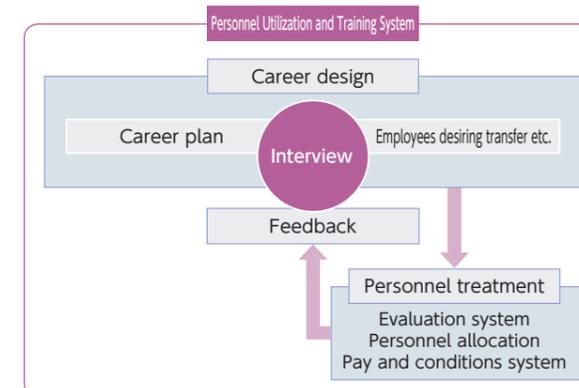


### Personnel training and utilization

We have put in place a “Career Design System” which aims to train and utilize personnel from a medium- to long-term perspective. Superiors and the employees that report to them cultivate communication through interviews and the Company’s operating performance is aided by superiors helping employees advance their careers while checking on the direction of their employees’ development and utilization.

#### “Feedback meetings” that build relationships of trust between superiors and employees that report to them

The Company conducts personnel evaluations that treat employees fairly and impartially. The evaluations are based on performance over a set period in accordance with assessment criteria. As a part of feedback through interviews between superiors and employees reporting to them, assessments of performance, abilities, and attitude are explained. In addition to increasing transparency and understanding, this leads to employees having motivation to use in their future work and to personnel training.



#### Training system

We develop employees by effectively combining OJT, OFF-JT, and self-development systematically.

##### OJT

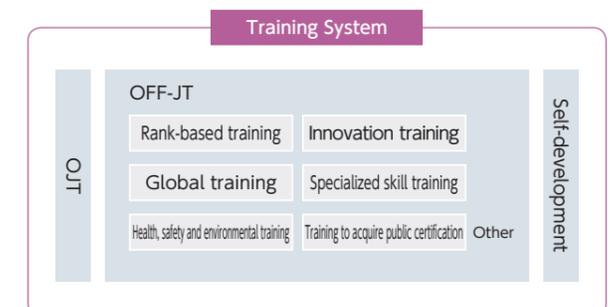
The aim of OJT is to systematically increase one’s abilities by acquiring the necessary knowledge, technical skills and business skills through work.

##### OFF-JT

The aim of OFF-JT is to provide systematic and specialized training away from the workplace, including rank-based training, global training, specialized skill training, and training to acquire public certification, aimed at giving employees knowledge, technical skills and business skills commonly required to carry out business.

##### Self-development

We offer opportunities for personnel to improve their qualifications and abilities. Such opportunities include voluntary long-distance education and “family training” which promotes mutual self-improvement among workplace units.





Diversity-related initiatives

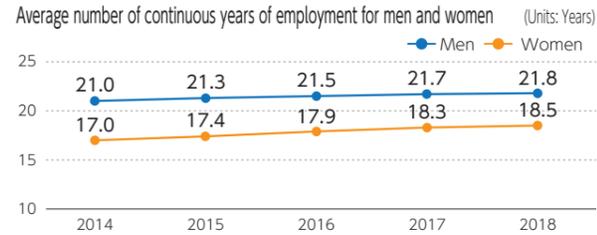
Re-hiring system

To support business plans, it is essential to pass skills down from one generation to the next and to allow experienced employees to contribute. We have established a framework for our employees to continue to work enthusiastically on the front lines of business after reaching the mandatory retirement age of 60, and the Toshiba Plant Systems & Services Group Re-hiring System which incorporates incentive structures for employees to be active on the front lines at worksites. Employees wishing to do so may renew their employment up until the age of 65.

Promoting women in the workplace

The Company's ratio of female employees is 6.6% (as of March 31, 2018). Although this ratio is low, female employees are working in a wide range of fields, including technical, sales, and administrative positions. In addition, the Company is creating mechanisms that allow female employees to thrive in the workplace, including enhancing training programs in order to increase the number of female employees in leadership roles. The Company is also working to increase the number of women

hired and improve the retention rate (the average number of continuous years of employment by female employees is 18.5 years as of March 31, 2018) through its initiatives to support a balance between work, childcare and family care.



Promoting employment for foreigners

The Company actively promotes the hiring of foreign nationals, primarily foreign students. In addition, we carry out personnel exchanges with overseas subsidiaries, and as a global company we are striving to create workplaces where personnel of diverse nationalities are active and able to thrive.

Promoting work-life balance

We help employees balance their work and personal lives in order to continue profitable and sustainable growth for the Company and to help employees live fulfilling lives.

Supporting employees to balance work, childcare and family care

To support employees to raise their children, we have put in place systems that go beyond what is legally required. In addition, we have a leaflet containing information on the Company's various benefits and programs as well as public benefits related to giving birth and raising children. The contents are posted on the Company intranet for employees to view anytime. We acquired the next-generation authorization mark "Kurumin"\* in April 2007.

In addition, in order to support the balance between work and family care, we have created a flexible work system so that employees can respond to various family care situations while working. Also, on the intranet we have posted a leaflet providing information on the Company's family care-related systems as well as examples of balancing family care and work.

\*Kurumin: A symbol indicating that a company has been recognized by the Minister of Health, Labour and Welfare as a company that supports childcare

Measures to support employees to balance work with childcare and family care

Childcare leave	Until the 30th of April following the child's second birthday (if statutory requirements are met)
Shortened working hours to provide childcare	Covers children through until elementary school graduation
Family care leave (for the sick and/or injured)	5 days a year per eligible person
Paternity leave	5 days (within 6 weeks of spouse giving birth)
Raising next-generation support leave	10 continuous days (following birth by spouse, until child turns one)
Family care leave (for the elderly and/or disabled)	One year per applicable family member (up to a year of total leave can be split into smaller periods without restriction)
Shortened working hours to provide family care (for the elderly and/or disabled)	No limit per applicable family member (until reason for family care no longer exists)
Family care leave (for the elderly and/or disabled)	5 days a year per applicable family member

Ratio of women returning to work after giving birth Since FY2013 **100%**



Initiatives aimed at shortening total hours worked

Main leave programs

Free entry leave	Employees can register and take up to 12 days of annual leave in advance
Accumulated leave	Employees can accumulate and take up to a maximum of 20 days of annual leave, that would otherwise expire, for the purpose of self-development, volunteering, treatment of non-occupational injuries and diseases, family care, or childcare
Refresh vacation	Employees can take 5 consecutive days of vacation after 10 consecutive years of service, and then 5 consecutive days of vacation after each 5 consecutive years of service thereafter (10 days after reaching 25 years of consecutive service)
Retirement trip vacation	Employees can take 5-day travel vacation upon reaching mandatory retirement at age 60

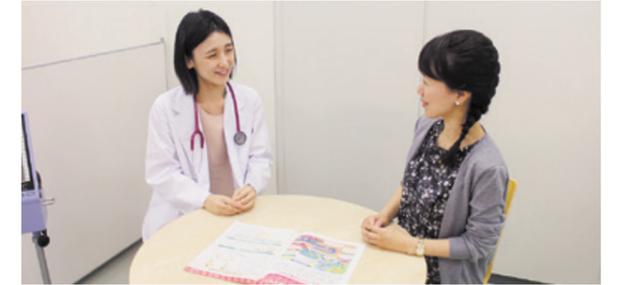
Initiatives through the Haturatsu Work-life Level

The outcome of initiatives to reduce the total number of hours worked is used as an indicator called the "Haturatsu Work-life Level." Divisions that have done well receive recognition, and are given money to use for recreational activities that involve the business unit.

Creating healthy and safe workplaces

Preventing lifestyle-related diseases (health guidance, specified health guidance)

Based on the results of regular health checks, we provide health guidance and specified health guidance for employees aged 40 and above. Employees keep track of the values that have been identified as problematic, and set improvement targets for lifestyle habits and write up detailed action plans. A nurse provides ongoing support to help employees achieve their targets in 6 months.



Mental healthcare

Our support for employees includes conducting legally-required stress checks once a year to encourage awareness of stress among employees. In addition, we offer self-care training through rank-based training, and provide opportunities for employees to learn ways to handle stress.

In addition, we promote the creation of healthy workplaces by not only conducting line care training through managerial training and other initiatives and providing an opportunity for managers to become aware of employee's needs and develop their listening skills, but also by fostering lively workplace communication among our people by encouraging them to call out and greet one another.



	First Level Prevention and health promotion	Second Level Early detection, quick response	Third Level Convalescence support
Self-care	Training for new hires and again after first year		
	Year 5 training		
	Rank-based training		
	Stress checks		
Line care	Employee satisfaction awareness survey		
	Managerial training		
	Comprehensive workplace inspections by managers		
	Interviews with clinical psychologists		

VOICE A workplace where diverse personnel can be active and thrive Voice of non-Japanese national



Industrial Systems Division  
Facilities & Systems  
Engineering Department  
Facilities & Industrial Plant  
Engineering Group

I am from Peru and am one-quarter Japanese. I came to Japan with my family in 1999, and was educated in Japan and went to a Japanese university. After I came to Japan I wasn't thinking about my future career in particular, but my Japanese grandfather's work was related to electricity, and after seeing him work I decided to pursue a career related to electricity. At university, I majored in electrical and electronic engineering, and then joined the Company in 2012.

Currently, in addition to designing layout drawings and wiring tables related to steel equipment-related electrical equipment, as well as selecting materials, I manage processes, quality, and safety for construction work at worksites. Due to differences in culture and language, I still sometimes am unable to smoothly answer questions from customers and partnering companies, and have to revert to using gestures, and I also still sometimes struggle with difficult aspects of the Japanese language, but I feel that I am developing as I experience one type of work after another, and I find my work to be very rewarding.

In the future, in addition to of course doing electrical work, I also want to experience a wide range of work with other machinery and other operations, and I want to grow to be a fine engineer and contribute to the Company.



# In order to deliver high-quality infrastructure and services to customers

Based on Commitment (our business philosophy) and Standards of Conduct, we implement effective measures with respect to quality management, information security and the protection of personal data, and strive to raise the level of customer satisfaction by continually improving these measures.

## Quality Management

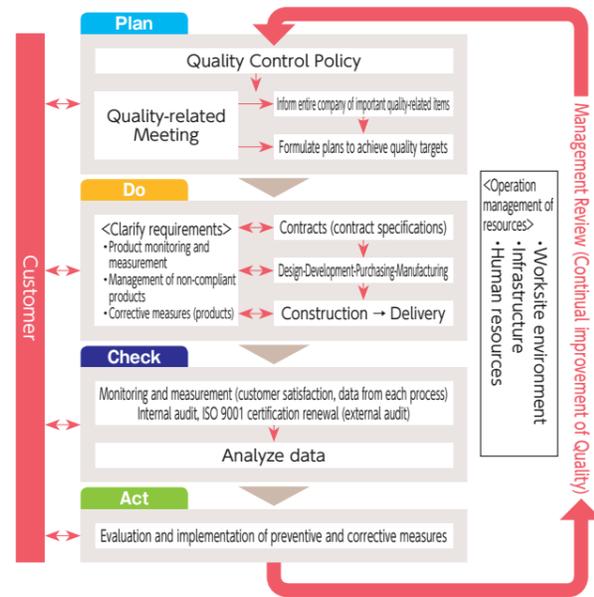
We have built a quality management system with a total engineering framework spanning from plant planning and proposals to design, procurement, construction, testing, trial operations, maintenance and services, and offer services that match customers' needs.

Going forward, we will carry out quality activities based on our "Quality Control Policy," implement strict quality management, make continual improvements, and strive to improve quality.

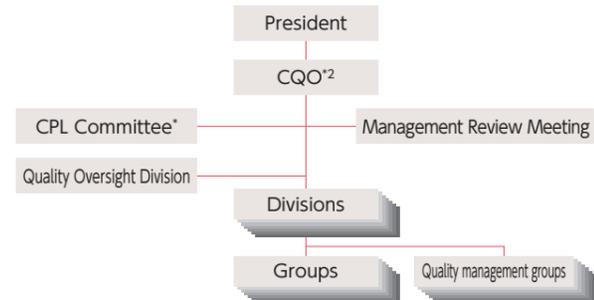
## Quality Management System (QMS) Overview and Management Framework

We continually make improvements to quality always from the perspective of our customers by using a stringent quality management system based on ISO 9001 requirements, and by carrying out PDCA (Plan-Do-Check-Act) cycles, the basic principle of ISO 9001.

### Conceptual Diagram of Quality Management System



### Management Framework of Quality Management System



\*CPL: Abbreviation combining CL (contractual liability) and PL (product liability) CPL Committee: Committee formed to handle quality-related incidents when a CPL incident occurs  
\*2 CQO: Chief Quality Officer

### Quality Control Policy

Acting in accordance with Toshiba Plant Systems & Services Corporation's Standards of Conduct, and sticking to our Commitment stipulating that each employee is committed to serving society through their work in the field of social infrastructure, we aim to contribute to society by making quality our highest priority, ensuring product safety and reliability, securing a proper worksite environment, complying with legal regulations, and by providing services, products, and systems that fulfill customer needs.

1. We engage in quality assurance from the customers' point of view.
2. We comply with relevant laws and regulations and contracts, and respect the rights of customers and third parties.
3. We establish and maintain a quality management system which aims to deliver services, products and systems that fulfill customer needs, and continually improve their effectiveness.
4. We ensure quality through effecting the participation of the entire group and all employees.
5. We aim for essential improvement by investigating the root causes of process failures.

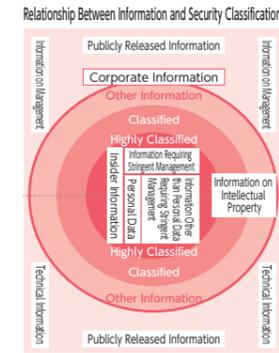
**ISO 9001 certification mark**  
We have obtained ISO 9001 certification from Lloyd's Register Quality Assurance Limited, the international standard for quality management systems.

## Information Security

In order to properly manage all information handled in the course of business operations (excluding information widely disclosed outside the Company) based on the Standards of Conduct and the Information Security Guidelines, we have established a management framework comprising the Company-wide Information Security Management Review by senior management, as well as the Information Security Committee, the Information Security Liaison Council, the Practices Committee, and each division.

We implement measures to effectively and appropriately manage the information we hold and to reduce and avoid information risks to the maximum extent possible. In addition to carrying out a range of security measures, including those related to the handling of Company information and countermeasures for information equipment, we appropriately conclude written pledges, confidentiality agreements, and other agreements with suppliers, cooperating companies, employees and other relevant parties necessary for legal compliance concerning the use of information.

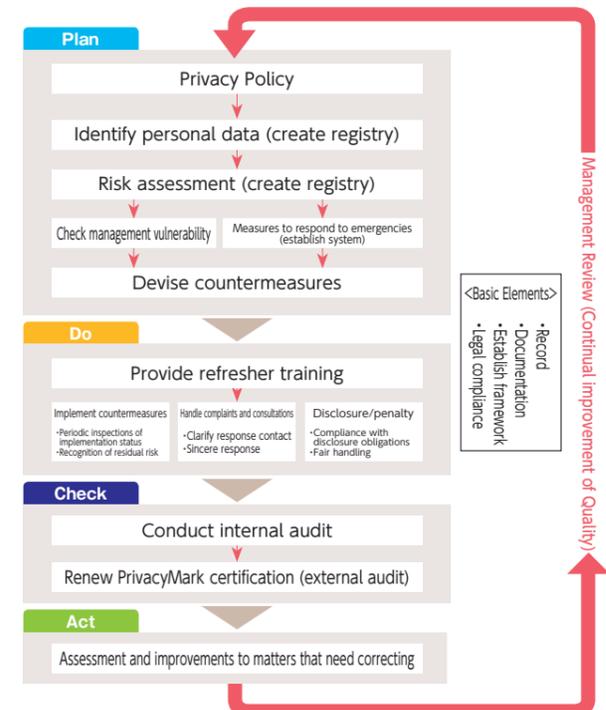
In the event of an information security incident, we will promptly restore the security system and take corrective measures.



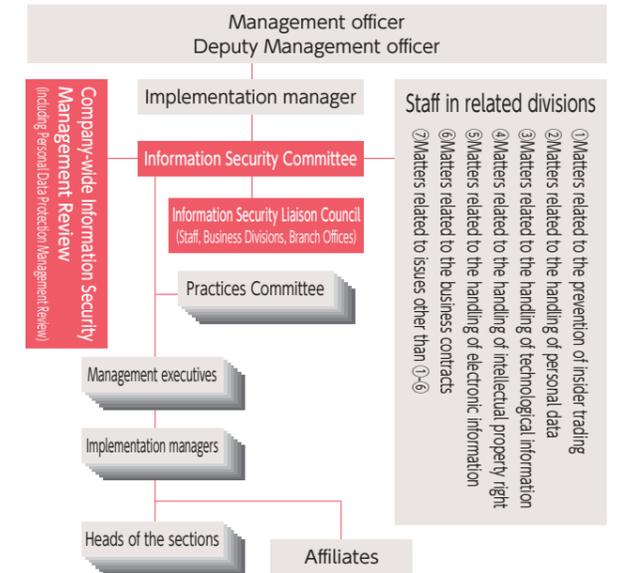
## Protection of Personal Data

We have obtained the PrivacyMark certification from JIPDEC. This signifies that the Company is in compliance with all laws and regulations, as well as other standards related to the protection of personal data, in accordance with the Standards of Conduct. We have established a Personal Data

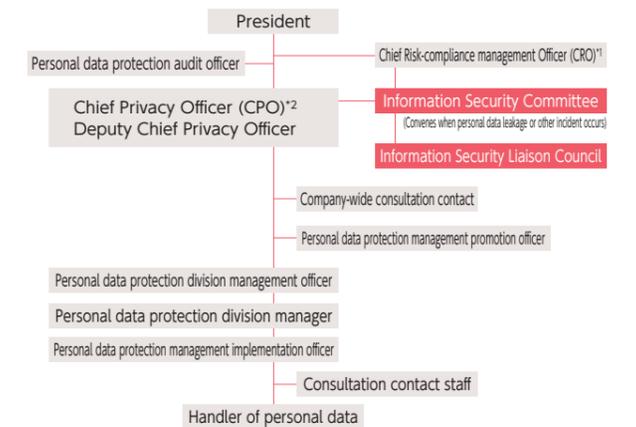
### Conceptual Diagram of Personal Data Protection Management System



### Management Framework of Information Security



### Management Framework of Personal Data Protection Management System



\*1 CRO: Chief Risk-compliance management Officer  
\*2 CPO: Chief Privacy Officer

**PrivacyMark**  
We protect personal data in compliance with JIS, and have obtained the PrivacyMark awarded by JIPDEC to business entities which properly handle personal data.



## Fair Operating Practices



# Ensuring fair, transparent and free competition and appropriate business transactions

We provide fair business opportunities to suppliers, and prioritize doing business with companies that comply with relevant laws and regulations, take the environment into consideration, and have excellent technology and quality.

## Procurement Policy

We hold a firm belief that materials procured should be of superior quality and safety to meet each of our customers' needs. Our unique Standards of Conduct and Toshiba Group Procurement Policy govern and ensure that our sourcing, contracting and purchasing activities are ethical, efficient and accountable while

compliance to laws and regulations is met and all efforts are made to preserve the environment. We seek a wide range of partnerships with like-minded companies who share with us the same corporate values of fairness, openness, and building long trusting relationships, as we believe that together we can prosper.

### Supplier Expectations

1. Compliance with Laws and Regulations, Social Customs, Etc.
  - (1) Ensuring compliance with the prevailing laws and regulations, including anti-trust laws, commercial codes, subcontractor regulations, construction business act, personal privacy laws, ordinance for eliminating organized crime groups, etc.
  - (2) Prohibition of bribery (any gift, payment, consideration, financial or non-financial advantage or benefit of any kind which constitutes a corrupt and illegal practice)
2. Considerations to Human Rights, Labor, Health and Safety
3. Environmental Considerations
  - (1) Suppliers are encouraged to adopt ISO 14001-based environmental management systems and to promote third-party certification.
  - (2) Suppliers are encouraged to reduce or eliminate use of potentially hazardous substances and to utilize Green Procurement.
  - (3) Suppliers are encouraged to promote environmental protection activities.
4. Maintaining Sound Business Operations
5. Securing Excellent Product Quality
6. Offering Goods and/or Services at Appropriate Prices
7. Firm Delivery Commitment and Establishment of Stable Supply Structure
8. Enhancement of Technological Capabilities
9. Continuing Supply in Times of Unexpected Circumstances

## Establishment of Whistleblower System (Clean Partner Line)

Various training programs related to compliance during procurement are provided to officers to ensure fair trading practices. In order to ensure compliance and fair transactions, we established a whistleblower system for our suppliers called Clean Partner Line, in January 2007. If any violation of the law and

regulations should arise during business transactions, our suppliers notify us. We establish more transparent relationships of mutual trust with the suppliers, and develop sound partnerships with the suppliers.

## Philosophy on Intellectual Property

In addition to complying with the Patent Act, the Copyright Act, and other laws and regulations related to intellectual property rights, as well as respecting the legitimate intellectual property rights of third parties, we use intellectual property rights to protect

the outcomes of our technological activities, and contribute to society by actively utilizing these intellectual property rights in our businesses.

## Handling Anti-Social Forces and Our Policy

The basic policy for internal controls stipulates that officers and employees of the Group shall reject any relationships with anti-social forces that pose a threat to the order and safety of civil society, and the entire Group shall take a resolute approach to all such issues.

As a concrete measure, the Group has strengthened collaboration, steadily implemented public relations supervision training, worked to share and utilize information related to public

relations. The Group also investigates the attributions of counterparties when initiating new business transactions and has thoroughly introduced organized crime group elimination clauses into business contracts. In addition, we have built a system that allows us to cooperate with external organizations such as police and corporate attorneys, and to respond appropriately and in a timely manner to any approaches from anti-social forces.



## Community Involvement and Development



# Contributing to the sound and sustainable development of local communities

We contribute to the advancement of society by supporting various activities as a company that handles social infrastructure. As a good corporate citizen, we value communication with local communities and actively engage in social contribution activities.

## Social Contribution Activities

### Basic Policy for Social Contribution Activities

As a company that handles social infrastructure, we contribute to sound and sustainable development in the main countries and territories in which we operate, based on the Toshiba Plant Systems & Services Corporation's Standards of Conduct.

In Japan, we support activities related to restoring and preserving cultural properties in order to pass down ancient Japanese culture to future generations. Overseas, we provide ongoing support for activities related to improving social infrastructure and developing future generations (construction of schools, etc.).

Also, as a good corporate citizen, we value communication with local communities and promote social contribution activities.

### Activity Concepts

1. Assistance for efforts to pass down Japanese culture and techniques
 

In order to pass ancient Japanese culture and wonderful traditions down to future generations, we support efforts to restore and preserve cultural properties, and help pass down restoration techniques and skills.
2. Assistance for activities to improve social infrastructure
 

In addition to improving social infrastructure through our business activities, we contribute to development of local communities by supporting programs to upgrade infrastructure in inadequate condition.
3. Assistance for activities to develop future generations
 

We support the construction of schools and other educational facilities that provide learning opportunities to children that will build our future society.
4. Promotion of activities rooted in local communities
 

We value communication with people in local communities in which we operate, and continually engage in programs that contribute to local communities.

## Assistance for Efforts to Pass Down Japanese Culture and Techniques

### Assistance in restoration and preservation of domestic cultural properties

In order to pass down precious Japanese cultural properties to future generations, since FY2010 we have been assisting\*2 with activities to restore and preserve cultural properties through the "project to restore and preserve cultural properties in Imperial Convents"\*1.

\*1 Project to restore and preserve cultural properties in Imperial Convents: Project to restore and preserve the paintings, sculptures, craft works, textiles, and historic structures owned by Imperial Convents for posterity.

\*2 This project is sponsored by the Medieval Japanese Studies Institute, and we provide support through the Foundation for Cultural Heritage and Art Research.

Key projects supported by the project to restore and preserve cultural properties in Imperial Convents

Year	Assistance project	Location
2017	The ongoing conservation of a statue of Senjuin no Miya at Shinnyoji temple	Kyoto Prefecture
2016	The conservation of a statue of Abbess Gekkyoken at Shinnyoji temple	Kyoto Prefecture
2015	The conservation of a statue of Kotokuin no Miya at Shinnyoji temple	Kyoto Prefecture
2014	The conservation work on a set of Genji screens belonging to Chūgūji Imperial Convent	Nara Prefecture
2013	The conservation of a statue of Hongakuin no Miya at Shinnyoji temple	Kyoto Prefecture
2012	The repair and preservation of the outer garments of a layered court costume (the uwagi and karaginu of a jūnihitoe) owned by Reikanji temple	Kyoto Prefecture
2011	The restoration of a nikai-zushidana, a two-tiered decorated cabinet, belonging to Sanji Chion-ji Imperial Convent	Kyoto Prefecture
2010	The restoration of the Nanakusa Emaki handscroll belonging to Hokkeji Imperial Convent	Nara Prefecture



a statue of Abbess Gekkyoken (After restoration)



## Assistance for activities to improve social infrastructure

### Support for the infrastructure projects in emerging countries

As a company that handles social infrastructure, we have helped upgrade inadequate infrastructure since FY2014 in emerging countries where we have deep business ties, and offer assistance to contribute to the development of local communities.

#### Key projects supported

Year	Assistance project	Description	Country
2017	Installation of drinking water supply system <sup>*1</sup>	We installed drinking water supply system equipment (water storage tanks, water supply pumps, drinking water filters, etc.) in order to supply safe water to elementary schools in four towns in Kingdom of Thailand, Sa Kaeo Province, Ta Praya District.	Thailand
2016	Bridge construction <sup>*1</sup>	We built a safe and durable bridge to replace the bamboo bridge that junior high and high school students in the area designated for support were using to go back and forth from school as well as for transporting agricultural products.	Philippines
2016	Solar power generation facilities <sup>*2</sup>	We installed solar power generation facilities with storage batteries at an elementary school in an area without electricity so that students can learn in a comfortable environment under lighting.	Philippines
2015	Installation of water system <sup>*1</sup>	We built a water system, including an RO System (Reverse Osmosis System) to a well in the area designated for support, in order to supply safe water to local residents.	India
2014	Installation of water system <sup>*1</sup>	We built a water system, including a disinfectant tank, water storage tank, and water distribution pipes, to provide safe water to local residents.	Philippines



Children now able to drink clean water (Thailand)



Bridge construction (Philippines)

<sup>\*1</sup> Funding through the Nonprofit Organization World Vision Japan  
<sup>\*2</sup> Facility installation and donation through Lions Club Tokyo Akasaka

### VOICE ~Working with our supporting partners~



Nonprofit Organization World Vision Japan  
 Team Leader of Corporate and Major Donor Team, Corporate and Major Donor Unit, Marketing Department 1  
 Ms. Minoru Tanimura  
 Program Coordinator of Development Program Unit 1, Program/Operation Department  
 Ms. Chigusa Ikeuchi  
 Corporate and Major Donor Unit, Marketing Department 1  
 Ms. Mitsuko Sobata

World Vision Japan is an international non-profit organization engaged in activities to support the healthy growth of children around the world. We were established in 1987 as World Vision's Japan office, and we celebrated our 30th anniversary this year. World Vision engages globally in activities centered on three core areas: development support, emergency humanitarian assistance, and advocacy (putting forward policy recommendations). In FY2017, World Vision Japan carried out 123 projects in approximately 30 countries. As a partner supporting these activities, since 2010 Toshiba Plant Systems & Services Corporation has been assisting with 12 of our projects in eight countries, mainly in the fields of education and social infrastructure. Specific examples include installation of water system, bridge construction, and construction of school buildings, dormitories and other structures for educational institutions in Asian countries. Going forward, we will continue to work closely with Toshiba Plant Systems & Services Corporation on projects aiming to improve education and protect people's lifestyles, all while sharing the latest information and otherwise staying in close contact.

## Supporting Activities of the Solar Lantern Project

### Support for delivering electric Light to people living without electricity

There are still many people in the world who have no access to electricity. As a company that handles social infrastructure, we have been stretching out a helping hand since FY2008 to the "Solar Lantern project"<sup>\*</sup> expanded in India.

As the first Japanese company to participate in this project, we have donated a solar panel (one panel) and 50 chargeable LED lanterns to people living in more than 50 villages without electricity.

Going forward, the Group will continue to deliver electric Light.

<sup>\*</sup> Solar Lantern project: Funding to The Energy and Resources Institute (TERI) of India through the NPO Gaia Initiative



Solar panels



Solar Lantern user

## Assistance for Activities to Develop Future Generations

### Support for the construction of schools and other educational facilities in emerging countries

Since FY2010, we have been providing assistance<sup>\*</sup> for the construction of school buildings, dormitories and other structures for elementary and junior high schools, as well as pre-schools, so that children in emerging countries can have opportunities to learn.

<sup>\*</sup>Assistance: Funding through the Nonprofit Organization World Vision Japan

Vien Son Primary and Secondary School Dormitory (Vietnam)



#### Key projects supported

Year	Assistance project/Description	Country
2017	Currently constructing the Ledang Primary School. Current school buildings primarily made of bamboo wood are easily damaged by wind and rain, and are not very durable. By constructing strong brick or cement school buildings, we provide a safe and secure learning environment for children.	Indonesia
2016	Construction of the Vien Son Primary and Secondary School Dormitory	Vietnam
2015	Construction of Trung Dinh Satellite Preschool	Vietnam
2014	Construction of Mwakikoya Primary School	Tanzania
2013	Construction of Nonchan Kindergarten	Laos
2012	Construction of Gezani Primary School	Tanzania
2011	Construction of Beribide Primary School	Bangladesh
2010	Construction of Shadashivbari Primary School	Bangladesh

## Promotion of Activities Rooted in Local Communities

Our business offices and worksites engage in activities to contribute to local communities. Going forward, as a good corporate citizen we will continue to actively engage in social contribution activities.

### Local volunteer activities

We participate in events to sell sweets made by disabled people in the Company cafeteria, and participate in activities to support their independence.



### Volunteer snow removal for the elderly, etc.

We participate in activities to clear snow around elderly people's homes.



### Volunteer clean-up events

We pick up trash, cigarette butts and other items discarded near business offices and worksites.



### Forest maintenance

We participate in events to maintain forests, including thinning operation.



### Collection of PET bottle caps

We participate in events to provide vaccines to children around the world by donating collected PET bottle caps.



### Commemorative backpack gift

We participate in events to collect used backpacks and send them to children overseas.



©JOICFP

### VOICE Overseas training from a rugby trainer (Innovation Planning Division)

In 2004, I acquired A1 referee certification by the Japan Rugby Football Union. Ever since, I have been a volunteer referee for major matches, and since 2013, I have been the vice chair of the Union's Technical Committee's Refereeing Division, as well as a trainer of new referees, along with other duties.

The Union is focusing not only on strengthening Japan's national team ahead of the first Rugby World Cup in Asia to be held in 2019 and the Tokyo Olympic and Paralympic Games in 2020, but also on developing referees. As a concrete strategy, between April 2018 and March 2019, I will engage in training in three countries (New Zealand, U.K., and Ireland) in order to study the referee certification systems in other countries and to improve my own skills as a trainer. The Company has given its approval for me to participate in this training based on a request from the Union. In addition to activities as a trainer, I am studying at a language school each day to improve my English conversation ability. It is my hope that this experience will help me to contribute to a successful Rugby World Cup and Tokyo Olympic and Paralympic Games.



Coaching a 13 year-old girl. Overseas, prospective referees have already started working to obtain international referee certification at this age. (In Wellington, New Zealand)



# Engaging in environmental activities in all EPC business processes

We recognize that working to solve environmental issues in all of our business activities is one of the main pillars of the company's management. All of our employees strive to reduce the environmental impact of our business activities.

## Environmental Management

### Our Stance on Environmental Management

The Group has established an "Environmental Management Concept" and a "Basic Policy for the Environment," and we carry out environmental activities in line with both.

#### Environmental Management Concept

We work to reduce the environmental impact of our EPC business activities.

#### Basic Policy for the Environment

Based on the Toshiba Group Environmental Vision, we incorporate the following environmental management activities in all EPC processes in order to reward our customers' trust and contribute to the advancement of society.

1. Viewing the protection of the global environment as one of management's primary responsibilities, we promote environmental activities, including the protection of biodiversity.
2. We strive to prevent global warming and to effectively use resources in all of our business activities, from design to maintenance services.
3. We develop products and technologies, as well as improve our services, so as to reduce environmental impact.
4. We comply with all laws and regulations, guidelines we have endorsed, and our own environmental standards.
5. We work with local communities, and all of our employees, including members of affiliates, engage in environmental activities.

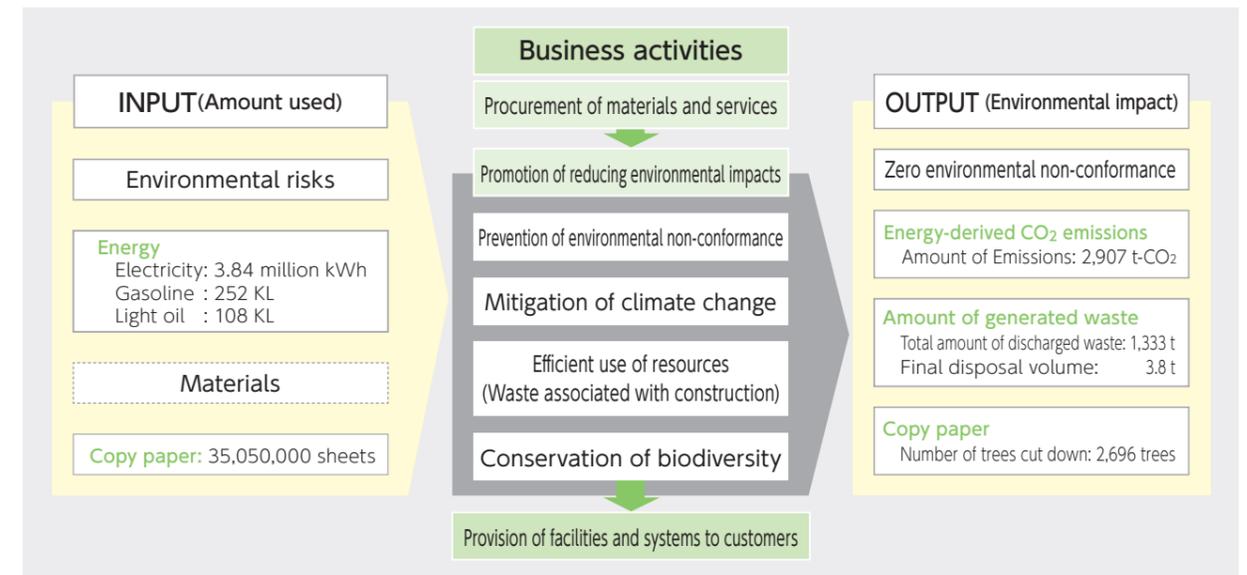
### Activities to reduce environmental impact in all EPC processes

 <b>E</b> (Engineering)	 <b>P</b> (Procurement)	 <b>C</b> (Construction Commissioning)
<ul style="list-style-type: none"> <li>Development and proposals of systems and products to reduce environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of green procurement</li> </ul>	<ul style="list-style-type: none"> <li>Eco-friendly construction</li> <li>3R* activities</li> </ul>

\*3R: Reduce, Reuse, and Recycle

## Environmental Activities and Material Flow

The material flow below shows the extent to which business activities impact the environment.



(Note) The values above are from FY2017.

Criteria used to calculate energy data: Electricity: Power consumption of offices and factories. Gasoline and light oil: Fuel for vehicles used by offices and worksites.  
 Copy paper: Amount of copy paper purchased by offices and factories.  
 Conversion coefficient for CO<sub>2</sub>: Electricity: 5.31 t-CO<sub>2</sub> /10,000 kWh Gasoline: 2.32 t-CO<sub>2</sub>/KL Light oil: 2.62 t-CO<sub>2</sub>/KL  
 Conversion coefficient for trees used for copy paper: 13,000 sheets (Size A4) /tree

## Environmental Activity Targets

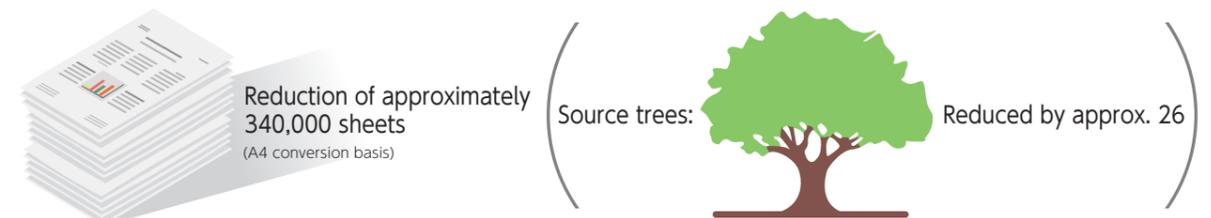
We will work to reduce environmental impact in all processes of our business activities.

Activity Objective	Activity Items	Activity Target
Maintenance of zero environmental non-conformance	Continuance of zero environmental nonconformance	Zero environmental non-conformance
Mitigation of climate change	Reduction of energy-derived CO <sub>2</sub> emissions	Maintenance of activity level
Efficient use of resources	Reduction of total amount of generated waste	Reduction of amount of discharged waste
	Sorting of waste with more care	Improvement of recycling rate
Conservation of biodiversity	Reduction in amount of copy paper purchased	Promotion of paperless meetings
	Promotion of purchase of eco-friendly products	Promotion of 3R activities Promotion of green procurement

## Initiatives for Conservation of Biodiversity

In October 2017, we launched paperless meetings as a new initiative. Meeting materials that were previously distributed in paper form are saved as data, and tablets and other devices are used in meetings to view the contents. By doing so, we encourage meetings where distribution of paper materials is not necessary on a Company-wide level.

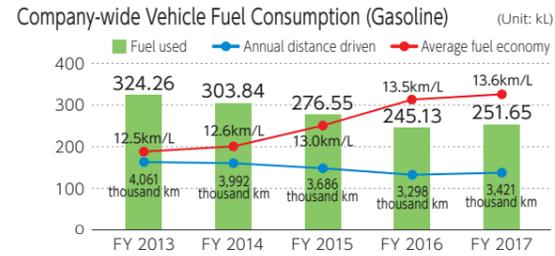
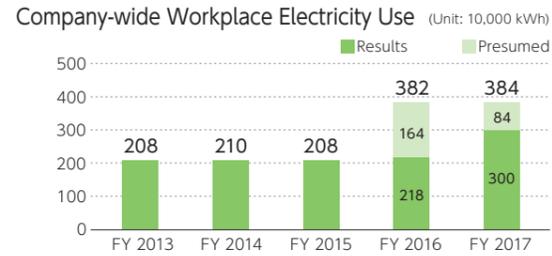
**Results by March 31, 2018** Reduction of roughly 340,000 sheets of paper on an A4 conversion basis (Approximately 26 source trees)



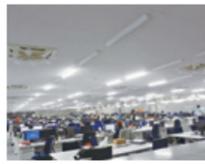


## Initiatives to Mitigate Global Warming

In order to control the emissions of carbon dioxide (CO<sub>2</sub>), which is said to be the main factor behind global warming, we are working on various activities to reduce CO<sub>2</sub> emissions derived from energies such as electricity and vehicle fuel used at factories, offices, and worksites.



In FY2017, we eliminated and consolidated working space in the Fuchu Office, and as environmental measures we switched to LED lighting and installed hybrid fans to increase the efficiency of the air conditioning system.



From FY2016, we also considered offices that are located in other companies' business sites and for which we are unable to actually measure the amount of electric power we use, and included those values in Company-wide figures. In FY2017, we added workplaces where actual measurements are made.

Although the distance traveled and the number of vehicles vary yearly depending on construction details and locations, we are working to reduce fuel consumption by implementing eco-friendly driving and using eco-friendly cars and other initiatives.

The power CO<sub>2</sub> emission coefficient is the receiving end coefficient. Because this graph shows the trend in electric power use, a coefficient of 5.10 t-CO<sub>2</sub>/10,000kWh was applied for all fiscal years.

### VOICE Example of clean energy construction (biomass power generation station construction worksite)

This biomass power generation station uses wood chips made with construction waste materials as fuel. This not only results in the recycling of resources, but also leads to a decline in CO<sub>2</sub> emissions (carbon neutral). Also, the steam generated during the power generation process is recycled (thermal recycling) and supplied to nearby businesses as steam for business use. We handle all aspects of the project, from engineering to procurement, installation and trial operation and adjustments of key equipment including boilers and turbine generators, civil engineering work, construction, and electrical equipment work.



## Initiatives for Efficient Use of Resources

We are working on various activities, such as reducing the total amount of waste generated and emitted in conjunction with construction at worksites, and at business sites, and improving the recycling rate by thorough separation of waste in order to effectively utilize assets.

### VOICE Kansai Branch Office: Site Office for the Project Involving a High-voltage Transformer at a Sewage Treatment Plant

Following an October 2017 amendment to a Ministry of the Environment enforcement order, we are now required to dispose of fluorescent light tubes (which we formerly disposed of as scrap glass) as a mercury-added industrial waste product. At this workplace, the disposal of fluorescent tubes in existing panels falls under the scope of these new regulations, but since the amendment to the law had just been made, we were unable to verify the specific disposal standards, so we worked with relevant parties to establish the following countermeasures that should be considered to ensure that final disposal complies with all rules.

- ① Do not break fluorescent tubes;
  - ② Attach numbers to all fluorescent tubes in order to verify the quantity discarded;
  - ③ Wrap the fluorescent tubes in protective sheets and transport to disposal;
  - ④ Meticulously save photos of all processes leading up to disposal.
- We implemented these countermeasures and safely disposed of the fluorescent tubes as industrial waste. We will continue to consider the environment as we build social infrastructure, which is our mission.



Site Manager of Infrastructure Systems Group (at the time), Engineering & Construction Department, Kansai Branch Office

### United Republic of Tanzania: Site Office for Gas Fired Combined Cycle Power Plant Project

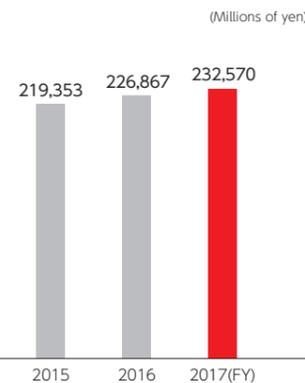
In an effort led by end-users and customers, we reused packaging waste generated at the construction site to produce 46 desks, 60 chairs, and three bookshelves. These were then donated to nearby elementary and junior high schools. We managed the packaging waste on a daily basis, brought it to a furniture processing factory near the power station, and the furniture produced was then delivered to the schools. Effectively using resources through the 3R (Reduce, Reuse, Recycle) activities brought smiles to the faces of local children, which in turn brought great joy to everyone involved.



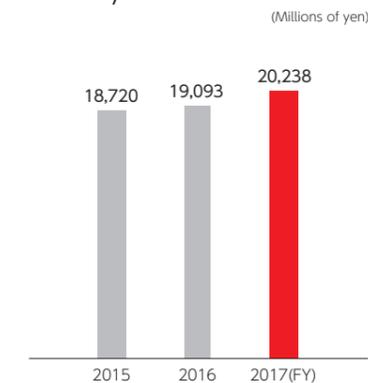
## Highlights of Consolidated Financial Results

		FY2015	FY2016	FY2017
Net sales	(Millions of yen)	219,353	226,867	232,570
Ordinary income	(Millions of yen)	18,720	19,093	20,238
Profit attributable to owners of parent	(Millions of yen)	11,242	12,796	13,551
Comprehensive income	(Millions of yen)	7,645	15,078	15,894
Net assets	(Millions of yen)	121,281	133,288	145,379
Total assets	(Millions of yen)	238,254	244,407	256,003
Net assets per share	(Yen)	1,241.90	1,365.06	1,489.03
Basic earnings per share	(Yen)	115.40	131.36	139.11
Equity ratio	(%)	50.8	54.4	56.7
Rate of return on equity	(%)	9.5	10.1	9.7
Price-earnings ratio	(Times)	11.94	12.37	16.48
Cash dividends per share	(Yen)	37.50	38.00	40.00
Dividend payout ratio	(%)	32.5	28.9	28.8
Cash flows from operating activities	(Millions of yen)	25,210	700	16,726
Cash flows from investing activities	(Millions of yen)	16,332	△ 1,518	△ 1,828
Cash flows from financing activities	(Millions of yen)	△ 2,444	△ 3,082	△ 3,810
Cash and cash equivalents at end of year	(Millions of yen)	91,633	87,996	99,289

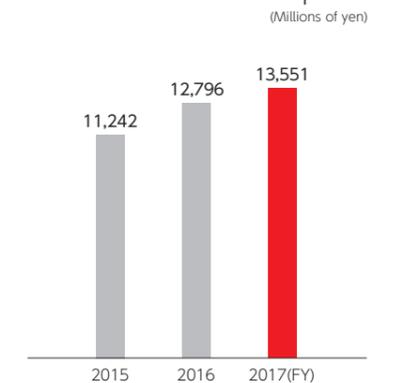
Net sales



Ordinary income



Profit attributable to owners of parent



<http://www.toshiba-tpsc.co.jp/>

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