

## DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

### FINAL ASSESSMENT

## TOSHIBA INFRASTRUCTURE SYSTEMS & SOLUTIONS CORPORATION

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	4/8
2. Internal Controls	6	3/12
3. Support to Employees	7	4/14
4. Conflict of Interest	4	1/8
5. Customer Engagement	7	1/14
6. Supply Chain Management	5	3/10
7. Agents, Intermediaries and Joint Ventures	10	1/20
8. Offsets	4	0/8
9. High Risk Markets	4	3/8
10. State-Owned Enterprises	0	N/A
<b>TOTAL</b>		<b>20/102</b>
<b>BAND</b>		<b>E</b>

\*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

## 1. Leadership and Organisational Culture

<b>Question</b>
<b>1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company has an anti-corruption statement authorised by its senior leadership. However, the company receives a score of ‘1’ because this statement represents a general commitment to comply with anti-bribery laws and principles. The company’s anti-bribery policy sits within its ‘Standards of Conduct’; however, there is no clear or direct evidence that the Standards of Conduct are endorsed by its leadership.</p>
<b>Evidence</b>
<p><b>[1] Toshiba 2018 CSR Report (Document)</b>                  Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf">http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf</a>                  [p.12] The future demands solutions. Mankind must address climate change, meet rising energy demand, and overcome resource depletion. Our stakeholders also have high expectations that we will contribute to a more sustainable future through sound ESG management (environment, society and governance), and by promoting initiatives to help achieve the global SDGs. Toshiba Group supports the universal principles, including human rights, labor, the environment and anti-corruption, advocated by the United Nations Global Compact, and by observing the restated Basic Commitment of the Toshiba Group, we will pursue CSR management that meets stakeholder expectations.</p> <p>[...]</p> <p>Nobuaki Kurumatani                  Chairman and CEO</p> <p>Satoshi Tsunakawa                  President and COO</p> <p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a>                  These Standards of Conduct for Toshiba Group have been established in order to make our management principles a reality and as a basis to guide our activities so that we can operate under the principles of fairness, integrity and transparency and contribute to the formation of a sustainable society.</p> <p>Since its first establishment in May 1990, Standards of Conduct for Toshiba Group have been updated as necessary, in light of the social and environmental change. This new edition issued in October 2014 places a greater emphasis on respect for human rights, supply chain management, and compliance awareness. Toshiba Group Standard shall, on their adoption by each Toshiba Group company by resolution of the board of directors or other appropriate corporate actions, apply to all directors and employees, including advisors and contract employees.</p> <p>[...]</p> <p>7. Bribery</p> <p>1. Toshiba Group Corporate Policy</p> <p>Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>observe all applicable laws and regulations, and lawful business practices, prohibit illegal or improper payments against lawful business practices; and</li> </ol>

2. not provide any illegitimate benefits or favors to any politicians or political organizations.

## 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. neither make nor offer, either directly or indirectly, any payment or anything of value, whether in the form of compensation, business entertainment, gift, contribution, gratuity, or other form, that is illegal or prohibited by any applicable law or regulation, in any dealings with any government agencies, their officials, or members of any political party (including holders of a political office or candidates for such office) (except for cases that do not violate applicable laws or regulations and are considered socially acceptable), and shall not engage in sales transactions, loan transactions and the like (including guarantee transactions) that are not at arm's length;
2. not pay monies or offer benefits to any politicians (including former members of any legislative body, or current or former secretaries of any such politicians) or any company a politician may be involved with, regardless of the form such monies or benefits take (for example "commissions" or "consulting fees"), in connection with marketing toward governmental agencies;
3. refrain from offering cash or other benefits to representatives of foreign governments as a means to gain unlawful benefits or profits when conducting international business transactions;
4. not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;
5. ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;
6. not make contributions to political parties or committees, unless permitted to do so by applicable laws, regulations, and company rules; and
7. respect the established practices of any customer, government entity or other party, as well as all applicable laws and regulations, regarding the provision of or the restrictions or controls over the acceptance of business entertainment, gifts or other business courtesies by its employees or officials.

<b>Question</b>
<p><b>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</b></p> <p><b>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</b></p> <p><b>b) All board members, including non-executive directors.</b></p>
<b>Score</b>
<b>2</b>
<b>Comments</b>
<p>There is evidence that the company has an anti-bribery and corruption policy, which specifically prohibits bribery, illegitimate payments to public officials, commercial bribery and facilitation payments. There is evidence that this policy applies to all employees and directors across all of the Group's companies.</p>
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a></p> <p>5. Marketing and Sales</p> <p>1. Toshiba Group Corporate Policy                  Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>1. comply with all applicable laws and regulations (including prohibitions on commercial bribery and kickbacks) and conduct fair marketing and sales activities in accordance with proper corporate ethics; and</li> <li>2. deliver superior products and services that satisfy customer needs and requirements.</li> </ol> <p>2. SOC for Toshiba Group Directors and Employees                  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. follow sound and fair business practices in all dealings with customers;</li> <li>2. promote marketing and sales that comply with all applicable laws and regulations (including prohibitions on commercial bribery and kickbacks), observe sound business practices and respect socially accepted ideas; and</li> <li>3. endeavor to understand customer needs from their perspective and deliver optimal products and services</li> </ol> <p>[...]</p> <p>7. Bribery</p> <p>1. Toshiba Group Corporate Policy                  Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>1. observe all applicable laws and regulations, and lawful business practices, prohibit illegal or improper payments against lawful business practices; and</li> <li>2. not provide any illegitimate benefits or favors to any politicians or political organizations.</li> </ol> <p>2. SOC for Toshiba Group Directors and Employees                  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. neither make nor offer, either directly or indirectly, any payment or anything of value, whether in the form of compensation, business entertainment, gift, contribution, gratuity, or other form, that is illegal or prohibited by any applicable law or regulation, in any dealings with any government agencies, their officials, or members of any political party (including holders of a political office or candidates for such office) (except for cases that do not violate applicable laws or regulations and are considered socially acceptable), and shall not engage in sales transactions, loan transactions and the like (including guarantee transactions) that are not at arm's length;</li> <li>2. not pay monies or offer benefits to any politicians (including former members of any legislative body, or current or former secretaries of any such politicians) or any company a politician may be involved with, regardless of the form such monies or benefits take (for example "commissions" or "consulting fees"), in connection with marketing toward governmental agencies;</li> <li>3. refrain from offering cash or other benefits to representatives of foreign governments as a means to gain unlawful benefits or profits when conducting international business transactions;</li> </ol>

4. not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;
5. ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;
6. not make contributions to political parties or committees, unless permitted to do so by applicable laws, regulations, and company rules; and
7. respect the established practices of any customer, government entity or other party, as well as all applicable laws and regulations, regarding the provision of or the restrictions or controls over the acceptance of business entertainment, gifts or other business courtesies by its employees or officials.

[...]

#### Scope and Implementation

##### 1. Scope of the SOC

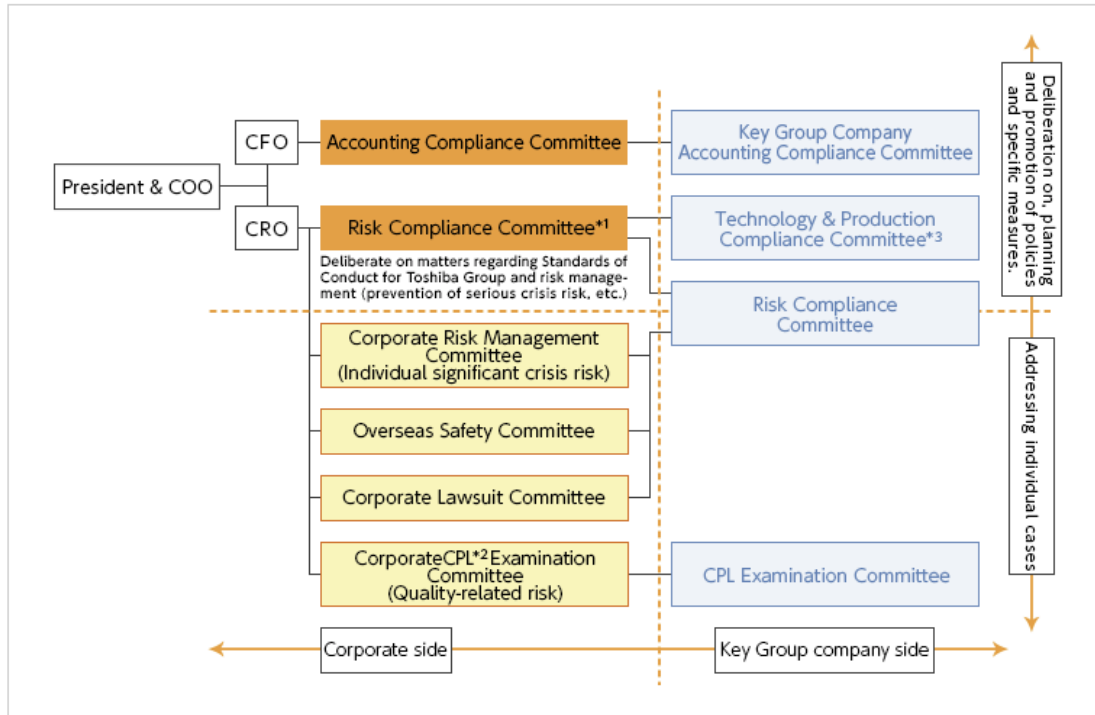
1. These SOC shall, on their adoption by each Toshiba Group Company by resolution of the board of directors or other appropriate corporate actions, apply to all Directors and Employees, including advisors and contract employees;
2. The SOC does not state or establish legal obligations on the part of the Toshiba Group and does not create any legal rights or claims on the part of any person. Instead, the SOC sets forth the values of the Toshiba Group and the expectations that the Toshiba Group has for its Directors and Employees. In many instances, these values and expectations exceed applicable legal obligations.

<b>Question</b>
<b>1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no publicly available evidence that the company has a designated board committee or individual board member responsible for its anti-bribery and corruption programme. The company indicates that it has a Risk Compliance Committee, which is chaired by the Chief Risk Compliance Management Officer, however it is not clear that this level sits at board-level or whether it is overseen by the board of directors.</p>
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a>  Scope and Implementation</p> <p>2. Implementation of the SOC</p> <ol style="list-style-type: none"> <li>1. Each Toshiba Group Company shall appoint a "Chief Implementation Administrator" to assume overall responsibility for implementation of the SOC. The Chief Implementation Administrator of Toshiba Corporation shall be the Chief Risk-Compliance Management Officer;</li> <li>2. Each Chief Implementation Administrator may appoint, as necessary, "Implementation Administrators," who shall be responsible for the implementation of each article of the SOC. Within Toshiba Corporation, the General Manager of each staff division shall assume the role of Implementation Administrator. In this capacity, they are responsible for implementation of the SOC in their divisions and also for guiding implementation in Toshiba Group Companies for which they are responsible;</li> <li>3. The corporate staff division of each Toshiba Group Company in charge of any of the items of these SOC shall formulate relevant rules or compliance programs and shall support that Toshiba Group Company's Implementation Administrators and any related companies by providing information and advice on formulating implementation rules and on developing educational programs;</li> <li>4. Toshiba Corporation's Corporate Representatives responsible for overseas business in their respective regions shall guide, support and cooperate with Toshiba Group Companies' overseas offices and subsidiaries in implementing the SOC in the businesses for which they are responsible; and</li> <li>5. CSR department and legal department shall be the bodies responsible for the maintenance of the SOC and the promotion and support for the adoption and implementation of the SOC by the Toshiba Group Companies.</li> </ol> <p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>  Structure of Risk Management and Compliance</p> <p>At Toshiba, we appoint a Chief Risk Compliance Management Officer (CRO) to oversee risk management and compliance for the whole Group. In addition, the Legal Affairs Division responds to whistleblower reports and attempts to achieve global compliance, and is advancing effective risk management and compliance activities. There is also a Risk Compliance Committee chaired by the CRO and attended by the executive officers of corporate staff divisions. The Committee analyzes whistleblower reports and cases both inside and outside the Company, and identifies vulnerabilities in risk management and compliance based on risk tables that cover the entire management environment. It also reviews activities from the preceding fiscal year, and deliberates on priority measures and monitors activities from the immediate fiscal year.</p> <p>Each key Group company is advancing its own priority measures for risk management and compliance, determined by a risk-based approach, in addition to the priority measures common to the whole company. In the event of a serious risk management and compliance issue, there is a system in place by which the relevant in-house committees, etc. promptly evaluate and implement countermeasures. Furthermore, we carry out sensitivity analyses at management meetings, etc. of the correlation between key risks and management, taking into account business risks and risks in the market, as well as compliance risks and environment-related risks such as climate</p>

change, so that we can concentrate our investment strategically in order to achieve Toshiba's goal of growth through creativity and innovation.

In March 2016, Toshiba established a new Accounting Compliance Committee. Its purpose is to aggregate finance- and accounting-related information, and to identify signs that might point to inappropriate financial reporting, doing both in timely fashion, and to detect risks that threaten internal control at an early stage.

**Risk Management and Compliance Committee**



\*1 The Risk Compliance Committee manages matters related to the Standards of Conduct for Toshiba Group and matters related to risk management (including matters required for the prevention of significant crisis risk, compliance related to technology, production, and sales activities, and thorough implementation of information security).

\*2 CPL is an abbreviation combining CL (contractual liability) and PL (product liability)

\*3 The key Group company Technology & Production Compliance Committee can be integrated with other committees such as the company Risk Compliance Committee.

**[1] Toshiba 2018 CSR Report (Document)**

Accessed 03/07/2019

[http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e\\_or.pdf](http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf)

[p.46] The Risk Compliance Committee, headed by the CRO [Chief Risk-Compliance Officer], manages serious risk and compliance issues, and works with each relevant division to strengthen the risk management system by developing countermeasures to specific risks, plus measures to prevent their spread and recurrence.

**[8] Corporate Governance Guidelines (Document)**

Accessed 02/08/2019

[http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate\\_governance\\_guidelines20181226.pdf](http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf)

[p.2]

**Article 6 Standards of Conduct**

The Board of Directors will be responsible for establishing and revising the “Toshiba Group Standards of Conduct” and will endeavor to ensure that these Standards are known and complied with broadly across the Company, including at the front lines of the Company’s business activities both in Japan and overseas.



<b>Question</b>
<b>1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?</b>
<b>Score</b>
<b>2</b>
<b>Comments</b>
There is evidence that the company’s Chief Risk Compliance Management Officer has ultimate responsibility for implementing and managing the company’s compliance programme, which includes anti-bribery and corruption. There is evidence that this individual is a senior executive and that he/she has a direct reporting line to the President and Chief Operating Officer.
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a></p> <p>Scope and Implementation</p> <p>2. Implementation of the SOC</p> <ol style="list-style-type: none"> <li>1. Each Toshiba Group Company shall appoint a "Chief Implementation Administrator" to assume overall responsibility for implementation of the SOC. The Chief Implementation Administrator of Toshiba Corporation shall be the Chief Risk-Compliance Management Officer;</li> <li>2. Each Chief Implementation Administrator may appoint, as necessary, "Implementation Administrators," who shall be responsible for the implementation of each article of the SOC. Within Toshiba Corporation, the General Manager of each staff division shall assume the role of Implementation Administrator. In this capacity, they are responsible for implementation of the SOC in their divisions and also for guiding implementation in Toshiba Group Companies for which they are responsible;</li> <li>3. The corporate staff division of each Toshiba Group Company in charge of any of the items of these SOC shall formulate relevant rules or compliance programs and shall support that Toshiba Group Company's Implementation Administrators and any related companies by providing information and advice on formulating implementation rules and on developing educational programs;</li> <li>4. Toshiba Corporation's Corporate Representatives responsible for overseas business in their respective regions shall guide, support and cooperate with Toshiba Group Companies' overseas offices and subsidiaries in implementing the SOC in the businesses for which they are responsible; and</li> <li>5. CSR department and legal department shall be the bodies responsible for the maintenance of the SOC and the promotion and support for the adoption and implementation of the SOC by the Toshiba Group Companies.</li> </ol> <p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a></p> <p>Structure of Risk Management and Compliance</p> <p>At Toshiba, we appoint a Chief Risk Compliance Management Officer (CRO) to oversee risk management and compliance for the whole Group. In addition, the Legal Affairs Division responds to whistleblower reports and attempts to achieve global compliance, and is advancing effective risk management and compliance activities. There is also a Risk Compliance Committee chaired by the CRO and attended by the executive officers of corporate staff divisions. The Committee analyzes whistleblower reports and cases both inside and outside the Company, and identifies vulnerabilities in risk management and compliance based on risk tables that cover the entire management environment. It also reviews activities from the preceding fiscal year, and deliberates on priority measures and monitors activities from the immediate fiscal year.</p> <p>Each key Group company is advancing its own priority measures for risk management and compliance, determined by a risk-based approach, in addition to the priority measures common to the whole company. In the event of a serious risk management and compliance issue, there is a system in place by which the relevant in-house committees, etc. promptly evaluate and implement countermeasures. Furthermore, we carry out sensitivity analyses at management meetings, etc. of the correlation between key risks and management, taking into account business risks and risks in the market, as well as compliance risks and environment-related risks such as climate change, so</p>

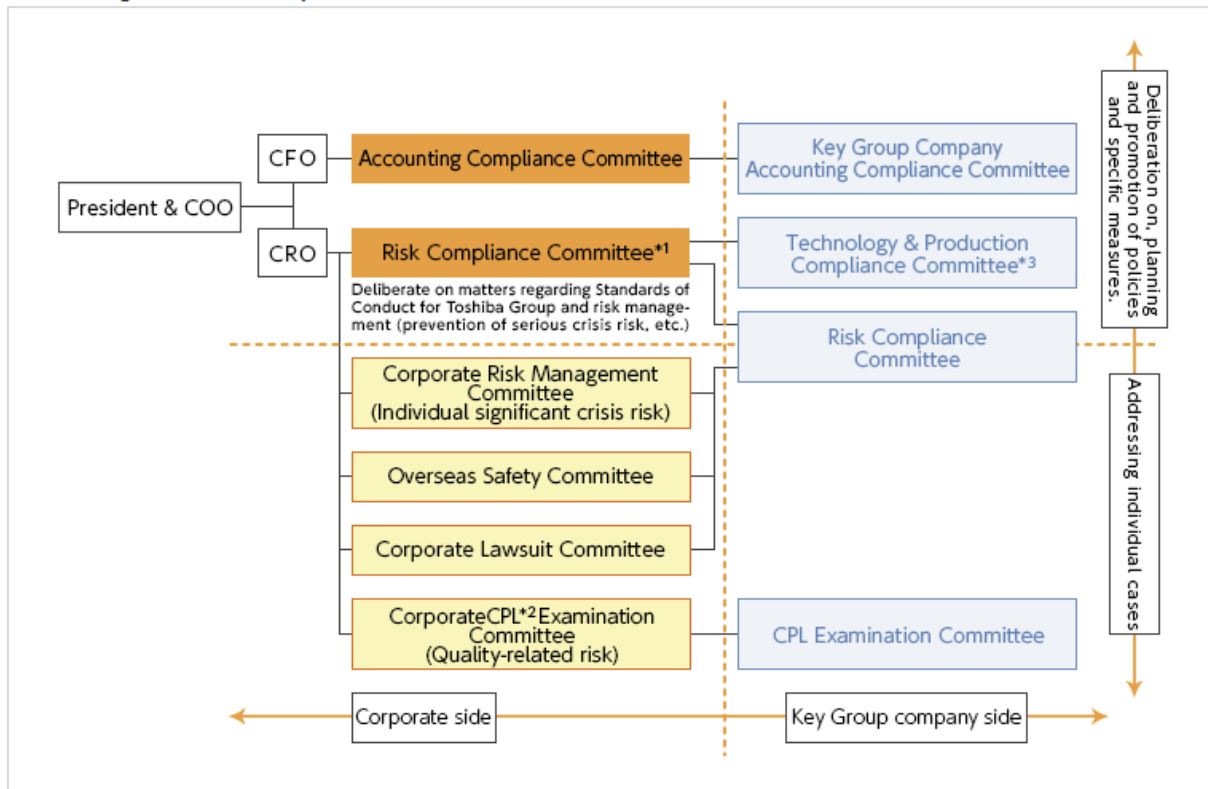


that we can concentrate our investment strategically in order to achieve Toshiba's goal of growth through creativity and innovation.

In March 2016, Toshiba established a new Accounting Compliance Committee. Its purpose is to aggregate finance- and accounting-related information, and to identify signs that might point to inappropriate financial reporting, doing both in timely fashion, and to detect risks that threaten internal control at an early stage.

The President and COO is the head of the Accounting Compliance Committee, and the Audit Committee and the Internal Audit Division act as observers. Together they assess the risk of financial statements not being created or disclosed properly, and the risk that internal control is not functioning effectively to support the reliability of financial reports. Having done this, they supply information needed to prevent these risks, and discuss and decide on measures to deal with them.

**Risk Management and Compliance Committee**



\*1 The Risk Compliance Committee manages matters related to the Standards of Conduct for Toshiba Group and matters related to risk management (including matters required for the prevention of significant crisis risk, compliance related to technology, production, and sales activities, and thorough implementation of information security).

\*2 CPL is an abbreviation combining CL (contractual liability) and PL (product liability)

\*3 The key Group company Technology & Production Compliance Committee can be integrated with other committees such as the company Risk Compliance Committee.

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[http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e\\_or.pdf](http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf)

[p.46] The Risk Compliance Committee, headed by the CRO [Chief Risk-Compliance Officer], manages serious risk and compliance issues, and works with each relevant division to strengthen the risk management system by developing countermeasures to specific risks, plus measures to prevent their spread and recurrence.

## 2. Internal Controls

<b>Question</b>
<b>2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no evidence that the company has a formal risk assessment procedure in place that informs the design of its anti-bribery and corruption programme. The company provides some indication that its internal processes include risk management, however it is not clear that this includes anti-bribery and corruption risk nor that the results of specific risk assessments are used to update the programme.</p>
<b>Evidence</b>
<p><b>[3] Toshiba 2018 Annual Report - Operational Review (Document)</b>                  Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf">http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf</a>                  [p.46]</p> <p><b>Risk Management</b></p> <p>At Toshiba, throughout our worldwide operations, we strive to ensure compliance with laws and regulations, social and ethical norms, and internal rules. According top priority to human life and safety and to compliance in everything we do underpins our commitment to promoting business activities through fair competition and serving the interests of customers to the best of our ability.</p> <p>Torough adherence to the Standards of Conduct for Toshiba Group (SOC), which embody the Basic Commitment of the Toshiba Group, is the bedrock of our compliance. Thus we are working toward the SOC becoming an integral part of the entire Toshiba Group. Every year, priority themes</p> <p>regarding compliance are established and promoted in light of business circumstances. By implementing a Plan-Do-Check-Action (PDCA) cycle of self-assessment at each in-house company and also at Group companies worldwide, we are stepping up our efforts to ensure compliance.</p> <p>The Risk Compliance Committee, headed by the CRO*, manages serious risk and compliance issues, and works with each relevant division to strengthen the risk management system by developing countermeasures to specific risks, plus measures to prevent their spread and recurrence.</p> <p>* Chief Risk-Compliance Management Officer</p>
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>                  Antimonopoly and Anti-bribery Efforts</p> <p>In light of global regulatory trends, Toshiba has been making rigorous efforts to prevent cartelization and bribery. In FY2017 the Company continued to step up its initiatives to ensure thorough compliance. Specifically, the initiatives involve Toshiba Group companies worldwide performing self-audits based on two Toshiba-developed guidelines: one on antitrust and the other on anti-bribery. Through these audits, Toshiba Group aims to identify compliance levels at the companies concerned and to provide thorough compliance education.</p> <p>Furthermore, we have placed managers of legal affairs in major global regions to enhance compliance and support local subsidiaries in such regions. This has been done in order to appropriately control legal risks associated with relevant anti-trust laws, bribery, and the like and ensure thorough compliance in global business, which has been expanding mainly in emerging countries.</p> <p>Toshiba promotes rigorous compliance with business-related laws and regulations by providing education, effectively utilizing databases that contain relevant information, and performing periodic self-audits.</p>

In addition, Toshiba's compliance initiatives are objectively evaluated by outside lawyers once a year. We make improvements to reduce risks pointed out by third parties in order to continue to enhance our risk management and compliance structure.

Furthermore, Toshiba is advancing its promotion of compliance awareness, on the axis of the Standards of Conduct for Toshiba Group. In Japan, employees received e-learning training on sales-related risks in February 2018 for employees, in order to raise the standard of sales-related legal risk management. Overseas, we held legal seminars for those in charge of compliance at local subsidiaries, working together with our regional headquarters and regional legal affairs managers. Attendees discussed measures to enhance compliance in keeping with the Standards of Conduct for Toshiba Group, and fortified the foundations for strengthening the risk management network among Headquarters and all regions.

<b>Question</b>
<b>2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company conducts audits of its compliance programme on an annual basis. The company indicates that the results of such audits are presented to the board, and there is evidence to indicate that the results of audits are used to review and update compliance measures.</p> <p>However, the company receives a score of '1' because it is not clear which committee, team or individual holds responsibility or ownership for planned updates and improvements to the anti-bribery and corruption programme.</p>
<b>Evidence</b>
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>  Inspection of Implementation status of risk management and compliance measures</p> <p>The Legal Affairs Division confirms the state of implementation for the various compliance measures based on each operational division's self-check and audits by the Corporate Audit Division. The checks and audits are reflected in compliance measures.</p> <p>[...]</p> <p>Antimonopoly and Anti-bribery Efforts</p> <p>In light of global regulatory trends, Toshiba has been making rigorous efforts to prevent cartelization and bribery. In FY2017 the Company continued to step up its initiatives to ensure thorough compliance. Specifically, the initiatives involve Toshiba Group companies worldwide performing self-audits based on two Toshiba-developed guidelines: one on antitrust and the other on anti-bribery. Through these audits, Toshiba Group aims to identify compliance levels at the companies concerned and to provide thorough compliance education.</p> <p>Furthermore, we have placed managers of legal affairs in major global regions to enhance compliance and support local subsidiaries in such regions. This has been done in order to appropriately control legal risks associated with relevant anti-trust laws, bribery, and the like and ensure thorough compliance in global business, which has been expanding mainly in emerging countries.</p> <p>Toshiba promotes rigorous compliance with business-related laws and regulations by providing education, effectively utilizing databases that contain relevant information, and performing periodic self-audits. In addition, Toshiba's compliance initiatives are objectively evaluated by outside lawyers once a year. We make improvements to reduce risks pointed out by third parties in order to continue to enhance our risk management and compliance structure.</p> <p>Furthermore, Toshiba is advancing its promotion of compliance awareness, on the axis of the Standards of Conduct for Toshiba Group. In Japan, employees received e-learning training on sales-related risks in February 2018 for employees, in order to raise the standard of sales-related legal risk management. Overseas, we held legal seminars for those in charge of compliance at local subsidiaries, working together with our regional headquarters and regional legal affairs managers. Attendees discussed measures to enhance compliance in keeping with the Standards of Conduct for Toshiba Group, and fortified the foundations for strengthening the risk management network among Headquarters and all regions.</p> <p>Furthermore, in October 2015, the new Audit Committee Hotline was set up, which allows people to report directly to the Audit Committee, which is composed of outside directors. With this new system, even matters in which the involvement of top management is suspected can be safely reported. The Audit Committee also has access rights to the Risk Hotline, and provides appropriate guidance and supervision.</p>

**[8] Corporate Governance Guidelines (Document)**

Accessed 02/08/2019

[http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate\\_governance\\_guidelines20181226.pdf](http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf)

[p.6]

**Article 17 Audit Committee**

1. In addition to performing individual matters prescribed by laws and regulations, the role of the Audit Committee will be to conduct audits of accounting, compliance inspections, and audits of appropriateness and to audit whether internal control systems are established and operated appropriately.

[p.7]

**Article 18 Internal Audit Division**

1. As an organization under the direct control of the Audit Committee, the Internal Audit Division will conduct audits of accounting and operational audits (i.e. compliance inspections, internal control audits, and audits of appropriateness) under the management and supervision of the Audit Committee.
2. When conducting internal audits, the Internal Audit Division will have the authority to view all information, and any department being audited must cooperate to that end.
3. The Internal Audit Division will cooperate and share information with the Audit Committee and the accounting auditor.
4. When conducting internal audits, the Internal Audit Division will allocate sufficient personnel with thorough knowledge of auditing and will utilize outside experts as necessary.

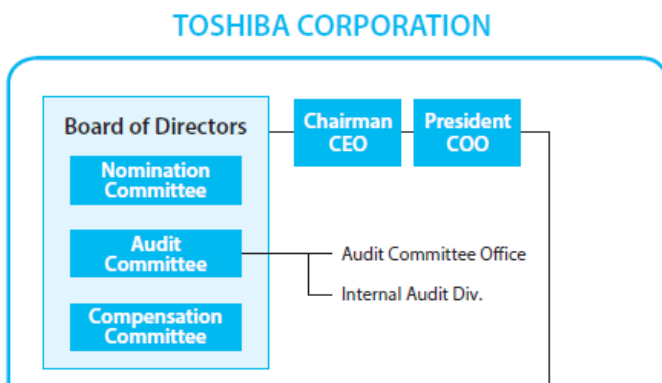
**[3] Toshiba 2018 Annual Report - Operations Review (Document)**

Accessed 03/07/2019

[http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e\\_or.pdf](http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf)

[p.22]

**Organization Structure** (As of October 1, 2018)



<b>Question</b>
<b>2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>There is evidence that the company commits to investigate incidents and that it has a specific procedure in place to deal with whistleblowing cases. There is evidence that the company assures itself of the independence of its investigations and that in some instances the informants are informed of the status of the investigation.</p> <p>However, the company receives a score of '1' because there is no publicly available information on the investigation process from receipt to final outcome, nor that the company's procedure stipulates documentation and actions to be taken at each step. There is also no clear evidence that information from investigations is properly documented, nor that whistleblowers are informed of the outcome of the investigation in every situation.</p>
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a></p> <p>3. In-house Information Reporting System and Protection of Information Providers</p> <ol style="list-style-type: none"> <li>1. Toshiba Group Companies shall establish an in-house information reporting system to ensure that Toshiba Group Directors and Employees are able to report Risk Compliance Information (Note) directly to Chief Implementation Administrators or the division responsible for risk-compliance matters;</li> <li>2. Directors and Employees of each Toshiba Group Company are to report any Risk Compliance Information they have to their supervisors immediately or provide such information using the in-house information reporting system;</li> <li>3. The Chief Implementation Administrators, the divisions responsible for risk-compliance matters and supervisors who receive Risk Compliance Information must respond and act promptly and appropriately; and</li> <li>4. Directors and Employees who provide Risk Compliance Information for good reason and in good faith must not be treated disadvantageously on the grounds that they provided such information.</li> </ol> <p>4. Disciplinary Action  Any conduct in violation of these SOC shall be subject to disciplinary measures up to and including dismissal, according to and as set forth in each Toshiba Group Company's Disciplinary Rules/Staff Handbook.</p> <p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a></p> <p>Whistleblower System  In order to create an open work environment, Toshiba is enhancing its whistleblower system, on top of preventing risks by stimulating day-to-day communication in each workplace.</p> <p>In January 2000, Toshiba established a whistleblower system to collect internal information on SOC violations, particularly those concerning laws and regulations, and to deal with wrongdoing through a self-rectification system. Under this system, an employee can report an incident and seek advice. In addition to the internal office, a reception hotline was set up at an external attorney's office in January 2005, primarily to receive information about potential legal violations. In April 2006, Toshiba also set up a supplier whistleblower system to receive reports from suppliers and business partners to prevent SOC violations by employees in charge of procurement and order placements for construction and other works.</p> <p>Furthermore, in October 2015, the new Audit Committee Hotline was set up, which allows people to report directly to the Audit Committee, which is composed of outside directors. With this new system, even matters in which the involvement of top management is suspected can be safely reported. The Audit Committee also has access rights to the Risk Hotline, and provides appropriate guidance and supervision.</p> <p>All Toshiba Group companies have implemented a whistleblower system. The whole Group has been directed to ensure the anonymity of the whistleblower for his/her protection, and, if the whistleblower is an employee who was</p>



himself/herself involved in the relevant reported act, to take into account as much as possible the fact of his/her coming forward when deciding what internal disciplinary action should be taken. We are also working to enhance awareness of the whistleblower system by regularly issuing a compilation of whistleblower cases that have actually taken place.

[...]

#### Response Status

Of the reports received, those reporting inappropriate situations or concerns about inappropriate situations were reported to the relevant division so that instructions for improvement could be provided or alerts could be issued. In cases involving consultations and questions about duties of the informants themselves, we gave advice on how to deal with the situation. For reports other than the anonymous reports described above, we explained the status of our responses to the informants, in principle.

Except in cases in which consent has been obtained from employee, confidential adviser (at the internal secretariat or attorney's office) never disclose the names or contact addresses of the informants.

Out of the whistleblower reports, cases that everyone should bear in mind are taught as part of employee training. In order to protect whistleblower anonymity, such cases are presented without any names.

The number of reports received is released regularly on the company's internal website.

[...]

#### Response to Compliance Violations

In the event of a major noncompliance incident, Toshiba investigates all facts to identify the cause of the violation, treats the facts seriously, and handles such violations rigorously by imposing appropriate disciplinary sanctions on the offenders or implementing other such measures. It makes every effort to prevent recurrence and discloses information in a proper and timely manner as necessary.

#### **[8] Corporate Governance Guidelines (Document)**

Accessed 02/08/2019

[http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate\\_governance\\_guidelines20181226.pdf](http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf)

[p.6]

1. In addition to performing individual matters prescribed by laws and regulations, the role of the Audit Committee will be to conduct audits of accounting, compliance inspections, and audits of appropriateness and to audit whether internal control systems are established and operated appropriately.

[p.7]

6. The Audit Committee will have authority to collect information and conduct investigations.

[...]

10. Under the instructions of the Audit Committee, the Audit Committee Office will collect reports and conduct investigations regarding the overall business of the Company while utilizing independent outside experts (such as attorneys and certified public accountants).



<b>Question</b>
<b>2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no publicly available evidence that the company assures itself of the quality of its internal investigations by ensuring that staff are properly trained, implementing a system to handle complaints about the procedure, or reviewing its procedure at least every three years. The company indicates that its Audit Committee may engage attorneys or public accountants as part of investigations, but it is not clear that such expertise is present for all cases.</p>
<b>Evidence</b>
<p><b>[8] Corporate Governance Guidelines (Document)</b>                  Accessed 02/08/2019  <a href="http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf">http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf</a>                  [p.7]</p> <p>10. Under the instructions of the Audit Committee, the Audit Committee Office will collect reports and conduct investigations regarding the overall business of the Company while utilizing independent outside experts (such as attorneys and certified public accountants).</p>

<b>Question</b>
<b>2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company has an investigative procedure in place that includes a commitment to report material findings to the board or to the relevant authorities, if necessary.
<b>Evidence</b>
No evidence found.

<b>Question</b>			
<b>2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?</b>			
<b>Score</b>			
1			
<b>Comments</b>			
<p>Based on publicly available information, there is some evidence that the company publishes some high-level information on its ethics and compliance-related incidents involving employees. The company publishes the number of reports received through its internal and external reporting channels, and there is evidence that it collects and publishes this information on an annual basis.</p> <p>However, the company receives a score of '1' because there is no evidence that it publishes further data on this subject, such as the number of investigations launched or disciplinary actions taken as a result. In addition, it is noted that there is no evidence that this data has been published annually since 2017.</p>			
<b>Evidence</b>			
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>                  Operational Status of the "Risk Hotline" in FY2017                  The numbers of reports received and consultations undertaken by the "Risk Hotline" and "Audit Committee Hotline" in FY2017 are as follows.</p> <p>We notified employees about the existence of the system and its assurance of strict anonymity through e-learning. We also reported on whistleblower cases to the whole company on a number of occasions.</p>			
<b>Number of reports received by the "Risk Hotline" (within parentheses: anonymous reports)</b>			
	FY2015	FY2016	FY2017
Reports received by internal secretariat	204 reports (121 reports)	389 reports (235 reports)	243 reports (147 reports)
Reports received by attorney's office	4 reports (1 report)	12 reports (7 report)*	10 reports (2 report)*
<b>Total</b>	<b>208 reports (122 reports)</b>	<b>399 reports (240 reports)</b>	<b>253 reports (149 reports)</b>
* Including duplicate reports received by the internal secretariat			
<b>Number of reports received by the "Audit Committee Hotline" (within parentheses: anonymous reports)</b>			
	October 2015 to March 2016	FY2016	FY2017
<b>Total</b>	<b>55 reports (41 reports)</b>	<b>80 reports (53 reports)</b>	<b>33 reports (17 reports)</b>
[...]			
<b>Response Status</b>			
[...] The number of reports received is released regularly on the company's internal website.			

### 3. Support to Employees

<b>Question</b>
<b>3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is some evidence that the company provides compliance training and awareness activities for employees. The company indicates that this training outlines the basic principles of its Standards of Conduct and clearly states that it covers the whistleblowing and reporting options available to employees. There is some evidence to indicate that the company provides this training to all employees in all group companies, and in all relevant languages.</p> <p>However, the company receives a score of '1' because there is no clear evidence that employees are required to undertake and refresh their training on anti-corruption on an annual basis.</p>
<b>Evidence</b>
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>                  FY2017 achievement                  We held three awareness-raising training sessions for officers and top management to improve the awareness of top management and employees, with a total of 761 executives taking part. We also continued to conduct general compliance training that included accounting compliance.</p> <p>[...]</p> <p>We notified employees about the existence of the system and its assurance of strict anonymity through e-learning.</p> <p>[...] Out of the whistleblower reports, cases that everyone should bear in mind are taught as part of employee training.</p> <p>[...]</p> <p><b>Risk Management and Compliance Training</b>                  At Toshiba, the President issued a message to all employees, expressing a firm commitment to implementing the corporate governance reform discussed by the Management Revitalization Committee. He also expressed that he would work to the best of his ability to revive Toshiba Group. In an effort to change the mindset of top management, we held sessions for officers and top management three times in FY2016 and in FY2017 respectively, with a total of 761 executives participating in the FY2017 sessions. We also held seminars by rank and function for employees to enhance the effectiveness of accounting compliance. Toshiba plans to continue these seminars.</p> <p>In addition, following the previous fiscal year, we provide accounting compliance education through e-learning to deepen employees' understanding about the importance of financial reporting and cash flow management. In FY2017, all employees (approximately 100,000) of 145 consolidated subsidiary Group companies in Japan and approximately 1,900 executives of 112 overseas Group companies participated in the seminar.</p> <p><b>Making the Standards of Conduct for Toshiba Group Available to All Employees</b>                  Toshiba Group has created in 24 languages and made them available on the internal website. Various compliance education programs that incorporate the SOC have been included in the level-based training, occupation-based training and senior management seminars. We are also continuing our education programs, such as e-learning and educational leaflets, for all employees.</p>

#### Fostering a Compliance-oriented Culture through Workplace Meetings

Each workplace holds meetings focusing on CSR to raise the awareness of each and every employee with regard to compliance matters so as to make compliance an integral part of the corporate culture.

These meetings aim to prevent compliance violations by encouraging managers and employees to discuss various problems that are likely to arise in the workplace and to share their thoughts with each other in order to create a work environment where they can easily seek advice on all kinds of problems.

The theme in FY2017 was "Communication in the Workplace." Each workplace shared difficulties in communication as well as its importance by way of discussion concerning case examples with reference to the details of internal reports. Approximately 82,000 employees at around 7,400 workplaces of Group companies in Japan participated in discussions.

In addition, by soliciting the frank opinions of employees via their workplace managers, and sharing analysis results and key opinions within the company, we monitor the level of compliance awareness at each workplace and develop new measures for the future.

[...]

#### Antimonopoly and Anti-bribery Efforts

In light of global regulatory trends, Toshiba has been making rigorous efforts to prevent cartelization and bribery. In FY2017 the Company continued to step up its initiatives to ensure thorough compliance.

Specifically, the initiatives involve Toshiba Group companies worldwide performing self-audits based on two Toshiba-developed guidelines: one on antitrust and the other on anti-bribery. Through these audits, Toshiba Group aims to identify compliance levels at the companies concerned and to provide thorough compliance education.

Furthermore, we have placed managers of legal affairs in major global regions to enhance compliance and support local subsidiaries in such regions. This has been done in order to appropriately control legal risks associated with relevant anti-trust laws, bribery, and the like and ensure thorough compliance in global business, which has been expanding mainly in emerging countries.

Toshiba promotes rigorous compliance with business-related laws and regulations by providing education, effectively utilizing databases that contain relevant information, and performing periodic self-audits.

In addition, Toshiba's compliance initiatives are objectively evaluated by outside lawyers once a year. We make improvements to reduce risks pointed out by third parties in order to continue to enhance our risk management and compliance structure.

Furthermore, Toshiba is advancing its promotion of compliance awareness, on the axis of the Standards of Conduct for Toshiba Group. In Japan, employees received e-learning training on sales-related risks in February 2018 for employees, in order to raise the standard of sales-related legal risk management. Overseas, we held legal seminars for those in charge of compliance at local subsidiaries, working together with our regional headquarters and regional legal affairs managers. Attendees discussed measures to enhance compliance in keeping with the Standards of Conduct for Toshiba Group, and fortified the foundations for strengthening the risk management network among Headquarters and all regions.

<b>Question</b>
<p><b>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</b></p> <ul style="list-style-type: none"> <li>a) Employees in high risk positions,</li> <li>b) Middle management,</li> <li>c) Board members.</li> </ul>
<b>Score</b>
1
<b>Comments</b>
<p>There is some evidence that the company provides tailored anti-bribery and corruption training for employees based on their role and exposure to corruption risk. The company states that senior management and executive officers receive training, and there is some evidence that employees in certain functions receive training on accounting compliance.</p> <p>However, the company receives a score of '1' because there is no clear evidence that the different training provided is tailored based on anti-bribery and corruption risk. There is also no evidence that employees in high risk positions must refresh their training in this area on an annual basis.</p>
<b>Evidence</b>
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>                  Risk Management and Compliance Training                  At Toshiba, the President issued a message to all employees, expressing a firm commitment to implementing the corporate governance reform discussed by the Management Revitalization Committee. He also expressed that he would work to the best of his ability to revive Toshiba Group. In an effort to change the mindset of top management, we held sessions for officers and top management three times in FY2016 and in FY2017 respectively, with a total of 761 executives participating in the FY2017 sessions. We also held seminars by rank and function for employees to enhance the effectiveness of accounting compliance. Toshiba plans to continue these seminars.</p> <p>In addition, following the previous fiscal year, we provide accounting compliance education through e-learning to deepen employees' understanding about the importance of financial reporting and cash flow management. In FY2017, all employees (approximately 100,000) of 145 consolidated subsidiary Group companies in Japan and approximately 1,900 executives of 112 overseas Group companies participated in the seminar.</p> <p><b>Making the Standards of Conduct for Toshiba Group Available to All Employees</b>                  Toshiba Group has created in 24 languages and made them available on the internal website. Various compliance education programs that incorporate the SOC have been included in the level-based training, occupation-based training and senior management seminars. We are also continuing our education programs, such as e-learning and educational leaflets, for all employees.</p> <p><b>[8] Corporate Governance Guidelines (Document)</b>                  Accessed 02/08/2019  <a href="http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf">http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf</a>                  [p.10]</p> <p><b>Article 26 Conducting Awareness Improvement Seminars and Accounting Compliance Training</b></p> <p>The Company will conduct awareness improvement seminars for executive officers and each in-house company's top management and will continually conduct training for employees by rank and function according to posts held and work areas in order to increase the effectiveness of accounting compliance.</p>

<b>Question</b>
<b>3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?</b>
<b>Score</b>
1
<b>Comments</b>
<p>There is some evidence that the company reviews its anti-bribery and corruption communications and training programme. The company indicates that it does this through seminars and conversations with employees aimed at preventing compliance violations.</p> <p>However, there is no clear evidence that the company conducts such reviews on at least an annual basis, nor is there evidence that the results of such reviews are used to update specific parts of the company's anti-bribery and corruption communications and training programme.</p>
<b>Evidence</b>
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>                  Fostering a Compliance-oriented Culture through Workplace Meetings                  Each workplace holds meetings focusing on CSR to raise the awareness of each and every employee with regard to compliance matters so as to make compliance an integral part of the corporate culture.</p> <p>These meetings aim to prevent compliance violations by encouraging managers and employees to discuss various problems that are likely to arise in the workplace and to share their thoughts with each other in order to create a work environment where they can easily seek advice on all kinds of problems.</p> <p>The theme in FY2017 was "Communication in the Workplace." Each workplace shared difficulties in communication as well as its importance by way of discussion concerning case examples with reference to the details of internal reports. Approximately 82,000 employees at around 7,400 workplaces of Group companies in Japan participated in discussions.</p> <p>In addition, by soliciting the frank opinions of employees via their workplace managers, and sharing analysis results and key opinions within the company, we monitor the level of compliance awareness at each workplace and develop new measures for the future.</p> <p>[...]</p> <p><b>Risk Management and Compliance Training</b>                  At Toshiba, the President issued a message to all employees, expressing a firm commitment to implementing the corporate governance reform discussed by the Management Revitalization Committee. He also expressed that he would work to the best of his ability to revive Toshiba Group. In an effort to change the mindset of top management, we held sessions for officers and top management three times in FY2016 and in FY2017 respectively, with a total of 761 executives participating in the FY2017 sessions. We also held seminars by rank and function for employees to enhance the effectiveness of accounting compliance. Toshiba plans to continue these seminars.</p> <p>In addition, following the previous fiscal year, we provide accounting compliance education through e-learning to deepen employees' understanding about the importance of financial reporting and cash flow management. In FY2017, all employees (approximately 100,000) of 145 consolidated subsidiary Group companies in Japan and approximately 1,900 executives of 112 overseas Group companies participated in the seminar.</p> <p>[...]</p> <p><b>Making the Standards of Conduct for Toshiba Group Available to All Employees</b>                  Toshiba Group has created in 24 languages and made them available on the internal website. Various compliance education programs that incorporate the SOC have been included in the level-based training, occupation-based training and senior management seminars. We are also continuing our education programs, such as e-learning and educational leaflets, for all employees.</p>



**[8] Corporate Governance Guidelines (Document)**

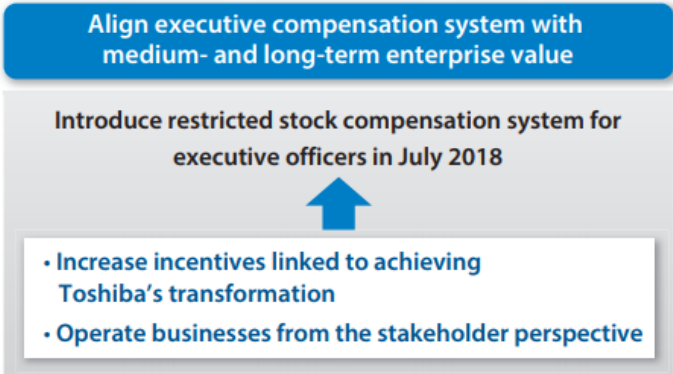
Accessed 02/08/2019

[http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate\\_governance\\_guidelines20181226.pdf](http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf)

[p.10]

**Article 26      Conducting Awareness Improvement Seminars and Accounting Compliance Training**

The Company will conduct awareness improvement seminars for executive officers and each in-house company's top management and will continually conduct training for employees by rank and function according to posts held and work areas in order to increase the effectiveness of accounting compliance.

<b>Question</b>
<b>3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company’s incentive schemes for employees incorporate ethical or anti-bribery and corruption principles. The company provides some information on its compensation system for directors and executive officers, but there is no evidence that these incentives incorporate ethical principles and they do not apply to all employees.
<b>Evidence</b>
<p><b>[1] Toshiba 2018 CSR Report (Document)</b>                  Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/csr/en/report/pdf/report18_en.pdf">http://www.toshiba.co.jp/csr/en/report/pdf/report18_en.pdf</a>                  [p.11]</p> <div style="border: 1px solid #ccc; padding: 10px;"> <h3 style="color: #0070C0;">3 Implementation of a New Compensation System</h3> <hr style="border: 1px solid #0070C0;"/> <p>In parallel with the drawing up of the “Toshiba Next Plan,” Toshiba introduced a new restricted stock compensation system for Toshiba Group that puts a strong emphasis on medium- and long-term corporate value. The aim is to provide officers with an incentive to drive forward medium- and long-term business growth by deepening the commitment of individual officers to improving business results. A restricted stock compensation system is now being implemented for Toshiba’s executive officers and for some directors of key Toshiba Group companies starting from July of this year. Under this system, officers will be required to hold onto these stocks for a specified period.</p> <p>Specifically, this compensation system enables Toshiba and some of its Group companies to grant to Toshiba’s 12 executive officers and eight directors of applicable Toshiba Group companies monetary compensation receivables that they can use as assets for investing in Toshiba common stock.</p> <div style="text-align: center; margin: 10px 0;">  <p><b>Align executive compensation system with medium- and long-term enterprise value</b></p> <p><b>Introduce restricted stock compensation system for executive officers in July 2018</b></p> <p>↑</p> <ul style="list-style-type: none"> <li>• Increase incentives linked to achieving Toshiba’s transformation</li> <li>• Operate businesses from the stakeholder perspective</li> </ul> </div> </div> <p>[p.44]</p> <p><b>(4) Remuneration determination</b></p> <p>The Compensation Committee decides policy relating to decisions on remuneration, etc., for individual directors and executive officers (hereinafter referred to as “executive officers”), and the individual remuneration, etc., of executive officers.</p> <p>The Compensation Committee is chaired by Mr. Furuta and its other members are Ms. Noda, Mr. Ikeda, Mr. Kobayashi, and Ms. Taniguchi. All five are outside directors. The secretariat of the Compensation Committee is the executive officer responsible for oversight of Human Resources and the General Affairs Division, with the support of the executive officer responsible for the Legal Division.</p>

**[8] Corporate Governance Guidelines (Document)**

Accessed 02/08/2019

[http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate\\_governance\\_guidelines20181226.pdf](http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf)

[p.8]

**Article 20 Compensation Committee**

1. In addition to the matters stipulated in laws and regulations, including the details of compensation for each individual director and executive officer, the Compensation Committee will determine the following matters:
  - (1) Director compensation standards
  - (2) Executive officer compensation standards
2. Performance-based compensation will be set at an appropriate ratio of overall compensation in order to provide incentives for reasonable and feasible mid- to long-term business performance improvements and corporate value increases.
3. In principle, the Compensation Committee will be composed of approximately five independent outside directors.

<b>Question</b>
<b>3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publicly commits to support or protect employees who refuse to act unethically.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company promotes a policy of non-retaliation against whistleblowers or employees who report bribery and corruption incidents.
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a>                  4. Disciplinary Action                  Any conduct in violation of these SOC shall be subject to disciplinary measures up to and including dismissal, according to and as set forth in each Toshiba Group Company's Disciplinary Rules/Staff Handbook.</p> <p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>                  Response to Compliance Violations                  In the event of a major noncompliance incident, Toshiba investigates all facts to identify the cause of the violation, treats the facts seriously, and handles such violations rigorously by imposing appropriate disciplinary sanctions on the offenders or implementing other such measures. It makes every effort to prevent recurrence and discloses information in a proper and timely manner as necessary.</p>

**Question**

**3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?**

**Score**

**1**

**Comments**

There is evidence that the company provides whistleblowing and advice channels for its employees to report concerns and seek advice on its anti-corruption programme. The company indicates that these channels allow for confidential and anonymous reporting. There is evidence that these channels are sufficiently varied to allow employees to raise concerns across the management chain, directly to the Audit Committee and to an external attorney's office.

However, the company receives a score of '1' because there is no clear evidence that its channels are accessible and available to all employees in all countries of operation, or in multiple languages, or to employees of third parties or joint ventures. The company indicates that it provides a channel for suppliers, however it is not clear how this channel may be accessed.

**Evidence**

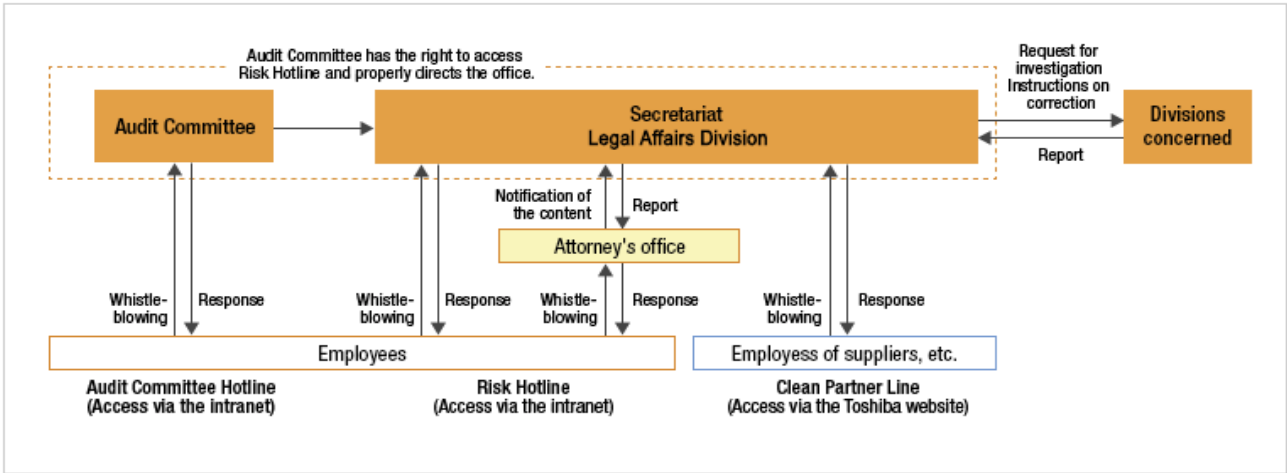
**[4] Toshiba Risk Management and Compliance (Webpage)**  
 Accessed 03/07/2019  
<https://www.toshiba/ww/en/csr/performance/governance/compliance.html>

In January 2000, Toshiba established a whistleblower system to collect internal information on SOC violations, particularly those concerning laws and regulations, and to deal with wrongdoing through a self-rectification system. Under this system, an employee can report an incident and seek advice. In addition to the internal office, a reception hotline was set up at an external attorney's office in January 2005, primarily to receive information about potential legal violations. In April 2006, Toshiba also set up a supplier whistleblower system to receive reports from suppliers and business partners to prevent SOC violations by employees in charge of procurement and order placements for construction and other works.

Furthermore, in October 2015, the new Audit Committee Hotline was set up, which allows people to report directly to the Audit Committee, which is composed of outside directors. With this new system, even matters in which the involvement of top management is suspected can be safely reported. The Audit Committee also has access rights to the Risk Hotline, and provides appropriate guidance and supervision.

All Toshiba Group companies have implemented a whistleblower system. The whole Group has been directed to ensure the anonymity of the whistleblower for his/her protection, and, if the whistleblower is an employee who was himself/herself involved in the relevant reported act, to take into account as much as possible the fact of his/her coming forward when deciding what internal disciplinary action should be taken.

**Toshiba's Whistleblower System**



[...]

"Clean Partner Line," Whistleblower System for Suppliers and Business Partners

In order to ensure compliance and fair transactions, Toshiba has established a whistleblower system for suppliers and business partners called Clean Partner Line, as a point of contact for our suppliers to tell us about issues and concerns regarding persons associated with the Toshiba Group.

Personal information on whistleblowers, without the whistleblower's consent, is not disclosed to anyone other than the Clean Partner Line staff. Also, what is reported by whistleblowers is handled based on strict procedures, with care taken not to treat whistleblowers and their companies unfavorably for whistleblowing.

We notify our business partners of this system and request that they make use of it.

#### **[8] Corporate Governance Guidelines (Document)**

Accessed 02/08/2019

[http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate\\_governance\\_guidelines20181226.pdf](http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf)

[p.7]

11. The Company will establish an internal whistleblowing point of contact within the Audit Committee in addition to the point of contact on the business execution side.
12. Audit Committee members will have the authority to access all reports made to the internal whistleblowing point of contact on the business execution side.

[p.9]

#### **Article 25 Whistle-blowing**

1. In order to enable employees and other personnel to communicate any information or sincere concerns regarding illegal or inappropriate behavior or information disclosure without fear of incurring disadvantageous treatment, the Company will establish whistleblowing points of contact both inside and outside of the Company, thoroughly ensure the anonymity and explicitly prohibit the disadvantageous treatment of whistle-blowers in the operating regulations of the whistle-blowing points of contact, and endeavor to make

[p.10]

these facts known throughout the Company.

2. Internal whistle-blowing points of contact will be established both on the business execution side as well as within the Audit Committee.
3. The Board of Directors and the Audit Committee will regularly request reports on and thereby supervise the operating status of the whistle-blowing points of contact.



## 4. Conflict of Interest

<b>Question</b>
<b>4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no clear publicly available evidence that the company has a policy on conflicts of interest. Although the company addresses conflict of interest as a corruption risk, there is no evidence that it defines actual, potential and perceived conflicts. There is also no evidence that the company's policy applies to all employees and directors, nor that it covers employee relationships, financial interests, government relationships and other employment.</p>
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a>  18. Company Assets and Conflict of Interest</p> <p>Toshiba Group Corporate Policy</p> <p>Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>1. properly manage company assets (hereinafter including the Toshiba brand and other intangible assets); and</li> <li>2. always act in the best interest of the company.</li> </ol> <p>2. SOC for Toshiba Group Directors and Employees  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. refrain from diverting or appropriating company assets for personal use and endeavor to maintain company assets;</li> <li>2. refrain from making improper use of company equipment and facilities;</li> <li>3. not make unauthorized use of their position or authority within the company to benefit themselves or any third party or to impair the credibility or brand name of the company; and</li> <li>4. avoid business relationships with customers, suppliers, and competitors of the company that would pose a conflict of interest.</li> </ol> <p><b>[3] Toshiba 2018 Annual Report – Operational Review (Document)</b>  Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf">http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf</a>  [p.43] &lt;Criteria for nomination as director&gt;</p> <p>In determining proposals for the election of directors, selections are made from among people who meet the following criteria and who can fulfil the responsibilities of monitoring and supervising execution of and determining the direction of management strategy in an appropriate manner.</p> <ol style="list-style-type: none"> <li>A. Excel in trustworthiness and quality, and have high ethical standards</li> <li>B. Have a deep respect for the law</li> <li>C. Are free of health concerns in respect of business execution</li> <li>D. In addition to the ability to make objective judgements on management, have excellent foresight and insight.</li> <li>E. Have no business interests or relationships that might impinge on management decisions in Toshiba's main business fields.</li> <li>F. Outside directors must have expertise, insight and achievements in diverse fields such as law, accounting and corporate management.</li> </ol>

<b>Question</b>
<b>4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company has procedures in place to identify, declare and manage conflicts of interest.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?</b>
<b>Score</b>
<b>1</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company has a policy that addresses the risks associated with the employment of public officials. The company commits to follow all applicable laws and regulations, and indicates that it may place restrictions on a former public official's activities when they join the company.</p> <p>However, the company receives a score of '1' because it does not provide any further information on the specific controls that it has in place to mitigate possible corruption risks. There is no evidence that the company requires senior approval before initiating employment discussions with current or former officials, nor that it conducts a full conflict of interest review or implements cooling-off periods.</p>
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a>                  Competition laws and Government transactions</p> <p>2. SOC for Toshiba Group Directors and Employees                  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. observe the Competition Laws compliance programs as well as company rules on marketing activities and promote free and fair business activities;</li> <li>2. avoid, whether express or implied, agreements or understandings with competitors relating to pricing (including quotations and bids), the volume of production and sales, allocation of markets, customers or territories, or restrictions on production capacities or technology. The prohibition of such agreements is not limited to those actually recorded in writing by way of memoranda or minutes, but also extends to oral agreements;</li> <li>3. if the customer is a government agency, observe the company rules on marketing activities toward government agencies and not engage in activities such as bid obstruction or competitor coordination on orders (Note 2), and not provide false information, such as false estimates of contract prices, to any governmental agency or its officials (hereinafter including past officials);</li> <li>4. not organize or participate in meetings, make pledges or arrangements, or exchange information or engage in any other activities which may result in suspicion of engaging in the activities set forth in paragraph 2 and 3 above;</li> <li>5. not require distributors or dealers to agree to or maintain resale prices for any Toshiba Group Company product;</li> <li>6. not allow third parties (including sales representatives) to engage in activities prohibited under paragraphs (2) to (5) above; and</li> <li>7. when hiring former government officials, strictly examine the candidate in accordance with all applicable laws and regulations and the internal regulations of the governmental agency in which he or she worked, and, if such candidate is hired, not allow him or her to engage in marketing activities aimed at such governmental agency, except to the extent permitted by law.</li> </ol>

<b>Question</b>
<b>4.4. Does the company report details of the contracted services of serving politicians to the company?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes details of the contracted services of serving politicians.
<b>Evidence</b>
No evidence found.

## 5. Customer Engagement

### 5.1 Contributions, Donations and Sponsorships

<b>Question</b>
<b>5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>Based on publicly available information, there is evidence that the company has a policy on corporate political contributions. The company indicates that its employees must not make any direct or indirect contributions to politicians or political parties; however, there is some evidence that the company may make political contributions in some circumstances to support the political process. The company states that it follows applicable laws and there is evidence that it has internal procedures to regulate donations, but these do not appear to be publicly available.</p> <p>Since the company does not prohibit political donations, it receives a score of '0' in line with the scoring criteria.</p>
<b>Evidence</b>
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>  Political Contributions  The Standards of Conduct for Toshiba Group stipulates that Toshiba Group shall not provide inappropriate benefits or favors to any politician or political organization. Also, as part of its social contributions, Toshiba offers political contributions, when necessary, in order to contribute to the realization of policy-oriented politics, to support the healthy development of parliamentary democracy and to improve the transparency of political contributions. In the case of offering political contribution, procedures in accordance with internal rules are followed as well as compliance with the Political Funds Control Law in case of Japan is strictly ensured.</p> <p><b>[2] Standards of Conduct (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a>  7. Bribery</p> <p>1. Toshiba Group Corporate Policy  Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>1. observe all applicable laws and regulations, and lawful business practices, prohibit illegal or improper payments against lawful business practices; and</li> <li>2. not provide any illegitimate benefits or favors to any politicians or political organizations.</li> </ol> <p>2. SOC for Toshiba Group Directors and Employees  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. neither make nor offer, either directly or indirectly, any payment or anything of value, whether in the form of compensation, business entertainment, gift, contribution, gratuity, or other form, that is illegal or prohibited by any applicable law or regulation, in any dealings with any government agencies, their officials, or members of any political party (including holders of a political office or candidates for such office) (except for cases that do not violate applicable laws or regulations and are considered socially acceptable), and shall not engage in sales transactions, loan transactions and the like (including guarantee transactions) that are not at arm's length;</li> <li>2. not pay monies or offer benefits to any politicians (including former members of any legislative body, or current or former secretaries of any such politicians) or any company a politician may be involved with, regardless of the form such monies or benefits take (for example "commissions" or "consulting fees"), in connection with marketing toward governmental agencies;</li> <li>3. refrain from offering cash or other benefits to representatives of foreign governments as a means to gain unlawful benefits or profits when conducting international business transactions;</li> </ol>

4. not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;
5. ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;
6. not make contributions to political parties or committees, unless permitted to do so by applicable laws, regulations, and company rules; and
7. respect the established practices of any customer, government entity or other party, as well as all applicable laws and regulations, regarding the provision of or the restrictions or controls over the acceptance of business entertainment, gifts or other business courtesies by its employees or officials.

<b>Question</b>
<b>5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any details of its corporate political contributions, nor does it publish a statement that it has not made any such donations in the most recently reported financial year.
<b>Evidence</b>
No evidence found.



Question
<b>5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?</b>
Score
1
Comments
<p>There is some evidence that the company has a policy covering both donations and sponsorships, which outlines some basic principles for its community engagement. The company states that its General Affairs Office, which reports into the CEO and COO, is responsible for authorising and overseeing all social contribution activities. In addition, the company provides some details of its charitable contributions made, including its total expenditure divided by category and information on some of its major activities.</p> <p>However, the company receives a score of '1' because there is no evidence that it publishes full details of its contributions made, such as details of the recipients, donation amount, country of recipient, and which corporate entity made the payment. It is also not clear that the company's policy stipulates specific controls such as due diligence on recipients, nor that it publishes data on contributions on an annual basis.</p>
Evidence
<p><b>[2] Standards of Conduct (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a>  19. Community Relations</p> <p>Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>1. contribute to and cooperate with all local communities in which Toshiba Group operates in order to perform its duties as a member of these communities and engage and collaborate with a wide range of stakeholders such as nonprofit organization, nongovernmental organization, administrative organization and international body;</li> <li>2. support Directors and Employees in undertaking voluntary activities and give full consideration to each individual's desire to exercise his or her civil rights;</li> <li>3. make appropriate donations in each country and region where Toshiba Group operates, after considering the contribution to the community, the public nature and the reasons for making donations; and</li> <li>4. try to improve the brand image in all aspects of their relationships with the communities.</li> </ol> <p>2. SOC for Toshiba Group Directors and Employees  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. assure that Toshiba Group Companies undertake all activities in harmony with the community, by respecting the local culture and community traditions and customs;</li> <li>2. actively participate in developing communication with the local community, to encourage and maintain mutual respect and understanding;</li> <li>3. actively participate in community social and voluntary activities;</li> <li>4. act responsibly and with integrity as a member of society; and</li> <li>5. aspire to exhibit honesty and integrity in words and actions with an awareness of being member of Toshiba Group, whether at the workplace, in public places, or online.</li> </ol>
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>  Donations and Provision of Funds  While the Standards of Conduct for Toshiba Group forbid inappropriate expenses, they stipulate that appropriate donations to organizations may be made. We therefore donate to various organizations, taking into consideration factors such as the contribution made by the done organization to society, its cause and community aspects, as specified by the Standards of Conduct.</p>
<p><b>[5] Social Contribution Activities (Webpage)</b>  Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/csr/en/performance/social/community/index.htm">http://www.toshiba.co.jp/csr/en/performance/social/community/index.htm</a></p>

**Toshiba Group Basic Policy on Social Contribution Activities**

Toshiba Group has set the basic policy on social contribution activities which is embodied Toshiba Group's Basic Commitment of "Committed to People, Committed to the future."

The five key areas of activities stated in the Toshiba Group Basic Policy on Social Contribution Activities are all related to social issues that Toshiba Group regards as important.

Toshiba Group will contribute to solving societal issues and creating a sustainable society through business activities as well as social contribution activities by using knowledge and resources acquired through business. In these endeavors, we keep track of the results and impact on business through regular dialogues with stakeholders including NPOs and NGOs, and reevaluate and decide on our course of action accordingly.

**Toshiba Group Basic Policy on Social Contribution Activities**

1. In accordance with the Basic Commitment of the Toshiba Group and Standards of Conduct for Toshiba Group, we make vigorous efforts to contribute to society.
2. In contribution to society, we focus on the following fields: protection of the natural environment, science and technology education, promotion of sports and culture, social welfare, and international exchange and friendship.
3. We support employees' voluntary activities.

**Positioning of Social Contribution Activities in Toshiba Group**

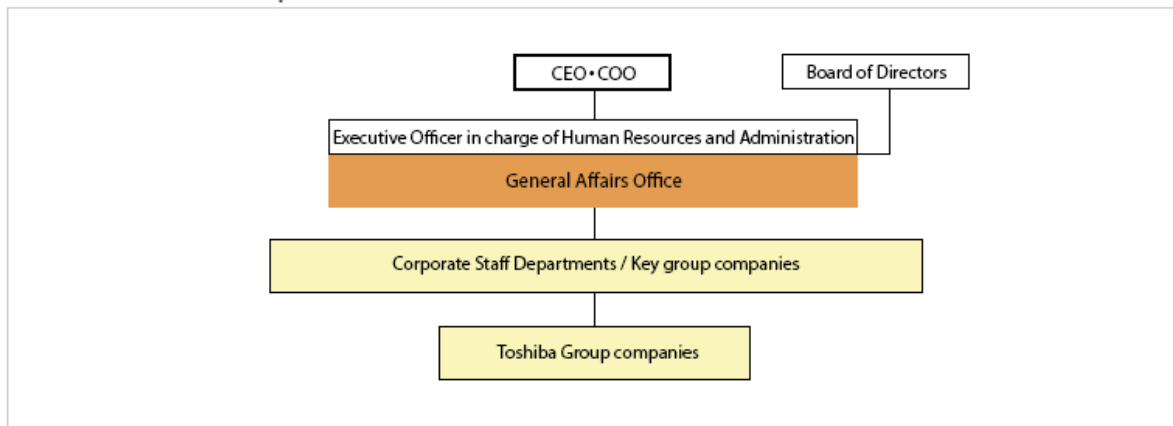


**Structure of Toshiba Group's Social Contribution Activities**

In the Toshiba group, the General Affairs Office carries out social contribution activities in cooperation with Corporate Staff Departments, Key Group Companies, etc. based on the basic policy.

With regard to donations to disaster relief and to NPOs and NGOs, we assess the legality and appropriateness of such donations before doing so, based on our in-house regulations.

**Structure of Toshiba Group's Social Contribution Activities**

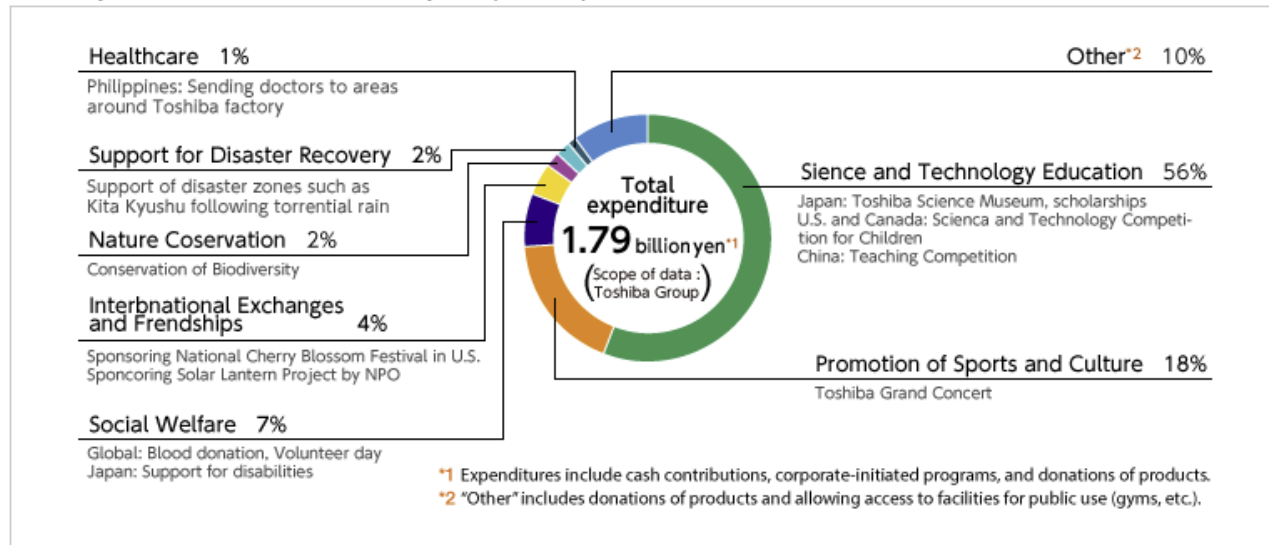


Supporting Social Contribution Activities by Employees

Toshiba maintains a system to support social contribution activities by employees. For example, employees are able to take long-term leave by accumulating annual leave for the purpose of participating in volunteer activities. Toshiba also has a system for donating a maximum of 100,000 yen or reused PCs to NPOs and other organizations that employees belong to.

## Social Contribution Activities: Total Expenditure and its Constituent Parts

Total expenditure and its constituent parts (FY2017)



Social Contribution Award: Toshiba "ASHITA" Award

In order to invigorate our social contribution activities, Toshiba Group has been evaluating and giving awards to domestic and overseas activities since FY2005. Every year we evaluate the previous fiscal year's activities from nine perspectives—goals, the extent of employee involvement, originality, continuity, social impact, collaboration with external organizations, and so on—and chairman's awards those activities that have achieved excellent results.

In FY2017, 1,220 programs were carried out throughout the year, and four programs were awarded.

- Japan Semiconductor Corporation Oita Operations : Eco Study Session
- Toshiba Memory Corporation Yokkaichi Operations : Teaching children about the environment in collaboration with local government organizations
- Hangzhou Toshiba Group companies : Physically Disabled People's Artwork Exhibition and Spot Sale
- Toshiba Digital Solutions Corporation Mr. Kenichiro Fujino : Tokyo Fire Department Emergency Support Volunteer

Toshiba Group Simultaneous Social Contribution Activities

Toshiba Group has held the Toshiba Group Simultaneous Social Contribution Activities since FY2014 around December 5, the International Volunteer Day set by the United Nations. The aim of this initiative was to make a significant social contribution that cannot be achieved by individuals, through the simultaneous participation of all Toshiba Group employees. In FY2017, about 60,000 employees joined 345 activities in Japan, and about 20,000 employees participated in 96 activities in 18 overseas countries. Especially, to achieve "No Poverty" and "Zero Hunger," two of the United Nations Sustainable Development Goals (SDGs), we held food drives as universal common priority programs.

Science Technology Education

Toshiba Science Museum: Where You Can Experience the Joy of Science and Technology

In January 2014, the Toshiba Science Museum was reopened near JR Kawasaki Station as a location for the support of science-technology education, a linchpin in Toshiba's social action programs. It is used for a multitude of purposes, such as social studies field trips, school trips, corporate training, international exchanges, and

sightseeing. It is a facility where people of all generations can have fun while learning about science and technology through extensive hands-on programs and exhibitions consisting of 3 concepts: past, present, and future.  
Toshiba Science Museum

#### Science and Technology Competition for Children in the U.S. and Canada

Since 1992, Toshiba Group has worked with the National Science Teachers Association to host the ExploraVision Awards (EVA), a science and technology competition for k-1 to k-12 students in the United States and Canada. EVA is a competition aiming to encourage dreams in which children make predictions about technologies that they believe will become feasible within 20 years based on today's science and technology. The program celebrated its 25th anniversary in June 2017, commemorating its long history as a Japanese company's science education support program in North America. The number of participant totals about 388,000 in the past. In FY2017 applications from 15,243 children and 4,939 teams have been filed.

#### 2017 Prizewinners

GRADES K1-3 (Kindergarten to 3rd year elementary school)

Float Tees : Bayville Intermediate - Bayville, NY

GRADES K4-6 (4th to 6th year elementary school students)

RCBs (Robotic Cleaning Bivalves) : Bayville Intermediate - Bayville, NY

GRADES K7-9 (1st to 3rd year junior high school)

BioKT: The Wearable Kinetic and Thermoelectric Energy Harvester : Next Generation School - Champaign, IL

GRADES K10-12 (1st to 3rd year high school)

qSafe: Power Cell of the Future : School: West Salem High School - Salem, OR

ExploraVision Awards (EVA)

#### Teaching Competition in China

Seeking to contribute to the future development of scientific and technical human resources in China, in 2008 we established the Contest of Math and Science Teaching Program for the Normal University Students in China in cooperation with China's Ministry of Education.

This is a contest for students of Chinese teacher training universities.

Winners and their instructors are invited to Japan for the opportunities to have experience of Japanese science, technology and culture, and exchange with teachers and students of Japanese teacher training university. In FY2016, approximately 12,000 students from 45 Normal Universities throughout China participated.

#### Environmental Education Program for Children

In 2017, we launched an environment education program for elementary school children in collaboration with the Association of Corporation and Education and held it at 11 different venues. In addition to Toshiba Science Museum, we also visit elementary schools in areas around Tokyo to provide on-site classes. Titled "Where Does Electricity Come From? - The World Beyond the Power Outlet", the first installment of the program uses energy as a theme to enable children to learn about the mechanism of power generation through experiments as well as to think about environmental issues and the future of energy. The second installment entitled "Mysterious material which controls electricity – Learning the Use of Energy through the discovery and the utilization of semiconductors" teaches children what semiconductors are and the development history of electrical appliances through an educational material which includes a workshop where children create an original electrical circuit.

[...]

#### Scholarships

Toshiba Group awards scholarships to students and laboratories in different countries to help support development of a new generation.

Furthermore Toshiba factories are receptive to local requests for tours, and some even accept internships of a few weeks.

Toshiba granted 100,000 yen every month to 230 university students in Iwate, Miyagi and Fukushima prefectures, which were hit hard by the Great East Japan Earthquake, until graduation.

In Vietnam, we have given a total of around 3 million yen every year since 2005 in subsidies to around 30 students at the Hanoi and Ho Chi Minh City campuses of Vietnam National University. We also run a software research

center jointly with these universities. Some 175 graduates of the universities have entered Toshiba Software Development (Vietnam) Co., Ltd. up until 2017 and 111 students continue to work there.

Toshiba Information Equipment (Philippines), Inc. provides education at university or vocational educational institute to economically disadvantaged high school students. Since establishing the scholarship system in 2008, Toshiba has supported 90 students, 56 of whom are now employed with the Company.

## 5.2 Lobbying

<b>Question</b>
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
<b>Score</b>
0
<b>Comments</b>
There is no publicly available evidence that the company has a policy or procedure on lobbying.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any clear evidence on its lobbying aims, topics or activities.
<b>Evidence</b>
No evidence found.

<b>Question</b>
5.2.3 Does the company publish full details of its global lobbying expenditure?
<b>Score</b>
0
<b>Comments</b>
There is no evidence that the company publishes any details about its global lobbying expenditure.
<b>Evidence</b>
No evidence found.



### 5.3 Gifts and Hospitality

<b>Question</b>
<b>5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company has a policy or procedure on gifts and hospitality, to ensure that such promotional expenses are not used as vehicles for bribery and corruption. The company indicates that directors and employees should not offer gifts or entertainment to government agencies that may be illegal or prohibited by law, but does not publish further information on the controls and measures that it has in place to reduce corruption risks in the giving or receipt of gifts and hospitality.
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a></p> <p>7. Bribery</p> <p>1. Toshiba Group Corporate Policy                  Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>1. observe all applicable laws and regulations, and lawful business practices, prohibit illegal or improper payments against lawful business practices; and</li> <li>2. not provide any illegitimate benefits or favors to any politicians or political organizations.</li> </ol> <p>2. SOC for Toshiba Group Directors and Employees                  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. neither make nor offer, either directly or indirectly, any payment or anything of value, whether in the form of compensation, business entertainment, gift, contribution, gratuity, or other form, that is illegal or prohibited by any applicable law or regulation, in any dealings with any government agencies, their officials, or members of any political party (including holders of a political office or candidates for such office) (except for cases that do not violate applicable laws or regulations and are considered socially acceptable), and shall not engage in sales transactions, loan transactions and the like (including guarantee transactions) that are not at arm's length;</li> <li>2. not pay monies or offer benefits to any politicians (including former members of any legislative body, or current or former secretaries of any such politicians) or any company a politician may be involved with, regardless of the form such monies or benefits take (for example "commissions" or "consulting fees"), in connection with marketing toward governmental agencies;</li> <li>3. refrain from offering cash or other benefits to representatives of foreign governments as a means to gain unlawful benefits or profits when conducting international business transactions;</li> <li>4. not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;</li> <li>5. ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;</li> <li>6. not make contributions to political parties or committees, unless permitted to do so by applicable laws, regulations, and company rules; and</li> <li>7. respect the established practices of any customer, government entity or other party, as well as all applicable laws and regulations, regarding the provision of or the restrictions or controls over the acceptance of business entertainment, gifts or other business courtesies by its employees or officials.</li> </ol>

## 6. Supply Chain Management

Question
<b>6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?</b>
Score
<b>1</b>
Comments
<p>Based on publicly available information, there is some evidence that the company's procurement department is involved in the management and oversight of its suppliers. However, the company receives a score of '1' because there is no clear evidence that its procurement department is the main body responsible for oversight of its supplier base. In addition, there is no evidence that the company assures itself of the procurement department's involvement at least every three years.</p>
Evidence
<p><b>[6] Toshiba Group Procurement Policy (Document)</b>            Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf">http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf</a>            [p.1] Basic Procurement Policy Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>(1) comply with all applicable laws and regulations and appropriate social practices governing our local and global businesses; and</li> <li>(2) promote procurement activities in a way that reduces the environmental impacts while selecting suppliers (hereinafter including prospective suppliers) and procurement items.</li> <li>(3) provide suppliers with equal opportunities for transactions with Toshiba Group.</li> </ol> <p>1) promote procurement activities based on mutual understanding and trust.</p> <p>Policy for Selecting Suppliers            While selecting suppliers and carrying out transactions continuously, priority shall be given to companies satisfying the following criteria:</p> <ol style="list-style-type: none"> <li>(1) The company complies with laws, regulations and places emphasis on human rights and environmental consciousness.</li> <li>(2) The company has sound business operations.</li> <li>(3) The company has the ability to supply goods and/or services to Toshiba Group with emphasis on appropriate quality, price and delivery lead-time.</li> <li>(4) The company is capable of providing a stable supply of goods and/or services. Also the company must have the flexibility to respond quickly to supply/demand fluctuations.</li> <li>(5) The company possesses technology that contributes positively to Toshiba Group products.</li> <li>(6) The company has a plan for providing a continuing supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain.</li> </ol> <p><b>[9] CSR Management in the Supply Chain</b>            Accessed 08/08/2019  <a href="https://www.toshiba.co.jp/csr/en/performance/social/procure.htm">https://www.toshiba.co.jp/csr/en/performance/social/procure.htm</a>            Promotion of the Supply Chain Management            In April 2007, Toshiba Group set up an organization dedicated to promoting CSR procurement within the procurement department at Toshiba's Head Office, which works to promote fair dealings with all our suppliers as well as CSR management in the supply chain.</p> <p>The organization coordinates with various business divisions and related divisions such as the CSR office and the Environment office.</p> <p><b>[2] Standards of Conduct (Webpage)</b>            Accessed 03/07/2019  <a href="https://www.toshiba.com/en/csr/policy/soc.html">https://www.toshiba.com/en/csr/policy/soc.html</a>            3. Procurement</p>

1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. comply with all applicable laws, regulations and practices established by industry and international organizations;
2. provide suppliers (hereinafter including prospective suppliers) with equal opportunities for transactions with Toshiba Group;
3. conduct procurement in such a manner as to fulfill corporate social responsibilities together with the suppliers; and
4. conduct procurement based on mutual understanding and trust with suppliers.

2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. prioritize suppliers that:
  - abide by all applicable laws, regulations and social standards, and take seriously human rights, good labor practices, occupational safety and health, and environmental protection;
  - have sound finances;
  - can supply goods and/or services to Toshiba Group with emphasis on appropriate quality, price and delivery lead-time;
  - can provide a stable supply of goods and/or services as well as flexibly and quickly respond to demand fluctuations;
  - possess technology that contributes positively to Toshiba Group products;
  - have a plan to prevent interruptions in the supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain; and
  - require their suppliers to observe a procurement policy equivalent to that of Toshiba Group.
2. prior to procurement of necessary goods and services, undertake a comprehensive and fair evaluation in accordance with the standards set forth below:
  - environmentally friendly;
  - appropriate quality and reasonable and economically rational pricing; and
  - deliver on schedule and with a stable supply;
3. refrain from receiving any personal benefits from suppliers with regard to corporate procurement, and fulfill contractual obligations to suppliers in good faith, ensuring that all transactions fully comply with ethically sound commercial practices and with all applicable laws and regulations to protect suppliers; and
4. ensure that all purchases are authorized by the relevant purchasing, procurement or subcontractor departments in accordance with Toshiba Group internal regulations.

<b>Question</b>
<b>6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its supply chain. The company outlines its principles for selecting suppliers and indicates that an evaluation must be conducted prior to procurement, but it is not clear that this constitutes due diligence nor that such checks are regular and include anti-bribery and corruption considerations.</p>
<b>Evidence</b>
<p><b>[6] Toshiba Group Procurement Policy (Document)</b>                  Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf">http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf</a></p> <p>[p.1] Basic Procurement Policy Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>(1) comply with all applicable laws and regulations and appropriate social practices governing our local and global businesses ; and</li> <li>(2) promote procurement activities in a way that reduces the environmental impacts while selecting suppliers (hereinafter including prospective suppliers) and procurement items.</li> <li>(3) provide suppliers with equal opportunities for transactions with Toshiba Group.</li> <li>(4) promote procurement activities based on mutual understanding and trust.</li> </ol> <p>[...]</p> <p>Policy for Selecting Suppliers                  While selecting suppliers and carrying out transactions continuously, priority shall be given to companies satisfying the following criteria:</p> <ol style="list-style-type: none"> <li>(1) The company complies with laws, regulations and places emphasis on human rights and environmental consciousness.</li> <li>(2) The company has sound business operations.</li> <li>(3) The company has the ability to supply goods and/or services to Toshiba Group with emphasis on appropriate quality, price and delivery lead-time.</li> <li>(4) The company is capable of providing a stable supply of goods and/or services. Also the company must have the flexibility to respond quickly to supply/demand fluctuations.</li> <li>(5) The company possesses technology that contributes positively to Toshiba Group products.</li> <li>(6) The company has a plan for providing a continuing supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain.</li> </ol> <p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a></p> <p>3. Procurement</p> <p>1. Toshiba Group Corporate Policy                  Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>1. comply with all applicable laws, regulations and practices established by industry and international organizations;</li> <li>2. provide suppliers (hereinafter including prospective suppliers) with equal opportunities for transactions with Toshiba Group;</li> <li>3. conduct procurement in such a manner as to fulfill corporate social responsibilities together with the suppliers; and</li> <li>4. conduct procurement based on mutual understanding and trust with suppliers.</li> </ol> <p>2. SOC for Toshiba Group Directors and Employees                  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. prioritize suppliers that:</li> </ol>

- abide by all applicable laws, regulations and social standards, and take seriously human rights, good labor practices, occupational safety and health, and environmental protection;
  - have sound finances;
  - can supply goods and/or services to Toshiba Group with emphasis on appropriate quality, price and delivery lead-time;
  - can provide a stable supply of goods and/or services as well as flexibly and quickly respond to demand fluctuations;
  - possess technology that contributes positively to Toshiba Group products;
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    - environmentally friendly;
    - appropriate quality and reasonable and economically rational pricing; and
    - deliver on schedule and with a stable supply;
  3. refrain from receiving any personal benefits from suppliers with regard to corporate procurement, and fulfill contractual obligations to suppliers in good faith, ensuring that all transactions fully comply with ethically sound commercial practices and with all applicable laws and regulations to protect suppliers; and

Question
<b>6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?</b>
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company ensures that its suppliers have adequate anti-bribery and corruption policies in place. The company indicates that it takes active steps to ensure that all suppliers have adequate policies in place by including such considerations in its selection criteria and publishing details of the international standards that it expects suppliers to follow. In addition, there is evidence that the company makes its whistleblowing channel available to those employed by business partners.</p> <p>However, the company receives a score of '1' because there is no clear evidence that it requires suppliers to specifically have policies in place that prohibit facilitation payments and procedures to cover risks arising from conflicts of interest or gifts and hospitality. It is also not clear whether the company assures itself of this both when onboarding new suppliers and when there is a significant change in the business relationship.</p>
Evidence
<p><b>[6] Toshiba Group Procurement Policy (Document)</b>  Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf">http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf</a>  [p.1] Basic Procurement Policy Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>(1) comply with all applicable laws and regulations and appropriate social practices governing our local and global businesses ; and</li> <li>(2) promote procurement activities in a way that reduces the environmental impacts while selecting suppliers (hereinafter including prospective suppliers) and procurement items.</li> <li>(3) provide suppliers with equal opportunities for transactions with Toshiba Group.</li> <li>(4) promote procurement activities based on mutual understanding and trust.</li> </ol> <p>Policy for Selecting Suppliers  While selecting suppliers and carrying out transactions continuously, priority shall be given to companies satisfying the following criteria:</p> <ol style="list-style-type: none"> <li>(1) The company complies with laws, regulations and places emphasis on human rights and environmental consciousness.</li> <li>(2) The company has sound business operations.</li> <li>(3) The company has the ability to supply goods and/or services to Toshiba Group with emphasis on appropriate quality, price and delivery lead-time.</li> <li>(4) The company is capable of providing a stable supply of goods and/or services. Also the company must have the flexibility to respond quickly to supply/demand fluctuations.</li> <li>(5) The company possesses technology that contributes positively to Toshiba Group products.</li> <li>(6) The company has a plan for providing a continuing supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain.</li> </ol> <p>[p.2] Supplier Expectations  Toshiba Group conducts business globally, involving a wide range of products. In order to succeed globally, Toshiba Group must take stakeholder's requests into consideration. This requires that the Toshiba Group conduct its procurement activities in accordance with the UN Global Compact and the RBA (Responsible Business Alliance) code of conduct, both of which Toshiba has pledged to follow. We therefore expect our suppliers to conduct themselves in accordance with the UN Global Compact and the RBA Code of Conduct. We also request that our suppliers ask their own suppliers adhere to both standards.</p> <p>* "UN Global Compact" <a href="http://www.toshiba.co.jp/csr/en/policy/organization.htm#GC">http://www.toshiba.co.jp/csr/en/policy/organization.htm#GC</a>  * "RBA (Responsible Business Alliance) code of conduct"  <a href="http://www.toshiba.co.jp/csr/en/performance/fair_practices/procure.htm#EICC">http://www.toshiba.co.jp/csr/en/performance/fair_practices/procure.htm#EICC</a></p> <p>(A) Compliance with Laws, Regulations and Social Customs Suppliers are required to ensure compliance with laws, regulations and appropriate social customs of the countries and/or regions in which they operate.</p>

- 1) Ensuring compliance with the prevailing laws and regulations in the countries and/or regions in which they operate include anti-trust laws, commercial codes, subcontractor regulations, foreign exchange laws, personal privacy laws, copyright laws, 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] Standards of Conduct (Webpage)

Accessed 03/07/2019

<https://www.toshiba/ww/en/csr/policy/soc.html>

### 3. Procurement

#### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. comply with all applicable laws, regulations and practices established by industry and international organizations;
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4. ensure that all purchases are authorized by the relevant purchasing, procurement or subcontractor departments in accordance with Toshiba Group internal regulations.

## [4] Toshiba Risk Management and Compliance (Webpage)

Accessed 03/07/2019

<https://www.toshiba/ww/en/csr/performance/governance/compliance.html>

"Clean Partner Line," Whistleblower System for Suppliers and Business Partners

In order to ensure compliance and fair transactions, Toshiba has established a whistleblower system for suppliers and business partners called Clean Partner Line, as a point of contact for our suppliers to tell us about issues and concerns regarding persons associated with the Toshiba Group.

Personal information on whistleblowers, without the whistleblower's consent, is not disclosed to anyone other than the Clean Partner Line staff. Also, what is reported by whistleblowers is handled based on strict procedures, with care taken not to treat whistleblowers and their companies unfavorably for whistleblowing.

We notify our business partners of this system and request that they make use of it.



<b>Question</b>
<b>6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?</b>
<b>Score</b>
1
<b>Comments</b>
There is some evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required of sub-contractors throughout the supply chain. However, the company receives a score of '1' because it does not provide further details on the steps that it takes to ensure this in practice.
<b>Evidence</b>
<p><b>[6] Toshiba Group Procurement Policy (Document)</b>                  Accessed 03/07/2019  <a href="http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf">http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf</a></p> <p>[p.2] Supplier Expectations                  Toshiba Group conducts business globally, involving a wide range of products. In order to succeed globally, Toshiba Group must take stakeholder's requests into consideration. This requires that the Toshiba Group conduct its procurement activities in accordance with the UN Global Compact and the RBA (Responsible Business Alliance) code of conduct, both of which Toshiba has pledged to follow. We therefore expect our suppliers to conduct themselves in accordance with the UN Global Compact and the RBA Code of Conduct. We also request that our suppliers ask their own suppliers adhere to both standards.</p> <p>[...]</p> <p>(A) Compliance with Laws, Regulations and Social Customs                  Suppliers are required to ensure compliance with laws, regulations and appropriate social customs of the countries and/or regions in which they operate.</p> <ol style="list-style-type: none"> <li>1) Ensuring compliance with the prevailing laws and regulations in the countries and/or regions in which they operate include anti-trust laws, commercial codes, subcontractor regulations, foreign exchange laws, personal privacy laws, copyright laws, etc.</li> <li>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)</li> </ol>



<b>Question</b>																				
<b>6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?</b>																				
<b>Score</b>																				
<b>0</b>																				
<b>Comments</b>																				
<p>There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations or disciplinary actions involving its suppliers. The company publishes some information on the number of suppliers that received additional guidance or were subject to the suspension of transactions on the basis of human rights and safety and environment, however there is no evidence that the company publishes data in relation to bribery and corruption concerns.</p>																				
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<p><b>[9] CSR Management in the Supply Chain</b>                  Accessed 08/08/2019  <a href="https://www.toshiba.co.jp/csr/en/performance/social/procure.htm">https://www.toshiba.co.jp/csr/en/performance/social/procure.htm</a>                  Actions on Suppliers in the Event of Breach of the Procurement Policy                  If a supplier violates the standard of transaction, we request the supplier to implement remedial measures and provide guidance and support as necessary. If the remedial measure is deemed to be unsatisfactory, we suspend transactions with the supplier.</p> <p><b>Suppliers subject to guidance &amp; support and suspension of transactions (FY2017, Toshiba Group, Cumulative numbers)</b></p> <table border="1"> <thead> <tr> <th>Topic</th> <th>Guidance and Support</th> <th>Suspension of transactions</th> </tr> </thead> <tbody> <tr> <td>Human rights Safety</td> <td>287</td> <td>2</td> </tr> <tr> <td>Environment</td> <td>98</td> <td>0</td> </tr> </tbody> </table> <p><b>Examples of supplier guidance and support (FY2017)</b></p> <table border="1"> <tbody> <tr> <td>Environmental Activities</td> <td> <ul style="list-style-type: none"> <li>Guidance on how to manage chemical substances and hazardous materials, etc.</li> <li>Guidance on how to treat waste</li> </ul> </td> </tr> <tr> <td>Human Rights and Occupational Health &amp; Safety</td> <td> <ul style="list-style-type: none"> <li>Guidance on the appropriate management of working hours</li> <li>Supporting smelters to obtain conflict-free certification*</li> <li>Request for safety and health education for employees and guidance on how to provide such education</li> <li>Requesting use of and guidance on personal protective equipment (PPE)</li> </ul> </td> </tr> </tbody> </table> <p>*Conflict-free certification: a system by which a third-party organization certifies that an organization does not use conflict minerals (conflict free).</p> <p><b>Major survey items during the audit of outsourced Toshiba-brand manufacturers</b></p> <table border="1"> <thead> <tr> <th>Category</th> <th>Survey items</th> </tr> </thead> <tbody> <tr> <td>CSR management at the companies audited</td> <td> <ul style="list-style-type: none"> <li>Labor disputes</li> <li>Communication with employees</li> <li>Labor agreements and working hours</li> <li>Workplace safety</li> <li>Employee health conditions</li> <li>Environmental initiatives such as the acquisition of ISO14001 certification</li> </ul> </td> </tr> <tr> <td>CSR management with regard to the supply chain of the companies audited</td> <td> <ul style="list-style-type: none"> <li>Adoption of CSR policy that encompasses consideration for human rights, labor conditions, and the environment;</li> <li>Communication of the CSR policy to suppliers and their status of compliance with the policy;</li> <li>Regulations concerning plant wastewater and air emissions</li> </ul> </td> </tr> </tbody> </table>		Topic	Guidance and Support	Suspension of transactions	Human rights Safety	287	2	Environment	98	0	Environmental Activities	<ul style="list-style-type: none"> <li>Guidance on how to manage chemical substances and hazardous materials, etc.</li> <li>Guidance on how to treat waste</li> </ul>	Human Rights and Occupational Health & Safety	<ul style="list-style-type: none"> <li>Guidance on the appropriate management of working hours</li> <li>Supporting smelters to obtain conflict-free certification*</li> <li>Request for safety and health education for employees and guidance on how to provide such education</li> <li>Requesting use of and guidance on personal protective equipment (PPE)</li> </ul>	Category	Survey items	CSR management at the companies audited	<ul style="list-style-type: none"> <li>Labor disputes</li> <li>Communication with employees</li> <li>Labor agreements and working hours</li> <li>Workplace safety</li> <li>Employee health conditions</li> <li>Environmental initiatives such as the acquisition of ISO14001 certification</li> </ul>	CSR management with regard to the supply chain of the companies audited	<ul style="list-style-type: none"> <li>Adoption of CSR policy that encompasses consideration for human rights, labor conditions, and the environment;</li> <li>Communication of the CSR policy to suppliers and their status of compliance with the policy;</li> <li>Regulations concerning plant wastewater and air emissions</li> </ul>
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## 7. Agents, Intermediaries and Joint Ventures

### 7.1 Agents and Intermediaries

<b>Question</b>
<b>7.1.1 Does the company have a clear policy on the use of agents?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>Based on publicly available information, there is no clear evidence that the company has a policy on the use of agents that recognises the corruption risks associated with their use or provides details of specific controls to mitigate these risks. The company indicates that employees must ensure that agents and intermediaries observe all applicable laws and regulations, but it does not provide further information on the procedures that it has in place to ensure such compliance.</p>
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a>                  7. Bribery</p> <p>[...] 2. SOC for Toshiba Group Directors and Employees                  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>1. neither make nor offer, either directly or indirectly, any payment or anything of value, whether in the form of compensation, business entertainment, gift, contribution, gratuity, or other form, that is illegal or prohibited by any applicable law or regulation, in any dealings with any government agencies, their officials, or members of any political party (including holders of a political office or candidates for such office) (except for cases that do not violate applicable laws or regulations and are considered socially acceptable), and shall not engage in sales transactions, loan transactions and the like (including guarantee transactions) that are not at arm's length;</li> <li>2. not pay monies or offer benefits to any politicians (including former members of any legislative body, or current or former secretaries of any such politicians) or any company a politician may be involved with, regardless of the form such monies or benefits take (for example "commissions" or "consulting fees"), in connection with marketing toward governmental agencies;</li> <li>3. refrain from offering cash or other benefits to representatives of foreign governments as a means to gain unlawful benefits or profits when conducting international business transactions;</li> <li>4. not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;</li> <li>5. ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;</li> </ol> <p>[...]</p> <p>Scope and Implementation</p> <ol style="list-style-type: none"> <li>1. Scope of the SOC                         <ol style="list-style-type: none"> <li>1. These SOC shall, on their adoption by each Toshiba Group Company by resolution of the board of directors or other appropriate corporate actions, apply to all Directors and Employees, including advisors and contract employees;</li> <li>2. The SOC does not state or establish legal obligations on the part of the Toshiba Group and does not create any legal rights or claims on the part of any person. Instead, the SOC sets forth the values of the Toshiba Group and the expectations that the Toshiba Group has for its Directors and Employees. In many instances, these values and expectations exceed applicable legal obligations.</li> </ol> </li> </ol>

<b>Question</b>
<b>7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its agents and intermediaries.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company aims to establish the ultimate beneficial ownership of its agents and intermediaries.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.1.4 Does the company’s anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is publicly available evidence that the company’s anti-bribery and corruption policy applies to its agents and intermediaries. However, the company receives a score of ‘0’ because there is no further information to indicate that it includes anti-bribery and corruption clauses in its contracts with agents and intermediaries, nor that such clauses stipulate audit and termination rights.
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a></p> <p>7. Bribery</p> <p>1. Toshiba Group Corporate Policy                  Toshiba Group Companies shall:</p> <ol style="list-style-type: none"> <li>observe all applicable laws and regulations, and lawful business practices, prohibit illegal or improper payments against lawful business practices; and</li> <li>not provide any illegitimate benefits or favors to any politicians or political organizations.</li> </ol> <p>2. SOC for Toshiba Group Directors and Employees                  Directors and Employees shall:</p> <ol style="list-style-type: none"> <li>neither make nor offer, either directly or indirectly, any payment or anything of value, whether in the form of compensation, business entertainment, gift, contribution, gratuity, or other form, that is illegal or prohibited by any applicable law or regulation, in any dealings with any government agencies, their officials, or members of any political party (including holders of a political office or candidates for such office) (except for cases that do not violate applicable laws or regulations and are considered socially acceptable), and shall not engage in sales transactions, loan transactions and the like (including guarantee transactions) that are not at arm's length;</li> <li>not pay monies or offer benefits to any politicians (including former members of any legislative body, or current or former secretaries of any such politicians) or any company a politician may be involved with, regardless of the form such monies or benefits take (for example "commissions" or "consulting fees"), in connection with marketing toward governmental agencies;</li> <li>refrain from offering cash or other benefits to representatives of foreign governments as a means to gain unlawful benefits or profits when conducting international business transactions;</li> <li>not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;</li> <li>ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;</li> <li>not make contributions to political parties or committees, unless permitted to do so by applicable laws, regulations, and company rules; and</li> <li>respect the established practices of any customer, government entity or other party, as well as all applicable laws and regulations, regarding the provision of or the restrictions or controls over the acceptance of business entertainment, gifts or other business courtesies by its employees or officials.</li> </ol>

<b>Question</b>
<b>7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?</b>
<b>Score</b>
1
<b>Comments</b>
<p>Based on publicly available information, there is some evidence that the company considers incentive structures and compensation for agents as a factor in bribery and corruption risk. The company indicates that compensation must be reasonable, specified in advance and in compliance with all applicable laws and regulations.</p> <p>However, the company receives a score of ‘1’ because there is no evidence that it imposes a threshold on the payment of sales commissions to agents, nor that remuneration is paid in stage payments or into local bank accounts.</p>
<b>Evidence</b>
<p><b>[2] Standards of Conduct (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/policy/soc.html">https://www.toshiba/ww/en/csr/policy/soc.html</a></p> <p>7. Bribery</p> <p>[...]</p> <p>2. SOC for Toshiba Group Directors and Employees                  Directors and Employees shall:</p> <p>[...]</p> <ol style="list-style-type: none"> <li>4. not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;</li> <li>5. ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;</li> </ol>

<b>Question</b>
<b>7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any details of the agents currently contracted to act for or on its behalf.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any data on ethical or bribery and corruption-related investigations, incidents or disciplinary actions involving its agents.
<b>Evidence</b>
No evidence found.



## 7.2 Joint Ventures

<b>Question</b>
<b>7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its joint ventures.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publicly commits to establishing anti-bribery and corruption policies or procedures in its joint ventures, nor that it requires anti-bribery and corruption clauses in its contracts with joint venture partners.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company commits to taking an active role in preventing bribery and corruption in all of its joint ventures.
<b>Evidence</b>
No evidence found.

## 8. Offsets

<b>Question</b>
<b>8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company addresses the corruption risks associated with offset contracting, nor is there evidence that a dedicated body, department or team is responsible for monitoring the company's offset activities.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company has a procedure in place to conduct anti-bribery and corruption due diligence on its offset obligations.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any details on the offset agents, brokers or consultancy firms currently contracted to act with and/or on its behalf.
<b>Evidence</b>
No evidence found.

<b>Question</b>
<b>8.4 Does the company publish details about the beneficiaries of its indirect offset projects?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
There is no evidence that the company publishes any details of its offset obligations or contracts.
<b>Evidence</b>
No evidence found.



## 9. High Risk Markets

<b>Question</b>
<b>9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?</b>
<b>Score</b>
<b>0</b>
<b>Comments</b>
<p>There is no publicly available evidence that the company acknowledges the corruption risks associated with operating in different markets, nor that it has a risk assessment procedure in place to account for these specific risks.</p>
<b>Evidence</b>
<p><b>[4] Toshiba Risk Management and Compliance (Webpage)</b>                  Accessed 03/07/2019  <a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>                  Structure of Risk Management and Compliance                  At Toshiba, we appoint a Chief Risk Compliance Management Officer (CRO) to oversee risk management and compliance for the whole Group. In addition, the Legal Affairs Division responds to whistleblower reports and attempts to achieve global compliance, and is advancing effective risk management and compliance activities.</p> <p>There is also a Risk Compliance Committee chaired by the CRO and attended by the executive officers of corporate staff divisions. The Committee analyzes whistleblower reports and cases both inside and outside the Company, and identifies vulnerabilities in risk management and compliance based on risk tables that cover the entire management environment. It also reviews activities from the preceding fiscal year, and deliberates on priority measures and monitors activities from the immediate fiscal year.</p> <p>Each key Group company is advancing its own priority measures for risk management and compliance, determined by a risk-based approach, in addition to the priority measures common to the whole company.</p> <p>In the event of a serious risk management and compliance issue, there is a system in place by which the relevant in-house committees, etc. promptly evaluate and implement countermeasures. Furthermore, we carry out sensitivity analyses at management meetings, etc. of the correlation between key risks and management, taking into account business risks and risks in the market, as well as compliance risks and environment-related risks such as climate change, so that we can concentrate our investment strategically in order to achieve Toshiba's goal of growth through creativity and innovation.</p>

**Question**

**9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?**

**Score**

**1**

**Comments**

There is evidence that the company publishes a list of its consolidated subsidiaries and non-fully consolidated holdings. The company’s list indicates whether each entity is domestic or overseas.

However, the company receives a score of ‘1’ because there is no evidence that the company publishes further information for each entity, such as its percentage ownership, or the country of incorporation and country or countries operation. There is also some indication that this list is not complete and therefore does not represent all of the company’s subsidiaries and holdings.

**Evidence**

**[3] Toshiba 2018 Annual Report - Operational Review (Document)**

Accessed 03/07/2019

[http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e\\_or.pdf](http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf)

[p.75]

## Consolidated Subsidiaries and Affiliated Companies Accounted for by the Equity Method

**Consolidated Subsidiaries**

Domestic		
<ul style="list-style-type: none"> <li>Japan Semiconductor Corporation</li> <li>Kaga Toshiba Electronics Corporation</li> <li>Nishishiba Electric Co., Ltd.</li> <li>NuFlare Technology, Inc.*</li> <li>Sigmapower Holdings LLC</li> <li>Toshiba Carrier Corporation</li> <li>Toshiba Client Solutions Co., Ltd.</li> <li>Toshiba Device Corporation</li> <li>Toshiba Electronic Devices &amp; Storage Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Toshiba Digital Solutions Corporation</li> <li>Toshiba Elevator and Building Systems Corporation</li> <li>Toshiba Energy Systems &amp; Solutions Corporation</li> <li>Toshiba Fuel Cell Power Systems Corporation</li> <li>Toshiba Global Commerce Solutions Holdings Corporation</li> <li>Toshiba Industrial Products and Systems Corporation</li> <li>Toshiba Infrastructure Systems &amp; Solutions Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Toshiba IT-Services Corporation</li> <li>Toshiba Lighting &amp; Technology Corporation</li> <li>Toshiba Logistics Corporation</li> <li>Toshiba Memory Corporation *1</li> <li>Toshiba Plant Systems &amp; Services Corporation*</li> <li>Toshiba TEC Corporation*</li> <li>Toshiba TEC Solution Service Corporation</li> </ul>
144 companies in total including the 23 above		
* Listed Company in stock market		

Overseas		
<ul style="list-style-type: none"> <li>Advance Energy UK Ltd.</li> <li>Concert LLC</li> <li>GNFT Corporation</li> <li>LC Collateral SPV LLC *2</li> <li>NuGeneration Ltd.</li> <li>TCFG Compressor (Thailand) Co., Ltd.</li> <li>Toshiba America Business Solutions, Inc.</li> <li>Toshiba America Electronic Components, Inc.</li> <li>Toshiba America Energy Systems Corporation</li> <li>Toshiba America Nuclear Energy Corporation</li> <li>Toshiba America, Inc.</li> <li>Toshiba Asia Pacific Pte., Ltd.</li> <li>Toshiba (Australia) Pty., Ltd.</li> <li>Toshiba Carrier Air Conditioning (China) Co., Ltd.</li> <li>Toshiba Carrier (Thailand) Co., Ltd.</li> <li>Toshiba (China) Co., Ltd.</li> <li>Toshiba Dalian Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Toshiba Electronics Asia, Ltd.</li> <li>Toshiba Electronics Europe GmbH</li> <li>Toshiba Electronics Taiwan Corporation</li> <li>Toshiba Elevator (China) Co., Ltd.</li> <li>Toshiba Elevator (Shenyang) Co., Ltd.</li> <li>Toshiba Europe GmbH</li> <li>Toshiba Gulf FZE</li> <li>Toshiba Hydro Power (Hangzhou) Co., Ltd.</li> <li>Toshiba Industrial Products Asia Co., Ltd.</li> <li>Toshiba Information Equipment (Hangzhou) Co., Ltd.</li> <li>Toshiba Information Equipment (Philippines), Inc.</li> <li>Toshiba Information Systems (UK) Ltd.</li> <li>Toshiba International Corporation</li> <li>Toshiba International Procurement Hong Kong, Ltd.</li> <li>Toshiba JSW Power Systems Private Ltd.</li> <li>Toshiba Lighting &amp; Technology (Kunshan) Co., Ltd.</li> <li>Toshiba Memory America, Inc. *1</li> </ul>	<ul style="list-style-type: none"> <li>Toshiba Memory Asia, Ltd. *1</li> <li>Toshiba Memory Europe GmbH *1</li> <li>Toshiba Memory Singapore Pte. Ltd. *1</li> <li>Toshiba Memory (Taiwan) Corporation *1</li> <li>Toshiba Nuclear Energy Holdings (US) Inc. *2</li> <li>Toshiba of Europe Ltd.</li> <li>Toshiba Semiconductor (Thailand) Co., Ltd.</li> <li>Toshiba TEC Europe Imaging Systems S.A.</li> <li>Toshiba TEC France Imaging Systems S.A.</li> <li>Toshiba TEC Information Systems (Shenzhen) Co., Ltd.</li> <li>Toshiba TEC Singapore Pte., Ltd.</li> <li>Toshiba TEC U.K. Imaging Systems Ltd.</li> <li>Toshiba Transmission &amp; Distribution India Private Ltd.</li> <li>TPSC (Thailand) Co., Ltd.</li> <li>TSB Nuclear Energy USA Group Inc. *2</li> <li>Wec Insurance Ltd. *2</li> </ul>
245 companies in total including the 50 above		

**Affiliated Companies Accounted for by the Equity Method**

Domestic		
<ul style="list-style-type: none"> <li>EREX New Energy Saiki Co., Ltd.</li> <li>Flash Alliance, Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Flash Forward</li> <li>Flash Partners, Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Toshiba Mitsubishi Electric Industrial Systems Corporation</li> </ul>
34 companies in total including the 5 above		
Overseas		
<ul style="list-style-type: none"> <li>Automotive Electronics Power Pvt. Ltd.</li> <li>Changzhou Toshiba Transformer Co., Ltd.</li> <li>Dalian Toshiba Locomotive Electric Equipment Co., Ltd.</li> <li>Energy Asia Holdings, Ltd.</li> <li>GE Toshiba Turbine Components de Mexico S.R.L. de C.V.</li> <li>GD Midea Air-Conditioning Equipment Co., Ltd.</li> <li>GD Midea Commercial Air-Conditioning Equipment Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>GD Midea Group Wuhan Air-Conditioning Equipment Co., Ltd.</li> <li>GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.</li> <li>Guangdong Meizhi Compressor Ltd.</li> <li>GuangDong Meizhi Precision Manufacturing Co., Ltd.</li> <li>Henan Pinggao Toshiba High-Voltage Switchgear Co., Ltd.</li> <li>Nuclear Innovation North America LLC</li> </ul>	<ul style="list-style-type: none"> <li>PM&amp;T Holding B.V.</li> <li>Schneider Toshiba Inverter SAS</li> <li>TMEIC Corporation</li> <li>TMEIC Industrial Systems India Private Ltd.</li> <li>TMEIC Power Electronics Products Corporation</li> <li>Toshiba Carrier UK Ltd.</li> <li>Toshiba Mitsubishi-Electric Industrial Systems (China) Corporation</li> </ul>
62 companies in total including the 20 above		

**Question**

**9.3 Does the company disclose its beneficial ownership and control structure?**

**Score**

2

**Comments**

There is evidence that the company is publicly listed on the Tokyo Stock Exchange (TYO) and Nagoya Stock Exchange (NSE) and therefore it is not required to disclose further information about its beneficial ownership in order to score '2'. In addition, the company publishes information on its major shareholders in its Annual Report.

**Evidence**

**[10] Financial Times Markets Data (Webpage)**

Accessed 19/08/2019

<https://markets.ft.com/data/equities/tearsheet/summary?s=6502:TYO>

**[3] Toshiba 2018 Annual Report - Operations Review (Document)**

Accessed 03/07/2019

[http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e\\_or.pdf](http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf)

[p.73]

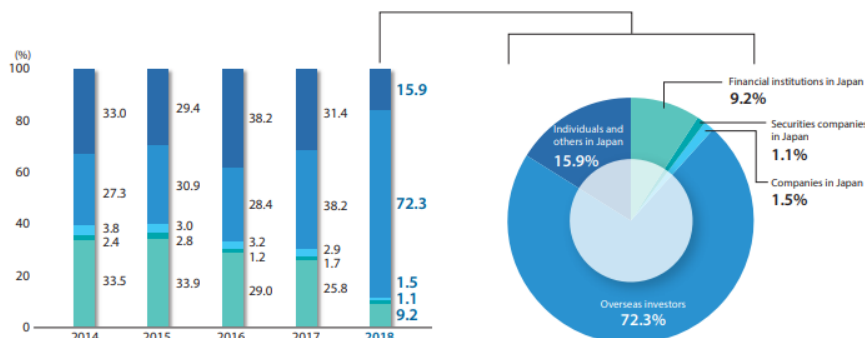
**Shareholder Information**

**Distribution of Shareholders**

(Shareholding ratio by category)

March 31	2014	2015	2016	2017	2018
Individuals and others in Japan	33.0 %	29.4 %	38.2 %	31.4 %	15.9 %
Overseas investors	27.3	30.9	28.4	38.2	72.3
Companies in Japan	3.8	3.0	3.2	2.9	1.5
Securities companies in Japan	2.4	2.8	1.2	1.7	1.1
Financial institutions in Japan	33.5	33.9	29.0	25.8	9.2

Note: For the purpose of calculation of shareholding ratio, treasury shares are excluded from the total number of issued shares.



**Major Shareholders (As of March 31, 2018)**

Name of Shareholder	Number of shares (in thousands)	Shareholding ratio (Percentage)
GOLDMAN, SACHS & CO. REG	952,532	14.6
GOLDMAN SACHS INTERNATIONAL	451,112	6.9
ECM MF	320,369	4.9
CREDIT SUISSE SECURITIES (USA) LLC SPCL. FOR EXCL. BEN	214,917	3.3
MSCO CUSTOMER SECURITIES	166,665	2.6
KING STREET CAPITAL MASTER FUND, LTD	150,969	2.3
STATE STREET BANK WEST CLIENT- TREATY 505234	117,833	1.8
The Dai-ichi Life Insurance Company, Limited	115,159	1.8
Nippon Life Insurance Company	110,352	1.7
Toshiba Employees Shareholding Association	108,685	1.7

1. For the purpose of calculation of shareholding ratio in the above table of principal shareholders, treasury shares are excluded from total number of issued shares (denominator).
2. The change report on large-volume holdings offered for public inspection on December 7, 2017 notes that Effissimo Capital Management Pte Ltd. held 737,185,000 shares as of December 5, 2017 (ratio of stock certificates, etc. held: 11.3%). However, as the Company was unable to confirm the beneficial ownership or number of shares held at the end of the fiscal year, the number is not reflected in the above table of principal shareholders.
3. The report on large-volume holdings offered for public inspection on August 7, 2017 notes that King Street Capital Management, L.P. held 246,000,000 shares as of July 31, 2017 (ratio of stock certificates, etc. held before third-party allocation of shares in December 2017: 5.8%). However, as the Company was unable to confirm the beneficial ownership or number of shares held at the end of the fiscal year, the number is not reflected in the above table of principal shareholders.

**Question****9.4 Does the company publish a percentage breakdown of its defence sales by customer?****Score****0****Comments**

There is no publicly available evidence that the company publishes a breakdown of its defence sales by customer. The company provides some information to indicate that Japan accounts for more than 50% of its net sales, however it does not distinguish between commercial and defence revenues, nor is it clear that this data relates specifically to Toshiba Infrastructure Systems and Solutions rather than the group as a whole.

**Evidence****[7] Toshiba 2018 Annual Report – Financial Review (Document)**

Accessed 03/07/2019

[http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e\\_fr.pdf](http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_fr.pdf)

[p.4]

Consolidated Results by Segment are as follows:

	Billions of yen				
	Net Sales			Operating Income (Loss)	
		Change*		Change*	
Energy Systems & Solutions	844.7	(130.2)	(13%)	(14.8)	+26.9
Infrastructure Systems & Solutions	1,246.8	(15.6)	(1%)	48.0	(10.4)
Retail & Printing Solutions	522.8	+15.1	+3%	27.0	+10.7
Storage & Electronic Devices Solutions	879.6	+42.5	+5%	47.3	(10.3)
Industrial ICT Solutions	258.9	+19.3	+8%	1.3	(5.8)
Others	525.6	(10.0)	(2%)	(48.6)	(31.5)
Eliminations	(330.8)	(17.2)	-	3.9	+2.5
Total	3,947.6	(96.1)	(2%)	64.1	(17.9)

(\* Change from the previous fiscal year ended March 31, 2017)

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**GEOGRAPHIC INFORMATION****Net sales**

Net sales by region based on the location of the customer for the fiscal years ended March 31, 2018 and 2017 are as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Japan	¥ 2,257,242	¥ 2,270,166	\$ 21,294,736
Overseas	¥ 1,690,354	¥ 1,773,570	\$ 15,946,736
Asia	898,420	843,585	8,475,660
North America	375,732	441,672	3,544,642
Europe	268,139	316,074	2,529,613
Others	148,063	172,239	1,396,821
Total	¥ 3,947,596	¥ 4,043,736	\$ 37,241,472

**Property, plant and equipment**

Property, plant and equipment by region at March 31, 2018 and 2017 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Japan	¥ 265,694	¥ 278,330	\$ 2,506,547
Overseas	¥ 99,941	¥ 125,403	\$ 942,840
Asia	72,718	71,236	686,019
North America	16,964	15,173	160,038
Europe	9,671	33,790	91,236
Others	588	5,204	5,547
Total	¥ 365,635	¥ 403,733	\$ 3,449,387

Notes: 1) There are no individually material countries which should be separately disclosed.

2) There are no material sales to a single unaffiliated customer.

3) The table represents the amount excluding the discontinued operations for the fiscal year ended March 31, 2017.

## 10. State-Owned Enterprises (SOEs)

<b>Question</b>
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>

<b>Question</b>
<b>10.2 Are the SOE's commercial and public policy objectives publicly available?</b>
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>

<b>Question</b>
<b>10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?</b>
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>



<b>Question</b>
10.4 Is the SOE's audit committee composed of a majority of independent directors?
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>

<b>Question</b>
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
<b>Score</b>
N/A
<b>Comments</b>
N/A
<b>Evidence</b>

## List of Evidence & Sources

No.	Type (Webpage or Document)	Name	Download date	Link
01	Document	Toshiba 2018 CSR Report	04/07/2019	<a href="http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf">http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf</a>
02	Webpage	Standards of Conduct	04/07/2019	<a href="https://www.toshiba/ww/en/csr/policy/soc.html#SOC20">https://www.toshiba/ww/en/csr/policy/soc.html#SOC20</a>
03	Document	Toshiba 2018 Annual Report – Operational Review	04/07/2019	<a href="http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf">http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_or.pdf</a>
04	Webpage	Risk Management and Compliance	04/07/2019	<a href="https://www.toshiba/ww/en/csr/performance/governance/compliance.html">https://www.toshiba/ww/en/csr/performance/governance/compliance.html</a>
05	Webpage	Social Contribution Activities	04/07/2019	<a href="http://www.toshiba.co.jp/csr/en/performance/social/community/index.htm">http://www.toshiba.co.jp/csr/en/performance/social/community/index.htm</a>
06	Document	Toshiba Group Procurement Policy	04/07/2019	<a href="http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf">http://www.toshiba.co.jp/procure/pdf/en_procurementpolicy.pdf</a>
07	Document	Toshiba 2018 Annual Report – Financial Review	04/07/2019	<a href="http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_fr.pdf">http://www.toshiba.co.jp/about/ir/en/finance/ar/ar2018/tar2018e_fr.pdf</a>
08	Document	Corporate Governance Guidelines	02/08/2019	<a href="http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf">http://www.toshiba.co.jp/about/ir/en/governance/pdf/corporate_governance_guidelines20181226.pdf</a>
09	Webpage	CSR Management in the Supply Chain	08/08/2019	<a href="https://www.toshiba.co.jp/csr/en/performance/social/procure.htm">https://www.toshiba.co.jp/csr/en/performance/social/procure.htm</a>
10	Webpage	Financial Times Markets Data	19/08/2019	<a href="https://markets.ft.com/data/equities/tearsheet/summary?s=6502:TYO">https://markets.ft.com/data/equities/tearsheet/summary?s=6502:TYO</a>