

Back to the Basics, Look to the Future...

 Toyo Seikan Co.,Ltd.

Sustainability
Report

2015



Toyo Seikan Co., Ltd. (the Company) is a leading packaging company valuing the importance of "wrapping", since its foundation until today, and has continuously supplied products that meet the needs of time. State-of-the-art technologies accumulated across our group companies support the packaging container industry. Our foundation is based on "Management Philosophy of Toyo Seikan" we faithfully observe since inception.

Management Philosophy

Fundamental Principles

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

Work Rules for Our Employees

1. Toyo Seikan is a mutual packaging factory for all customers who require packaging. Our employees must be loyal to our customers we serve.
2. Our products must be better in quality, lower in price and must be supplied more quickly than those of other companies. We should not think that we are just selling our products, but we must rather think that we are sending off our beloved children that we raised with our utmost care.
3. To be satisfied with only a small success is to take a step backwards. Our first duty must be at all times to work without losing our youthful vitality and courage.

Back to the Basics, Look to the Future...

We will pursue business for the future based on the corporate philosophy since its foundation of "contributing to the happiness and prosperity of mankind through packaging technology".

Going back to the basics, we are committed to conducting businesses with our perspectives for the future.

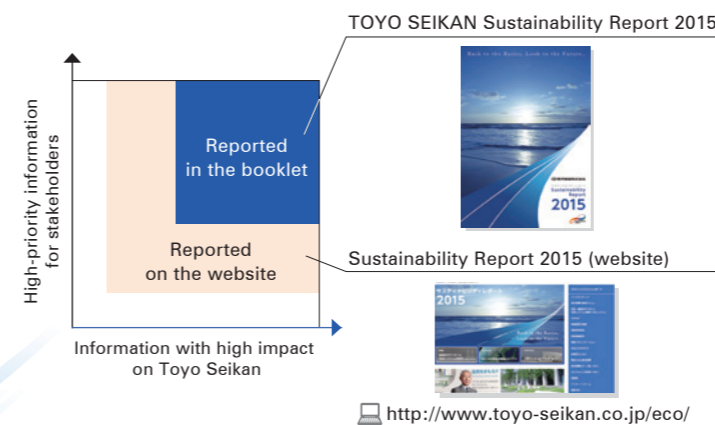
Sustainability Report Editorial Policy

This Report has been issued to clearly disclose Toyo Seikan's sustainability activities in FY2014 to all stakeholders.

Subtitle "Back to the Basics, Look to the Future..." on the cover page of Sustainability Report 2015, features the image of environmental protection. This subtitle conveys the message that we will reaffirm our "Fundamental Principles", adhere to the basics and conduct businesses with our perspectives for the future. To fully report our sustainability activities, we use both this report and our website. Particularly important messages are written in the booklet, while exhaustive disclosure based on the Sustainability Reporting Guidelines (GRI) can be found on our web site.

Materiality

We have mainly summarized non-financial information (social and environmental information) of Toyo Seikan based on readers' responses to questionnaires and internal feedback.



Investor Relations

For IR information such as the latest financial information and news releases, please refer to the homepage of Toyo Seikan Group Holdings, Ltd.

Summary of this Report

- **Report Scope**
Activities by Toyo Seikan, plus some activities by Toyo Seikan group companies.
- **Subject areas**
Environment, Society
- **Period covered**
April 1, 2014 to March 31, 2015
(also contains some information up to June 2015)
- **Publication**
August 2015 (previous issue: August 2014)
Next publication scheduled for July 2016
- **Issued by**
Environment Department, Environment and Quality Assurance Division, Toyo Seikan Co., Ltd.
Osaki Forest Bldg., 2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-8640, JAPAN
Tel: 81-3-4514-2026 fax: 81-3-3280-8125

Reference Guidelines

- "Environmental Reporting Guidelines 2012" (Ministry of the Environment, Government of Japan)
- "Sustainability Reporting Guidelines 2006" (Global Reporting Initiative)

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Scope of the Report

Subject organization for reporting

▶ Toyo Seikan Group

"Toyo Seikan Group" means Toyo Seikan Group Holdings, Ltd. and its subsidiaries and associates.

▶ Toyo Seikan Business Group

"Toyo Seikan Business Group" means Toyo Seikan Co., Ltd. and its direct subsidiaries.

▶ Toyo Seikan

"Toyo Seikan" means Toyo Seikan Co., Ltd. (non-consolidated basis)



Message from the President

Reaffirming our founding spirit
to create value “unique to Toyo Seikan”

Fundamental Principles

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- 3. To be satisfied with only a small success is to take a step backwards. Our first duty must be at all times to work without losing our youthful vitality and courage.

As a comprehensive packaging manufacturer, Toyo Seikan operates packaging businesses in eight countries including Japan. Every employee demonstrates high expertise as a professional in its own responsibility, and provides solutions to customers and contributes to enhancing their corporate value by providing high value-added products and services unique to Toyo Seikan.

As our universal principles based on which we pursue business activities, we adhere to “Our Fundamental Principles” and “Work Rules for Our Employees”. Our mission is “to contribute to the happiness and prosperity of mankind through packaging technology”. By reaffirming our founding spirit, we aim to grow together with the society through sound business activities.

Business strategy

Japan’s economy in 2014 followed a gradual recovery accomplished by improvements in corporate profits and employment and income environments despite a temporary downturn in consumer spending due to

adverse effects including consumption tax increase.

Under such circumstances, our Group continued to face severe management environment affected by consumption tax increase and lower sales volume due to unseasonable weather in summer. In order to respond to daily changes in market environment, we will reexamine our business framework by restructuring the entire production system, and establish an efficient and low-cost production system for achieving sales expansion. In addition, while aiming to secure stable revenue from the growth and expansion of existing overseas companies, we will continuously invest in such regions as ASEAN, China, EU and the US. We will further promote vertical expansion of packaging container business and machinery and equipment business, and reallocate appropriate resources through selection and concentration of business by market/region.

Promoting CSR management

Toyo Seikan will celebrate the 100th anniversary of its establishment in 2017. Needless to say, our business

activities depend on the trust from customers, business partners and the local community. We are eager to establish strong relationship with stakeholders in accordance with the philosophy of “Sanpo-yoshi” (benefit for all three parties), which tells us that in business merchant should take into consideration i) “seller’s benefit” to pursue business with passion and pride, ii) “buyer’s benefit” to think from buyer’s perspectives, and iii) “public benefit” to be widely acknowledged by many people.

In July 2013, we acquired the certification of the three management systems of quality (ISO9001), environment (ISO14001) and food safety (FSSC22000) through combined audit. By practicing these systems, each one of us will engage in our routine works and strive to carry out improvement activities day in and day out to accomplish each section’s missions efficiently and effectively.

Environmental Activities

The climate change risk associated with global warming is a pressing social issue given the frequent occurrence of

typhoons and abnormal weather in recent years. Toyo Seikan Business Group is now engaging in activities to achieve, by 2015, 5% reduction of CO2 emissions from FY1990 level. Our CO2 emissions in FY2014 increased by 19% from FY1990 due to factors such as additional production lines and startup of a new plant. FY2015 marks the final year of our target, and we are now setting a new medium and long-term goals. We will strive to further reduce CO2 emissions through productivity improvement, fuel conversion, waste heat recovery and introduction of energy-saving equipment.

We would like to hear your honest opinion after you read through this report.

Ichiro Nakayama
President and CEO
Toyo Seikan Co., Ltd.

Toyo Seikan Overview

Toyo Seikan Co., Ltd.

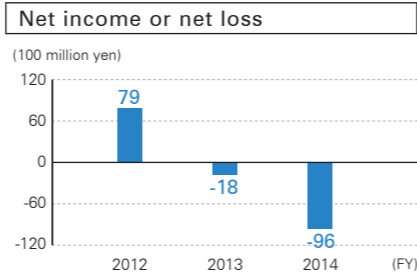
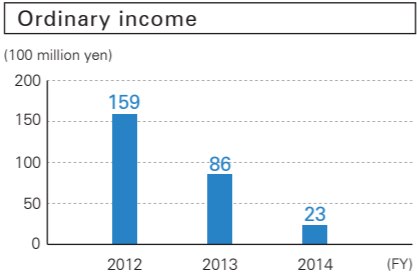
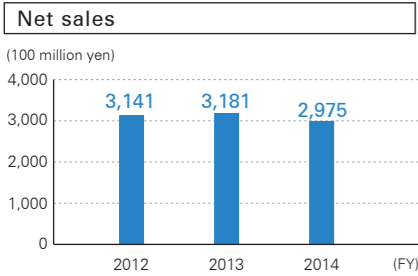
Established: June 25, 2012
President: Ichiro Nakayama
Capital: 1,000 million yen
Head Office: Osaki Forest Bldg., 2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo 141-8640, Japan

Business Outline:

- Manufacturing and sales of packaging containers made of various materials
- Sales of machinery for food packaging and packaging systems, and technical services



Financial data (non-consolidated)



Manufacturing sites

14 plants across Japan

- Chitose Plant
- Sendai Plant
- Ishioka Plant
- Kuki Plant
- Saitama Plant
- Kawasaki Plant
- Yokohama Plant
- Shizuoka Plant
- Toyohashi Plant
- Shiga Plant
- Ibaraki Plant
- Osaka Plant
- Hiroshima Plant
- Kiyama Plant

Toyo Seikan Business Group Companies

Major sites

Japan

- Honshu Seikan Co., Ltd.
- Nippon National Seikan Co., Ltd.
- Ryukyu Seikan Kaisha, Ltd.
- PET Refine Technology Co., Ltd.
- Toyo Seihan Co., Ltd.
- Fukuoka Packing Co., Ltd.
- TM Pack Co., Ltd.
- Japan Bottled Water Co., Ltd.
- Toyo Food Equipment Co., Ltd.
- Toyo Mebius Co., Ltd.
- T&T Enerotechno Co., Ltd.

Overseas

China

- Toyo Seikan Guangzhou Co., Ltd.
- Toyo Pack (Changshu) Co., Ltd.
- Stolle Machinery (Shanghai) Company Limited
- Stolle Tokan Machinery (Shanghai) Co., Ltd.

Vietnam

- Stolle Asia Pacific Co., Ltd.
- Asia Packaging Industries (Vietnam) Co., Ltd.
- Asia Packaging Industries (Vietnam) Trading Co., Ltd.

Thailand

- Bangkok Can Manufacturing Co., Ltd.
- Next Can Innovation Co., Ltd.
- Toyo Seikan (Thailand) Co., Ltd.
- Kanagata (Thailand) Co., Ltd.
- Global Eco-can Stock (Thailand) Co., Ltd.
- Toyo Mebius Logistics (Thailand) Co., Ltd.

Malaysia

- Malaysia Packaging Industry Berhad

U.S.A.

- Can Machinery Holdings, Inc.
- Stolle Holdings, Inc.
- Stolle Machinery Company, LLC

United Kingdom

- Stolle Europe Ltd.

Brazil

- Stolle Machinery do Brasil Industria e Comercio Equipamentos Ltda.

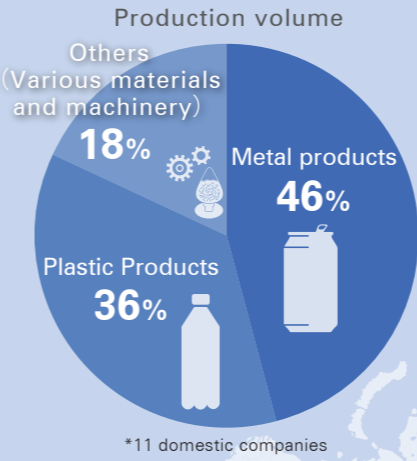
(as of March 31, 2015)

Production volume

621,000 tons

FY2014 production volume amounted to 621,000 tons, 82% of which consisted of metal and plastic products.

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Number of Toyo Seikan Business Group companies

Japan
12 companies

Overseas
19 companies

Toyo Seikan employees

3,916 employees

(including 67 assigned overseas)

All 3,916 employees with different personalities pursue business operations embedded in local culture.

Toyo Seikan was founded in 1917 and established its headquarters and plant in Osaka. After over 90 years of foundation, it has now expanded into a group of 12 companies in Japan and 19 companies overseas.

Toyo Seikan Co., Ltd. viewed as numbers

(as of March 31, 2015)

CO2 emissions in manufacturing operations

By upgrading to energy-saving equipment and improving production efficiency, CO2 emission in Japan has been reduced by 51 tons from the previous year.

Japan

711,000 tons

Overseas

134,000 tons

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Waste recycling rate

99.9%

We have been working to reduce waste and implement effective recycling. While only 3kg of waste was landfilled in 2014, the remaining waste was recycled.

*non-consolidated

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Features

Development of innovative PET bottle filling system

[NS System]



NS (Non Sterilant) System has been developed by combining the technologies of PET bottle manufacturing and its filling system.

Conventionally, filling methods used for non-carbonated beverages such as tea products were either hot filling, for which it is difficult to reduce the bottle weight as the bottle needs to withstand high temperature, or aseptic filling, for which a large amount of water needs to be consumed to rinse sterilant, posing environmental challenges in either case.

To solve such issues, NS System is an innovative technology that can fill the bottle at ambient temperature and without using sterilant.

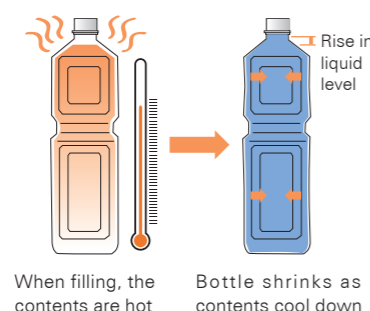
Conventional system

Hot filling

Contents sterilized at high temperature and filled at same temperature, then cooled by cold water shower.

Need a bottle capable of withstanding high temperature without deforming.

Difficult to reduce bottle weight

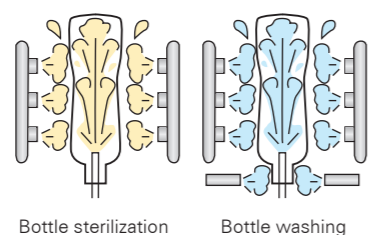


Aseptic filling

“Sterilized contents” filled in “sterilized bottle” at ambient temperature under sterilized environment.

No need to withstand high temperature and easy to reduce bottle weight.

Large amount of water required for sterilization and rinsing.



New system

NS filling system

Warm water sterilization system without sterilant by filling at room temperature

Resource saving

Possible to reduce the weight of PET bottle

Reduced by **4,569 tons** in crude oil equivalent

Water saving

Possible to sterilize without sterilant

Reduce by **50%**

Development of lightweight bottle

In achieving bottle lightweighting, the bottle needs to have buckling strength to withstand axial load, while resisting deformation from heat during hot filling.

PET bottles for NS System secure the required strength to withstand axial road with a unique bottom shape serves to create internal pressure when filled, under the new concept of actively deforming the bottom.

This enables the bottle side panels to be designed to absorb vacuum (withstand deformation) after cooling, leading to a weight reduction of as much as 30% for 500ml size. The increased number of side panels from 6 to 10 also improved easy-to-grip property.



Deforming bottom



Conventional bottle
6 side panels

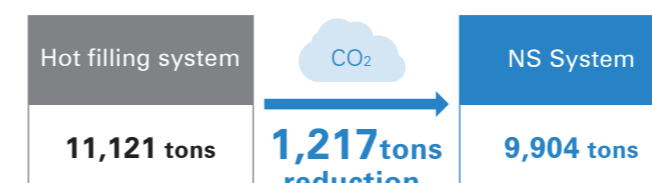
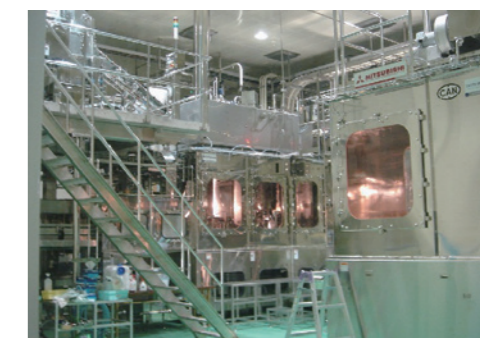


Lightweight bottle
Improved easy-to-grip property with 10 side panels

Reduction of environmental impact

NS System employs warm water sterilization system without the use of sterilant to sterilize the bottle, eliminating the need for a large amount of water to rinse sterilant and subsequent effluent water treatment. Furthermore, this system uses warm and ambient water, a part of which is recirculated, enabling the water consumption to be reduced by approx. 50% as compared to aseptic filling system.

This warm water sterilization system can also reduce CO₂ emissions by 1,217 tons per year as compared with hot filling system that requires high temperature sterilization.



Hand-in-hand with customers - reduction of environmental impact through value chain

NS System was developed under the cooperation of ITO EN, LTD., who wanted to establish a process to aseptically fill PET bottles with less resources and energy but without losing green tea flavor while reducing environmental impact, a system materialized by making bottles inside the filling plant

and not using sterilant. Environmental impact has successfully been reduced with lighter weight and sterilized bottle, with the additional benefit of major freight cost reduction by forming bottles in the filling plant. We will further improve the system to meet or exceed customer needs.

VOICE

Comments from people contributed to development



Pursued reliable system even under harsh conditions for bottles and machines

Mr. Beppu

Manager
West CE Section
Customer Engineering

NS System was developed on the plant floor through collaboration among ITO EN, LTD., Toyo Seikan Group and filling companies. We worked on closures, bottles and equipment along with Nippon Closures Co., Ltd., and, supported by the machine supplier Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd. and our Technical Headquarters, developed a reliable system even under harsh conditions for bottles and machines.

I will strive for further “advancement” to gain the trust of our customers in the future.



Focused on creating the system using the warm water sterilization for retaining aseptic.

Mr. Kominami

Deputy Chief
Fundamental Technology Department CSS Group
Technical Headquarters

With conventional filling system of green tea products in PET bottle, there was a limit to bottle light weighting because the bottle required high heat resistant property. NS System can reduce the bottle weight by adopting ambient temperature aseptic filling method. I focused on creating the system using the warm water sterilization for retaining commercial aseptic with non sterilant. I will continue developing ecological filling and sterilization systems.



Commendation



FY2014 Awards for Resource Recirculation Techniques and Systems
“Award of Director-General of Industrial Science and Technology Policy and Environment Bureau of Ministry of Economy, Trade and Industry”



The 2nd Food Industry Mottainai Awards
“Award of Director-General of Food Industry Affairs Bureau”



Environmental Award
(hosted by The Hitachi Environment Foundation, Nikkan Kogyo Shimbum Ltd.)
“Award for excellence”

*All jointly awarded with ITO EN, LTD.

TOPICS

Toyo Seikan Topics for FY2014



Business Topics

Takatsuki Logistics Center opened

In January 2015, Toyo Mebius “Takatsuki Logistics Center” was completed on the site of Toyo Seikan Takatsuki Plant in Takatsuki City, Osaka. It is a 4-story large multi-tenanted logistics center, with a total floor area of approx. 27,000 m² on the site area of approx. 62,000 m². It is located between Osaka and Kyoto, where Takatsuki Interchange of Shin-Meishin Expressway is expected to open and its importance would increase.

In addition, this center will serve as a temporary shelter to local residents at the time of disaster.



Product Topics

Fi-Cell AsiaStar contest “AsiaStar 2014” Award

“Fi-Cell”, a foamed PET bottle, won the “Package Design Award” in Japan Packaging Contest 2014 (sponsored by Public Interest Incorporated Association Japan Packaging Institute) as well as the “AsiaStar 2014” in AsiaStar Contest (sponsored by Asian Packaging Federation).



AsiaStar Award

The AsiaStar Award contest has been held with a goal of introducing superior package from Asian countries to the world. Only the packages which have received a prize in the domestic contest of the Asian countries can enter in this contest.



Environmental Topics

Environmental Communication Award

Toyo Seikan “Sustainability Report 2014” won the “Excellence Award” in the environmental report department of the 18th the Environmental Communication Awards (sponsored by Ministry of the Environment, General Incorporated Foundations Global Environmental Forum).

As a company that is trusted by our customers, we will strive to disclose appropriate information and reduce the environmental load in the future.



Environmental Communication Award

The Environmental Communication Award, by making honorable recognition of excellent environmental reports and environmental activities report, is the awards system intended to improve the quality of environmental information disclosure, as well as to promote the efforts of environmental management and environmental communication of business operator.

In Asia, consumption has become more diversified along with the economic growth, and container demands are expanding. Overseas expansion of our major Japanese customers is also rapidly taking place, thus requiring high quality packages. In Thailand, where many Japanese companies are operating, we have five group companies engaged in container-related businesses. We will continue to expand our business overseas by leveraging the know-how and technical capabilities that we have accumulated in Japan.



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

In 2014, Global Eco-can Stock (Thailand) Co., Ltd. (GEST) has started production. We will expand the overseas production of aTULC by setting up its material supplier abroad.

Company Profile

Establishment:	October 2012
Site area:	105,000 m ²
Business outline:	Manufacturing and sales of resin-coated aluminum material
Employees:	Thai 75, Japanese 10 (As of June 30, 2015)



Eco-friendly Building

When building the plant building, we paid full attention to the environment and energy saving by utilizing natural light and open air.

Also, as a security measure, we installed a constant monitoring system with monitoring cameras at the doorways of the entire building. Entrance for the employees is set up with fingerprint authentication system to achieve full security.

■ Energy-saving lighting1

By installing SetsuDen mirror, a highly reflective metal sheet made by Toyo Kohan, we reduced the number of lighting by 39 units from the original plan.

■ Proper control of the indoor pressure

Positive pressure is retained inside the building by pulling in outside air. For saving energy, the number of the air supply and exhaust fans has been minimized to control the pressure difference at a constant level.

■ Warehouse with natural ventilation system2

Energy consumption has been reduced with natural ventilation system.

■ Use of natural daylight3

Entrance and office windows are made of glass to utilize lighting from outside. In addition, the glass is coated with UV cut film to increase air cooling efficiency.

■ Roof and exterior surface

A highly reflective material is used to reduce internal heat load from sunlight.



Manabu Akimoto
Vice President

As the first plant to make aTULC material abroad, Global Eco-can Stock (Thailand) was established on October 17, 2012. Construction of the plant building and installation of production equipment started from 2013 in Rayong Eastern Seaboard Industrial Estate in eastern Thailand, and the production started from August 2014. We are producing aTULC material for Japan and overseas.

We are conforming to the building specifications in consideration of the environment and pursuing waste separation and reduction activities. We will promote further energy-saving activities to reduce the environmental impact.



aTULC, an eco-can

aTULC is a metal can developed by Toyo Seikan which significantly reduces the environmental impact. GEST is making the aluminum can stock laminated with PET film for aTULC.

By coating PET film to the aluminum substrate, washing process and water treatment facility required for conventional aluminum can are eliminated, thereby generating no solid waste from water treatment process.

Environmental activities

In GEST, wastes from the plant such as aluminum scrap, wood chips, corrugated cardboard, paper, resin and plastic are classified into 19 categories to reduce waste and promote recycling.



Toyo Seikan (Thailand) Co., Ltd.

In May 2013, three group companies in Rojana Industrial Park of Ayutthaya, Thailand, (Well Pack Innovation Co., Ltd., Toyo Pack International Co., Ltd. and Toyo Seikan Technical & Administration Service Center (Asia) Co., Ltd.) merged to form Toyo Seikan (Thailand) Co., Ltd.

Beverage segment, which started a new PET bottle filling line in 2014, introduces the impressive experiences during business reconstruction from the flood, and the environmental initiatives and community contribution.



Company Profile

Establishment: May 1, 2013 (WPI・TPI・TAS companies merged to establish a new company)
Business outline: General container business (plastic container manufacturing)
 Beverage business (plastic container manufacturing and beverage filling)
 Service Business
 • Technical services (R&D and production technology)
 • Marketing Service
 • Administration Service
Business locations: Ayutthaya Rojana headquarters factory
 Si Racha factory (Saha Industrial Park: LION (Thailand) plant site)
 Bangkok office
 Rangsit office (accounting operation services office)
Employees: Employees 781 persons (Rojana 578 persons, Si Racha factory 187 persons)
 Outside Engineering 186 persons (Rojana 45 persons, Si Racha factory 141 persons)
 Among them Japanese employees 21 persons
 (December 31, 2014)



Kenjiro Ichikawa
Managing Director
Beverage Company

Toyo Pack International Co., Ltd., was formed in 2007 as a beverage company and has pursued manufacturing and filling operations of PET beverage bottles for 7.5 years since its establishment in February 2008.

Our Plant was affected by the flood occurred in 2011 in Thailand, and after a great damage including shutdown for about one year, we restored operations with the cooperation of all our employees. In May 2013, it was reconstructed as Toyo Seikan (Thailand) Co., Ltd. (TST).

The most vivid impression we Japanese people had in the post-flood reconstruction was a strong will of Thai people to “never give up”. The plant that had been flooded for a month was most unlikely to be restored as a food plant. However, all our employees’ combined efforts have led to what TST is now.

Our priority in pursuing business in Thailand is to contribute to Thailand and coexist with Thai people. We should never forget that we are being allowed to work in Thailand. TST is striving to contribute as much as possible to the Thai economy and improvement of Thai people’s quality of life.



Water level during flooding
Monument to show the water level of the factory flooded



Environmental activities

Our beverage segment has been working on the acquisition of the certificate mainly for food manufacturing, and we have acquired ISO14001 certificate in September 2014. By thoroughly reducing resources and sorting waste, our employees’ awareness for recycling and environmental consideration is increasing.

Activities for regional contribution

From 2014, we started donations to schools in Ayutthaya Province where TST headquarters/factory is located. Through donation to local schools for purchasing stationeries and helping in extra-curricular activities, we will contribute for better educational environment.



VOICE

Toyo Seikan (Thailand) Co., Ltd. started the operation of a new filling line for PET bottle in March 2014. This new line has filling capacity of to 460 bottles per minute.

We will continue to promote environmental activities such as waste reduction and thorough implementation of 5S activities.



Pornchai Sungthong
Manager
Quality Assurance Department

Promotion of Environmental Management

As a comprehensive package manufacturer, Toyo Seikan always considers environment in relation to products, corporate activities and services. We will strive to prevent environmental pollution and reduce environmental impact.

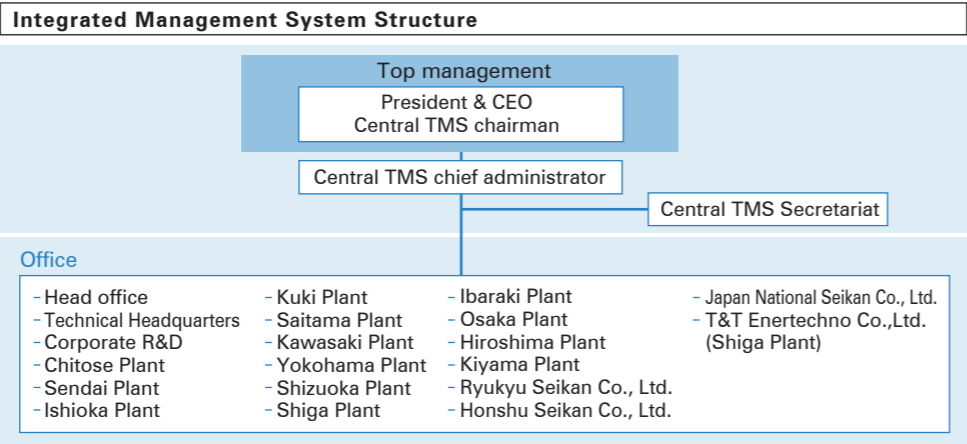
Management system that integrates quality, environment and food safety

▶ Toyo Seikan

Toyo Seikan introduced environmental management system (ISO14001) in 1999 for each plant and offices, and acquired ISO14001 Certificate for the entire business units in 2007.

In addition, in order to more efficiently enforce the system, we have combined ISO14001 with quality management system (ISO9001) and food safety management system (FSSC22000) to form "Integrated Management System (TMS)" and acquired integrated (complex) certification in 2013.

Utilizing this integrated management system, we are efficiently practicing measures for quality, environment and food safety from the top management down to each department of plants and offices.



Quality, Environment and Food Safety Policy

▶ Toyo Seikan

Integrated Management System Policy (Quality, Environment and Food Safety)

1. Basic Principles

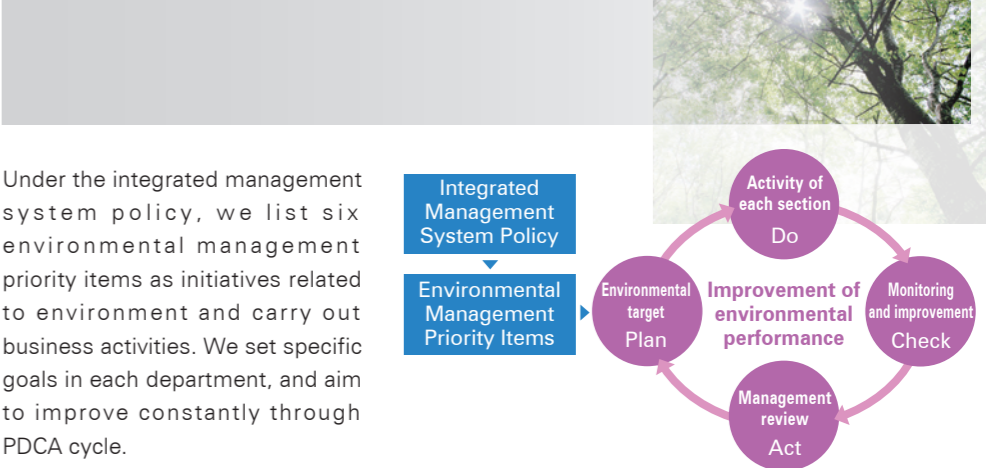
Toyo Seikan Co., Ltd. delivers safety and security to meet customer's trust, attractive quality, and products, systems and services that are friendly to the environment, and contributes to happiness and prosperity of mankind.

2. Basic policies

- (1) Individuals working at Toyo Seikan will satisfy our customers, and will deliver safety and security, attractive quality, and the products, systems and services that take the environment into consideration.
- (2) Individuals who work at Toyo Seikan in all of our business activities will strive to prevent environmental pollution and reduce environmental impact.
- (3) We will have sincere dialogue (communication) with stakeholders, and continue to pursue better systems that improve the quality, environment and food safety.
- (4) We will keep compliance with relevant laws and contracts.

Environmental activities of Toyo Seikan

▶ Toyo Seikan



Environmental management priority items

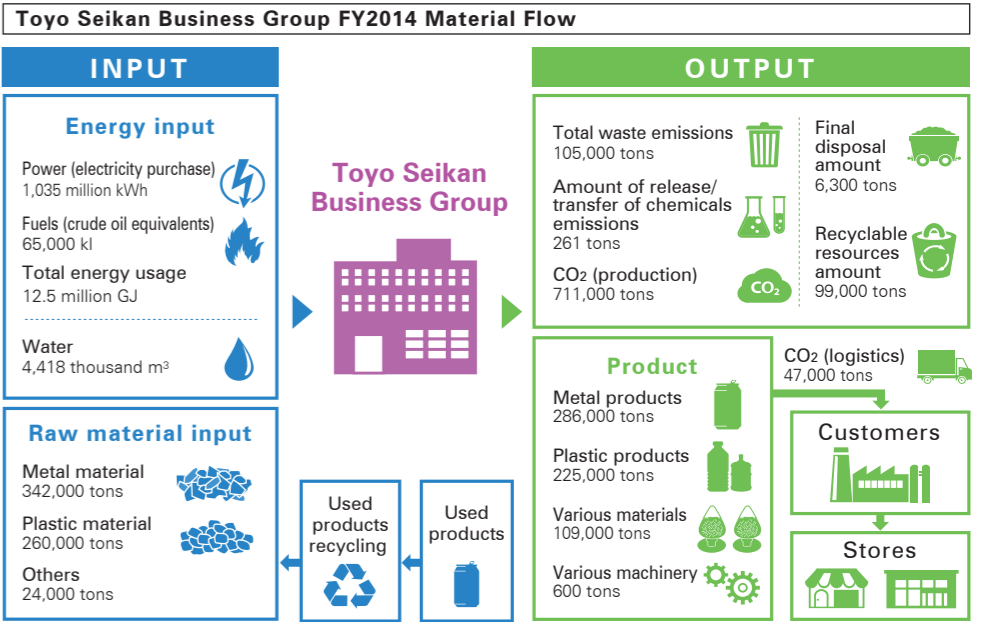
In connection with our activities in the environmental aspects related to products and services, we will address the following items as company-wide environmental management priority items.

- 1. While focusing on reducing the environmental impact over the life cycle of containers, we will promote the product/technical development and sales of ecological products.
- 2. We will strive to conserve energy and resources over the business activities in general, and will reduce waste and promote reuse of waste.
- 3. With regard to environmental pollutants, we will promote a switch to alternative materials as much as possible and will aim to adopt alternative technologies.
- 4. We will take an active part in social activities such as recycling of used containers.
- 5. We will promote green procurement for environmental impact reduction.
- 6. We will promote the activities with consideration to biodiversity.

Material Flow

▶ Toyo Seikan Business Group

Toyo Seikan Business Group strives to understand the overall environmental impact of business activities in order to further reduce environmental impact efficiently.



*11 domestic companies

Environmental Activity Report
of Toyo Seikan

▶ Toyo Seikan

Toyo Seikan has established environmental targets from environmental management priority items and material flow, and is promoting to improve environmental performance.



Production activities

Evaluation indicator : Results of FY2014... ★★★Target achieved ★★Slightly behind ★Requires additional effort

Category	Items	Target and Results	Evaluation	Details and Future Policies																					
Production activities	Reduce energy consumption (primary unit per production)	<table><tr><th>FY</th><th>2009</th><th>2013</th><th>2014</th><th>2015</th><th>2017</th></tr><tr><td>Target value</td><td>100%</td><td>98%</td><td>98%</td><td>99%</td><td>96%</td><td>94%</td></tr><tr><td>Result</td><td>100%</td><td>98%</td><td>98%</td><td>99%</td><td>96%</td><td>94%</td></tr></table>	FY	2009	2013	2014	2015	2017	Target value	100%	98%	98%	99%	96%	94%	Result	100%	98%	98%	99%	96%	94%	★★★	Despite increase in production, FY2014 target significantly achieved by promotion of energy conservation activities. Promotion of conservation activities through improvement of efficiency and update of production equipment to continue.	
	FY	2009	2013	2014	2015	2017																			
	Target value	100%	98%	98%	99%	96%	94%																		
	Result	100%	98%	98%	99%	96%	94%																		
	Reduce CO2 emissions	CO2 emissions from production	<table><tr><th>FY</th><th>2009</th><th>2013</th><th>2014</th><th>2015</th><th>2017</th></tr><tr><td>Target value</td><td>100%</td><td>100%</td><td>108%</td><td>103%</td><td>103%</td><td>94%</td></tr><tr><td>Result</td><td>100%</td><td>99%</td><td>108%</td><td>103%</td><td>103%</td><td>94%</td></tr></table>	FY	2009	2013	2014	2015	2017	Target value	100%	100%	108%	103%	103%	94%	Result	100%	99%	108%	103%	103%	94%	★★★	FY2014 target achieved but emissions surpassed from previous year as emission factor increased. Aim to reduce by 6% by 2017 vs. 2009. *Calculated using the power CO2 emission factor of FY2012
		FY	2009	2013	2014	2015	2017																		
Target value	100%	100%	108%	103%	103%	94%																			
Result	100%	99%	108%	103%	103%	94%																			
CO2 emissions from logistics	<table><tr><th>FY</th><th>2009</th><th>2013</th><th>2014</th><th>2015</th><th>2017</th></tr><tr><td>Target value</td><td>100%</td><td>89%</td><td>78%</td><td>74%</td><td>75%</td></tr><tr><td>Result</td><td>100%</td><td>84%</td><td>79%</td><td>74%</td><td>75%</td></tr></table>	FY	2009	2013	2014	2015	2017	Target value	100%	89%	78%	74%	75%	Result	100%	84%	79%	74%	75%	★★	FY2014 target not achieved due to increase in long-distance transportation to different warehouse as a result of new warehouse expansion. Aim to reduce by 25% by 2017 vs. 2009.				
FY	2009	2013	2014	2015	2017																				
Target value	100%	89%	78%	74%	75%																				
Result	100%	84%	79%	74%	75%																				
Reduce the primary unit of material usage. (primary unit per production)	<table><tr><th>FY</th><th>2009</th><th>2013</th><th>2014</th><th>2015</th><th>2017</th></tr><tr><td>Target value</td><td>100%</td><td>95%</td><td>93%</td><td>87%</td><td>86%</td></tr><tr><td>Result</td><td>100%</td><td>94%</td><td>90%</td><td>87%</td><td>86%</td></tr></table>	FY	2009	2013	2014	2015	2017	Target value	100%	95%	93%	87%	86%	Result	100%	94%	90%	87%	86%	★★★	FY2014 target achieved with container weight reduction. Will promote further weight reduction and efficient use of materials.				
FY	2009	2013	2014	2015	2017																				
Target value	100%	95%	93%	87%	86%																				
Result	100%	94%	90%	87%	86%																				
Reduce total waste discharge	<table><tr><th>FY</th><th>2009</th><th>2013</th><th>2014</th><th>2015</th><th>2017</th></tr><tr><td>Target value</td><td>100%</td><td>73%</td><td>75%</td><td>86%</td><td>86%</td></tr><tr><td>Result</td><td>100%</td><td>81%</td><td>90%</td><td>86%</td><td>86%</td></tr></table>	FY	2009	2013	2014	2015	2017	Target value	100%	73%	75%	86%	86%	Result	100%	81%	90%	86%	86%	★	FY2014 target not achieved with increase of dehydrated sludge from waste water treatment facility due to new PET bottle filling equipment. Aim for 14% reduction in FY2017 from FY2009 level.				
FY	2009	2013	2014	2015	2017																				
Target value	100%	73%	75%	86%	86%																				
Result	100%	81%	90%	86%	86%																				
Reduce the amounts of PRTRs released and transferred (vs. FY2010 results)	<table><tr><th>FY</th><th>2010</th><th>2013</th><th>2014</th><th>2015</th><th>2017</th></tr><tr><td>Target value</td><td>100%</td><td>134%</td><td>111%</td><td>111%</td><td>99%</td></tr><tr><td>Result</td><td>100%</td><td>125%</td><td>104%</td><td>111%</td><td>99%</td></tr></table>	FY	2010	2013	2014	2015	2017	Target value	100%	134%	111%	111%	99%	Result	100%	125%	104%	111%	99%	★★★	FY2014 target achieved but amount increased from FY2009 due to increase of products with coating and printing. By conversion to alternative materials, aim for 1% reduction by FY2017 from FY2010. * For materials with annual transaction volume of 10kg or more				
FY	2010	2013	2014	2015	2017																				
Target value	100%	134%	111%	111%	99%																				
Result	100%	125%	104%	111%	99%																				
Reduce VOC emissions	<table><tr><th>FY</th><th>2009</th><th>2013</th><th>2014</th><th>2015</th><th>2017</th></tr><tr><td>Target value</td><td>100%</td><td>133%</td><td>129%</td><td>137%</td><td>135%</td></tr><tr><td>Result</td><td>100%</td><td>139%</td><td>141%</td><td>137%</td><td>135%</td></tr></table>	FY	2009	2013	2014	2015	2017	Target value	100%	133%	129%	137%	135%	Result	100%	139%	141%	137%	135%	★	FY2014 target not achieved due to increase of products with coating and printing. Although products with coating and printing are expected to further increase, we will increase the use of water-based coating and solvent-less adhesive to reduce VOC emissions.				
FY	2009	2013	2014	2015	2017																				
Target value	100%	133%	129%	137%	135%																				
Result	100%	139%	141%	137%	135%																				

Product development and sales, Environmental management, Environmental communication

Category	Items	FY2014	Evaluation	FY2015 Target
Product development and sales	Develop eco-friendly products	<div>Target<ul style="list-style-type: none">Promote product development focused on materials, manufacturing processes and recycling.Implement LCA evaluation in product development.</div> <div>Activities<ul style="list-style-type: none">Promote product development that takes into account the materials, manufacturing processes and recycling.LCA evaluation in product development.</div>	★★★	<ul style="list-style-type: none">Promote product development that takes into account the materials, manufacturing processes and recycling.Promote LCA evaluation in product development.
	Promote sales of eco-friendly products	<div>Target<ul style="list-style-type: none">Promote sales of eco-friendly products such as containers with less weight.</div> <div>Activities<ul style="list-style-type: none">Promote lighter containers.</div>	★★★	<ul style="list-style-type: none">Promote sales of eco-friendly products.
Environmental Management	Promote container recycling activities	<div>Target<ul style="list-style-type: none">Support various packaging recycling organizations.</div> <div>Activities<ul style="list-style-type: none">Provide active support such as participating in committee activities, public relations and awareness-raising activities and survey activities.</div>	★★★	<ul style="list-style-type: none">Actively participate in packaging recycling organizations.
	Promote environment risk management	<div>Target<ul style="list-style-type: none">Analyze and share environmental disasters information.Promote environmental risk management of group companies.</div> <div>Activities<ul style="list-style-type: none">Improve verification system of environmental disasters.Implement environmental disasters analysis including group companies.Update information related to revisions to environmental laws and regulations.</div>	★★★	<ul style="list-style-type: none">Improve awareness of environmental disasters and responsive capabilities.Strengthen prevention of environmental accidents.
	Promote chemical substance management	<div>Target<ul style="list-style-type: none">Conduct supplier survey based on Green Procurement Guidelines.Reduce hazardous chemical substances.</div> <div>Activities<ul style="list-style-type: none">Conduct supplier survey based on Green Procurement Guidelines.Consider introduction of equipment capable of reducing hazardous chemical substances.</div>	★★★	<ul style="list-style-type: none">Promote transfer to substances with low environmental impact.
	Utilize LCA	<div>Target<ul style="list-style-type: none">Promote utilization of LCA evaluation data.Establish eco-efficiency technique.</div> <div>Activities<ul style="list-style-type: none">Promote LCA evaluation data utilization towards sales and development department.Set up a study group for eco-efficient packaging in LCA Society of Japan, and promote issuing guidelines.</div>	★★★	<ul style="list-style-type: none">Disclose disseminate environmental superiority data and products with LCA evaluation.Establish eco-efficiency method with LCA evaluation and apply to business.
	Promote biodiversity activities	<div>Target<ul style="list-style-type: none">Promote biodiversity activities to plants.</div> <div>Activities<ul style="list-style-type: none">Survey green space and water management of plants.</div>	★★★	<ul style="list-style-type: none">Conduct survey and promotion of proper management of plants.Provide lectures to employees.
	Support environmental activities of business group companies	<div>Target<ul style="list-style-type: none">Support environmental activities of group companies.</div> <div>Activities<ul style="list-style-type: none">Establish Environmental Committee of group companies, and start activities.</div>	★★★	<ul style="list-style-type: none">Support environmental management and performance improvement of group companies.
	Promote environmental communications	<div>Target<ul style="list-style-type: none">Issue environmental reports and site reports.Promote environmental communications through in-house seminars and exhibitions.</div> <div>Activities<ul style="list-style-type: none">Issue environmental reports and site reports.Hold environmental seminars for employees and executives.Provide environmental lectures in classrooms.Participate in exhibitions and run advertisements related to environment.</div>	★★★	<ul style="list-style-type: none">Optimize disclosure method and information to be disclosed.Promote educational support and environmental lectures in classrooms.

Aiming to realize low-carbon societies

CO₂ Emissions

► Toyo Seikan

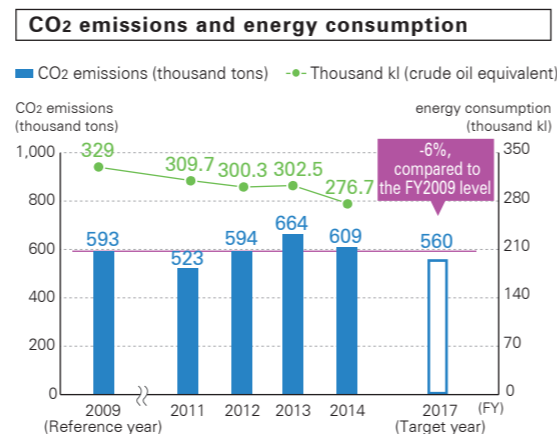
Efforts in production activities

Toyo Seikan is promoting the reduction of CO₂ emissions associated with production activities and logistics to prevent global warming.

Regarding reduction of CO₂ emissions in production activities, Toyo Seikan promotes improvement of efficiency of production activities and renovation to energy saving equipment.

Thanks to these activities, the FY2014 level of CO₂ emissions from production activities of Toyo Seikan was 609,000 tons, 8% reduction from the previous fiscal year. Our energy consumption decreased from FY2009 (reference year of the reduction target), but CO₂ emissions increased which was affected by the deterioration of CO₂ emission coefficient for electricity.

We will further improve the efficiency of production activities and upgrade to energy saving equipment, aiming to reduce CO₂ emissions.



TOPICS

[Toyo Seikan Kiyama Plant] Implementation of electric centrifugal chiller



Absorption chiller (gas)

Centrifugal chiller (electric)

Kiyama Plant will upgrade one of the four steam absorption chiller units used for cooling PET bottle molding machines and for air conditioning to electric centrifugal chiller. As a result, we expect to reduce approx. 640 tons of CO₂ emissions per year. We are also planning to upgrade remaining 3 units.

Efforts in Logistics

► Toyo Seikan

CO₂ emissions from the logistics department of Toyo Seikan in FY2014 was 38,800 tons, 92.8% of the previous fiscal year.

The shipment volume was 89.2% of the previous fiscal year, but transportation distance was 93.9%, so the difference occurred in the ratio of shipment volume and CO₂ emissions versus the previous fiscal year. This was because we had to transport to peripheral warehouses as existing warehouse of our Ibaraki Plant could not be used during expansion work. In addition, we had to transport long distance to warehouses in other plants' area because nearby warehouses were over-loaded.

Utilizing the delivery system, etc., we will further strive to reduce CO₂ emissions from our logistics department.

No. of trucks

11,000 trucks reduction

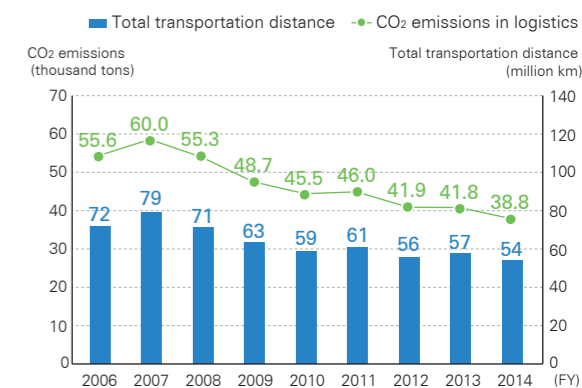
year-on-year
92%

Transportation distance

2,673,000 km reduction

year-on-year
93.6%

CO₂ emissions in logistics



TOPICS

[Toyo Seikan Ibaraki Plant] Expansion of warehouse



Warehouse

In FY2014, Ibaraki Plant carried out the expansion of its warehouse, resulting in the increased capacity of 12,500 pallets. We will strive to reduce CO₂ emissions by reducing traffic to peripheral warehouses.

In-house warehouse utilization rate

Fiscal Year	FY2013	FY2014	FY2015
Utilization rate	40%	23%*1	70%*2

*1 Not used due to construction work
*2 April-May performance

CO₂ emissions of Toyo Seikan Business Group

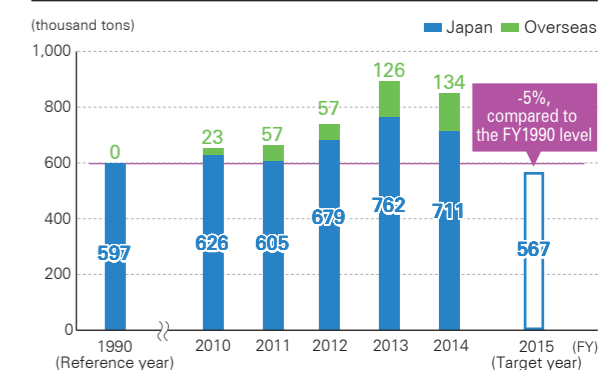
► Toyo Seikan Business Group

Toyo Seikan Business Group sets the target of 5% emissions reduction by FY2015 from FY1990, and is promoting to increase the efficiency of energy use by such measures as switching to energy saving equipment and adopting power saving devices. CO₂ emissions from our domestic operations in FY2014 were 711,000 tons, 7% reduction from the previous fiscal year, but an increase of 19% from the reference year, failing to achieve the target.

CO₂ emissions from our overseas operations were 134,000 tons, an increase of 6% from the previous fiscal year due to the increase of filling lines and startup of new plants, among others.

As this year marks the final year to reach the target, we are formulating a new mid to long term targets. We will further strive to reduce CO₂ emissions by productivity improvement, fuel conversion, waste heat recovery, and energy saving equipment.

CO₂ emissions



Appropriate management of chemicals

Appropriate management of chemical substances

► Toyo Seikan

Toyo Seikan properly manages chemical substances used in the manufacturing process and works on efforts to reduce environmental impact.

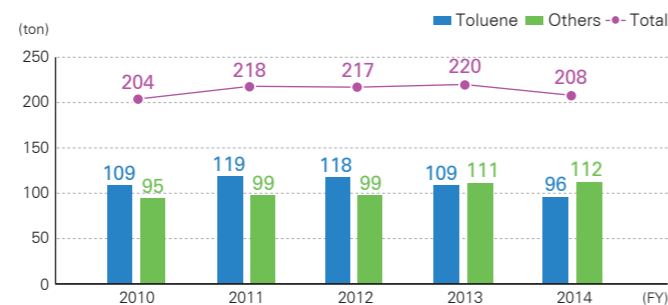
As a specific management activity, overall operational rule for using chemical substances in the entire company including production sites and research and development team is established under the chemical management regulation.

Amount of release/transfer of chemical substances, as designated by the PRTR Law*

► Toyo Seikan

Total amount of release/transfer chemical substances as designated by the PRTR Law was 208 tons. The amount of toluene, which accounts for about a half of the total amount, decreased due to the switch to non-toluene ink solvent.

Amount of release/transfer of chemical substances, as designated by the PRTR Law



*PRTR Law

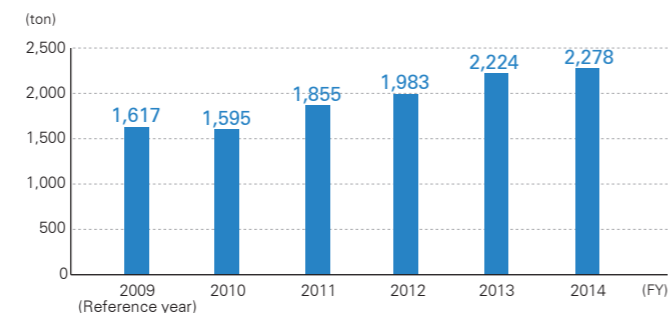
An abbreviation for Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register)

VOC (volatile organic compound) emissions

► Toyo Seikan

VOC, contained in coatings, printing inks, adhesives, detergents, gasoline, thinner, etc., is one of the substances which may cause photochemical smog by photochemical reaction. VOC emissions in FY2014 were 2,278 tons. Toyo Seikan will continue to reduce VOC emissions by switching to water-based coatings, etc.

VOC emissions



Sharing of information on chemicals in the supply chain

► Toyo Seikan

Toyo Seikan has established the green sourcing guidelines for the chemicals contained in raw materials, secondary materials, packing materials, etc., and share information relating to prohibition, restriction and management of chemicals with our business partners.

In FY2014, we reexamined the guideline to respond to revisions of domestic and overseas regulations regarding chemical management. Based on this reexamination, we will conduct surveys with our business partners to grasp information on chemicals contained in the products we supply and to properly exercise chemical management.

Environmental Risk Management

Response to environmental risk

► Toyo Seikan

Environmental risks exist in many production-related items, such as production facilities, production management, storage, and transport. Toyo Seikan is continuing efforts to grasp these environmental risks for preventing environmental accidents. In addition, we are trying to minimize the impact of environmental accidents through various simulated exercises in an emergency to respond to environmental risks.

As for preventing water pollution, air pollution and so on, we renew facilities and conduct periodic inspections to prevent environmental accidents.

Environment accident in fiscal year 2014

► Toyo Seikan Business Group

In FY2014, we had no accidents which seriously affected the environment and the number of responsible environmental accidents in our plants decreased to 5 from 9 in the previous fiscal year.

Four of five accidents were leakage of chemicals such as coating materials and chemical agents. Fortunately, we were able to prevent the outflow from the plant due to prompt action.

Also in FY2015, we are verifying the effectiveness of the measures and trying to prevent the recurrence of environmental accidents.

On the other hand, for the entire Toyo Seikan Business Group, the number of responsible environmental accidents in FY2014 also decreased to 14 from 16 in the previous fiscal year. In FY2015, as efforts to further reduce environmental accidents, we will put the environmental risk assessment into practice in order to grasp factors of environmental accidents latent in plants and offices of Toyo Seikan Business Group.

TOPICS

[Honshu Seikan Yuuki Plant] Installation of a dike

We, Honshu Seikan Yuuki Plant, are manufacturing metal containers such as 18-liter cans and cans for canned foods.

In the manufacturing process, we coat and print the metal plates which are formed into cans, and then bake coating and printed ink in the oven. Because fumes or coating materials stick to oven parts which are conveying coated (printed) metal plates through the oven, we periodically wash the parts by using caustic soda. Waste water from the above washing process is neutralized in a tank at the waste water treatment room and filtered. After then, we discharge the treated water into the sewer.



Mr. Shibata
Plant Manager
of Honshu Seikan
Yuuki Plant



Dike near entrance
of the waste water
treatment room

If leakage of waste water occurs in the waste water treatment equipment such as the neutralizing tank and pipes, and if the leaked water goes out of the room, there is a risk that the waste water flows into rivers through a drain gutter in front of the room. Therefore, we have installed a dike inside the waste water treatment room in order to prevent the outflow of waste water.

It is a minor preventive measure but we continue making improvements to reduce the risks of environmental accidents.

Compliance with environmental regulations

► Toyo Seikan

In FY2014, Toyo Seikan complied with all regulations. We strive to gather information on the amendments to local regulations for each plant, and review the requirements to be observed. Also, our own criteria are stricter than the regulations, and we are striving to comply with them.

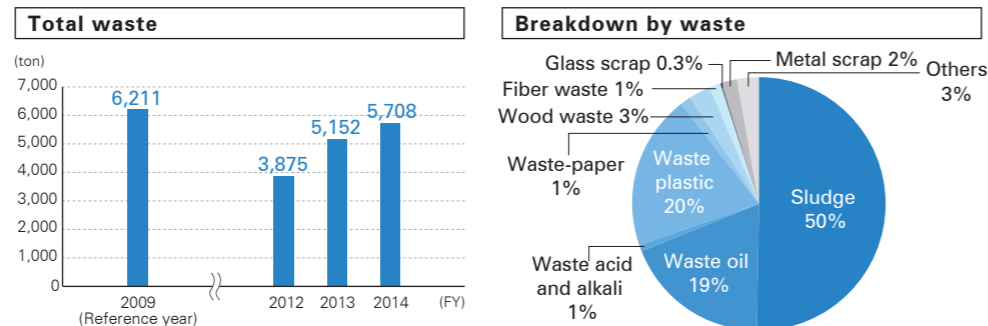
Reduction and effective use of waste

Toyo Seikan strives to reduce and recycle the waste which is discharged from each plant. In FY2014, landfill amount was 0.003 ton and we substantially achieved zero emission. We will continue to reduce environmental impact by working on waste reduction.

Amount of waste

► Toyo Seikan

In FY2014, total amount of waste was 5,708 tons and recycled amount was 5,708 tons. More specifically, landfill amount was 0.003 ton and thermal recycling amount was 219 tons. Because the amount of dehydrated sludge has increased, total amount of waste exceeded FY2013 level. We will strive to reduce the amount of dehydrated sludge.



Achievement of zero emission

The recycling rate in FY2014 was 99.9% because the amount of landfill disposal was 0.003 ton. Although 'perfect' zero emission could not be achieved, the recycling rate exceeded 99%. We have achieved 'over 99% recycling' for 16 successive years from 1999.

96% material recycling rate

Of the waste that was discharged by Toyo Seikan in FY2014, material recycling amount that has been reproduced was 5,489 tons, and we have maintained a high level of material recycling rate at 96.2%. Aiming to achieve over 95% material recycling rate, we will continue the separation of waste.

Reduction of water consumption

Waste water management in plants

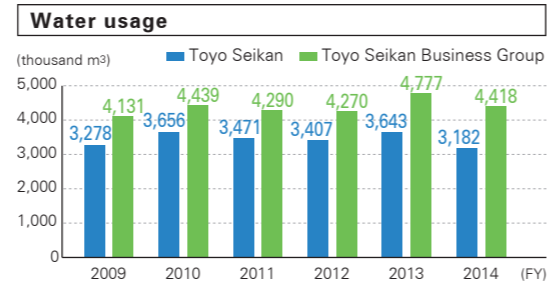
► Toyo Seikan Business Group

Toyo Seikan Business Group manages waste water with stricter criteria than the regulation of ordinances.

In FY2014, the annual water usage by the entire Toyo Seikan Business Group was 8% less than the previous fiscal year. Toyo Seikan alone reduced waste water by 13%.

Freezing machines and cooling towers were updated to the latest high-efficiency equipment, and we achieved waste waters reduction.

In Hiroshima Plant and Kiyama Plant of Toyo Seikan, we are proceeding with renewal work of their waste water treatment facilities. New facilities will be in operation in FY2015. We are aiming at further reduction of water usage by adopting the latest system and improving efficiency of waste water treatment.



LCA (Life Cycle Assessment)

Utilization of LCA

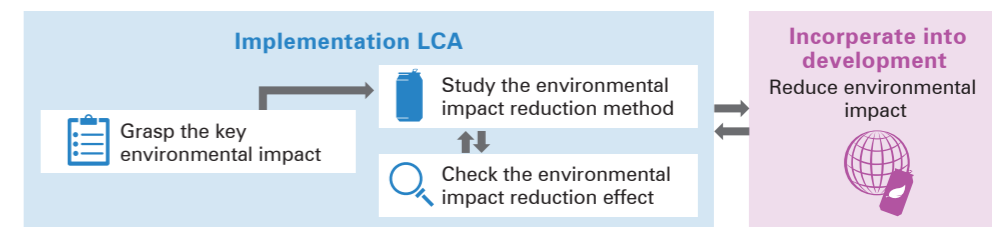
► Toyo Seikan Group

Life Cycle Assessment (LCA) is a technique used to identify the environmental impact of a product throughout its life cycle by assigning respective values. The life cycle includes the collection of resources used for the product, manufacture of materials from the resources, manufacture of the product, logistics and consumption, and recycling or disposal processes.

As Toyo Seikan introduced LCA in 1974, LCA can be used from the development stage, and we aim to develop products with consciousness to the environment. TULC, our metal can, is a product that had been developed by utilizing an evaluation of the environmental impact of LCA from the development stage. We have evaluated 7 products (lightweighting of PET Bottle, etc.) in FY2014. Based on LCA, we will support development with environmental awareness.

Toyo Seikan Group has been holding periodic meetings of the LCA Work Group so Group companies can utilize LCA more effectively. The LCA Work Group shares the latest trends and has created a new standard for eco-friendly products in FY2015.

Development supported by LCA



Development of a new evaluation method

► Toyo Seikan

Based on the experience we accumulated on LCA, we are developing eco-efficiency assessment that can be evaluated in accordance with the "environmental impact of the life cycle" and "functional value of containers and packaging". By the introduction of this evaluation method, we expect to develop packaging products having less environmental impact and better function.

Toyo Seikan set up a study working group on "Eco-efficiency of containers and packaging" at Life Cycle Assessment of Japan in 2014. A total of 12 companies and organizations are participating in this working group and we are promoting activities with the aim of creating guidelines in FY2015.

Method of calculating the environmental efficiency

$$\text{Environmental efficiency} = \frac{\text{Functional value of containers and packaging}}{\text{Environmental impact over the life cycle}}$$

Functional value of containers and packaging

- Quality maintenance
- Secure of Safety
- Universal design, etc.

Environmental impact over the life cycle

- Global warming
- Resource consumption, etc.

Column

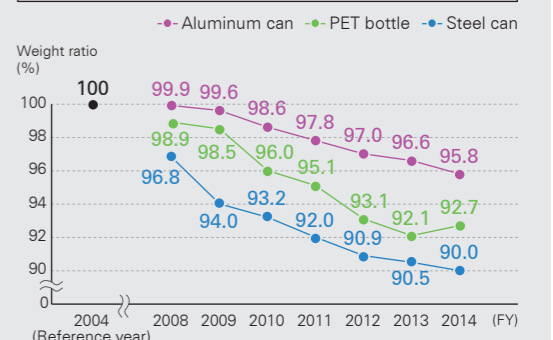
Lightweighting of containers

As an effort to effectively use limited resources, Toyo Seikan is promoting the lightweighting of containers and packaging, which has reduced consumption of resources for raw materials and energy consumption for package manufacturing.

We have successfully reduced the weight of steel cans by 10% by switching to eco-friendly TULC and lighter weight cans with less steel gauge. Aluminum cans also became 4.2% less weight by using thinner aluminum sheet. In FY2014, weight of PET bottles increased as compared to the FY2013 level, but 7.3% weight reduction versus FY2004 has been achieved by the increase of light weight bottles.

As a packaging manufacturer, we will continue working on the weight reduction of our products.

Weight reduction of beverage containers



Environmental communication



Toyo Seikan is promoting educational support activities for children for the next generation so they can learn environmental issues through packaging.

Participation in exhibition

► Toyo Seikan Group

Toyo Seikan Group participated in Eco-Products 2014, which was held from December 11 to 13, 2014 at Tokyo Big Sight and introduced our eco-friendly products to the public. We have also participated in regional events and introduced our products and demonstrated handiworks made from containers.



Eco-Products 2014



Handcraft Workshop at Shinagawa ECO Festival

Classroom lesson

► Toyo Seikan Group

Toyo Seikan Group started providing environmental education to children from 2011.

In FY2014, we provided lessons about the 3R (Reduce, Reuse and Recycle) of containers and packaging in 8 schools.

The lessons are designed to invite students to the interesting world of packaging while teaching them the importance of recycling and urging them to act accordingly. We often have preliminary meetings with school teachers to obtain specific requests from each school so we can organize flexible programs to accommodate such requests.



State of the Environmental lesson

Environmental education

► Toyo Seikan

Toyo Seikan children's environmental poster contests

Toyo Seikan invited employees' families under the age of 15 to send in posters relating to the environment for the purpose of enhancing environmental awareness of our employees and their families. There were 110 entries including those from families of some business group companies. The best poster was selected by employees' voting and displayed at all offices and plants during the "Environmental Month" in June.



The best poster
3rd environment poster contest

Environment Seminar

As part of the environmental education program, an annual environmental seminar is being held at the head office, inviting a guest speaker from outside the company. In FY2014, we invited Dr. Naoki Adachi from Response Ability, Inc., who gave us a lecture entitled "Biodiversity for Companies". There were about 50 participants from the Toyo Seikan Group including our executive officers.



2014 Environmental Seminar

Conservation of Biodiversity

Biodiversity Policy

► Toyo Seikan Group

Biodiversity policy of Toyo Seikan Group was established in 2012. In accordance with the policy, we will grasp the impact of our business activities on biodiversity and promote initiatives for the conservation of biodiversity in the surrounding area of the offices.

Toyo Seikan Group Biodiversity Policy

A lot of creatures exist, including us human beings on the earth, and the life of those creatures and nature have maintained the beautiful earth.

Toyo Seikan Group recognizes that it is a company that exists by consuming natural resources and, to hand over this earth as it is now to our descendants, we will strive to promote sustainable use of resources and conservation of biodiversity.

- (1) In the areas where we pursue business, we will grasp the impact of our business activities on biodiversity and promote initiatives for the conservation of biodiversity in the surrounding area of the offices.
- (2) We will strive to minimize the impact of our business activities including procurement, technical development, manufacturing, sales and services on the ecosystem.
- (3) We will educate our employees on the biodiversity to enhance their environmental awareness.
- (4) We will communicate with stakeholders, such as government, non-profit organizations and local residents, and contribute to the conservation of biodiversity.

(Revised February 2013)

Ecological survey of business establishments

► Toyo Seikan

Toyo Seikan Shiga Plant is located in the rich natural area surrounded by paddy fields. We have conducted an ecosystem survey at the green space and two regulating ponds within the plant site.

As a result, 206 species of creatures such as plants, insects, amphibians, reptiles, birds, mammals, fish and benthic animals have been identified. Among them, there were 12 rare species that have been registered with such documents as Ministry of the Environment Red List and Shiga Prefecture Red Data Book. We have found that the green space and the regulating ponds had become breeding grounds for different kinds of birds. In addition, the regulating ponds were functioning as a breeding ground for cyprinodont and habitats of rare plants. In the future, we will strive to maintain our green space management in consideration of biodiversity.



Regulating pond medaka (cyprinodont) inhabit



Nest of great reed warbler



Water wagtail

At Osaki Forest Building (headquarters of Toyo Seikan), we conserve the natural environment that is suitable for the areas where it is located. We aim to promote rapport with nature, conservation of biodiversity and protection of wildlife. Cameras were placed near the bird bath (bird bathing, drinking fountains) and the basin located on the north side of the building, and we are observing wild birds flying by.



Titmouse bathing in the bird bath

Measures against compliance risks

▶ Toyo Seikan

In the compliance questionnaire conducted to employees in 2013, some concerns/problems were raised on personal relationship in the workplace. Aiming to establish a more comfortable working environment, we included a provision to prohibit power harassment in the Work Rules and established the guidelines for preventing harassment. In addition, to prevent drunk driving accidents caused by employees for the entire Group, we clarified internal rules and are compiling disciplinary action guideline.

Moreover, to prevent entering trade secrets or comments that may harm the reputation and trust of the Company to social networking sites (SNS), which has become a social problem in recent years, we have incorporated a relevant provision into the Work Rules.

Compliance awareness activities by compliance promotion officer

▶ Toyo Seikan

Common major activities were defined on a quarterly basis and we conducted compliance awareness activities at each office. Further, a TV conference was held every 2 months to share information among compliance promotion officers.

Outside Hotline System

▶ Toyo Seikan Group

Toyo Seikan Group established an external “Corporate Ethics Hotline” and “Sexual Harassment and Personal Relationship Hotline”, a common contact point for all group companies as a channel to enable employees to report non-compliance and to provide them consultation, and a system to properly address them. To thoroughly disseminate such external hotlines, a promotion poster was created and displayed at offices of group companies.



Risk management

Risk Management System

▶ Toyo Seikan

To prevent risk and respond to emergency state, Toyo Seikan has established risk management basic provisions and crisis measures basic provisions, and set up a comprehensive risk measures committee to engage in systematic risk management activities corresponding respectively to ordinary and emergency states.

Target risks

▶ Toyo Seikan

There are seven risks related to the business execution of Toyo Seikan as below. The Company has defined the responsible division for each risk and established rules and guidelines, and built the risk management system across divisions. If a new risk other than the following is identified, we will define the responsible division and rules for such risk.

(1) Compliance risk	(5) Information security risk
(2) Quality risk	(6) Risk of natural disasters and accidents
(3) Environmental risk	(7) Country risk
(4) Credit recovery risk	

Responses to target risks

▶ Toyo Seikan

Toyo Seikan will encourage each employee to properly manage various information held internally and promote activities to reduce risks such as leakage of information.

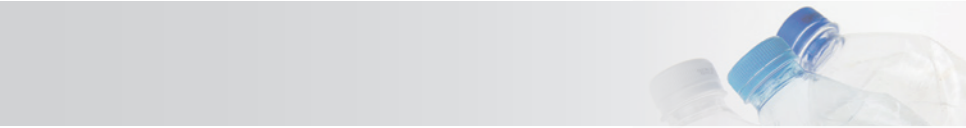
Corresponding to the risk of information security

In FY2014, continuing from last year, we have focused on the following (1) - (3) and implemented antivirus measures on PCs that are not connected to the Internet and reconfirmed the handling of personal information.

- (1) Strict prohibition of connection of personal external storage media
- (2) Encouraged employees to view educational DVD on information security
- (3) Checked personal use of the Internet and provided guidance.

To prevent the risk of information leakage by loss or theft of personal computers, we are promoting thin client computing.

Quality Assurance



Delivering products sincerely

▶ Toyo Seikan

Toyo Seikan delivers a wide range of packages for food, beverage and household products that we frequently use in daily life. From raw material to delivery of consumer products, we strive to elaborate our packages with highest level of quality to satisfy the needs of our customers and society.

Working on quality assurance from customer perspective

Toyo Seikan engages in business activities under the policy of “as a professional packaging company centered on packaging technology, we contribute to the society by providing products with ‘safety’, ‘security’ and ‘attractive quality’”. We strive to improve customer satisfaction throughout the supply chain by creating highly reliable products always from customer perspective.

Pursuit of safety and security

Toyo Seikan focuses on manufacturing excellent packaging containers by leveraging together the fundamental research of Toyo Seikan Group Holdings Corporate R&D and development/production technologies of Toyo Seikan Technical Headquarters with ecological and safety considerations. We will deliver to our customers the added value of safety and reliability which were further developed based on our experience, technology and know-how accumulated over the years.

Also, to meet the strong need for enhancing trust in the food supply chain, we have built and operated food safety management system and quality management system. We will enhance the system for safe and reliable products through continuous improvement of the management systems.

From the manufacturing site

▶ Toyo Seikan

Various inspections and measurements are conducted in the package production processes and for finished products in terms of dimensions, appearance, and performance. In addition, constant efforts are made to enhance safety and security by implementing in-line inspection.

All products are manufactured in hygienically controlled plants and we pursue 5S activities to manufacture products that are trusted by customers.

【5S stands for Seiri (tidiness), Seiton (orderliness), Seiso (cleaning), Seiketsu (cleanliness), and Shitsuke (discipline)】

Quality improvement support to partner companies

▶ Toyo Seikan

Toyo Seikan Group companies and more than 80 partner companies operate as strategic partners of the Company to provide various packages with our CAN logo to the world.

We appropriately support the partner companies who manufacture our products based on the management provision of goods outsourced or purchased.

Together with Employees

It is a social mission and responsibility of Toyo Seikan to “contribute to the happiness and prosperity of mankind” through packaging containers. In order to fulfill this mission and responsibility, it is essential that “people” will grow and demonstrate their skills. We will respect the human rights and individuality of employees who play the central role in our corporate activities, and aim to create a safe, healthy and energetic workplace.

To become an ideal talent

► Toyo Seikan

For people to grow, “feel challenging” and “pride” are needed. To understand “what the Company expects of you”, and to clarify “the talents required by the Company” for increasing motivation for work, the standards of conduct by title and role are defined. All employees should be aware of it, and the boss fairly assesses his or her performance based on this standard. Through “feedback meetings”, the results of personnel evaluation including strength, weakness and expectation are individually conveyed. Each employee should set his or her own goal to become proactive human resources.

Talents the Company needs

- A talent who is highly capable of identifying problems, i.e., tracking down essential problems in business operations from a broad perspective
- A talent who addresses the identified problems on their own initiative
- A talent who encourages subordinates, superiors and colleagues to participate and work as a team
- A talent who can conclude negotiations with various stakeholders in and outside the Company and deliver results
- A talent with the enthusiasm to persevere to achieve the results

Achieving a corporate culture that makes use of diversity

► Toyo Seikan

Re-employment System (special employees)

The Company has introduced a system to re-employ after retirement as special employees, and rehires retirees if they are eligible even after the retirement age of 60-year-old. As of April 1, 2015, there are 360 special employees. This is not only to meet the legal request associated with the raising of the pension pay-out age, but also intended to enable experienced senior employees to fully demonstrate their wealth of knowledge and skills. Also, from the perspective of handing over technical skills at the Productions and Operation Division, we will continue to promote the re-employment system.

Employment of disabled persons

We will further disseminate the normalization principle and promote the employment of disabled people. We aim to become a company where employees can work with motivation.

TOPICS

To The International Abilympics (National Skills Competitions for People with Disabilities)

Mr. Katsushita of Shizuoka Plant was chosen as a representative player for International Abilympics (National Skills Competitions for People with Disabilities) to be held in France in March 2016. He is expected to compete well in the computer assembly competition.



Mr. Katsushita

Childcare support

Our female employees actively take maternity and childcare leaves and continue working even after giving birth. The Company enhances childcare support, such as creating flexible working atmosphere and introducing shorter working hours and supports work life balance for employees.

Recruitment of mid-career professionals and international talents

In the recent rapidly changing business environment, the Company has enhanced the collective strength of the Group and advanced into new fields, such as new businesses and overseas business. We must have a variety of abilities, values and ideas in order to persist in the future, and to continue to contribute to society. For the purpose of securing talents who can flexibly respond to changes, we are expanding the recruitment of mid-career professionals and international talents.



Employee Hon at work

Human resource development

► Toyo Seikan

Nurturing engineers who support the next generation

In order to promote the management centered on “people” and “technology”, the Company supports the growth of employees by providing not just class room lecture but also on-the-job training to those with enthusiasm.

To facilitate steady handover of skills, we have established a “Technical Education Center” where training machines are installed, and through hands-on experience with the machine in addition to lectures, we are training the next generation engineers. In FY2014, 230 employees took part.

For new employees in the manufacturing division, we provide them with a program to thoroughly master the “principles” which are the basis of manufacturing, in three years of employment.



The provision of equipment, containers and the production technology to overseas markets is expected to grow in the future. Therefore, to have a global perspective and to feel the trend in the packaging market, we started to send some employees to study at overseas universities with the school of packaging. We are working to develop human resources who can be at the forefront of our global development through learning and living in a different culture, seeing from higher and different perspectives and experiencing new trend.



The university where our employee studies



Professor and the employee studying abroad (right)



At the university student exchange event

Training method and career improvement support to meet various needs

The Company offers 484 correspondence education programs for employees to learn new knowledge and to widely support their career development. Those who have completed correspondence courses are reimbursed the total course fees and 2,490 courses were completed by our employees in FY2014.

An incentive system is in place to encourage employees to actively acquire official certifications and licenses related to business operations, thereby improving the level of operations. The Company offers incentive payments to those who have acquired official certifications and licenses designated by the Company. Qualifications are reviewed in accordance with the business development to enhance the system.

To further expand and develop business overseas, we support employees to acquire foreign languages to become accustomed to foreign cultures and also provide a training prior to overseas assignment to learn about the culture, religion, custom, public security of the assigned country. Language trainings are implemented to new employees and “cross-cultural understanding training” to junior employees to enable them to look overseas from an early stage.



Correspondence education poster

Internship program

▶ Toyo Seikan

The Company offers for the students who are interested in manufacturing an opportunity of employment experience. By touching the machine and experiencing the operations, the students can experience the difficulty of work and a real workplace, while we can offer a chance for the next generation of considering their career vision and plan. In FY2014, five students participated in the program and comments were fed back such as “My idea was realized into a container prototype and I felt the joy of manufacturing” and “I was very surprised to know various functions and performances hidden in a container we frequently use in our daily life”.

Safe, hygienic and energetic workplace

▶ Toyo Seikan

We pursue safety and health activity throughout the Company so that employees can work comfortably in a safe and hygienic work environment.

In the safety activity, we aim to create safe and clean workplace where employees can work comfortably. We focus on reducing risks by revising the awareness and work process of employees and improving facilities for the work that could lead to serious industrial accidents. Further, we will share disaster information at an early stage, thoroughly implement measures horizontally, enhance the awareness based on the “disaster case study”, and prevent recurrence of similar accidents.

In the health activity, we have positioned the health of employees as one of the corporate management priorities, and we strive for the prevention of disease and injury. We also promote the development and education of health management system to enable employees to act responsibly to manage their health. Specifically, under the policy of “better prevention of lifestyle-related disease”, “promotion of mental health activities”, “prevention of occupational diseases”, and “non-smoking enlightenment and support”, the occupational health nurse at each plant/office is promoting activities together with the industrial physician, safety and health committee and health insurance union.



Quit smoking poster

Third Party Opinion

for Sustainability Report 2015 of Toyo Seikan Co., Ltd.

Toyo Seikan annually receives opinions from stakeholders as the third party. Professor Masahiko Hirao of the University of Tokyo gave us opinions for the initiatives outlined in the Toyo Seikan Sustainability Report 2015 (print edition).



Professor Masahiko Hirao

Graduate School of Engineering,
University of Tokyo

Sustainability Report 2015 of Toyo Seikan Co., Ltd. has been created under the theme of “Back to the Basics, Look to the Future...” and effectively informs us the corporate attitude of contributing to the society through the containers and packaging.

Technology development and social contribution in collaboration with stakeholders

PET bottles have penetrated into our daily life as a beverage container but we found that safer and more ecological containers were developed with the innovative technology of NS system as explained in the feature article. In particular, it is highly evaluated that a great improvement is achieved in the value chain due to technological development in collaboration with customers and equipment manufacturers. Consequently, such activity has won a various kind of awards for environment. We expect that Toyo Seikan, along with all stakeholders involved in the value chain, continually pursue technological development to improve functionality, safety and environmental performance as a leading company of containers and packaging. In terms of collaboration, one of the corporate activities of providing the logistic center to local residents as a shelter in the event of a disaster represents close collaboration with the local society. PET REFINED TECHNOLOGY, a group company of Toyo Seikan, contributes to the recycling of PET bottles which is a noteworthy business in collaboration with the society.

Integrated Management System

Following the certification in FY2013, the Company has implemented the Integrated Management System for quality, environment and food safety. Activities are based on the environmental goals that are comprehensively set, and the Company evaluates such performance. It is foremost to know its own performance level and is good to evaluate continuously under the PDCA cycle. Synergies generated by integrating the management of quality, environment and food safety will become visible going forward.

On the other hand, it is very important to review the goal and targets. All the targets in the product development and environmental management have been met. However, more specific quantitative targets should be defined instead of qualitative ones in the future. A phased approach such as setting higher target values for the issues already achieved is effective to make steady improvement. Furthermore, this year's theme “Look to the Future” indicates how Toyo Seikan will set future goals. For instance, I recommend setting a long-term goal to be achieved in 2050, and then consider backcasting and identify what to do now. Innovation may happen by considering about ideal packaging containers in pursuing sustainable business towards 2050.

Environmental communication through face-to-face activities

In the global topics from Thailand, the message from TST clearly conveys the fact that flood stricken plant was reconstructed with full collaboration of local employees and TST prioritizes contribution for and coexistence with the local area. This is exactly “Back to the Basics”, and embodies the fundamental policy that aims to bring happiness to mankind. In last year's report, profiles and voices of employees were widely introduced. However, unfortunately, there were less inputs from employees this fiscal year. It is one of the most important elements of environmental communication to deliver the voice from the employees who practice in the activities, in addition to reporting on the results of sustainability activities. I have great expectations for them besides activities such as participation in local events and environment lessons to students in the classroom.

At the end

The number of group companies in overseas countries have exceeded that in Japan, and especially the business in Asia will further expand in growing Asian markets. I expect Toyo Seikan to contribute to the sustainable society in each region, while expanding the proven activities in overseas countries.



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