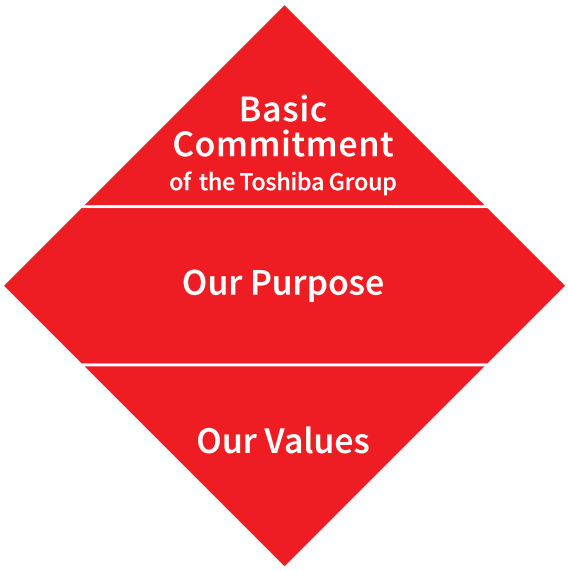
TOSHIBA

2020 Integrated Report

Year ended March 31, 2020

The Essence of Toshiba

The Essence of Toshiba is the basis for the sustainable growth of the Toshiba Group and the foundation of all corporate activities.



The Essence of Toshiba comprises three elements: Basic Commitment of the Toshiba Group, Our Purpose, and Our Values.

With Toshiba's Basic Commitment kept close to heart, we clarified our purpose – the difference that Toshiba Group makes in society – together with our values, the shared beliefs that guide our actions.

Basic Commitment of the Toshiba Group

Committed to People, Committed to the Future.

At Toshiba, we commit to raising the quality of life for people around the world, ensuring progress that is in harmony with our planet.

Our Purpose

We are Toshiba. We have an unwavering drive to make and do things that lead to a better world.

A planet that's safer and cleaner.
A society that's both sustainable and dynamic.
A life as comfortable as it is exciting

That's the future we believe in.
We see its possibilities, and work every day to deliver answers that will bring on a brilliant new day.

By combining the power of invention with our expertise and desire for a better world, we imagine things that have never been – and make them a reality.

That is our potential. Working together, we inspire a belief in each other and our customers that no challenge is too great, and there's no promise we can't fulfill.

We turn on the promise of a new day.

Our Values

Do the right thing

We act with integrity, honesty and openness, doing what's right— not what's easy.

Look for a better way

We continually strive to find new and better ways, embracing change as a means for progress.

Always consider the impact

We think about how what we do will change the world for the better, both today and for generations to come.

Create together

We collaborate with each other and our customers, so that we can grow together.

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Message from the CEO

First, I would like to offer my condolences to the families of those who have died from COVID-19 and extend my sincere sympathy to all others affected by the virus and their families. I would also like to express my heartfelt gratitude to all the healthcare workers as well as to those who have been working to prevent the spread of COVID-19.

A little more than two and a half years have passed since I was appointed as the chief executive officer (CEO) of Toshiba Corporation in April 2018. Throughout that period, we have been striving to restore our company's financial strength, earning power, and most importantly, the confidence of our shareholders and investors—all of which were impaired by inappropriate accounting and massive losses in its overseas nuclear power business.

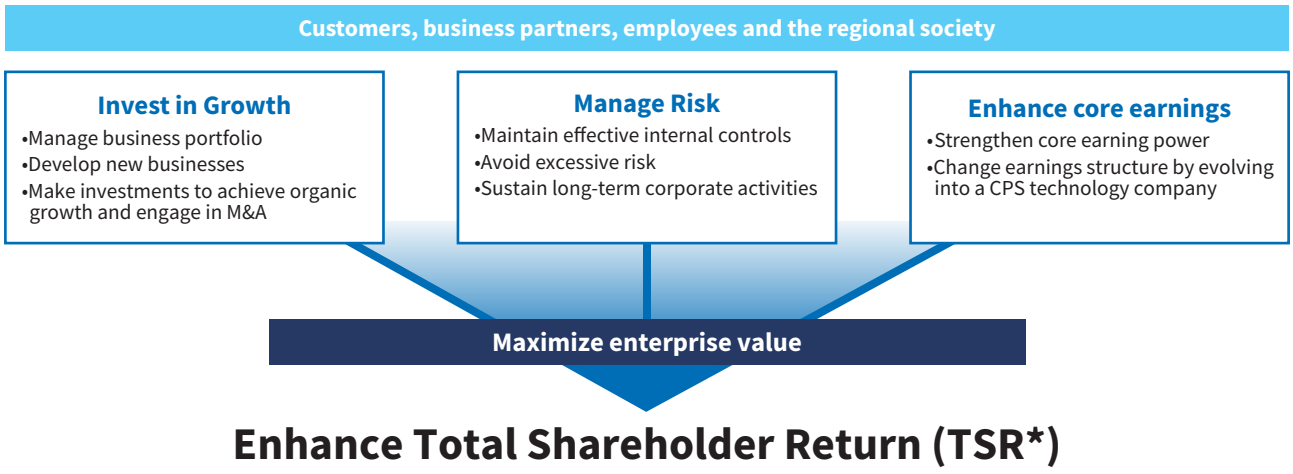
In November 2018, we announced the Toshiba Next Plan, which aims to transform the entire business of our company over a five-year period. As Phase 1 of the plan, we have worked to strengthen our core earning power, focusing our efforts primarily on reducing fixed costs and improving the profit/volume (P/V) ratio. We have also conducted a rigorous review of our business portfolio and pushed through a select-and-focus strategy to concentrate our resources on low-risk business-to-business (B2B) areas. We will continue to make these efforts. At the same time, however, we will start shifting our focus to long-term growth, implementing plans designed to achieve stable growth chiefly in infrastructure services in Phase 2 and then take a leap forward as a CPS* technology company in Phase 3.

In the pages that follow, I will explain the outline of the Toshiba Next Plan and progress made so far.

* CPS (Cyber Physical System): A mechanism for creating added value by collecting data in the real world (physical), analyzing it in the cyber world using digital technologies, etc., and making it easy to use information and knowledge, and feeding it back to the physical side.

Objective of the Toshiba Next Plan

The basic objective of the Toshiba Next Plan is to deliver greater value to our customers, business partners, employees, and host communities and generate greater shareholder value by maximizing the value of our group based on three approaches: investing in growth, ensuring proper risk management, and improving core earning power.



Enhance Total Shareholder Return (TSR*)

* Total Shareholder Return: The overall yield for shareholders, including capital gains and dividends

Targets of the Toshiba Next Plan

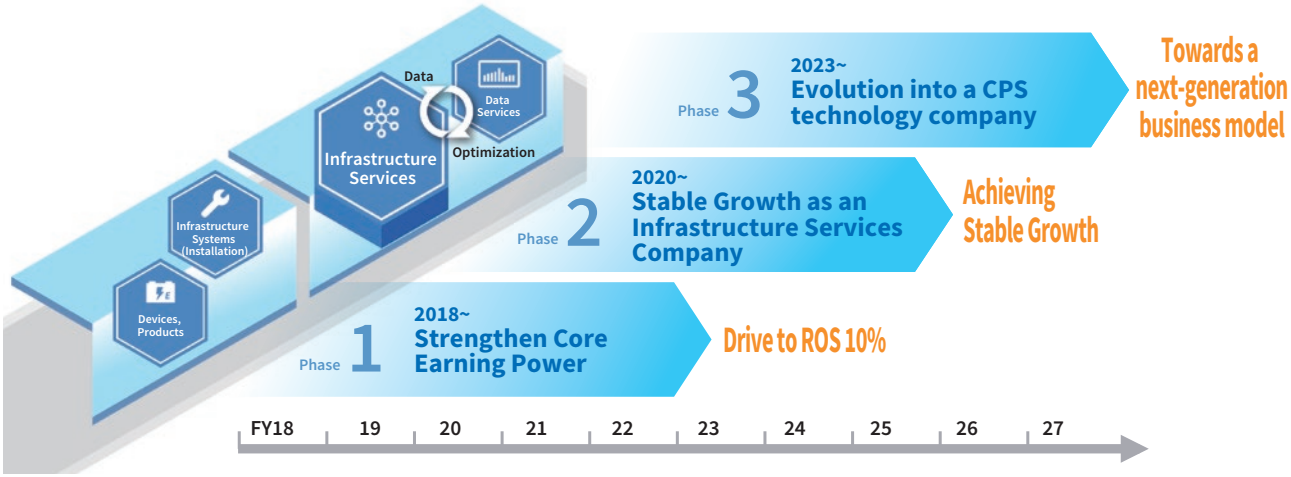
Thanks in part to the implementation of the Toshiba Next Plan, we achieved a core return on sales (ROS) of more than 4% in FY2019, the first year under the plan. The core ROE is calculated as the ratio of core operating income, which excludes the cost of restructuring and the impact of the COVID-19, to net sales. That is roughly twice the figure for FY2018. For FY2020, we expect to achieve an ROS of 6%. As medium-term targets for FY2025, we aim to achieve an ROS of 10%, a return on invested capital (ROIC) of 12%, and a return on equity (ROE) of 15%, thereby reaching a level comparable to those of the world's top-class manufacturers.

	FY18 Results	FY19 Results	FY20 Forecast	FY25 Targets
Net Sales	3.7T yen	3.4T yen	3.1T yen	**4.0 T yen**
Core Operating Income*1 (ROS%)	80.5 B yen (2.2%)	161.6 B yen (4.7%)	220.0 B yen (6.5%)	**400.0 B yen (10%)**
Operating Income (ROS%)	35.4 B yen (1.0%)	130.5 B yen (3.8%)	110.0 B yen (3.6%)	**400.0 B yen (10%)**
EBITDA*2	113.9 B yen	210.1 B yen	195.0 B yen	**530.0 B yen**
ROIC*3	1%	Negative	6%	**12%**
ROE	Negative	Negative	5%	**15%**

*1: Excluding restructuring charges and the impact of COVID-19 from operating income
*2: EBITDA = Operating income + depreciation and amortization expenses
*3: ROIC = Profit and loss before tax × (1 – tax rate) ÷ (net interest bearing debt + net asset)

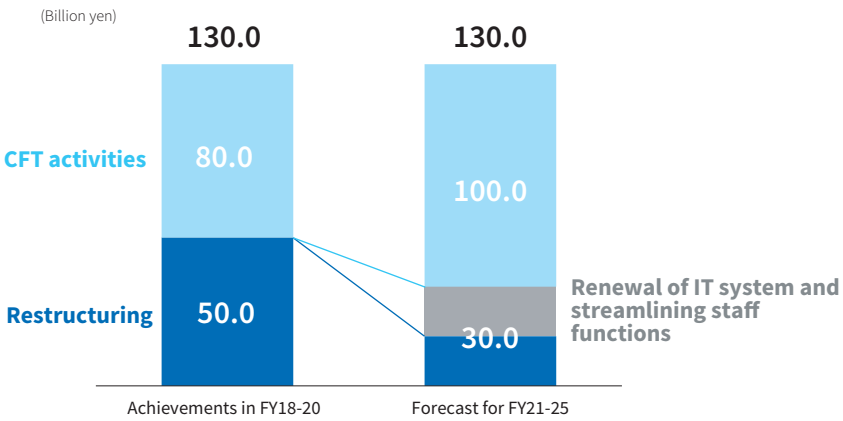
Overview of the Toshiba Next Plan

To provide an overview of the Toshiba Next Plan, I will explain our approach to growth by dividing the plan into the following three phases.



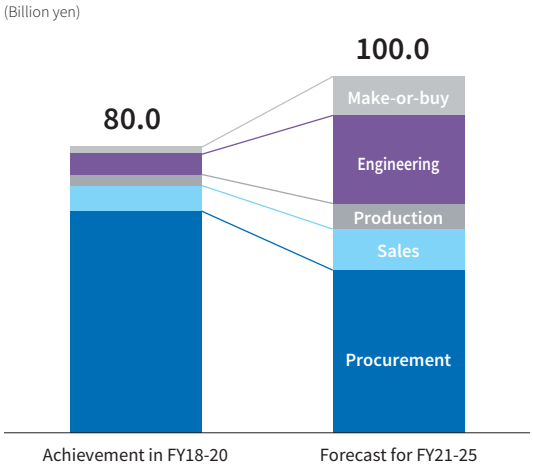
Phase 1

In Phase 1, we worked to enhance our core earning power primarily by implementing restructuring and through the activities of cross-functional teams (CFTs). Such CFT activities and restructuring efforts have enabled us to improve earnings by a cumulative total of 130 billion yen over the period from FY2018, the year in which the Toshiba Next Plan was formulated, to FY2020. Of that amount, 80 billion yen is attributable to the effect of CFT activities. The corporate headquarters and business divisions have been working in a cross-functional manner to undertake various activities, such as procurement, sales, and production. The practice has been taken up by all within the Group, including those at the operational frontline. With the continuation and deepening of CFT activities, we expect to increase earnings by up to 100 billion yen in the five years from FY2021 to FY2025. Meanwhile, the effect of restructuring amounted to 50 billion yen in the three years from FY2018 to FY2020. We have already completed our planned withdrawal from non-core business activities. As for the planned reduction in the number of subsidiaries, we have already reached 80% of the target reduction of 25% and will likely hit the target ahead of the schedule. Human resources optimization has progressed as planned. The implementation of digitalization initiatives has gone smoothly and 97% of task specifications have already been standardized. We will seek to reduce system-related expenses by renewing information technology (IT) systems and streamline staff functions through improvement of operational efficiency and other measures.



	FY18~20 (50.0 B yen)	FY21~25 (30.0 B yen)
Portfolio management	● Exit from non-core business: **Completed** ✓ LNG business ✓ Overseas nuclear construction	● Continue implementation of "business monitoring"
Subsidiary reduction	● **Expected to be achieved in advance** ✓ Reduction target of 25% out of 365 companies*1 ✓ Progress rate 80% (72 companies)	● Pursue further reduction ✓ Considering integration of 50% of the 388 companies*2
Headcount optimization	● **Goal to "reduce headcount by 7,000" progressing as planned*3** ✓ Aiming to reduce headcount by 10,000 by the end of FY20, through additional restructuring and reduction of subsidiaries, etc., in addition to the initial plan.	● Renewal of IT system ✓ Reduction of system-related expenses ✓ Streamlining the administrative divisions
Digitization	● Operation Standardization: **Achieved 97%**	

*1: The scope includes 365 companies excluding Toshiba Memory (current Kioxia), and listed companies as of the end of March 2018. (Including equity method affiliate companies)
*2: Consolidated companies as of the end of March 2018 including Toshiba TEC, Nishishiba Electric, New Flare Technology, Toshiba Plant Systems and 14 new companies established during 2018-2020. (Excluding minority shareholding companies)
*3: 129,234 at the end of September 2018 excluding PC business; 123,385 at the end of September 2020.

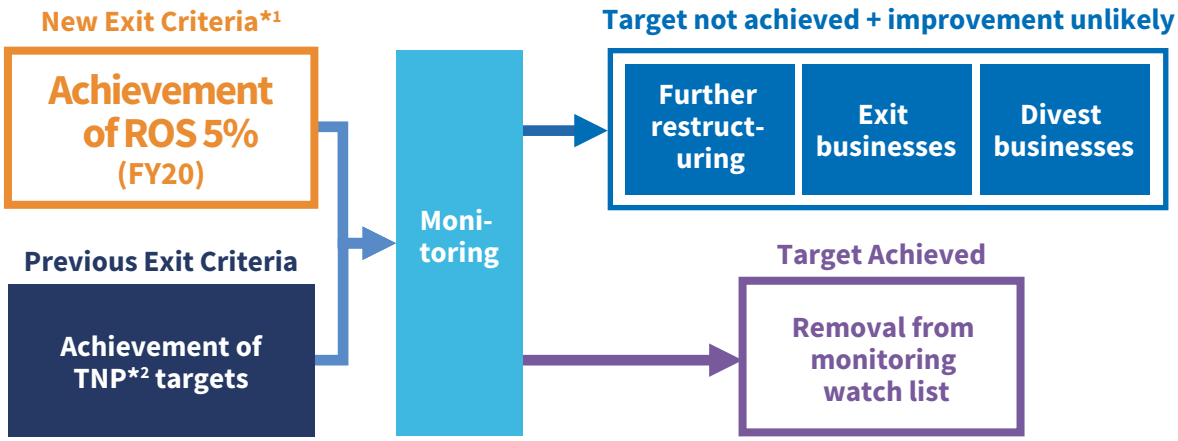


* Customized: built-to-order type business

Make-or-buy CFT	Commenced in FY20 to optimize a total of 600.0 B yen in outsourcing costs.
Engineering	Plan to complete modularization of 77 products by FY25
Production	Completed Implementation in 27 sites in Japan by FY20 (approx. 80%). Plan to expand implementation to overseas locations from FY21 onward.
Sales	Covered approx. 70% of large/medium mass production businesses. Pursuing process improvement in customized* production and enhance digitized sales.
Procurement	Aim for continuous positive effects from collaboration with Make-or-buy CFT, Engineering CFT, and Production CFT

Investments in manufacturing facilities and modularization will contribute to earnings going forward.

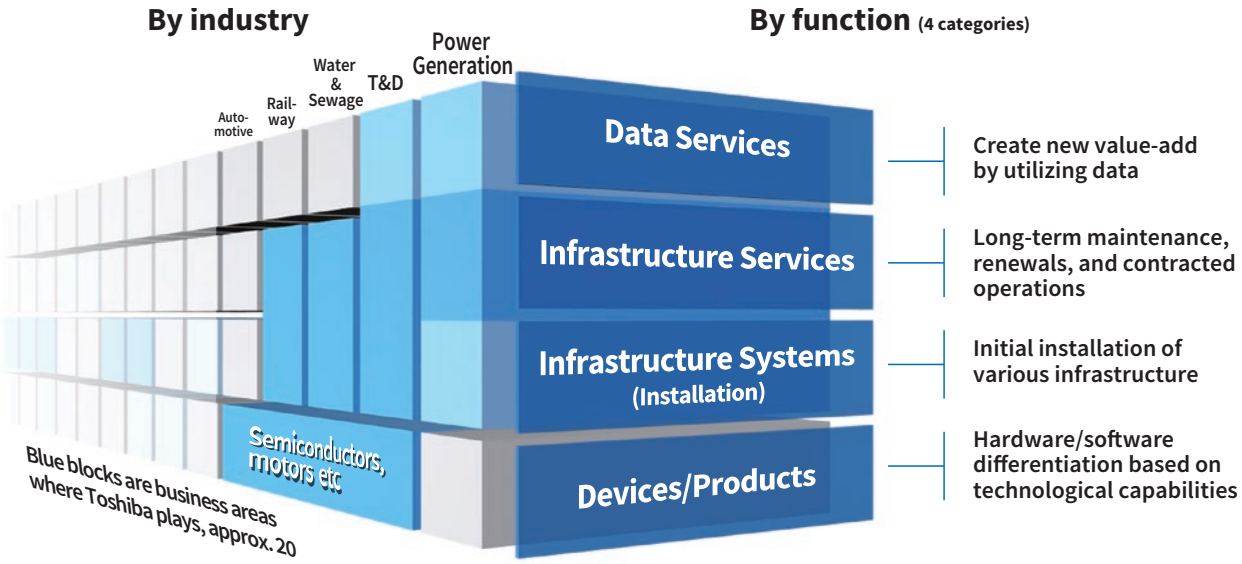
We implement strict management of poorly performing businesses by applying a clear set of rules. Each business is evaluated against two criteria: achieving the targets set under the Toshiba Next Plan and an ROS of 5%. Failure to satisfy either of the two criteria makes the business subject to monitoring. If it is found, as a result of monitoring, that there is no probability for the business to make sufficient improvement to achieve its targets, we will consider further structural reform or more drastic action such as withdrawal from or sale of the business. Based on these criteria, we have decided to withdraw from the system LSI business except for customer support services and we will complete the ongoing restructuring process, including early retirement programs, by February 2021. The HDD business is expected to achieve a core ROS of 6% in FY2020 although the impacts of COVID-19 and U.S.-China trade friction require careful monitoring. The thermal power construction business has shown improvement in earning power with steady progress made in increasing the weight of services in the revenue mix (service ratio) and reducing fixed costs. It is expected to achieve a core ROS of 5% in FY2020. Toshiba TEC's printing business has also made good progress on restructuring efforts. We will continue to closely monitor the effects of the reform and consider further measures deemed necessary from the viewpoint of the Toshiba Group's business portfolio strategy.



*1: Excludes businesses in the incubation stage. *2: The Toshiba Next Plan

Phase 2

While continuing on the efforts to strengthen our core earning power as have been undertaken in Phase 1 without loosening the grip, we will launch new initiatives in Phase 2 with the aim of achieving stable growth as an infrastructure services company. The Toshiba Group will move away from a general electric company model, which is a collection of product-oriented business units. We will reorganize the existing nearly 20 business units into four functional segments—i.e., device products, infrastructure systems (installation), infrastructure services, and data services—and have them operate interactively to generate synergies. By doing so, we aim to achieve steady growth as an infrastructure services company that can generate new demand and provide high value-added products and services.



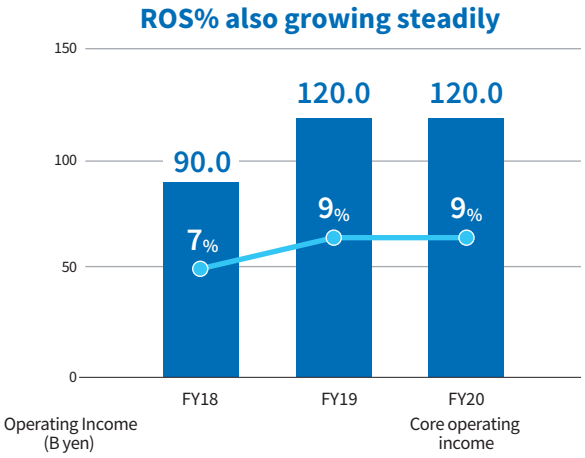
To give a general picture of net sales and income by functional segment, the infrastructure services segment accounted for about 70% of total earnings in FY2019. The graph on the right below shows the performance of the infrastructure services segment in the past three years. We can see a very stable growing trend in operating income. The domestic market for infrastructure maintenance services, which is worth roughly 5 trillion yen a year at present, is expected to grow at 5% per year, driven mainly by the demand associated with the renewal of aging infrastructure.

Profitability of each segment (FY19 Actual)*

	Net Sales	ROS%	OP
Data Services	30.0 B	—	—
Infrastructure Services	1.3 T	9 %	120.0 B
Infrastructure Systems (Installation)	0.8 T	3 %	30.0 B
Devices/ Products	1.0 T	4 %	40.0 B

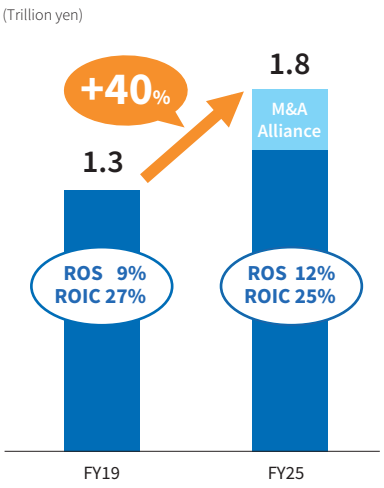
* Excludes restructured business and restructuring cost, adjustments made for certain one off reimbursements.

Stable Growth of Infrastructure Services



The Toshiba Group has a track record of providing long-term support for key social infrastructure. Undertaking responsibility for long-term customer relationship management as well as for operations and maintenance in infrastructure services enables us to process operational data, leading to a further expansion of data services, which in turn will enable us to improve the operational quality and efficiency of our infrastructure services by utilizing more data. Feeding back such information to the segments responsible for device products and the installation of infrastructure systems will lead to the development of more differentiated products, thereby completing the loop of synergies.

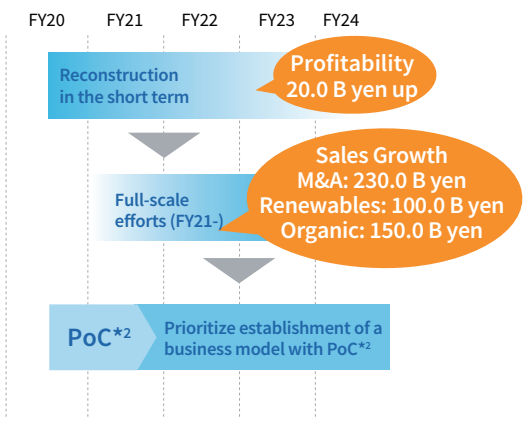
In Phase 2, the infrastructure services segment will be the principal axis of growth. It will also be the primary growth driver toward achieving the medium-term targets for FY2025. We aim to increase both the sales and profitability of this segment to achieve 1.8 trillion yen in net sales and an ROS of 12% in FY2025 compared to 1.3 trillion yen and 9% in FY2019. With its ROIC exceeding 20%, we expect our investments—including those in mergers and acquisitions (M&A)—to yield high returns. We have identified the following three pathways to growth of infrastructure services: 1) streamlining of service operations, which mainly involves the employment of information technology (IT) and artificial intelligence (AI) to optimize operations, consolidation of cost centers, and location optimization; 2) expansion of service locations, which seeks to achieve an expansion in size such as increasing new installations in existing businesses, ensuring the complete execution of service contracts, expanding the scope of services to cover products of other companies, and implementing M&As; and 3) evolution into value-added services, which involves a transition to the profit-sharing model, the promotion of public private partnership (PPP*[1]) projects, and the development of new services such as matching services.



Steps to Grow Infrastructure Services

Starting with realizable efficiency improvement and expansion of locations with the future aim of conversion into value-added services

Growth Elements	Growth Drivers
Streamlining of service operations	● Engage in optimization, enhance skills and improve customer relationship through IT, AI and AR ● Consolidate administrative functions and streamline locations (770 locations in Japan)
Expansion of service locations	● Increase new installations and engage in committed implementation of service contracts ● Expand scope of services to other companies' equipment ● M&A, alliances
Evolution into value-added services	● Transition to a profit-share model ● PPP*1, concession ● Provide new services such as matching services



*1: Public Private Partnership *2: Proof of Concept

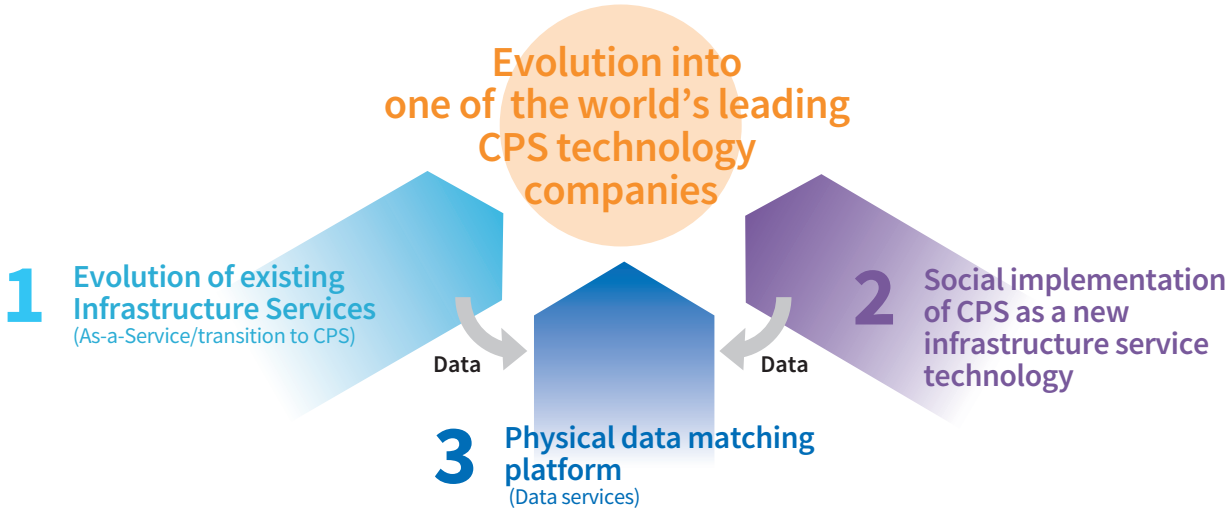
Phase 3

In Phase 3, we aim to take a leap as a CPS technology company with three approaches. The first approach involves the evolution of existing infrastructure services. We will offer our products as a service and our services in the form of a CPS, which together with data derived therefrom will generate added value. The second approach is to implement new technologies for use in society by offering them in the form of new infrastructure services. Examples include quantum-encrypted communications and precision medicine. These services too will eventually start generating data. Finally, the third approach is to develop a physical data matching platform. Utilizing big data including distribution data and transforming into a platform, we will offer value to users.

Let's take a look at the case of renewable energy business as an example. It is expected that new investments in renewable power generation will continue to increase for the next 10 years or so. We have strengths in renewable power generation and energy management. Thus, in Phase 2, we will seek to expand our service locations by delivering new infrastructure systems and thereby promote the growth of our infrastructure services business. Furthermore, we expect that there will be growing demand for energy management and matching services to facilitate the trading of excess renewable electricity, i.e., electricity generated but left unconsumed, from around 2030. Thus, in Phase 3, we will build on the growth of our infrastructure services in Phase 2, evolving them into energy management services by deploying CPS technologies. This will enable us to further expand our matching services.

We are witnessing the rise of some promising new technologies that could be turned into new infrastructure and/or data services, such as quantum key distribution (QKD), a type of quantum-encrypted communication, and microRNAs. We can also be hopeful of the growth of Toshiba Data Corporation, a group company responsible for the data matching business.

We expect that those businesses planned for Phase 3 will start making significant contributions to earnings in FY2023 onward. Some of them will be built upon and evolve from those developed in Phase 2, as is the case for the renewable energy business, while some new technologies supported by our technical strengths will contribute in the form of new businesses. I am personally looking forward to seeing how things will turn out. By integrating cyber and physical capabilities, we will create a next-generation business model and seek to evolve into one of the world's leading CPS technology companies.



Financial strategy

We focus on total shareholder return (TSR) as a measure of medium- to long-term performance as we believe it reflects the results of business activities both comprehensively and objectively from the viewpoint of shareholders. Let me explain our financial management policy designed to improve TSR. First, our basic policy for dividend payouts is to maintain an average payout ratio of 30% or more on a consolidated basis. We will seek to achieve a steady increase in dividends by ensuring the full implementation of the Toshiba Next Plan.

The adequate level of capital is determined by taking into account and examining on-balance-sheet risk assets, contingent liabilities, business portfolio, and business plans, a process subject to periodic review by the Board of Directors.

In shifting our focus to growth, we will seek to lower the cost of capital by using leverage to finance investments in growth. We plan to increase borrowings by FY2025 to the point where the leverage ratio reaches about 30% net debt to equity ratio and about 100% net debt to EBITDA ratio. At the same time, we will maintain proper control to avoid excessive indebtedness, i.e., debt beyond our capacity. Proceeds from debt financing will be used to finance strategic investments. Investment decisions will be subject to a stringent screening process, which has been tightened and uses such measure as ROIC and IRR. In cases where there is excess capital, we will consider returning the excess portion to our shareholders as part of strategic investments.

As announced in June 2020, we have no strategic intention to retain the memory business within our group. Thus, we are continuing to consider possible options for equity monetization to best realize the value of our shares in Kioxia Holdings Corporation. In principle, more than 50% of the net proceeds will be returned to our shareholders.

- ☐ **Decrease cost of capital by using leverage to finance growth**
- ☐ **Limit debt so that net D/E does not exceed 30% and net D/EBITDA does not exceed 100%**
- ☐ **Enhance TSR by pursuing growth**
- ☐ **Maintain an average consolidated dividend payout ratio of at least 30%***
- ☐ **Capital in excess of the appropriate level of capital will be used to provide shareholder returns, including share repurchases**

* For the time being, equity-method income/loss from Kioxia is excluded from this policy.

ESG enhancement policy

To realize a sustainable society and pave the way for the sustainable development of the Toshiba Group as a viable business, we will enhance our environmental, social, and governance (ESG) initiatives and implement sustainability management as steps toward the establishment of a firm foundation for ethical and transparent business management. We will also strive to create and deliver a wealth of value, working together with various stakeholders including our customers, business partners, employees, host communities, shareholders, and investors. The basic commitment of the Toshiba Group—"Committed to People, Committed to the Future"—signifies our unwavering determination to contribute to the development of society through our business activities. In keeping with this philosophy, and as a member of our society, which faces a host of challenges including scarcity of energy resources, exhaustion of natural resources, and climate change, we are committed to working to address those challenges by considering the potential impacts of our business activities on society from a long-term perspective, instead of just pursuing short-term profits.

On the business front, we will continue to invest in basic research for the benefit of the future in addition to promoting a shift to renewable energy and providing support services to help our customers with their labor- and energy-saving efforts. Meanwhile, in corporate management, we will seek to implement environmentally responsible management, promote sustainability, and enhance compliance. After the revelation of inappropriate accounting practices, we have implemented a series of measures, in particular to strengthen the supervisory function of the Board of Directors, enhance compliance, and implement more stringent internal control. In order to enhance internal control in group companies, we have established a compliance advisory committee and introduced a three-line defense system, and we will continue to take necessary steps to ensure proper risk management.

Toshiba's ESG Initiatives

Toshiba Group Basic Commitment

Basic Commitment of the Toshiba Group

Committed to People,
Committed to the Future.

At Toshiba, we commit to raising the quality of life for people around the world, ensuring progress that is in harmony with our planet.

Realization as a business

✓ Shift to renewable energy
✓ Support for labor and energy conservation
✓ Continuing fundamental research for future

Realization in corporate operations

✓ Promoting environmental management
✓ Promoting Sustainability
✓ Strengthening Compliance

E Environmental management towards well-below 2 degree goal

Support infrastructure transformation to achieve decarbonization

S Respect for Human Rights
Safety and Health Management
Workstyle Reform
Diversity and Inclusion

Continuing fundamental research to support the future

G Strengthen Board structure
Strengthen Compliance
Strengthen Internal Control

Enhance financial discipline

Our efforts to enhance core earning power, implemented in Phase 1 of the Toshiba Next Plan, are beginning to deliver tangible results. While continuing these efforts, we will also seek to establish a firm foundation for stable growth as an infrastructure services company and then to evolve into one of the world's leading CPS technology companies as we move on to Phase 2 and then to Phase 3, with our management team and employees joining forces and working as one team toward growth.

December 2020

We periodically publish a progress report on the Toshiba Next Plan. Past reports, including the latest one, are available on the Investor Relations page of our website. Apart from this report, Sustainability Report 2020 provides information on the Toshiba Group's sustainability initiatives. The latest information is also disclosed on the Sustainability and Environment pages of our website. Please visit the relevant pages of our website for further details.

▶ **Sustainability Report 2020**
▶ **Sustainability website**
▶ **Environment website**

Business Model (Value Creation Cycle)

Toshiba Group Aims to Solve Social Challenges Through Its Business Activities.

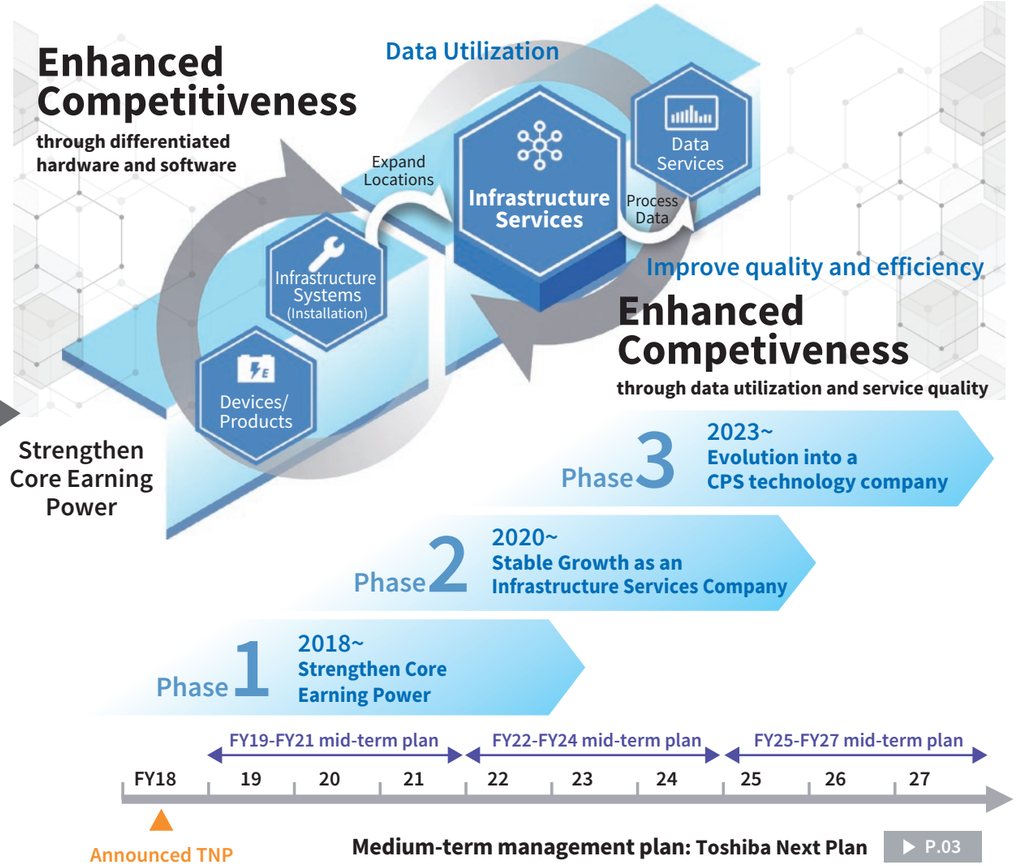
Global social issues faced by stakeholders

- Climate change
- Disaster prevention/ reduction
- Cyber security
- Population concentration in cities
- Increasing scale of logistics
- Shortages and aging of workforce

Input

- **Intellectual capital**
  R&D expenses
  Approx. **900.0** billion yen
  (FY2019-23)
  ▶ P.30
- **Manufactured capital**
  Capital investment
  Approx. **810.0** billion yen
  (FY2019-23)
- **Financial capital**
  Thorough management of portfolio
  Programmatic M&A
  Use of finance leverage
  ▶ P.09
- **Human capital**
  Employees **125,648**
  (Consolidated)
  (as of March 31, 2020)
  ▶ P.38
- **Relationship capital**
  No. of subsidiaries and affiliates
  Japan **155**
  Overseas **286**
  (as of March 31, 2020)
  ▶ P.87

Toshiba's differentiation strategy



Medium-term management plan: Toshiba Next Plan ▶ P.03

Output

▶ P.03

- **FY2025 Targets**

Net Sales
Over **4.0** trillion yen

Operating Income
400.0 billion yen

ROS **10**%

ROE **15**%

ROIC **12**%

Value provided to society

Aiming to solve various social issues such as decarbonization and enrich people's lives by making full use of cyber-physical system (CPS) technology, which is a fusion of physical technologies and cyber technologies.

Sustainability Management ▶ P.36

E: Environment	Supporting infrastructure transformation to achieve decarbonization	▶ P.47
S: Social	Continuing fundamental research to support the future	▶ P.38
G: Governance	Enhancing financial discipline	▶ P.54

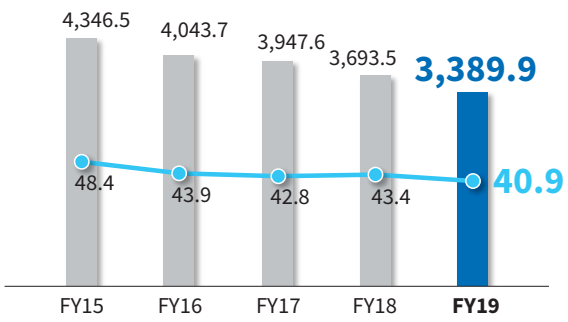
Basic Commitment of the Toshiba Group
Committed to people, Committed to the Future.

The Essence of Toshiba

Financial Highlights (Consolidated)

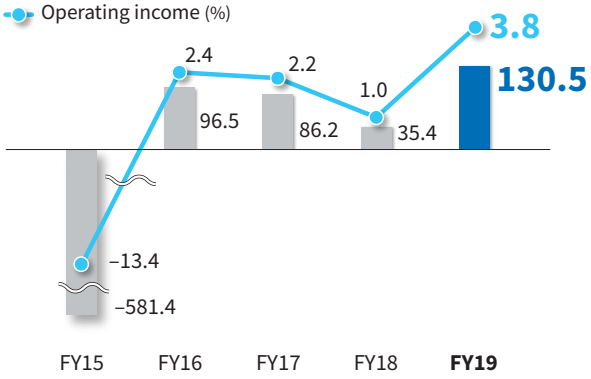
Please see the Data Section from P.76 for Consolidated Financial Statements.

Net sales (Billions of yen)
Ratio of overseas sales (%)



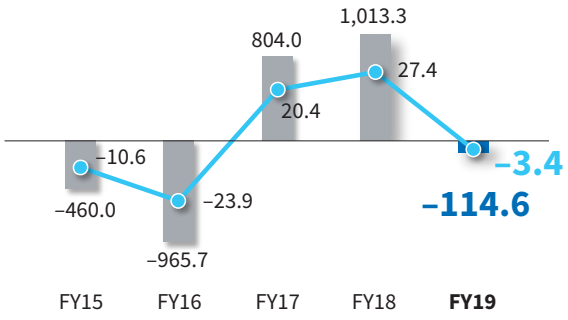
Net sales decreased 303.6 billion yen to 3,389.9 billion yen, reflecting changes in memory product resale channels, completion of the PC business divestiture, and the impact of the COVID-19.

Operating income (loss) (Billions of yen)
Operating income (%)



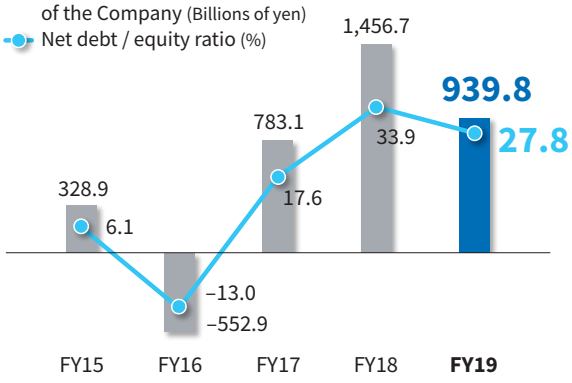
Despite a negative impact of 20.3 billion yen from COVID-19, restructuring and procurement reform helped increase operating income by 95.1 billion yen to 130.5 billion yen.

Net income (loss) (Billions of yen)
Return on sales (%)



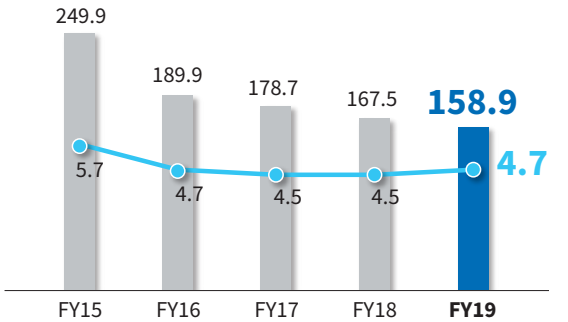
The loss from the transfer of LNG business and equity losses at Kioxia reduced net income by 1,127.9 billion yen to −114.6 billion yen. Contributory factors included the gain from the sale of the memory business in the previous year.

Equity attributable to shareholders of the Company (Billions of yen)
Net debt / equity ratio (%)



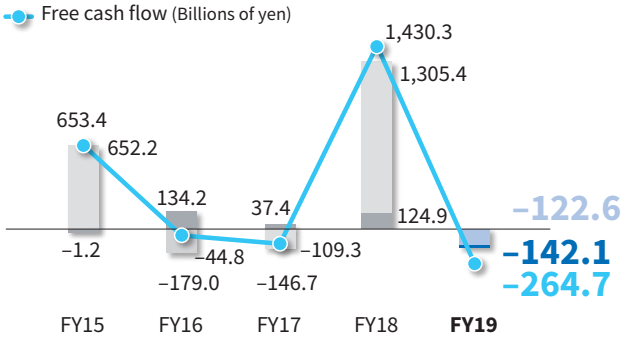
Equity attributable to shareholders decreased by 516.9 billion yen to 939.8 billion yen (shareholder's equity ratio 27.8%) due to lower net income and the impact of the 300.2 billion yen share buyback.

R&D expenditures (Billions of yen)
R&D / sales ratio (%)



R&D expenditures was 158.9 billion yen, 5% lower than in the previous year. The R&D expenditure to sales ratio was 4.7%, 0.2% up from the previous period.

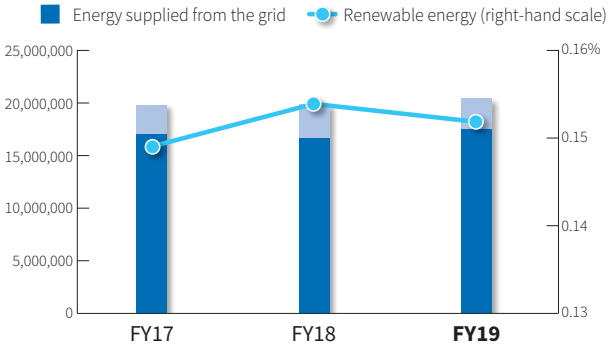
Net cash provided by (used in) operating activities (Billions of yen)
Net cash provided by (used in) investing activities (Billions of yen)
Free cash flow (Billions of yen)



Free cash flows decreased by 1,695.0 billion yen to −264.7 billion yen, reflecting the loss from the LNG business and improved trade terms for subcontractors. Factors contributing to this result included the gain from the sale of the memory business in the previous year.

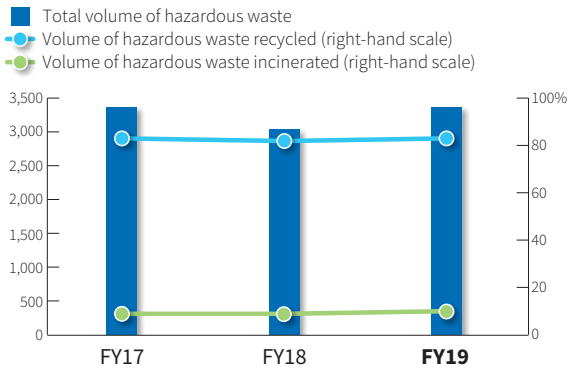
Non-Financial Highlights (Consolidated)

E: Total amount of energy consumed (GJ)



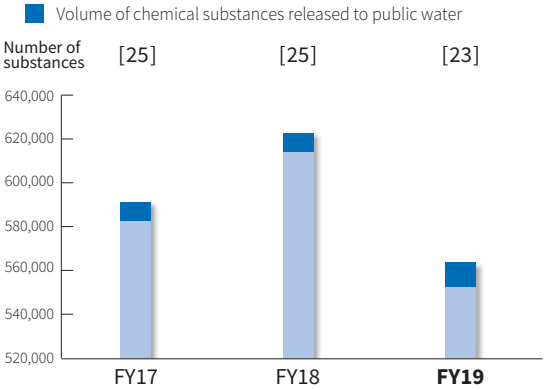
*Renewable energy refers to energy from solar power

E: Total volume of hazardous waste (t)



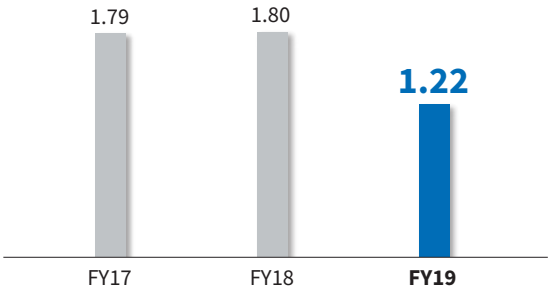
*The total volume of hazardous waste is the amount of specially controlled industrial waste defined by the Waste Management and Public Cleansing Law in Japan.
*Volume of hazardous waste recycled refers to the amount of specially controlled industrial waste that the Company recycled.
*Volume of hazardous waste incinerated refers to the amount of specially controlled industrial waste that the Company used for energy recovery.

E: Reportable amount of chemical substances released (kg)



*Reportable amount of chemical substances released is the number and volume of substances managed by Toshiba Group among substances designated as hazardous substances in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCA) in the U.S.
*No reportable chemical substances were released into the soil

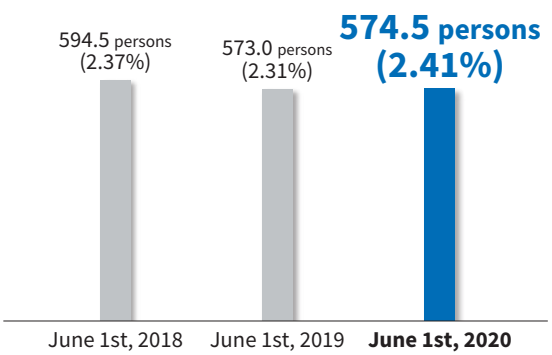
S: Expenditures on corporate citizenship activities (Billions of yen)



In FY2019, Toshiba Group conducted a wide range of social contribution activities around the world to support science and technology education, disaster recovery, sports and culture promotion, social welfare, healthcare, protection of the natural environment, and international exchange and friendship programs. We will continue to conduct corporate citizenship activities by considering our contribution and effectiveness.

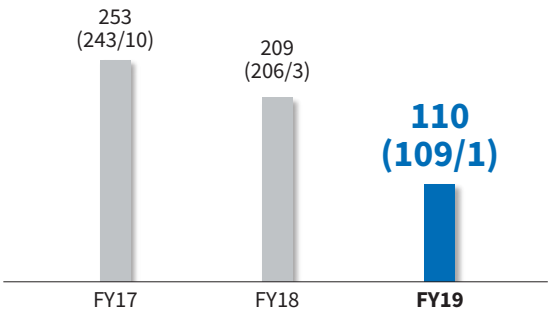
*Expenditures include cash contributions to support disaster recovery.

S: Percentage of employment of people with disabilities



As of June 1st, 2020, the percentage of employees with disabilities was 2.41% at Toshiba (including a special subsidiary company). Toshiba Group has also been making efforts to improve work environments for employees with disabilities.

G: Number of reports received by whistleblower system (Risk hotline)



Toshiba Group notified employees of the existence of the system and its assurance of strict anonymity through e-learning, and also reported on whistleblower cases to the whole company on a number of occasions.

* (In-house contact / attorney's office)
* Including duplicate reports received by the internal secretariat.

Organization Structure (As of October 1, 2020)

TOSHIBA CORPORATION

Board of Directors

- Nomination Committee
- Audit Committee
- Compensation Committee

President CEO

- Audit Committee Office
- Internal Audit Div.

- Infrastructure Services Project Team
- Spend Management Project Team
- Strategic Planning Div.
- Group Relations Div.
- Cyber-Physical Systems x Design Div.
- Information Systems Div.
- Business Process Re-engineering Div.
- Finance & Cash Management Div.
- Accounting Div.
- Legal Affairs Div.
- Internal Control Promotion Div.
- Project Monitoring & Oversight Div.
- Human Resources & Administration Div.
- Corporate Communications Div.
  - Information Disclosure Office.
- Procurement Div.
- Corporate Production Planning Div.
  - Komukai Complex
  - Fuchu Complex — Kashiwazaki Operations
  - Fukaya Complex
  - Yokohama Complex
  - Himeji Operations
- Corporate Technology Planning Div.
- Corporate Research & Development Center
- Corporate Manufacturing Engineering Center
- Digital Innovation Technology Center
- Marketing Div.
- Battery Div.
- WEC Div.

- Kansai Branch Office
- Chubu Branch Office
- Kyushu Branch Office
- Chugoku Branch Office
- Hokuriku Branch Office
- Tohoku Branch Office
- Hokkaido Branch Office
- Shikoku Branch Office
- Kanshinetsu Branch Office
- Kanagawa Branch Office

Energy Systems & Solutions

- Toshiba Energy Systems & Solutions Corporation
- Toshiba Plant Systems & Services Corporation

Infrastructure Systems & Solutions

- Toshiba Infrastructure Systems & Solutions Corporation

Building Solutions

- Toshiba Elevator And Building Systems Corporation
- Toshiba Lighting & Technology Corporation
- Toshiba Carrier Corporation

Retail & Printing Solutions

- Toshiba Tec Corporation

Electronic Devices & Storage Solutions

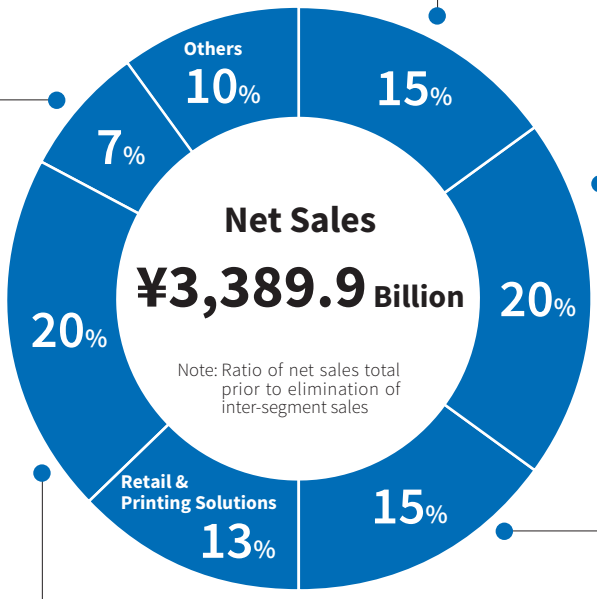
- Toshiba Electronic Devices & Storage Corporation

Digital Solutions

- Toshiba Digital Solutions Corporation

- Toshiba America, Inc.
- Toshiba Europe Ltd.
- Toshiba Asia Pacific Pte. Ltd.
- Toshiba (China) Co., Ltd.

Business Review



Energy Systems & Solutions

The scope of our business embraces large-scale power generation systems for nuclear and thermal power, along with renewable energy generation systems for hydro, geothermal, solar, and wind power. Our related businesses include power transmission and distribution systems that deliver electricity directly to end users, and a hydrogen-based autonomous energy system that realizes "local production for local consumption."

▶ Energy Business Domain

Infrastructure Systems & Solutions

For many years, we have provided products, systems, and services to customers in the public sector that have the responsibility for maintaining the infrastructure of essential utilities. We will also embrace IoT and artificial intelligence (AI) in years ahead in order to establish safer, more secure, and more convenient social infrastructure systems.

▶ Social Infrastructure Business Domain

Building Solutions

Our portfolio covers elevators and escalators for buildings and facilities, lighting, and ventilation, all businesses essential to the day-to-day comfort of people. Through these businesses, we also offer energy-saving, environmentally conscious products and services, as well as building solutions that improve building security and reliability.

▶ Building Solutions Business Domain

Electronic Devices & Storage Solutions

We are expanding our business by focusing on markets where we anticipate steady growth, such as automotive and industrial semiconductors, large capacity HDDs for data centers, semiconductor manufacturing equipment, and materials and devices. By providing high-added-value products, we are helping to advance the role of big data in society while reducing environmental loads, and contributing to the realization of a safe and secure society.

▶ Electric Devices Business Domain

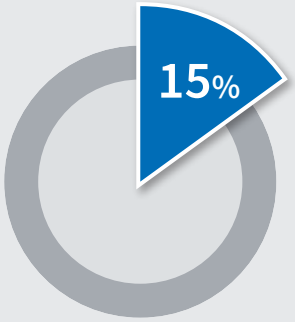
Digital Solutions

By utilizing the knowledge that Toshiba has amassed across numerous business domains, along with cutting-edge technologies like IoT and AI, we create digital solutions that provide our customers with new value and services, and that enrich the wider society.

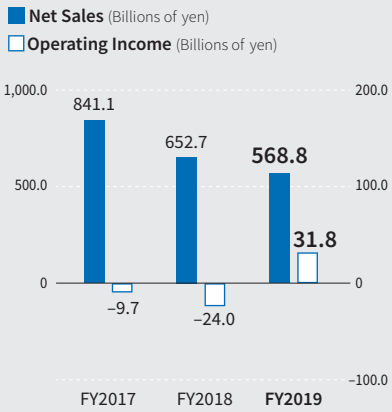
▶ Digital Solutions Business Domain

Energy Systems & Solutions

Net Sales by Segment



Net Sales / Operating Income



Main Businesses (As of March 31, 2020)

- Thermal power generation systems
- Hydroelectric power generation systems
- Nuclear power generation systems
- Transmission & Distribution systems
- Solar Photovoltaic systems

▶ Business Overview

The Energy Systems & Solutions segment saw lower sales of 568.8 billion yen, 83.9 billion yen decrease from the previous year. Nuclear Power Systems reported lower sales due to impact from lower sales in projects to enhance safety measures, and the Thermal & Hydro Power Systems reported lower sales due to fewer thermal plant construction projects in Japan and service-related projects.

The segment as a whole saw higher operating income of 31.8 billion yen, 55.8 billion yen increase from the previous year. All businesses (Nuclear Power Systems, Thermal & Hydro Power Systems, and Transmission & Distribution Systems) saw higher operating income.

EPC Order Received for Large-Scale Onikoube Solar Power Plant

Toshiba Energy Systems & Solutions Corporation (Toshiba ESS) has received a services order for engineering, procurement, and construction (EPC) for the Onikoube Solar Power Plant in the city of Osaki in Miyagi Prefecture, North East Japan. The plant is being planned by project owner PurpleSol G.K., an affiliate of Thai Solar Energy Public Company Limited, one of Thailand's leading renewable energy companies. This large-scale solar power plant will have a generation capacity of 147MW equating to the largest EPC order received by Toshiba ESS thus far. The plant is scheduled to go into operation in December 2022.

The Onikoube Solar Power Plant is planned for construction on the 156-hectare site of an abandoned golf course at a total cost of 35.5 billion yen. By fixing the frames closer together and setting the panels at a steeper angle, it will be possible to install 362,960 solar panels within the boundaries of the site. Furthermore, due to its innovative design and construction taking into account the slope of the ground and snowfall in the region, the plant will be able to produce power at a highly efficient rate.

Toshiba ESS' track record in the design and construction of large-scale solar power plants is second to none in Japan. Undoubtedly, it is this performance of exceptional capability in technology and construction that has led to winning this particular solar power plant order.

The Toshiba Group provides power generation systems and solutions through a wide variety of different renewable energies, from solar power and hydroelectricity to geothermal and wind-generated power. Going forward, the Group will continue to work on a diverse range of clean energy projects such as the construction of industrial-use solar power plants, helping to create a society of sustainable development.

Operations Begin at the World´s Largest-Class Hydrogen Production Plant using Renewable Energy

The Fukushima Hydrogen Energy Research Field (FH2R), which Toshiba Energy Systems & Solutions Corporation (Toshiba ESS) constructed together with the New Energy and Industrial Technology Development Organization (NEDO), Tohoku Electric Power Co., Inc., and Iwatani Corporation, has commenced operations.

Built in the town of Namie in Fukushima Prefecture, north of Tokyo, the FH2R hydrogen production plant is a technological development project with its aim to create a business model of hydrogen use and hydrogen sales. It is equipped with the world's largest 10MW-class hydrogen production unit that uses renewable energy. Utilizing 20MW of solar power generated on the 180,000m^2 site, FH2R produces (as well as stores and supplies) up to 1,200 Nm^3* of hydrogen per hour (rated power operation) through electrolysis of water in its hydrogen production unit. Hydrogen produced at the plant will, among other things, be used in power generation, by charging stationary fuel cells, and in transport and mobility with fuel cell battery-powered cars and buses.

As well as being a clean energy source, emitting no air pollutants or greenhouse gases when used, hydrogen can be produced through a number of methods. Since it can also be transported and stored in any state, either gas or liquid, hydrogen is expected to play a key role in terms of energy for the future. In order to build a society fully based on hydrogen energy, a combined effort will be needed to increase hydrogen demand such as with the full-scale introduction of hydrogen power generation, as well as building a hydrogen supply chain to meet this demand. Testing will take place in the future at FH2R to investigate technology for optimal operation control. The technology anticipates hydrogen supply and demand needs, adjusting power supply and demand from the grid to maximize the use of renewable energy which undergoes significant fluctuations in output. By establishing low-cost, clean, hydrogen production technologies, as well as maximizing the use of renewable energy, with its large variations in power, without using storage batteries, Toshiba ESS aims to build a completely carbon-free hydrogen supply system, from production through to end use, to ultimately make the hydrogen based society a reality.

*Nm^3: Normal cubic meter. A unit of measure that represents the volume of dry gas at 0°C and 1 atm (standard atmosphere).

Fukushima Hydrogen Energy Research Field (FH2R)

Withdrawal from the LNG Agreement

As part of structural reforms to the Energy Systems & Solutions business, the Group has completed its withdrawal from the liquefied natural gas (LNG) agreement in the United States.

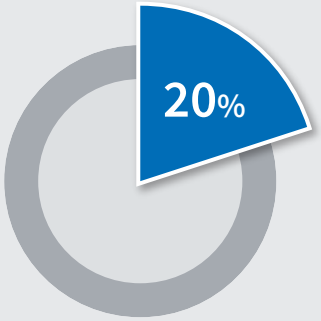
In May 2019, Toshiba concluded a stock transfer agreement with Total Gas & Power Asia Private Ltd, a Singaporean affiliate of the French energy giant, Total S.A., for all shares of Toshiba America LNG Corp. (TAL) – a Toshiba consolidated subsidiary that operates in the LNG agreement. Simultaneously, with the completion of the transfer of shares under this agreement, Toshiba and Total also agreed that all contracts related to the LNG agreement entered into by Toshiba Group companies, including every LNG contract concluded between Group companies as well as trade agreements with its customers, would either be transferred to Total or canceled.

Total has provided a substitute guarantee to replace Toshiba's then-existing guarantee for all of TAL's obligations under a liquefaction tolling agreement with the US natural gas liquefaction provider, FLNG Liquefaction 3, LLC (FLIQ3). The transfer was completed on August 30, 2019 (US time) after all necessary procedures were finalized including releasing Toshiba from its guarantee of TAL.

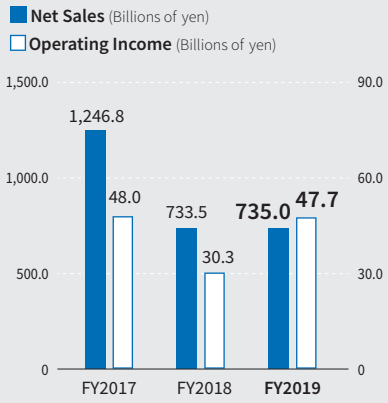
Any risk associated with the LNG agreement has now been severed with the completion of the transfer. The Toshiba Group will continue to manage its portfolio based on benchmarks set out in the "Toshiba Next Plan," making further structural reforms as and when necessary.

Infrastructure Systems & Solutions

Net Sales by Segment



Net Sales / Operating Income



Main Businesses (As of March 31, 2020)

- Water supply and sewage systems
- Power distribution systems
- Road systems
- Communication & broadcast systems
- Telecommunication systems
- Security & automation systems
- Railway systems
- Motor & drive systems

▶ Business Overview

The Infrastructure Systems & Solutions segment reported higher sales of 735.0 billion yen, 1.5 billion yen increase from the previous year. Railways and Industrial Systems recorded lower sales as Industrial Systems reduced low-margin projects, but Public Infrastructure recorded higher sales on expansion of the defense & electronic systems business.

The segment as a whole saw higher operating income of 47.7 billion yen, 17.4 billion yen increase from the previous year. All businesses saw higher operating income. In Public Infrastructure this reflected improvements in the sales mix, and in Railways and Industrial Systems, it was due to changes in the product mix.

Order Received for Sewage Treatment Projects in India - Contributing to River Ganges Cleanup Plan

Toshiba Water Solutions Private Limited, a subsidiary of Toshiba in India, received an order from Bihar Urban Infrastructure Development Corporation Ltd for the construction of two sewage treatment plants in the cities of Chapra and Begusarai located along the Ganges in Bihar, India, together with a 15-year contract for their operation and maintenance. Sewage will be treated in both these areas, contributing to the clean-up of the River Ganges.

Water pollution has become a serious problem in the Ganges due to rapid urbanization. To combat this the Indian government announced an action plan to clean up the river in 2015. Toshiba Water Solutions has previously constructed four sewage treatment plants in Jharkhand and Uttar Pradesh as part of this action plan. Success with these projects no doubt helped to secure the contract for the two plants in Bihar.

By combining its water treatment-related solutions technologies of monitoring control and energy-saving with its expertise and experience in engineering, procurement, construction, operations and maintenance which Toshiba Water Solutions has cultivated in projects in India and abroad, the Company is contributing towards the Sustainable Development Goal of “ensuring availability and sustainable management of water and sanitation for all.”

River Ganges

Delivery of the Newly Developed Hybrid System for The Central Japan Railway Company's Next-Generation Limited Express Rolling Stock (test train)

The newly developed, compact and highly efficient hybrid system for the next-generation limited express HC85 series has been delivered to The Central Japan Railway Company.

The HC85 series uses a hybrid system in which electric power supplied from a diesel engine-powered generator is combined with battery-stored electric power to drive the motor. As part of the overall system, Toshiba Infrastructure Systems & Solutions has delivered motors, generators, batteries, vehicle controllers, and master controllers.

The new development of the compact, high-powered fully-closed permanent magnet synchronous generator (PMSG) means that, for the first time in Japan, fully-closed permanent magnet synchronous machines have been adopted for both motors and generators for use in railways. The fully-closed permanent magnet synchronous motor (PMSM) and the fully-closed permanent magnet synchronous generator (PMSG) are both highly efficient rotary machines with the hermetically sealed structure producing reduced noise levels and easier maintenance.

In terms of batteries, Toshiba's SCiB™ lithium-ion rechargeable battery has also been taken on. The battery is charged from the regenerative power gained through braking. This power can then be used to activate the vehicle's idle-stop system and for initial acceleration. The result is an efficient use of energy helping to achieve a good, overall environmental performance.

Toshiba Infrastructure Systems & Solutions will continue to develop equipment and systems for rolling stock, developing railway systems in line with various railway concepts while pursuing improvements in safety and environmental performance.

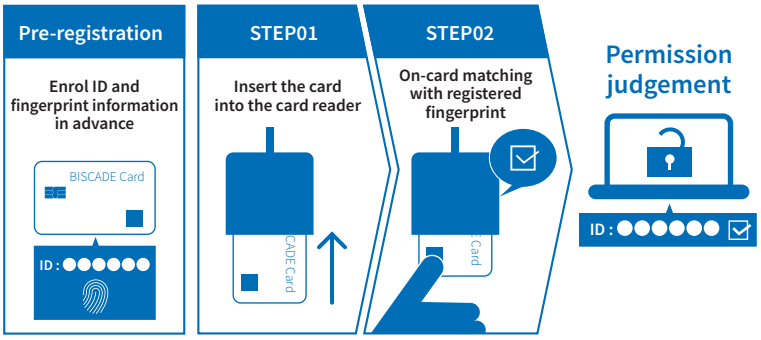
The Central Japan Railway Company's Next-Generation Limited Express Rolling Stock (test train)

BISCADE™ Card—Japan's First Commercialized Fingerprint Authentication Smart Card to be Used in Security Systems

The BISCADE™ Card, a fingerprint authentication smart card, developed by Toshiba Infrastructure Systems & Solutions has been adopted by Laurel Intelligent Systems Co., Ltd. for its FSS®SmartLogon®TFPA security system. The system uses a combination of smart card and fingerprint authentication instead of the traditional computer logon system of smart card and password. The BISCADE™ Card will thus be used as a computer logon card for improved security and convenience.

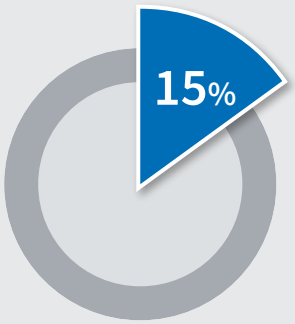
Prior to use, the card holder has his or her fingerprint registered on the smart card. The card works by placing a finger onto the sensor of the card while the smart card is read to verify the identity of the registered card holder. In this way, authentication becomes possible with just one card through the process of two-factor authentication, namely the combined function of a registered card holder information with the additional biometric authentication, greatly improving security measures when the card is used. Furthermore, as well as using the existing smart card reader as is, it is also possible to safely use important information stored on the secure chip in the smart card in conjunction with ID verification.

With rising use of the Internet in recent years, security measures have become increasingly important. Looking to the future, Toshiba will contribute to greater smart card use through its development of products such as contactless smart cards and credit cards that support fingerprint authentication.

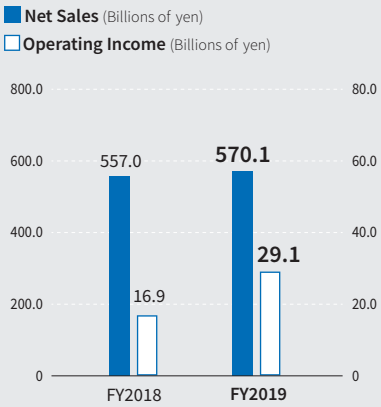


Building Solutions

Net Sales by Segment



Net Sales / Operating Income



Main Businesses (As of March 31, 2020)

- Elevators
- Light fixtures
- Industrial light parts
- Commercial air-conditioners
- Compressors

▶ Business Overview

The Building Solutions segment reported higher sales of 570.1 billion yen, 13.1 billion yen increase from the previous year. While sales in Lighting were lower, both Elevators and Air Conditioning reported improvements.

The segment as a whole saw higher operating income of 29.1 billion yen, 12.2 billion yen increase from the previous year, the result of rises in Elevators in Japan and overseas, and an improved performance in Lighting.

Construction Completed of the New Technology Building “e-Third”

In January 2020, Toshiba Carrier completed the construction of the new technology building, e-Third (short for “evolution + Technology Hub in R&D”), built within the premises of Fuji Factory & Engineering Center. Work has been carried out to the interior of the building and operations have started from May 2020.

Comparative experiments will be carried out in the e-Third using different air-conditioning systems in office areas divided into blocks, with work areas used for demonstrating and testing. The office has been designed in such a way as to encourage communication between departments and individuals and as a place where focused work can be carried out. Furthermore, the multifunctional image sensor, SMART EYE SENSOR MULTI™, manufactured by Toshiba Infrastructure Systems & Solutions, has been combined with central monitoring systems to visualize office area use. By doing so, it becomes possible to see how the office is used by employees as well as saving energy, thereby promoting a continual evolution of the office space.

Toshiba Carrier positions the e-Third as the center of technological development for expansion around the world, strengthening its research and development capabilities for domestic and overseas products and solutions.

New R&D building “e-Third”

Toshiba Wins the International iF Design Award 2020

In the iF Design Award 2020, Toshiba Elevator and Building Systems won the Gold Award with its destination control system, FLOORNAVI™, while Toshiba Lighting & Technology took the Product Design Award with its LED base light with a built-in video camera, ViewLED™.

The iF Design Award is an international design award sponsored by the world's longest-standing independent design group, iF International Forum Design GmbH (based in Hannover, Germany). It is held every year recognizing excellence in design.

The FLOORNAVI™ destination control system allows users to specify from the control panel located in the elevator hall which floor they wish to go to before entering the elevator. The system then indicates to users wanting to go to the same floor which elevator to take. Reducing the number of floors each elevator stops at helps to provide a smoother elevator experience.

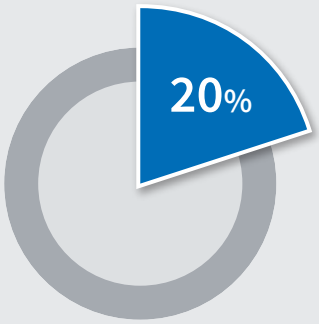
The ViewLED™ is an LED base light with a built-in video camera. The camera works through conventional lighting wires. The ViewLED™ allows simple, low cost video recording while addressing the needs of society in terms of safety and security.

LED light with camera "ViewLED™"

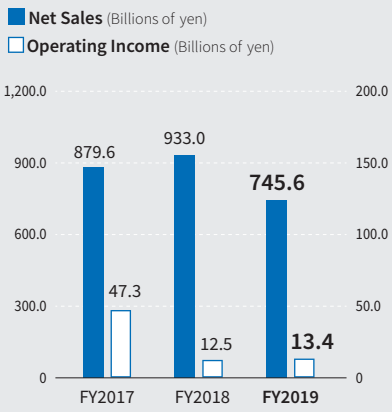
Destination registration system "FLOORNAVI™"

Electronic Devices & Storage Solutions

Net Sales by Segment



Net Sales / Operating Income



Main Businesses (As of March 31, 2020)

- Power devices
- Analog ICs
- Small-signal devices
- HDDs
- Optoelectronic devices
- Semiconductor manufacturing equipment
- In-vehicle digital & logic
- Parts materials
- Microcomputers

▶ Business Overview

The Electronic Devices & Storage Solutions segment saw lower sales of 745.6 billion yen, 187.4 billion yen decrease from the previous year. In Semiconductors, this was due to the slowdown in the global market and the impact of COVID-19. HDDs & Others also saw lower sales on lower demand for mobile HDDs, the impact of COVID-19, and changes in the memory products resale channel.

The segment as a whole reported higher operating income of 13.4 billion yen, 0.9 billion yen increase from the previous year. Although HDDs & Others recorded flat sales, Semiconductor saw higher operating income, as benefits from restructuring overcame lower sales. The previous year recorded goodwill impairment of 9.8 billion yen for NuFlare Technology, Inc.

Expansion of HDD Business for Data Centers

Toshiba Electronic Devices & Storage (“Toshiba TDSC”) is expanding its HDD business into the realm of data centers. Toshiba Group was the first in the industry to release 14TB nearline HDDs using conventional magnetic recording (CMR) technology for data centers. Several major data center customers have adopted the HDD, expanding the size of Toshiba’s business in this field. In addition, many customers are also qualifying Toshiba TDSC’s 16TB HDDs. This fiscal year the 16TB HDD MG08 series has been used by Microchip Technology Inc. of the United States, passing compatibility tests with their Adaptec® Host Bus Adapters (HBA) and their Redundant Array of Independent Disk (RAID) adapters. Companies that use these adapters, which are widely used in the marketplace, will be able to utilize the Toshiba TDSC manufactured 16TB HDD in their storage system servers. As a result, it is expected that demand for Toshiba TDSC’s HDDs for data centers will further increase in the future.

Toshiba TDSC will continue to actively develop product lines such as its high-capacity HDDs for data centers that meet the needs of its customers, helping to strengthen the foundations for an information-oriented society.

HDDs for data centers

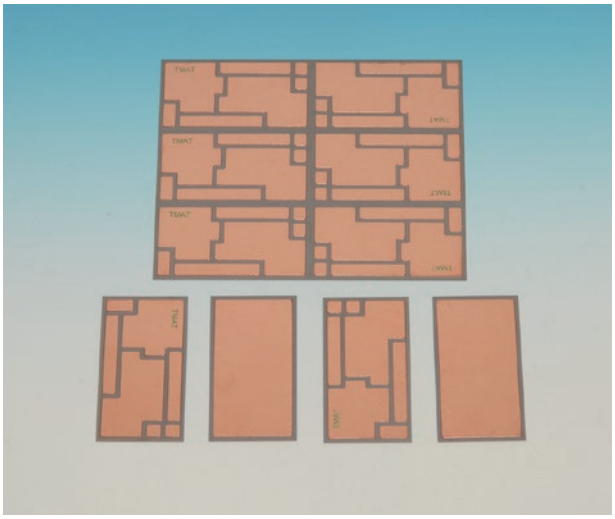
Opening of Second Production Site for Silicon Nitride Substrates

Toshiba Materials has made the decision to open a second production facility for silicon nitride substrates in the city of Oita, Oita Prefecture, southern Japan. The company plans to make a major investment in a second production facility through a 10-billion-yen program that will run until March 2023. Production at the new plant is expected to start in September 2021.

Silicon nitride substrates offer the advantages of excellent thermal conductivity and durability. Driven by the concern to cut power consumption in automobiles and industrial equipment, they are positioned to meet the growing demands for heat dissipation and insulation components required in the power semiconductors that control and supply power. From a business continuity planning perspective also, which recognizes the increased impact of natural disasters in recent years, it is becoming ever more important for production to take place on multiple sites.

In light of these circumstances, Toshiba Materials has made the decision to open a second production facility for silicon nitride substrates in Japan Semiconductor Corporation's Oita Operations site. The plant will have a production capacity of about 40,000 m^2 / year, which will gradually increase in line with growing demand. Production will also continue at Toshiba Materials' main plant in Yokohama, Kanagawa Prefecture.

Toshiba Materials will continue to contribute to the realization of highly efficient energy-saving automobiles and industrial equipment through the stable supply of high-quality products.



Silicon nitride substrates

Toshiba Introduces Cutting-edge Generation SOI Process for RF Switches and Low-Noise Amplifier ICs for 5G Smartphones

Toshiba Electronic Devices & Storage Corporation (Toshiba TDSC) developed "TaRF11," the latest generation of Toshiba TDSC's advanced RF SOI process (TarfSOI™) optimized for RF switches and low-noise amplifiers (LNA) in mobile devices such as 5G smartphones.

SOI (Silicon on Insulator) is a technology that prevents device malfunctions and destruction by separating the elements with an insulating film, and "TarfSOI™" is an SOI process originally developed by the company for RF semiconductors.

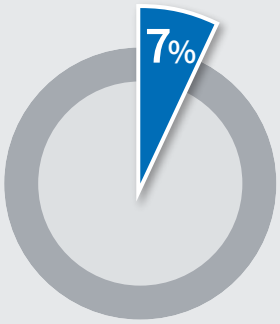
In recent years, the performance of smartphones and other mobile devices has improved, and they have migrated to higher wireless band frequencies. Generally, the higher the frequency, the greater the signal loss between the antenna and the receiving circuit, driving a need for LNA with enhanced characteristics that improve received signal quality by compensating for signal loss.

Toshiba TDSC's newly developed TaRF11 process improves on the RF characteristics of TaRF10, the current generation SOI process technology. MOSFETs for LNA fabricated with TaRF11 process achieve a minimum noise figure of 0.48dB @8GHz, a 0.3dB improvement over TaRF10. Toshiba TDSC has developed RF ICs, utilizing the fab of its subsidiary, Japan Semiconductor Corporation to apply the latest SOI-CMOS technology. By handling all aspects of the production flow, from RF process technology development to design and manufacturing, Toshiba TDSC secures a rapid products launch.

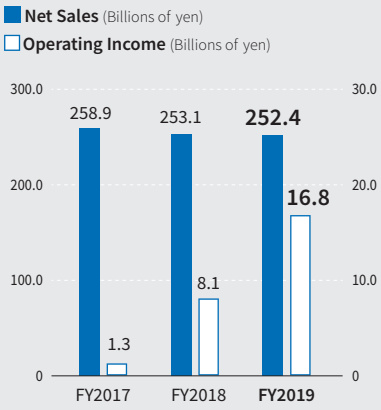
Toshiba TDSC will continue to advance its cutting-edge TarfSOI™ process technology, toward securing further performance improvements and to provide for 5G smartphones, Wi-Fi applications, and Ultra Wide Band (UWB) applications.

Digital Solutions

Net Sales by Segment



Net Sales / Operating Income



Main Businesses (As of March 31, 2020)

- IT solutions services

▶ Business Overview

The Digital Solutions segment saw lower sales of 252.4 billion yen, 0.7 billion yen decrease from the previous year. While an increase in system projects for government had a positive effect, round tripping transactions at Toshiba IT-Services Corporation impacted the result.

The segment as a whole saw higher operating income of 16.8 billion yen, 8.7 billion yen increase from the previous year. Higher operating income from higher sales of system projects for government overcame the impact of the transactions at Toshiba IT-Services Corporation. Restructuring also resulted in a decrease to fixed costs, which had a positive impact.

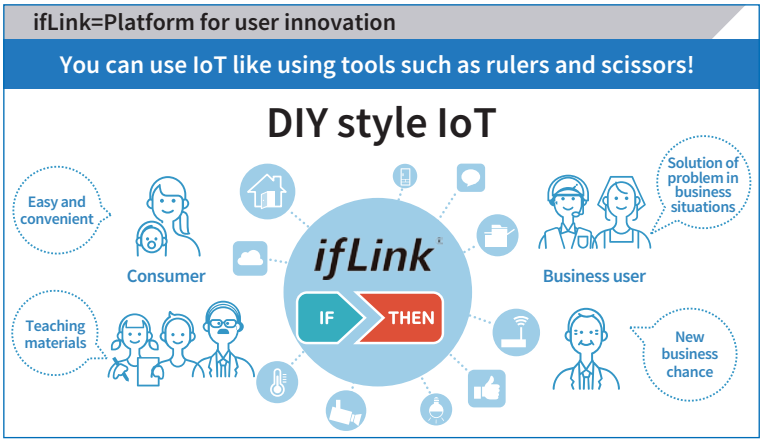
Establishment of the ifLink Open Community

Toshiba together with Toshiba Digital Solutions has established the ifLink Open Community consortium, which started promotion activities in FY2020.

Developed by Toshiba Digital Solutions, ifLink is an IoT platform dedicated to the Internet of Things (IoT), paving the way to simply connect things together through the Internet. For example, using the IF-THEN commands in the sense of “When the door opens (IF), the light shines (THEN)”, it becomes possible to freely connect and operate devices, such as sensors and lights that can communicate with smartphones. Since it requires no expertise in IT or programming on the part of the user, it is expected to bring new business opportunities to companies in a wide range of businesses.

The ifLink Open Community will operate two distinct communities: the Co-creation Community will provide a forum where users and consortium members can discuss ifLink applications and exchange ideas, and the ifLink Development Community will allow consortium members to work together to link different IoT devices, web services, and applications to expand the number of modules that can be connected to ifLink, and to quickly develop product prototypes. This community will aim to create IoT services that embody user ideas and needs, hoping to achieve swift commercialization through a demonstration test environment and member network.

As core members of the ifLink Open Community, Toshiba and Toshiba Digital Solutions will, together with supporting members, seek to further expand its membership to form an even larger community.



Simulated Bifurcation Machine—Software Enabling Large-Scale Combinatorial Optimization at High Speed—Available on AWS Marketplace

Toshiba Digital Solutions has made its Simulated Bifurcation Machine (SBM) available to potential customers worldwide by releasing it on the Amazon Web Services Marketplace. The SBM is software that uses the simulated bifurcation algorithm, another example of technology created by Toshiba.

In many fields there is the problem of finding the best combination among an exponential number of candidates. This is known as the combinatorial optimization problem. For example, in logistics there is the problem of instantly finding the shortest route, in finance, instantly making the most profitable deal from the countless choices in the financial markets, and in drug discovery, discovering new molecular designs from innumerable combinations.

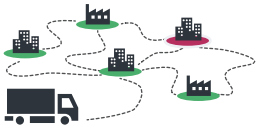
Since these types of combinatorial optimization problems require an enormous number of calculations, it has in the past been difficult to solve them in a realistic timeframe. The challenge is in dealing with manageable large-scale problems and shortening the time it takes to find a solution. The SBM obtains good approximate solutions to large-scale complex problems at high speed with high accuracy using existing computers.

Toshiba and Toshiba Digital Solutions will continue to use the SBM to carry out more demonstration experiments together with their partners to find solutions to problems in various fields, identifying areas for its use and looking to gain quick market penetration.

What is a combinatorial optimization problem?

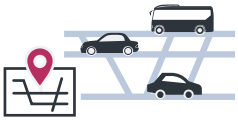
A problem for finding the best combination among an exponential number of candidates. With an increase in the problem size, i.e., the number of combinations in total, it is practically impossible to exhaustively test every combination and arrive at a good solution, which is one of the limitations of traditional computing.

Examples of combinatorial optimization problems



Logistic optimization

Find a route with the shortest travel distance.

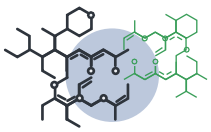


Traffic congestion alleviation

Determine the route of each vehicle to minimize congestion.

Financial portfolio optimization

Find a combination of different stocks with high return and low risk.

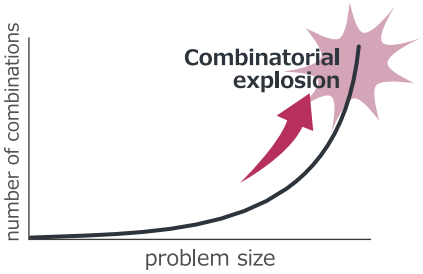


Molecular design for drug discovery

Identify the molecular makeup of drugs with the desired efficacy.

Small-scale problems

Possible to test every single combination and find the solution.



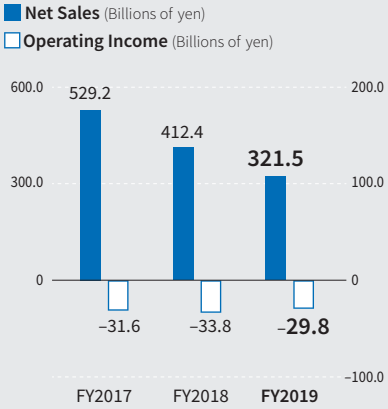
Large-scale problems

Practically impossible to every single combination; the remaining option is to rely on experiences, educated guesses, and trial and error.

Others

Net Sales by Segment

Net Sales / Operating Income



Main Businesses (As of March 31, 2020)

- Battery systems

▶ Business Overview

The Others segment saw lower sales of 321.5 billion yen, 90.9 billion yen decrease from the previous year, and improved operating loss of 29.8 billion yen, 4.0 billion yen improvement from the previous year, resulting from the deconsolidation of the PC business.

Toshiba Receives the Prime Minister's Award at the National Invention Awards in Recognition of its Invention of the SCiB™ Rechargeable Battery

The Company was recognized with the Prime Minister's Award at the 2019 National Invention Awards sponsored by the Japan Institute of Invention and Innovation in recognition of its invention of the SCiB™ rechargeable battery, which achieves excellent characteristics, including high input/output and long life, by using a lithium titanium oxide (LTO) anode.

SCiB™ uses an LTO anode in place of the graphite negative electrode commonly used on lithium ion batteries today to achieve long life and high input/output power, while ensuring safety, which is why the Company received the award. SCiB™ enables rapid recharging in a six-minute period, which is 80% shorter compared to a conventional lithium ion battery using a graphite negative electrode. In addition, when repeating rapid recharging over a six-minute period, it has been confirmed that the battery degradation of SCiB™ is extremely small compared to a lithium ion battery with a graphite anode.

In addition, for the invention of SCiB™, the Company received a Merit Award at the 52nd Ichimura Industrial Awards sponsored by the Ichimura Foundation for New Technology and the Science and Technology Award at the 2020 Minister of Education, Culture, Sports and Technology Awards in the Field of Science and Technology sponsored by the Ministry of Education, Culture, Sports, Science and Technology.

The Company considers SCiB™ to be a new growth business. By further promoting the spread of SCiB™ in the future, the Company will contribute to a safe and secure society and provide solutions to issues associated with the environment, energy, and resources.

SCiB™ rechargeable battery

New Business

Toshiba Launches Quantum Key Distribution (QKD) System Business

Toshiba will start providing quantum key distribution (QKD) platforms and commence deployment of a system integration business in the fourth quarter of FY2020.

In Japan, Toshiba Digital Solutions Corporation has been awarded the contract from the National Institute of Information and Communications Technology (NICT) to deploy and manage the QKD systems that will be installed at multiple locations on their network. Toshiba plans to deliver the system in the fourth quarter of FY2020 and the deployment will start to roll out from April 2021.

Outside of Japan, Toshiba Europe Ltd., in collaboration with BT Group plc., has enabled the UK's first industrial deployment of a quantum-secure network between two industry-leading organizations and began joint verification from September 2020. In the US, Toshiba has participated in the recent QKD demonstration by Verizon Communications Inc. in alliance with Quantum Xchange, announced by Verizon on September 3. From FY2021, the company will collaborate with regional business partners not only in the UK and the US, but also in Europe and Asia, to promote the QKD system integration businesses worldwide.

In order to promote the businesses, the company has introduced two quantum key distribution platforms. First is its innovative multiplexing platform that allows the data and the quantum keys to be transmitted on the same fiber, eliminating the need for costly dedicated infrastructure for key distribution. The other is the platform for long-distance applications that maximizes speed and distance of key delivery.

The company has developed a manufacturing base in Cambridge, UK, and will begin providing the platform products to specific users as early as the third quarter of FY2020. Toshiba plans to build a QKD network in Japan and other countries by FY2025 and launch a QKD service for organizations focusing on financial institutions.

Toshiba has spent more than 20 years taking on the challenges of this unexplored field and has pioneered the path to practical use, achieving multiple world firsts along the way, including the industry's highest key rates and longest fiber distance. The QKD market is expected to grow to approximately $20 billion worldwide in FY2035*. Leveraging these technological foundations, the company aims to capture approximately 25% of the market (approximately $3 billion) in FY2030 by providing market leading QKD services.

* Toshiba's long-term estimates based on short- to mid-term estimates by research firms

New Test Can Detect 13 Cancer Types with 99% Accuracy from a Single Drop of Blood

The Company has developed a simple, highly accurate cancer detection technology that utilizes microRNA (short nucleic acid molecules consisting of about 20 bases that are known to be stable in blood) in blood.

Cancer has been the leading cause of death in Japan since 1981. However, advances in treatment have won dramatic improvements in survival rates, as long as the cancer is detected at early stage. Even if contracting cancer, improving the survival rates through early detection is crucial for society.

MicroRNA, small non coding RNA molecules, has attracted attention as a reliable marker for cancer.

Humans have roughly 2,500 types microRNA in their blood, and their activity has been a focus in recent years as a method for easy and highly accurate detection of cancer to help resolve this issue. The Company developed its microRNA-based cancer detection technology through participation in the Japan Agency for Medical Research and Development's Project Focused on Developing Key Technology for Discovering and Manufacturing Drugs for Next-Generation Treatment and Diagnosis, a development program focused on developing the foundations of microRNA measurement technology in bodily fluids.

microRNA chip

In a three-way collaboration, advanced medical knowledge on microRNA from Tokyo Medical University and the National Cancer Center Japan were brought together for testing with the Company's microRNA detection technology. The results distinguished between samples from healthy individuals and those indicating the presence of any of 13 cancers with 99% accuracy. The results include some samples of stage 0, the very earliest stage of cancer growth, before its spread. The results of this research are immensely promising, and pave the way to development of a simple, highly accurate screening tool for the 13 cancers. The time required for testing can be reduced to less than two hours by combining a microRNA chip with a compact, dedicated testing device, enabling same-day results. The Group has declared its commitment to precision medicine characterized by very early detection of conditions and provision of individualized treatment in the Toshiba Next Plan.

Compact testing device

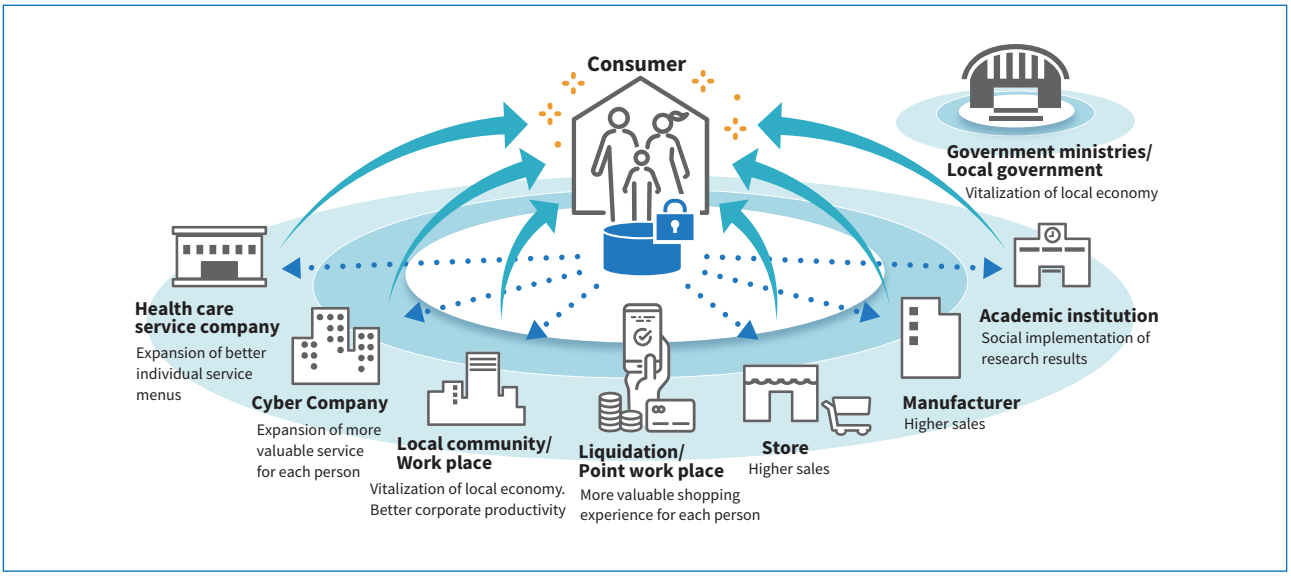
Establishment of Toshiba Data Corporation

The Company established Toshiba Data Corporation as a new company in the business of transforming data into valuable form and returning it to the physical world.

Based on the Group's high security technology and know-how, Toshiba Data Corporation aims to build a data-circulating ecosystem that creates a prosperous future. To achieve this, Toshiba Data Corporation will apply advanced digital technology to the analysis of enormous volumes of data collected in the physical world, in such areas as personal purchasing trends, human resources, and health and behavior and will convert the results into usable information and knowledge that can be returned to the physical world.

Toshiba Data Corporation is implementing a business model based on Toshiba Tec Corporation's application "Smart Receipt." Through Smart Receipt, consumer's receipt information from real-world stores is collected, converted to valuable form and returned to consumers as added values such as coupons matching their lifestyles and needs, while also generating benefits for the stores from increased customers and sales. This service will make consumers' lives more convenient and affordable, and retailers and partner companies will benefit from direct marketing to customers through advanced marketing and advertising, product development, and supply chain efficiency. It is also expected to support revitalization opportunities for local communities.

Toshiba Data Corporation aims to create a better tomorrow for consumers and society by cultivating a safe and secure data-recycling ecosystem with a variety of partners.



Research & Development and Intellectual Property

Research & Development

R&D Strategy

Toshiba Group contributes to a sustainable society by focusing on business domains that sustain modern life and society and create new value with reliable technologies.

In Energy Systems & Solutions, we promote stable supply and efficient use of conventional energy sources. We also contribute to the realization of a low-carbon society by providing equipment, systems and services that generate, transmit, store and make efficient use of clean energy, including hydrogen.

In Infrastructure Systems & Solutions, we provide highly reliable technologies and services to customers in a wide range of industries, including public infrastructure, railroad and industrial systems, in order to realize a safe and secure society.

In Building Solutions, we provide comfortable environment for buildings and residences through smart, high quality elevators, air-conditioning equipment, lighting equipment, and services.

In Retail & Printing Solutions, we provide timely products and services with reliable quality and functions as well as high user-friendliness, creating value with our customer in mind through our superior proprietary technology and in collaboration with the world's best partners.

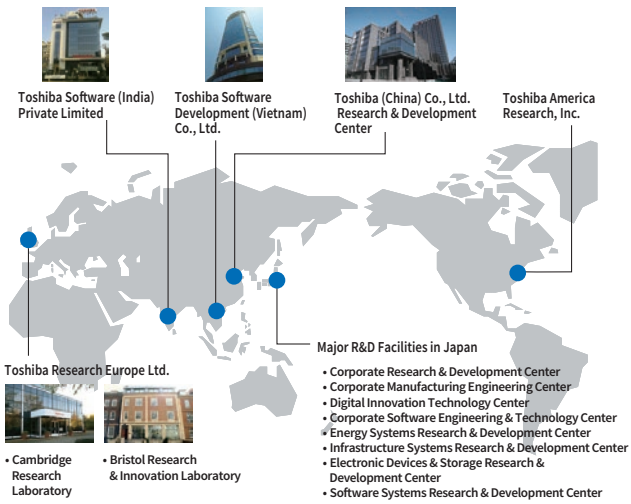
In Electronic Devices & Storage Solutions, with a focus on building infrastructure for big data, we develop cutting-edge technologies for new semiconductor and storage products aiming for domains such as storage for data centers and industrial and automotive.

In Digital Solutions, we work with customers to create digital services that make the most of our industrial know-how and IoT and AI technologies.

Global Research & Development

Corporate research centers—the Corporate Research & Development Center, the Corporate Manufacturing Engineering Center, the Digital Innovation Technology Center, and the Corporate Software Engineering & Technology Center—bring together Group-wide capabilities to pursue R&D in basic technologies. Outside Japan, we have R&D facilities in the United States, Europe, and China, and software development centers in India, China, and Vietnam. These organizations are accelerating cutting-edge R&D, working with the technology development divisions in our worldwide business units.

Major R&D bases in Japan and overseas

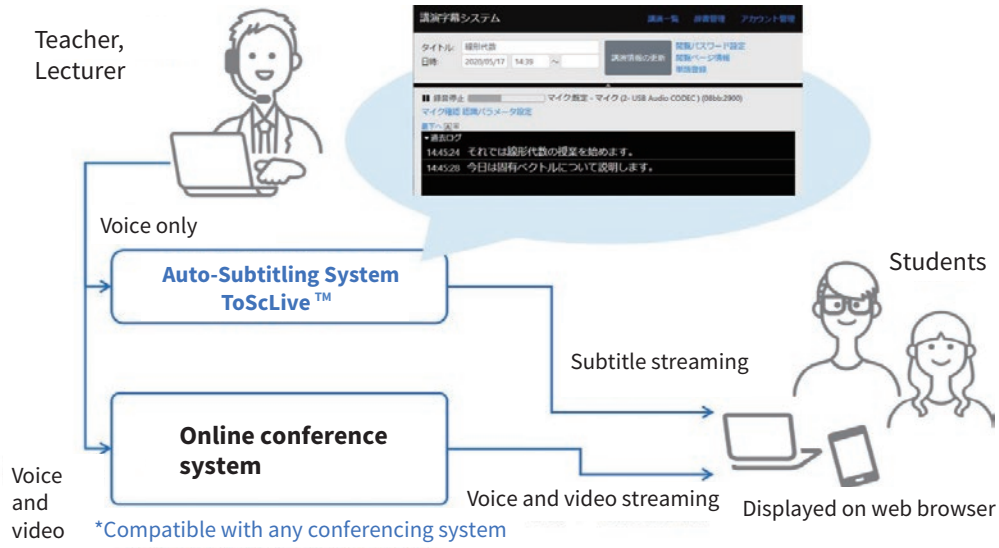


Creating Value that Shapes Tomorrow

Toshiba's Auto-Subtitling System for Online Classes is a Win-Win for Educators and Students

In the new normal of the COVID-19 pandemic, schools and universities have to come up with novel and effective ways to reach and teach their students. Many have turned to distance learning and online classes, including almost half of Japan's universities. As it moved to online lessons with less preparation period, maintaining the quality of lessons has become an issue in the field of education. For students it is important to review lessons and lectures efficiently, and especially to pinpoint just where the teacher said what. With ToScLive™, Toshiba has developed a powerful tool that brings benefits to both teachers and students. ToScLive™ is an automatic subtitling system for online classes that delivers a real-time record of what the teacher is saying, and students can view them on PCs, tablets and smartphones. Since it is self-contained and operates independently, it can be used with any conference system. With high-precision subtitles system, we will prevent overhearing and easily reflect on the lessons, and support school education in the new normal society.

Figure 1: Outline of ToScLive ™



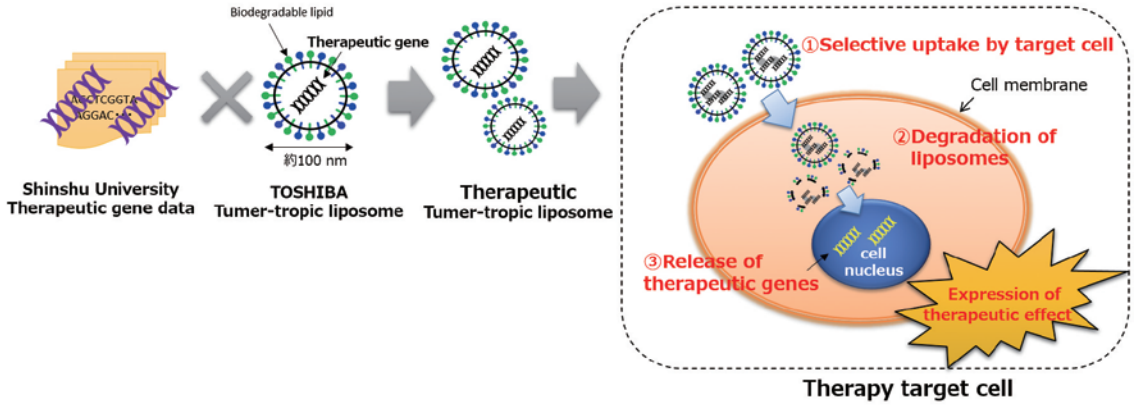
Creating Value that Shapes Tomorrow

Shinshu University and Toshiba Develop Tumor-Tropic Liposome Technology that Carries Therapeutic Genes into Cancer Cells

Toshiba and Shinshu University have together developed a "tumor-tropic liposome technology" for gene therapy(Note 1). The technology uses unique, nano-sized biodegradable liposomes developed by Toshiba to accurately and efficiently deliver therapeutic genes to targeted cancer cells, and achieves safer gene delivery than viruses used as carriers.

The biodegradable liposomes developed by Toshiba are composed primarily of a unique lipid that degrades in cells, and that deliver genes to cells easily without the use of viruses. In addition, the liposome structures are designed to the properties of the target cancer cell, ensuring delivery to the targets. The delivery of T-cell tumor, a type of cancer (T-cell type acute lymphocytic leukemia (Note 2)) is also highly efficient, as a comparison of tumorous cells and normal T cells found that the former surpassed the latter in therapeutic gene uptake and expression by 30-times and 400 times respectively. This technology not only enables the treatment of cancer with less burden on the patient, but can also be expected to have a high therapeutic effect on other cancers that are difficult to treat.

Figure 1: The biodegradable liposome technology targeted by the research



(Note:1) A method of treating a disease by inserting a gene into a cell in order to restore, enhance or suppress its function. It is based on the physiological action of a protein produced by the gene.
(Note:2) Acute lymphocytic leukemia is a type of blood cancer in which immature lymphoblasts (leukemia cells) overgrow in the bone marrow. It is roughly classified into B progenitor cell type and T cell type, and T cell type accounts for about 10-15% in children and about 20-25% in adults.

Creating Value that Shapes Tomorrow

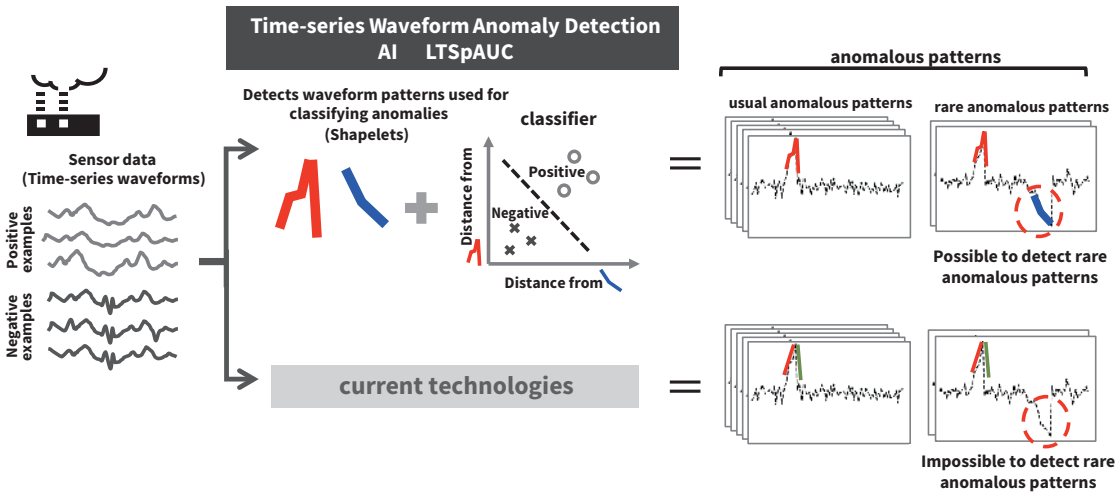
Time-series Waveform Anomaly Detection AI that Minimizes Missed Anomalies or False Alarms Offering High Explainability

In the field of machine learning technology that detects and diagnoses anomalies in manufacturing and infrastructure equipment, Toshiba has developed "Learning Time-series Shapelets for Optimizing Partial AUC" (LTSpAUC), a new AI technology that minimizes missed anomalies or false alarms in time-series waveforms, and also offers high explainability of reasons behind its decision.

There is a trade-off between reducing missed anomalies and false alarms while securing high explainability. However, LTSpAUC delivers approximately 7% more accurate anomaly detection than current technologies while maintaining sufficient explainability. LTSpAUC brings improvement on reducing missed anomalies or false alarms.

LTSpAUC also makes it possible to learn rare anomalous patterns that are beyond the scope of other methodologies. Another advantage is that it is also possible to check the waveform patterns based on which AI judges normal and abnormal and to understand how and why AI decides equipment is an anomaly or not.

Figure 1: Overview of LTSpAUC



Creating Value that Shapes Tomorrow

Development of an Electromagnetic Coupling-type High-speed Isolation IC for Next-generation Power Electronics Systems

Toshiba has developed two kinds of isolation integrated circuits (IC) for realizing next-generation power electronics systems that are compact, energy-saving, and highly reliable.

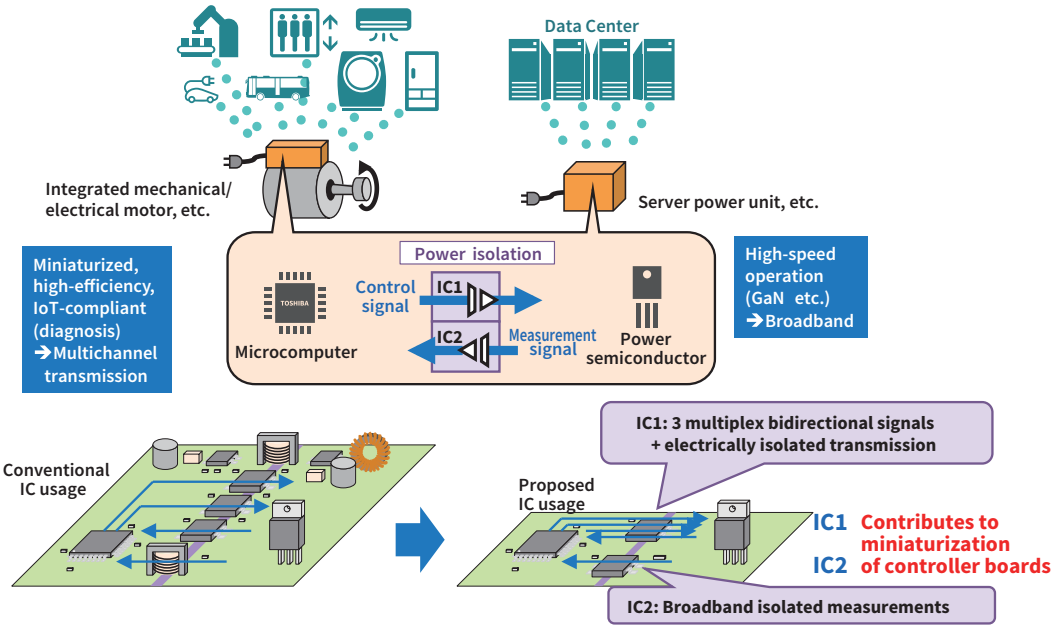
The bidirectional multiplex transmission IC, which isolates driver circuits of power semiconductor devices. Toshiba has successfully reduced the number of ICs by sharing signal and power transformers through the world's first application of the FSK(Note 1) wireless communication method in an isolation IC. The device structure cancels magnetic fields generated by adjacent transformers, eliminating the need for a large separation distance and enabling miniaturization. In addition, a circuit for clock synchronization across isolation barrier supports reliable operations without the need for a high-precision external oscillator(Note2), which is conventionally required for FSK communication.

This bidirectional multiplex transmission IC is the world's first single-package IC, developed by generic manufacturing processes, to achieve bidirectional communication of three signals and power transmissions exceeding 100mW. Applying this IC to an inverter control board can reduce the footprint of the isolated part by about 35%.

Another development is a high-speed isolated measurement IC that can be installed in power supply systems for servers in data centers that require high-speed operation.

Applying an unpowered passive mixer(Note 3) circuit used for wireless communication allows omission of the large external isolated power transmission circuit that is conventionally required. In addition, a dedicated calibration circuit improves transmission accuracy. This enables measurements more than 300 times faster in a single-package IC, while also reducing the footprint by about 70% as compared with conventional methods capable of similar high-speed measurements.

Figure 1: Next-generation power electronics and contributions of the developed isolation IC



(Note:1) Frequency-Shift Keying: A modulation method for communication in which information is encoded in the frequency of the carrier wave.
(Note:2) A component for outputting a signal with a constant frequency. Generally, ceramic or crystal oscillators are used.
(Note:3) A circuit that converts measured signals to a high frequency using only a clock signal, thereby allowing isolated transmission without power transmission.

Intellectual Property

Intellectual Property Strategy

Intellectual property (IP), the fruits of R&D, is a powerful contributor to business activities, and we are building IP capabilities to support both the physical and cyber domains.

By applying an IP perspective to strengthening our CPS business model, such as the open and close strategy, and making full use of IP, we bring new value into the world.

Toshiba's IP Strategy

Expand IP-driven Business Contributions (Returns)

Realize Leaps to CPS Business Model

Reinforce IP capabilities to support strengths in physical and cyber domains

- Build a strong patent portfolio envisaging future patent utilization
- Maintain and improve the patent balance relative to competitors
- Minimize IP risk

×

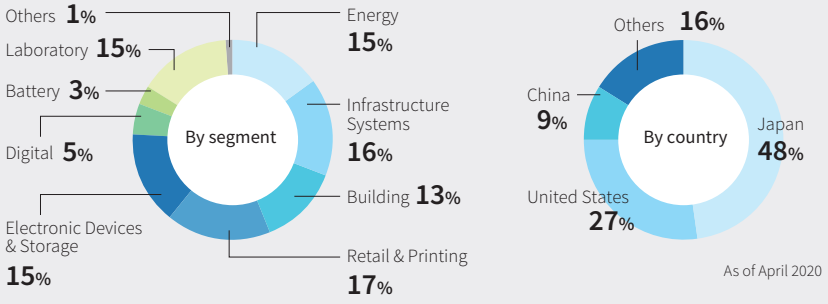
Apply IP perspective to strengthen the strategic concept of the CPS business model

- Employ open and close strategy and suggest strategies for utilizing data
- Promote new services and business models through invention and creation
- Provide advice on contracts to realize intended business models and information analysis

Global Patent Portfolio

Toshiba Group has a patent portfolio optimized for each business

FY2020 Global Patent Portfolio



As of April 2020

Awards for IP

Toshiba Group's diverse state-of-the-art technologies are highly appreciated. Prominent awards received include the following:

• **The Prime Minister Prize, National Commendation for Invention 2019**	Invention of large-size rechargeable batteries with high-power and long-life performance
• **The Invention Prize, National Commendation for Invention 2019**	Invention of a pilot signal to improve area coverage of MIMO wireless LAN systems
• **Derwent Top 100 Global Innovator 2020**	Toshiba has been selected as one of the world's most inventive companies for nine consecutive years

Toshiba Group Sustainability Management

Sustainability Management

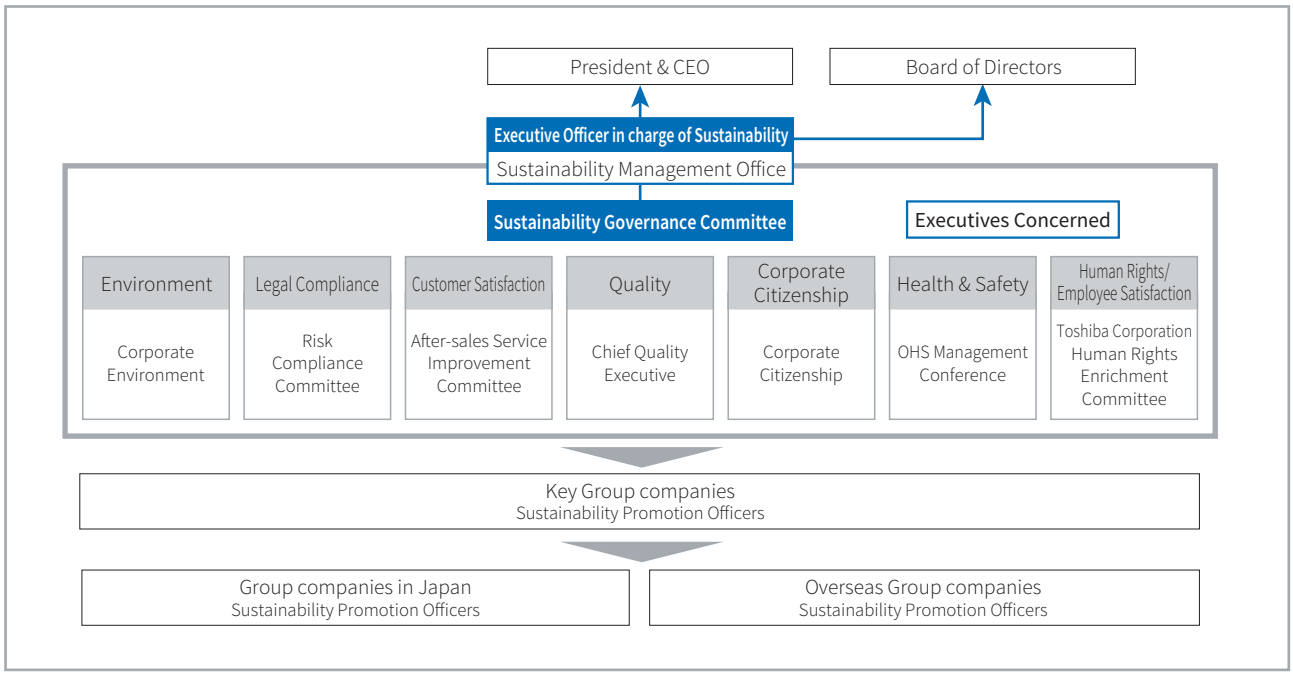
Toshiba Group has long positioned “Committed to People, Committed to the Future” as the main text of our Basic Commitment, the expression of our unwavering determination to contribute to society’s development through our business activities. Grounded in this commitment, as a member of a society that faces issues that include energy shortages, resource depletion, and climate change, we aim to help to solve issues by considering the impact of our corporate activities on society over the long-term, rather than simply pursuing short-term profits.

In order to build ethical and transparent management foundations for our sustainable development as a company, Toshiba Group strives to strengthen E (environment), S (social), and G (governance) and implement sustainability management, and to create and provide rich value in collaboration with our various stakeholders, such as our customers, shareholders and investors, procurement partners, employees, and local communities. We conduct all corporate activities fairly and honestly, guided by the “Standards of Conduct for Toshiba Group.”

Sustainability Promotion System

In 2003 Toshiba Group established an in-house organization to promote CSR, and put in place a group-wide promotion system. The Sustainability Promotion Committee, headed by the executive in charge of sustainability and other responsible executives, meets as appropriate to discuss and decide upon the Toshiba Group's activity policy. Subsequently, the Corporate Environmental Management Committee, Risk Compliance Committee, and other Committees formulate and promote action plans and key performance indicators (KPIs) based on the policy decisions, for each area of their responsibility. Sustainability Promotion Officers appointed at Group companies in Japan and overseas ensure thorough implementation of Toshiba Group's sustainability activity policies, and track the progress of priority issues at key Group companies.

■ Sustainability Management Structure

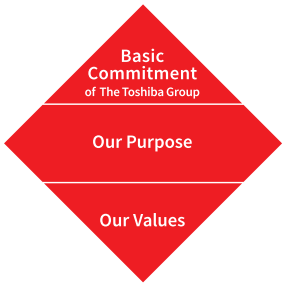


SDGs Initiatives

The main plank of the "Toshiba Group Basic Commitment" is "Committed to people, committed to the future." This expresses Toshiba Group's unwavering determination to contribute to the development of society through its business, and is consistent with the direction of the SDGs, which aim to realize a sustainable society.

Acting in good faith in our daily activities, and with a passion to make the world a better place, looking to the future beyond the next generation, and to create that future with our stakeholders—inspired by these ideas, Toshiba Group has and will continue to bring together the creativity and technological capabilities it has cultivated to confront social issues that are becoming more complicated and serious, and to turn on the promise of a new day.

The Essence of Toshiba



Basic Commitment of the Toshiba Group
Committed to People,
Committed to the Future.

Our Purpose
We turn on the promise of a new day.

Our Values
Do the right thing
Look for a better way
Always consider the impact
Create together

Sustainable Development Goals

Contributions to achieving the SDGs through corporate activities

The SDG Secretariat, comprising Toshiba's corporate divisions, promotes SDG understanding and initiatives, and has played the central role in coordinating with key Group companies and exchanging opinions to clarify the relationships between our business and the SDGs. Within that process, and with consideration of impacts on society throughout our value chain, eight goals that Toshiba Group can contribute to through its business were identified, and our intention to accelerate those initiatives was announced in the Toshiba Next Plan (FY2019-23 Business Plan). Since then we have added two more goals where we can contribute outside of business, and by centering on these 10 goals Toshiba Group will contribute to the achievement of the SDGs in all of its corporate activities.

- CO_2 Capture Systems
- Hydrogen Energy Systems
- Renewable Energy
- Heavy-Ion Therapy Systems
- MicroRNA Detection Technology
- Phased Array Weather Radar
- Energy Saving Railway Systems
- Disaster Management Solutions
- Robotics, Logistics System Solutions

- Occupational Health and Safety
- Training System for Talent Development
- Diversity & Inclusion Promotion

- Water Supply and Sewerage
- Image Recognition Processors
- Power Devices MOSFET
- High Capacity HDD for Data Centers
- LED Lights
- Elevator Systems
- HAVC
- SCiB
- Factory IoT Solutions
- Electronic Receipt Service

- Employment and Labor Relations
- Sustainability and Disclosure of Information
- Stakeholder Engagement

Contribute through corporate activities that support business

Toshiba Group contributes to the achievement of the SDGs through all corporate activities.

With the SDGs, working toward one goal has the ripple effect of contributing to another goal, and with this in mind, Toshiba Group will continue to undertake initiatives that extend beyond the aforementioned 10 goals to cover all 17 of the SDGs.

Respect for Human Rights

Guided by The Basic Commitment of the Toshiba Group, we respect the rights of all stakeholders, such as our employees, customers, and shareholders. We support universal principles regarding human rights and labor practices, including the Universal Declaration of Human Rights, and respect human rights through sound business activities.

Policy on Respect for Human Rights

Toshiba Group's policy on human rights is stipulated in the Article 1 "Respect for Human Rights" in the Standards of Conduct for Toshiba Group, which Toshiba Group's executives and employees must adhere. The policy was formulated with reference to international norms and guidelines such as the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and ISO 26000. As part of this policy, we will demand to take corrective actions not only from Toshiba Group executives and employees but also from our suppliers for any human rights violations found. At the same time we will start our dialogues with relevant stakeholders.

1 Toshiba Group Corporate Policy

Toshiba Group Companies shall:

(1) comply with all applicable laws and regulations concerning human rights in each country and region, understand international standards, and respect human rights, and shall not condone use of either child labor or forced labor;

(2) take appropriate measures in the event that Toshiba Group becomes aware of violation of human rights and demand that suppliers redress any violations of human rights; and

(3) seek to raise awareness among related stakeholders with respect for human rights.

2 Standards of Conduct for Toshiba Group for Toshiba Group Directors and Employees

Directors and Employees shall:

(1) accept and accommodate different values, and respect the character and personality of each individual, observe the right to privacy and human rights of each individual; and

(2) Avoid any violation of human rights based on race, religion, sex, national origin, physical disability, age or sexual orientation, and avoid physical abuse, sexual harassment, power harassment (i.e., bullying or harassment by superiors in the office) or violation of the human rights of others.

Human Resource Management for Sustainable Growth

Toshiba Group states "We turn on the promise of a new day" in "The Essence of Toshiba." To achieve this, we are creating and promoting an open corporate culture, and have established fair evaluation systems while seeking to develop and deploy talent to the greatest extent in order for our sincere and richly diverse human resources with a passion for change to work together and to generate new value based on a vision of the future of the Company.

Basic Policy on Talent Development

To "turn on the promise of a new day," the new Human Resource Policy will provide total support for people with a sincere passion for transformation who envision the Company's future and cooperate with one another to create new things.

Toshiba Group Human Resources Policy

[Appraisal]
People who take on new challenges will be highly evaluated and rewarded for their actions and performance.
[Talent (management, assignment, and training)]
People who lead growth and innovation and take on new challenges will be assigned and trained.
[Organization]
A highly creative and productive organization will be created where each person can play an active role.

Promotion of Diversity and Inclusion

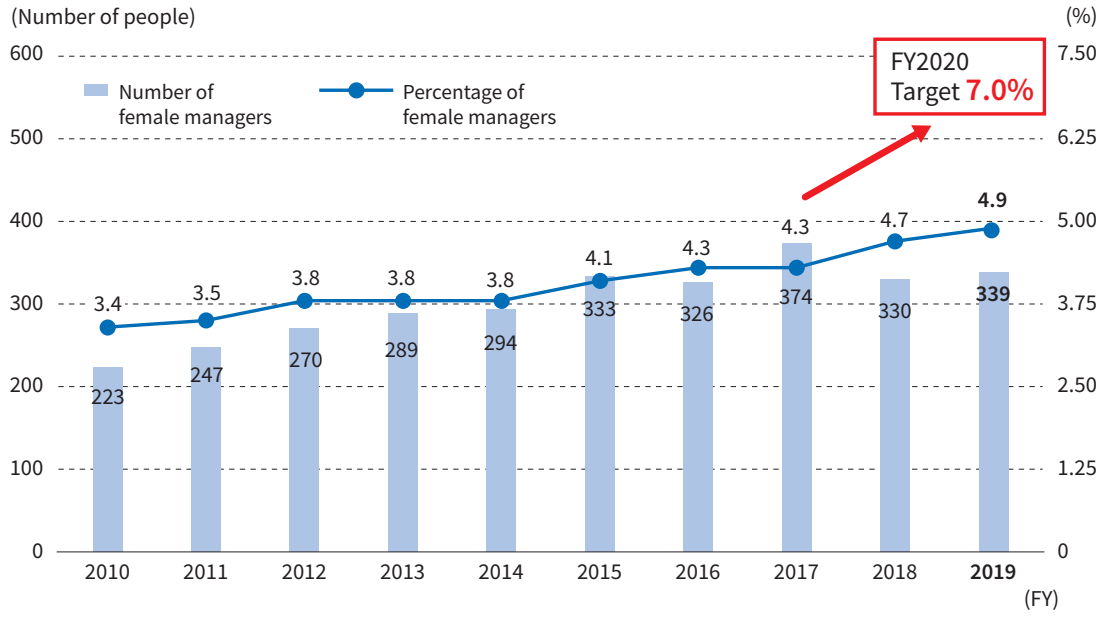
Toshiba Group believes that promoting diversity and inclusion leads to greater corporate value in such areas as securing labor and creating innovation, and aims to establish a corporate culture that enables diverse personnel to play active roles irrespective of gender, nationality, or whether they have disabilities or not.

Toshiba Group is working to enhance its systems and initiatives, especially for female employees, foreign employees, employees with disabilities, and LGBT+ employees.

Promoting the Career Development of Female Employees

Toshiba is promoting measures to accelerate success for female employees. The Act to Advance Women's Success in Their Working Life was enacted in FY2016. The act defines the obligations of national and local governments and private business owners to advance women's careers to realize a society that enables women to fully develop their creativity and abilities. Based on this act, Toshiba has developed an action plan aimed at increasing the percentage of female managers to at least 7% by the end of FY2020. We have also set our recruitment target for new female university graduates at 50% for administrative positions and 25% for technical positions. In our action plan, we formulated measures to achieve these targets, including training for female manager candidates and awareness raising for managers and workers.

■ Trends in the number / percentage of female managers (Toshiba, section manager level or higher)



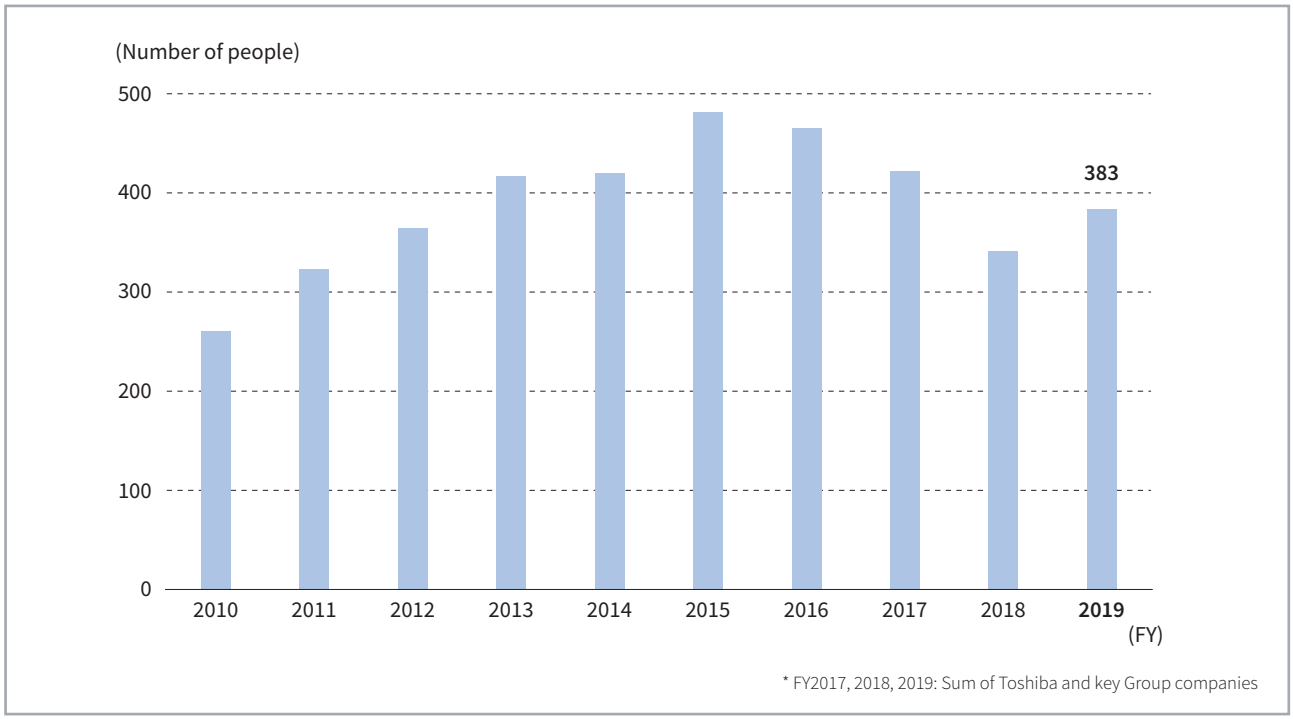
* FY2017, 2018, 2019: Sum of Toshiba and key Group companies

Recruiting Non-Japanese Employees and Utilizing Them Effectively

As part of our diversity and inclusion promotion, Toshiba Group is actively recruiting of non-Japanese employees. By FY2019, this had attracted over 400 recruits to the Group, and they are active in all kinds of fields, such as sales, R&D, and design.

We support global recruits' smooth start of a new life in Japanand assign mentors to each new non-Japanese employee to give guidance based on a tailor-made job skill improvement plan. Since FY2011, we have conducted regular assessments of job duties and work environments in order to improve them, presenting good examples from other workplaces. In these assessments, global recruits and their superiors discuss what they each respectively regard as challenges, as well as good methods/means of encouraging foreign national employees to actively involve themselves in their workplaces. Training is also provided for managers and trainers in workplaces receiving those who are newly employed through global recruitment.

■ Trends in the number of non-Japanese employees (Toshiba)



* FY2017, 2018, 2019: Sum of Toshiba and key Group companies

Work-Style Reform

Toshiba Group has been promoting work-style reform since April 2019 to resolve social issues as an infrastructure service company and contribute to the further development of society.

By encouraging flexible work-styles, business reform and health management, we aim to reduce long working hours and execute work that is of high added value so that each and every employee can work safely, healthily and happily. In addition, employees who can work from home have been asked to do so in principle since April 2020 due to the spread of COVID-19. We increased the number of lines used to access our internal systems from outside to 50,000 lines in April 2020, which is five times more than normal.

We have set goals for hours of overtime work and are aiming to gradually reduce overtime work for reducing long working hours and executing work with high added values. In addition, Toshiba is making the transition to a style of work that does not depend on overtime work, to allow the utilization of diverse personnel and promote work-style reform.

Since the 1990s, Toshiba Group has been supporting employees to balance their work and personal life. Starting in 2005, in accordance with the Law for Measures to Support the Development of the Next Generation, we have implemented various measures and systems, which surpass the legal standards, and continue to make them more adaptable and flexible.

In FY2014, we revised our Hourly-Unit Annual Leave system. Now employees can take leave on a quarterly hour basis instead of hourly when they take a leave over an hour.

Employment and Labor Relations

Sound and stable labor relations are an essential foundation for achieving continuous corporate growth.

Toshiba holds labor talks with Toshiba Union, which employees may join, for practical and amicable solutions under three fundamental principles: Labor-management Equality, Mutual Trust and Understanding, and Prior Consultation.

Toshiba supports the principles of the Universal Declaration of Human Rights, the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises, and ensures that its employees have fundamental labor rights, which include respecting freedom of association as a company and the right to collective bargaining.

Based on the recognition that formation of a labor union is permitted in Japan, Toshiba Union was established, consisting of employees belonging to the Company. In the Labor Agreement concluded with Toshiba Union, it stipulates that Toshiba Union has the three rights of labor (the right to association, the right to collective bargaining, and the right to act collectively). Toshiba Union comprised 15,743 members as of March 31, 2020, accounting for 95.7% of employees*1.

We pay salaries in compliance with the laws and regulations setting the minimum wage in each country. In addition, the payment of bonuses is determined based on consultations between labor and management at Toshiba and its key Group companies. The bonus system reflects the evaluation result of the Company performance in the amount of bonuses paid, with the aim of rewarding employees for their contribution to the Company and fostering a sense of responsibility for the Company performance. We have introduced a framework for granting restricted stock incentives*2 with the aim of encouraging officers and certain employees who are candidates for succession to the management team to share the same values as shareholders and strengthen the driving force for enhancing corporate value.

*1: This percentage refers to the ratio of Union members to regular employees, excluding supervisors, pursuant to the Labor Standards Act. Of the employees stated above, employees (HR, Accounting, Security work, etc.) who are stipulated as non-Union members in the labor agreement are not included in the ratio calculation. Including Toshiba Corporation, Toshiba Energy Systems & Solutions Corporation, Toshiba Infrastructure Systems & Solutions Corporation, Toshiba Electronic Devices & Storage Corporation, and Toshiba Digital Solutions Corporation.

*2: Introduced to Toshiba Corporation, Toshiba Energy Systems & Solutions Corporation, Toshiba Infrastructure Systems & Solutions Corporation, Toshiba Electronic Devices & Storage Corporation, Toshiba Digital Solutions Corporation, Toshiba Elevator and Building Systems Corporation, Toshiba Lighting & Technology Corporation and Toshiba Carrier Corporation.

Benefits

Toshiba Corporate Pension Plan:

For our domestic Group full-time employees' lives after retirement, we have the Toshiba Corporate Pension Plan (defined benefit plan), in addition to their old-age pension from Japan's welfare pension insurance scheme. Currently, around 65,000 employees from 87 companies have subscribed to the Toshiba Corporate Pension Plan. In October 2015, we also introduced a defined contribution pension to further improve employees' post-retirement funds.

Health insurance association:

Toshiba Group in Japan has the Toshiba Health Insurance Association to which 175 business owners and approximately 225,000 people (including retirees and dependents) have subscribed. The association strives to prevent illness and enhance the health and physical strength of the Group employees as well as bear the burden of medical expenses and provide benefits in the event of illness, injury, childbirth, etc., for Group employees and their families.

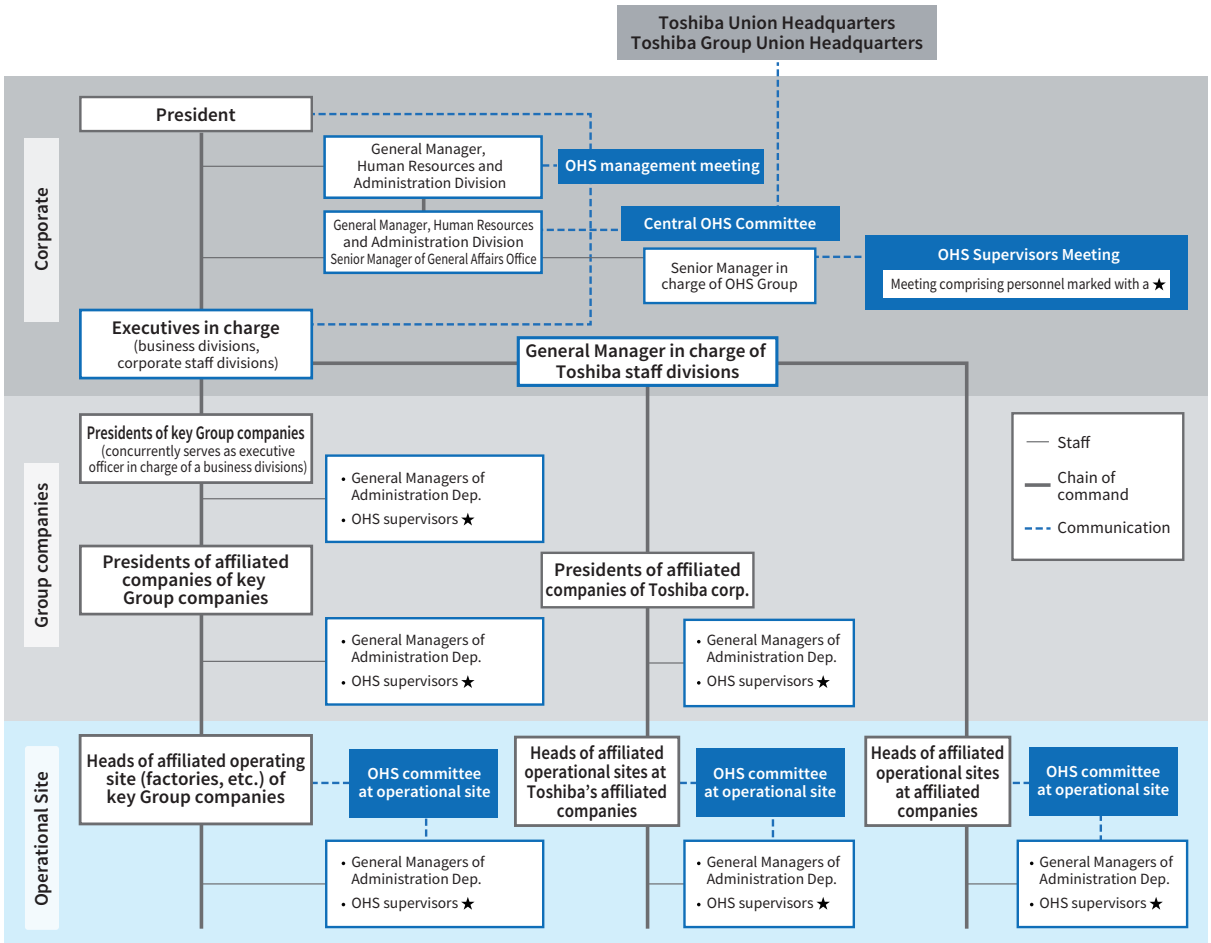
Occupational Health and Safety

The Toshiba Group OHS Management Policy was established in 2004 in response to the declaration of commitment to OHS by the top management with a goal of all employees sharing the commitment. The content was revised together with revision of the Toshiba Group's Philosophy in 2018 and the new content specifies our consideration of the people working in diverse conditions related to our business, including independent contractors as described in item 4 of the Toshiba Group OHS Management Policy, in light of the requirements of ISO 45001 certification, a new standard for OHS management systems.

Toshiba Group has made further improvements to its occupational health and safety management activities and codified them into the OHS management to penetrate them throughout the organization from top management to all employees. We declared launching of this at the Toshiba Group CSR Conference in December 2018. We designated the executive in charge of Human Resource and Administration Division as a chief OHS officer (CHSO) and formulated the Toshiba Group Health & Safety Management Declaration, which specifies the roles to be fulfilled by executives, managers, health and safety personnel, and employees in the field of OHS management, and disseminated it through the CHSO. In addition, to spread awareness of health and safety management, we established a health and safety management meeting chaired by the CHSO in FY2019 and the meeting is being convened on a regular basis.

Promotion of OHS

The OHS activities of Toshiba Group are developed at the level of operational sites (or individual Group companies) with specific measures to achieve the OHS objective from the corporate department, which is the supervisory division of the Group, and Group companies, based on a line management system from top managers through to employees.



OHS Management System

Toshiba Group defines fatal accidents or accidents for which more than one person requires leave from work at the same time as serious accidents and strives to eliminate them. Although Toshiba Group companies are engaged in a wide variety of industries, there are certain industries among these where the risk of serious accident is relatively high, as judged from past cases. We therefore identified target industries to introduce the international OHSMS standard OHSAS 18001* based on third-party assessment and have been incorporating this standard into and acquiring external certification for manufacturing companies in those industries since FY2007. In FY2019, all manufacturing companies and 52 non-manufacturing companies (accounting for 76.1% of all personnel from Group companies in Japan) in Toshiba Group in Japan. Some 43 major manufacturing subsidiaries overseas (accounting for 73.5% of all personnel from Group companies abroad) have attained certification.

This visible OHS management system enables us to continuously evaluate and manage OHS risk through risk assessment based on OHSAS 18001 and ensure legal compliance.

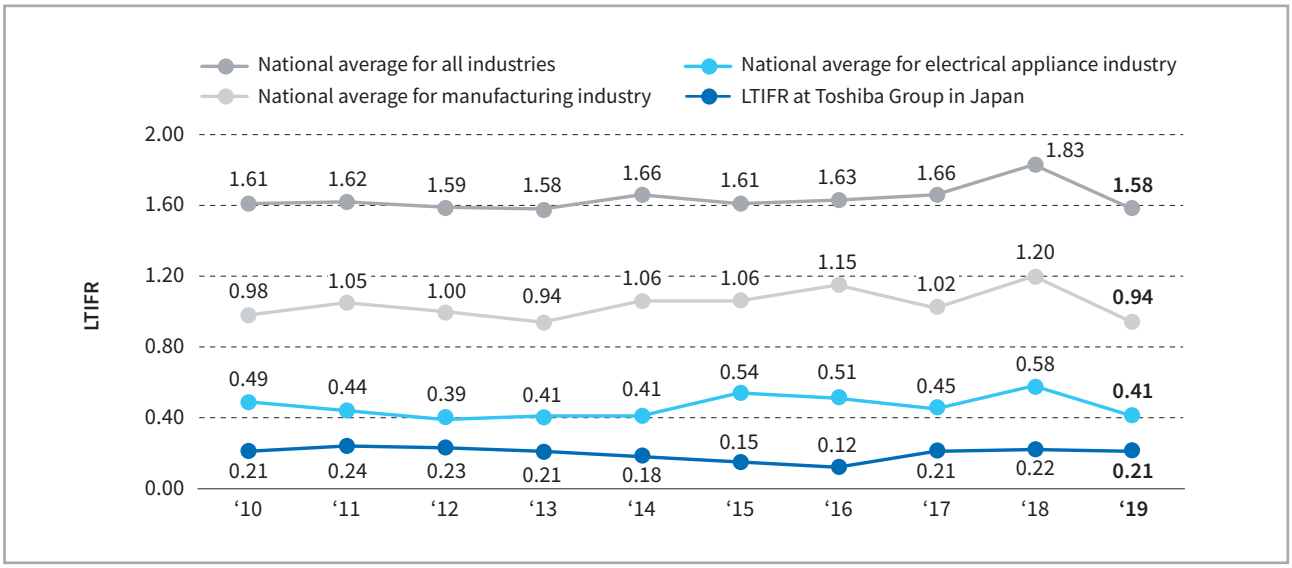
In addition, Group companies that fall outside the scope of OHSAS 18001 certificate acquisition also operate under an OHSMS in accordance with guidelines set by the industry or a simple PDCA cycle based on the Toshiba Group each OHS Management Policy and promotion plan. In corporate staff terms, we are working to raise the level and make improvements to our OHSMS by regularly conducting assessments of processes for our activities.

*OHSAS: Occupational Health and Safety Assessment Series. For companies that have acquired OHSAS 18001 certification, Toshiba Group is taking steps to shift to the certification to the ISO 45001 standard announced in March 2018.

Occurrence of Occupational Accidents

The frequency of occupational accidents (frequency of lost workdays) of Toshiba Group in Japan in FY2019 was almost the same as that of the previous fiscal year. This is much lower than the national average for the manufacturing industry. The number of occupational accidents in FY2019 was 96 in total, down 17% year on year, with one fatality, 30 cases resulting in lost workdays and 65 cases without lost workdays. Regrettably, this was the first fatality of a Toshiba Group employee in seven years, so we are working to share information throughout the Group on exactly what happened, the cause and our response to ensure that the same kind of accident does not happen again under similar conditions and with similar equipment.

■ Lost-Time Injury Frequency Rate at Toshiba Group in Japan*

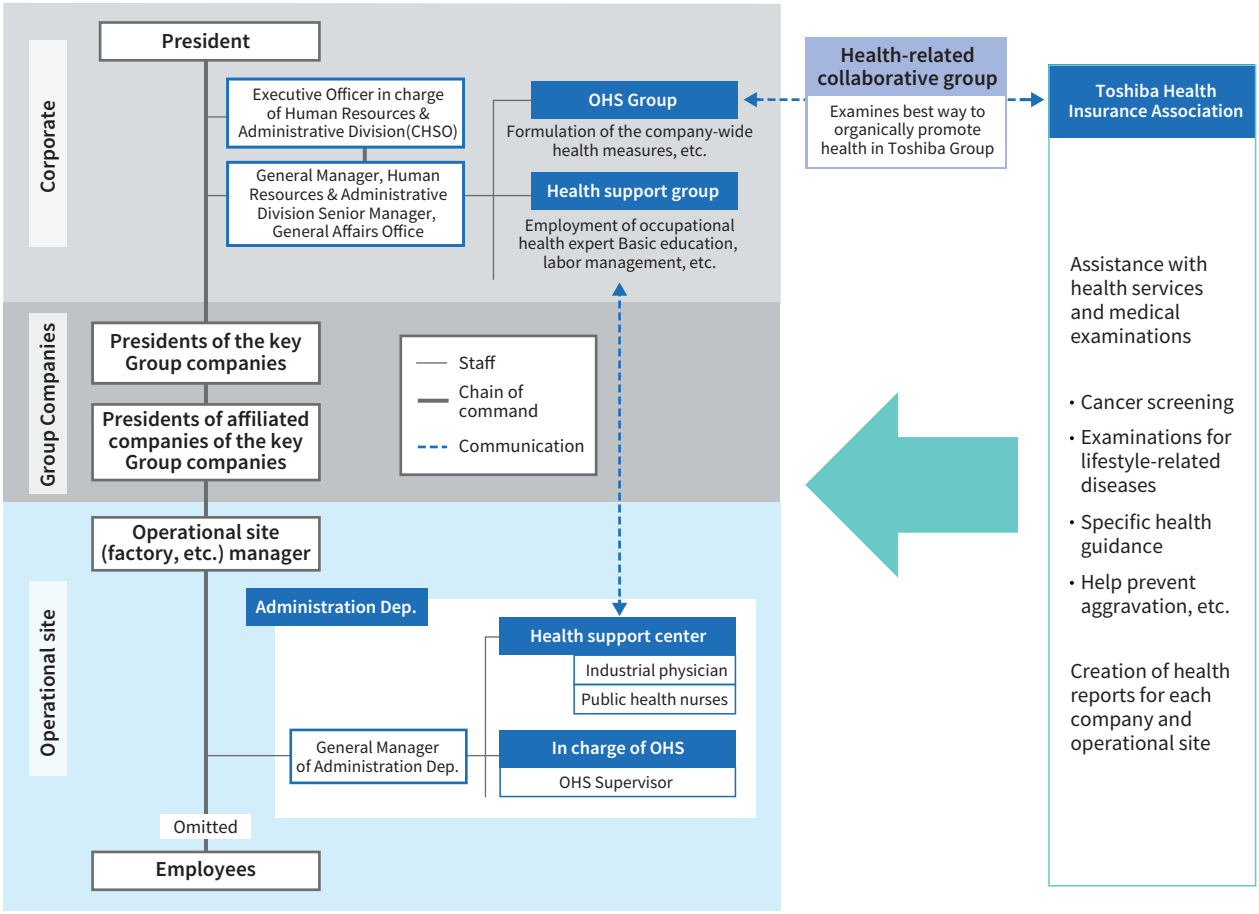


*LTIFR: Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked.
*Includes accidents involving part-time workers, fixed-term workers and dispatched workers.

System for Health Management

Toshiba Group in Japan has held OHS management meetings on regular basis since FY2019 to share the Group's health-related issues and regular monitoring indicators, or key performance indicators (KPIs), and the top management of each key Group company in attendance are then requested to incorporate those into measures to improve the safety and health management of their employees though the governance line.

■ Toshiba Group's Health Management System (including the role of Toshiba Health Insurance Association)



Toshiba Group Key Performance Indicators (KPIs)

Key performance indicators (KPIs) for health management were set forth as shown below at the OHS management meeting for FY2019. We will aim to make further improvements to items for which we have already attained our nationwide target figure and raise the level in items for which we are yet to achieve our target nationwide. Our varied approach will center on improving lifestyle habits, an indicator for this process.

CSR Management in the Supply Chain

In order to fulfill CSR in regards to human rights, labor, and the environment in cooperation with suppliers, Toshiba Group continues to promote CSR activities throughout the supply chain.

Toshiba Group procurement policy thoroughness

We request suppliers to consider CSR in accordance with Toshiba Group Procurement Policy. In FY2014, we revised the policy and included expectations for our suppliers to act in accordance with the UN Global Compact and the RBA Code of Conduct and requested some 10,000 suppliers (cumulative numbers*) to abide by this revised content, and got consensus from them. In FY2019, Toshiba Group selected approximately 3,000 companies as new suppliers based on the Policy for Selecting Suppliers stipulated in the Toshiba Group Procurement Policy. The Toshiba Group Procurement Policy which includes encouraging secondary suppliers to also adhere to them was distributed and explained to new suppliers. Toshiba Group request them to agree to the policy.

*As Toshiba Group companies conduct surveys based on each contract, we count only one contract in the case multiple contracts are concluded with one supplier. Additionally, the company numbers are approximate due to there being commercially sensitive information.

▶ Toshiba Group Procurement Policy

Monitoring

Toshiba Group monitors the status of CSR management in the supply chains that have ongoing businesses at manufacturing sites at the time of quality audits and requests improvements and provides guidance as necessary. For new procurement transactions, we check the supplier's conformity with Toshiba Group's procurement and selection policies, its manufacturing sites and management structure, and whether it complies with laws and regulations on environment, human rights, and occupational health and safety. Toshiba Group holds briefings to explain to suppliers its policies on the environment, human rights, and occupational health and safety. We also conduct supplier surveys to monitor their performance in accordance with the Toshiba Group Procurement Policy (including self-assessment) at each business site.

That surveys conducted to suppliers which supply products and components whether they consist Toshiba brand products or not from FY2019.

■ Suppliers participating in briefings and those covered by the survey (FY2019, Toshiba Group, cumulative numbers)

Content	Briefing session participants	Survey implementation*	Field surveys*
Human rights & safety	6,953	6,055	920
Environment	3,790	6,128	395
Total	10,743	12,183	1,315

* The survey includes self-inspections using the RBA SAQ (Self-Assessment Questionnaire), third-party audits, and surveys/audits using our own standards.

Product Safety

In keeping with the Standards of Conduct for Toshiba Group on Product Safety and Product Security, Toshiba Group endeavors to comply with relevant laws and regulations, to ensure product safety and product security, and also to proactively disclose reliable safety information to our customers. Furthermore, we continually research safety-related standards and technical standards (UL Standards*1, CE Marking*2, etc.) required by the countries and regions where we distribute products, and display the safety compliance of our products in accordance with the relevant standards and specifications.

In the event of an accident in the market that involves a Toshiba product, the employee obtaining the accident information follows the "Structure of Response to the Occurrence of Product Accidents," and the necessary measures are discussed and enacted by the CPL Committee*3 of relevant companies, chaired by a senior executive, or if necessary, the Corporate CPL Committee. In the event of a serious accident attributable to a product that is likely to recur, we inform customers of the danger and request that they cease using such products, promptly report to the competent authorities, and establish countermeasures as soon as possible.

Furthermore, we are developing an information system to enable swift communication with quality assurance divisions and top management regarding information on product accidents obtained by repair and service staff as well as on how such incidents are handled by Toshiba.

In FY2019, there were two accidents suspected of being caused by the product and four accidents that could not be identified as being caused by the product*4. Details of these are posted on the List of Serious Accidents*5 on our Japanese website. In FY2019, we also carried out one voluntary recall in Japan, details of which are posted in Important Customer Notices*6 on the Japanese website. Link to Important Customer Notices is also provided on the home page of the Japanese website. We continue to work to ensure the safety of our customers.

*1: UL Standards: Safety standards established by UL LLC (Underwriters Laboratories Inc.) that develops standards for materials, products, and equipment and provides product testing and certification.

*2: CE Marking: A certification mark that indicates conformity with the safety standards of the European Union (EU). The CE marking is required for products sold within the European Economic Area (EEA).

*3: CPL Committee: CPL is an abbreviation combining CL (contractual liability) and PL (product liability). The CPL Committee of Group companies promptly determines measures to deal with product accidents and quality issues.

*4: As additional information emerges over time, and changes in understanding result from progress in accident investigations, for the latest information refer to the link in *5.

*5: An accident report based on the Consumer Product Safety Law (Japanese)

*6: Important notices regarding product safety (Japanese)

Environment Basic Policy

Toshiba Group holds environmental initiatives to be one of our top priority tasks in corporate management, guided by the "Essence of Toshiba." We will strive to create enriched value and ensure harmony with the earth for people around the world now and in the future. Through our environmental management that aims to achieve a decarbonized society, a resource circulating society, and a society in harmony with nature, we will contribute to the realization of a sustainable society and turn on the promise of a new day.

▶ Toshiba Group's Basic Policy for the Environment - Full text

Environmental Management Structure

Under the environmental management structure that covers the entire Toshiba Group, the Corporate Environmental Management Committee, chaired by the Corporate Environmental Officer, meets regularly to discuss measures and policies. Of the important environment-related measures and policies that are discussed, items that particularly relate to business management are reported to the President by the Corporate Environmental Officer, either at management meetings or Executive Officer meetings, and are reported to all Directors, including Outside Directors, at least twice a year, at meetings of the Board of Directors. Details deliberated on and decided by the Board of Directors are reflected in the Group's management strategy.

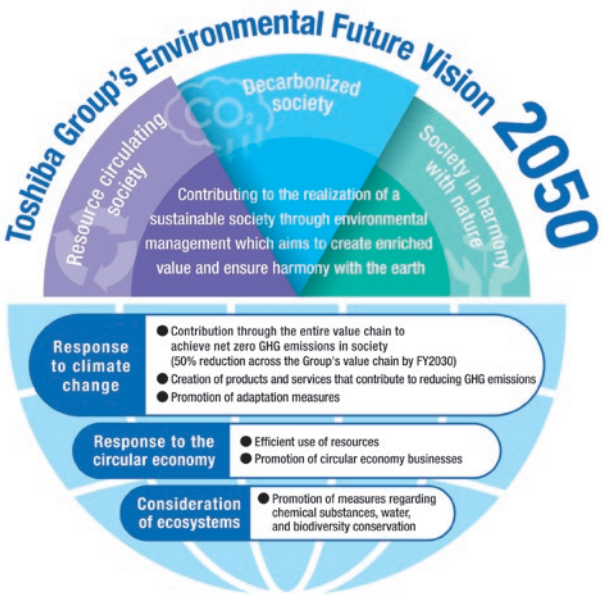
▶ Environmental Management Structure

Environmental Future Vision 2050

In recent years, climate change, the depletion of energy and resources, and various other environmental issues have grown increasingly serious, to the point where they threaten the safe, secure lives of future generations.

Amid these circumstances, we consider it important to continue to provide enriched value to customers as we respond to global trends from a long-term perspective in order to contribute to the realization of a sustainable society and to aim to grow as a sustainable company. As such, Toshiba Group has formulated **"Environmental Future Vision 2050"** as a new long-term vision from a global perspective for responding to decarbonization, the circular economy, and other issues. With the goal of "contributing to the realization of a sustainable society through environmental management which aims to create enriched value and to ensure harmony with the earth," Environmental Future Vision 2050 aims to realize a sustainable society—in other words, a decarbonized society, a resource-circulating society, and a society that is in harmony with nature. Under the same concept of "backcasting*1," which we incorporated into the formulation of the previous Vision from 2007, we will promote the implementation of initiatives in three areas: **"response to climate change," "response to the circular economy," and "consideration of ecosystems"** so as to realize the ideal situation in 2050.

*1: Backcasting is a method that defines a desired goal and works back through the series of actions necessary for its achievement.



Response to climate change

We aim to contribute to realizing a net zero emissions society by 2050 by reducing the amount of GHG emissions throughout our entire value chain by 50% by FY2030 compared to FY2019 level. With regard to our own target for the amount of GHG emissions throughout the value chain, we aim to reduce it by 80% by FY2050 compared to FY2019 level.

These goals are consistent with those of the Paris Agreement*2, and we consider these efforts to be essential to realize the future envisaged by the Paris Agreement. Specifically, in addition to our investment in energy-saving equipment and expansion of the use of renewable energy, we will suspend new orders for coal-fired thermal power plant construction work, and leverage our technological capabilities to create products and services that contribute to GHG reductions in society. Such products and services include energy technologies to realize decarbonization: renewable energy, energy aggregation for power supply and demand adjustment, CO_2 separation and capture technology, highly energy saving social infrastructure products and building-related products, and so on. We will even promote business that involves adaptation measures.

*2: The Paris Agreement is an international framework adopted at the 21st session of the Conference of the Parties (COP21) that seeks to reduce the amount of greenhouse gas (GHG) emissions. It aims to restrain the increase in the global average temperatures to less than 2°C from the pre-industrial level and to pursue efforts to limit the temperature increase even further to 1.5°C. To this end, the Agreement's target is to lower the amount of GHG emissions to substantially zero by the latter half of this century.

Response to the circular economy

We will promote efficient use of resources in both business activities and products and services. At the same time, we will actively collaborate with relevant parties, such as industry organizations, government agencies, and other companies, in order to adapt our business models to the circular economy. Specifically, we will work to reduce the amount of waste from business activities and to recycle used products and parts, as well as aim to construct circular economy business models based on solutions that employ digital technologies, which is our focus.

Consideration of ecosystems

We will contribute to the creation of a society where humans live in harmony with nature and continue to enjoy the blessings of ecosystems by promoting compliance with the policy and regulations on chemical substance management in countries around the world, proper management of water resources, and activities for biodiversity conservation at company sites.

Through these efforts, we will reduce environmental impacts in the lifecycle of products and services, thereby contributing to the realization of a sustainable society. With the aim of integrating business and environmental management, we will actively develop environmental contribution measures in our business areas of focus in a way that is consistent with the business strategy presented in the ongoing Toshiba Next Plan.

Setting Targets for FY2030

In order to achieve Environmental Future Vision 2050, we set out the following breakdown of greenhouse gas (GHG) reduction targets for FY2030 and are promoting initiatives. We have also acquired the approval of the Science Based Targets (SBT)* initiative regarding the FY2030 target in 2020.

*Science-based targets are scientifically grounded GHG reduction targets set by companies on a medium- to long-term basis in order to keep the global average temperature increase this century well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. Science-based targets are validated by the SBT initiative.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

(For all items below, the base year is FY2019.)

- Reduce the total of Scope 1*1 and Scope 2*2 (GHG emissions generated from Toshiba Group's own business activities) by **28% by FY2030.**

- Reduce use-phase GHG emissions of "products and services associated with power supply*3" sold in Scope 3*4 by **50% by FY2030.**

- Reduce use-phase GHG emissions of "products and services associated with power consumption*5" sold in Scope 3 by **14% by FY2030.**

*1: Amount of direct emissions through fuel use at Toshiba Group
*2: Amount of indirect emissions through use of electricity and heat purchased by Toshiba Group
*3: Power generation plants, etc.
*4: Amount of indirect emissions generated by Toshiba's value chain (raw materials procurement, distribution, sales, disposal, etc.) outside Scopes 1 and 2
*5: Social infrastructure products, building-related products (air conditioners, lighting equipment, elevators and escalators), retail and printing equipment, power devices, etc.

For Scopes 1 and 2, we will reduce the amount of emissions by measures such as investing in energy-saving equipment and increasing the use of renewable energy in Toshiba Group's own business activities.

For Scope 3, we will set Category 11, "Use-phase GHG emissions of sold products" as the boundary and will incorporate "products and services associated with power supply," which were not included previously, into the calculations. Also, we will aim to significantly reduce emissions by transitioning from the coal-fired power business.

▶ Environmental Future Vision 2050

Formulation of the Seventh Environmental Action Plan

We are currently formulating the Seventh Environmental Action Plan (FY2021-FY2023) based on Environmental Future Vision 2050, and we will promote activities by setting target values as specific KPIs for each fiscal year.

*Specific KPIs for each fiscal year are under formulation. Activity areas and content are also being formulated and are subject to change.

Proposed Seventh Environmental Action Plan Items

Activity area			Activity content	
Response to climate change (Priority items)		Business activities	Reduction of total GHG emissions	
			Improvement of total energy-derived CO_2 emissions per unit activity	
		Products & services	Products and services associated with power supply	Reduction of GHG emissions during power supply
				Contribution to GHG reduction through introduction of renewable energy
			Products and services associated with power consumption	Contribution to GHG reduction during product use
		Business activities/ Products & services	Contribution to GHG reduction through digital technology	
			Promotion of climate change adaptation measures	
Response to the circular economy (Priority items)		Business activities	Reduction of waste volume	
			Improvement of the total volume of waste generated per unit production	
		Products & services	Increased amount of plastic resources recycled	
			Increased amount of resources saved	
			Promotion of circular economy businesses	
Consideration of ecosystems	Chemical substance management	Business activities	Reduction of the total amount of chemicals discharged per unit production	
		Products & services	Reduction of specified chemical substances contained in products	
	Water resource management	Business activities	Improvement of the amount of water received per unit production	
	Biodiversity conservation		Activities inside and outside the premise of Toshiba sites that support the “Post-2020 Global Biodiversity Framework”	
Enhancement of the basis of environmental management	Environmental communication		Information disclosure & publicity/Networking with stakeholders	
	Environmental risks & compliance		Strengthening of internal management to comply with laws and regulations/Thorough implementation of internal education	

Information Disclosure Based on TCFD Recommendations

As the impact of climate change becomes more serious year-by-year and social interest grows, companies are required to take positive action. In its final report, released in 2017, the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board, recommended companies to disclose information on risks and opportunities related to climate change. Toshiba Group has stated its support for TCFD recommendations, and is also a participant in the TCFD Consortium, a group established to promote the efforts of supporting organizations in Japan. Going forward, we will proactively disclose information on climate change in line with the four thematic areas of the TCFD recommendations: governance, strategy, risk management, and metrics and targets.

Strategy

In formulating the Toshiba Next Plan as our medium-term management plan, we considered various megatrends and reflected them in our business strategy. One of them was the risks and opportunities from climate change. For example, in response to the trend of the decarbonization in society, we decided to expand our renewable energy businesses and to suspend new orders for coal-fired thermal power plant construction work.

In our analysis base on climate change scenarios, we are formulating forecasts for 2030 and 2050 in line with the 2°C (and beyond 2°C) scenarios of the International Energy Agency (IEA), and the 4°C scenario of the Intergovernmental Panel on Climate Change (IPCC). In the 2°C (and beyond 2°C) scenarios, we can anticipate risks such as the tightening energy-saving regulations and the introduction of a carbon tax, but we can also find opportunities to expand demand in areas like energy-saving products and energy technologies to realize decarbonization. In the 4°C scenario, we foresee a dramatic increase in physical risk due to the increased incidence of floods, typhoons and other disasters. Our individual group companies use these scenario forecasts in risk and opportunity analysis for each of their businesses, and share the outcomes at the Corporate Environmental Management Committee. In line with the TCFD recommendations, we estimate the assumed risks and opportunities for market expansion and creation for each business from medium- to long-term perspectives, and use them to shape future business strategies.

The main risks and opportunities Toshiba Group currently envisions are as follows:

Transition risk

Area	Assumed risks	Toshiba Group response
Policy and legal	Increased costs due to tightening of energy-saving regulations and the introduction of a carbon tax, and loss of sales opportunities if they are not responded to	• Set medium- to long-term goals for reducing greenhouse gas emissions throughout the Group's value chain • Reduce total greenhouse gas emissions in manufacturing • Reduce CO_2 emissions by Eco-products • Enhance compliance with global environmental regulations and human resource development • Grasp greenhouse gas emissions throughout the value chain • Energy-saving management in a new technology building using the latest sensor technology
Technology and market	Loss of sales opportunities due to delays in responding to market needs for energy-saving products and services, and decarbonized energy technologies, and delays in responding to the various different energy mixes in each country and region	• Set medium- to long-term goals for reducing greenhouse gas emissions throughout the Group's value chain • Reduce CO_2 emissions by Eco-products • Improve energy-saving performance in products and services associated with power consumption • Develop energy technologies to realize decarbonization, and provide a wide range of energy technologies • Suspension of new orders for coal-fired thermal power plant construction work

Area	Assumed risks	Toshiba Group response
Reputation	Damaged evaluation and reputation due to delays in responding to climate change, with knock-on impact on share price and sales	• Obtain SBTi's approval for our greenhouse gas emission targets for FY2030 • Enhance information disclosure based on external requirements

Physical risk

Assumed risks	Toshiba Group response
Damage to production equipment due to disasters such as floods and typhoons, suspension of procurement of raw materials and parts, stopped operations at production sites due to paralysis of distribution and sales functions	• Formulate BCP measures at each site, such as raising the floors in places where large-scale flood risk can be assumed • Diversification of suppliers • Confirm BCP measures in assessments when constructing new sites

Opportunities (products & services)

Assumed opportunities	Toshiba Group response
Increased demand for related products due to expansion of the EV (electric vehicle) market	• Focus on SCiB™ rechargeable battery business and expand investment, especially for growth in in-vehicle and industrial-use applications • Increase production capacity by constructing a new SCiB™ plant, etc.
Expansion of renewable energy and increased demand for decarbonized energy technologies	• Suspension of new orders for coal-fired thermal power plant construction work • Expand renewable energy business • Promote development of technologies for separating and collecting CO_2
Increased demand for building equipment with high energy-saving performance due to promotion of ZEB (Net Zero Energy Building) by the Japanese government	• Promote ZEB-related businesses, such as smart BEMS, air conditioning, lighting, elevators, and substation systems with high energy-saving performance • Integrated management of building solution businesses (air-conditioning, lighting, elevators)
Increasing market demand for adaptation measures, as the effects of climate change become apparent	• Promote adaptation businesses, such as weather radars and rainwater drainage systems

Metrics and Targets

In "Environmental Future Vision 2050," we aim to reduce greenhouse gas emissions throughout the Group's value chain by 50% by FY2030 (compared to FY2019), and to contribute across the entire value chain by responding to the goal of net-zero greenhouse gas emissions in society in 2050.

You can confirm our "**Governance**" and "**Risk Management**" response on the following website.

▶ In response to climate change

Toshiba Group 6th Environmental Action Plan

In the 6th Environmental Action Plan, now being implemented (activity period: FY2017-20), we define 15 goals for manufacturing, products and services, and basic activities. The main activity items and achievements (FY2019) are as follows:

Reducing environmental impacts in manufacturing

Total greenhouse gas emissions*1: **1.14 million t-CO_2** (Target achieved)

Waste volumes*2 : **35,000 tons** (Target achieved)

Amount of water received per unit production*3 (Compared to FY2013 level) : **87%** (Target achieved)

*1: For the CO_2 emission coefficients for electricity, we use the emission coefficients provided by each electric power company.
*2: Obtained by deducting the volume of objects with value from the total volume of waste generated (excluding the sites engaged in waste treatment and power generation)
*3: Volume-based nominal outputs are used as an indicator.

Improving environmental performance of products and services*4

Reduction of CO_2 emissions through energy technologies: **16.21 million t-CO_2** (Target achieved)

Reduction of CO_2 emissions through products and services: **5.48 million t-CO_2** (Target achieved)

Amount of resources saved for products: **300,000 tons** (Target achieved)

Amount of recycled resources (recycled plastics) used for products: **2,636 tons** (Target achieved)

*4: All cumulative values from FY2017.

Conservation of biodiversity

We have chosen 10 of the 20 Aichi Targets* as Toshiba goals to develop measures, and **conducted activities toward achieving the goals at 63 sites worldwide** in FY2019.

* The Aichi Targets were adopted at the tenth Conference of the Parties to the Convention on Biological Diversity (COP10) in 2010, and defined 20 goals for the international community to achieve by 2020 such as raising awareness of biodiversity, sustainable consumption and production, and conserving endangered species.

▶ 6th Environmental Action Plan

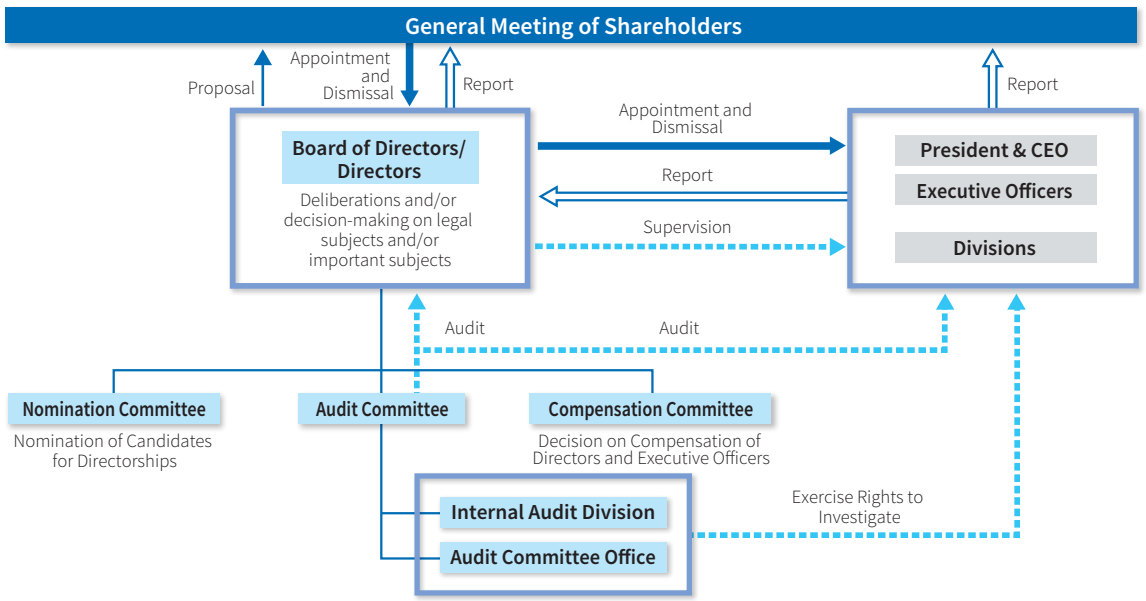
External Evaluation

Toshiba Corporation has been selected for the prestigious “A List” in the Climate Change Report 2020 released by CDP. The listing recognizes Toshiba’s determination to counter climate change.

Corporate Governance Policy

The basic policies and objectives of Company's Corporate Governance are to realize sustainable growth and raise the enterprise value of the Group over the medium- to long-term, and to contribute to the interests of all stakeholders, including shareholders, investors, employees, customers, business partners, creditors, and local communities. Under this policy, the Company places emphasis on the Board of Directors' function of supervising business execution and aims to largely delegate decisions on business execution to the executives; accordingly, the Company adopts Company with Nominating Committee, etc., as its form of organization. The mission of the Board of Directors of the Company will be "to monitor and supervise business execution" and "to determine the Company's basic strategies." In support of this, we published **Corporate Governance Guidelines** on December 21, 2015 (latest revision date: May 14, 2020), which form the framework of governance of the Company.

Corporate Governance Structure



Status of Activities of the Board of Directors and Committees

During the FY2019, the Board of Directors met 13 times, the Nomination Committee 11 times, the Audit Committee 11 times, and the Compensation Committee 8 times. The following outlines the Board of Directors' and committees' principal activities held in FY2019.

Status of activities of the Board of Directors

- The Company held the "Directors Council" (so-called "Executive Session") composed solely of independent Outside Directors in order for them to share information and problem awareness, better understand the Company's operations for Outside Directors and deliberate on the Group's key business challenges. At each Directors Council meeting, held prior to a Board of Directors meeting, an advance briefing on proposals to the Board of Directors was provided and opinions were exchanged. Moreover, the Directors Council was operated to ensure that independent Outside Directors' opinions obtained through its meetings were reflected in the Company's management.
- The Board of Directors was provided with reports on business plans, budget, risk control information and the state of duty execution by Directors and Executive Officers pursuant to applicable laws and regulations, the Articles of Incorporation, the Board of Directors Regulations, etc.

• Main decisions
- With respect to business related to LNG in the US (the "LNG business"), the Board of Directors decided to transfer all outstanding shares of Toshiba America LNG Corporation, which operates the LNG business, to Total Gas & Power Asia Private Limited, a subsidiary of French energy major Total S.A. located in Singapore.
- To make the Company's publicly traded subsidiaries Toshiba Plant Systems & Services Corporation and NuFlare Technology Inc. wholly owned subsidiaries.
- With respect to portfolio management, it has set achievement of 5% ROS as its new criteria for business withdrawal.
- With respect to capital policy, the Board of Directors periodically verifies appropriate levels of capital taking into account factors such as risk assets on the balance sheet, contingent liabilities, portfolios, and business plans. Meanwhile, it was decided that shareholders' equity in excess of the appropriate level of shareholders' equity will be used to provide shareholder return.

• Main agenda items
The Board of Directors deliberated on causal analyses and recurrence prevention measures regarding the following cases in the Group, from the standpoint of strengthening the internal control system for the entire Group:
- The incident of fraud that occurred at Toshiba International Corporation in the United States
- The round-tripping between an outside supplier and customer and fictitious transaction without actual products involved that occurred at Toshiba IT-Services Corporation

Committee activities

(1) Nomination Committee

Main items on agenda
- Proposal for candidates for Outside Directors following the Ordinary General Meeting of Shareholders for the 180th Fiscal Period
- Proposals for selection of Chairman & CEO and President & COO
- Proposal for appointment of Directors to be submitted to the Ordinary General Meeting of Shareholders for the 180th Fiscal Period
- Proposal for selection of members and Chairpersons of each committee
- Proposal for selection of Chairman and President & CEO
- Proposal for candidates for Outside Directors following the Ordinary General Meeting of Shareholders for the 181st Fiscal Period
- Successor candidate plan

(2) Audit Committee

- Audit of the state of execution of duties by executives, with a focus on the state of observance of laws and regulations and preventing the recurrence of inappropriate accounting conduct
- Verification of the state of implementation of improved internal control system and the status of progress of corporate culture reform programs, based on regular reports from the Internal Audit Division on their audit results, and from the Internal Control Promotion Division and the Project Monitoring & Oversight Division on their state of activities, and interviews with other internal control management departments.
- Execution of the claim for damages filed against five former executives, including those with experience as President, with regard to the inappropriate accounting conduct.
- Response to whistleblowing reports to the Audit Committee under the whistleblowing system operated by the Audit Committee (42 cases), and validation of the details and status of responses to all reports to the whistleblowing contact point on the Company's executive side (110 cases).
- Strengthening governance and improve the quality of the Toshiba Group's audits by holding information exchange meetings and dialogues between Toshiba Group Company Auditors and Audit Committee members and by providing training to Auditors of group companies.
- With regard to the individual fraudulent by former employee in Toshiba International Corporation, confirmation of the status of introducing the measurement of recurrent prevention.
- With regard to the fictitious circular transactions on IT-Services Corporation, request to draw up the measurement on the basis of root cause and confirmation of the status of introducing the measurement of recurrent prevention.

(3) Compensation Committee

Main items on agenda
- Revision of compensation system for Executive Officers and Outside Directors
- Decision of a peer group*

*We have established a peer group as a benchmark for calculating the 3-year relative TSR, which is an evaluation index for long-term incentive compensation among Executive Officers, and considering the level of compensation for Executive Officers. Relative TSR refers to our TSR less the market capitalization weighted average TSR of the peer group.

- Lifting restrictions on the transfer of stock compensation for retired Executive Officers, etc.
- Returning compensation
- Compensation levels for Executive Officers, Outside Directors, and the Chairman
- Individual compensation of the Chairman
- Individual compensation of Outside Directors
- Individual remuneration of Executive Officers

Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors every year with the aim of recognizing the current situation, identifying issues, and further enhancing the functions of the Board of Directors.

In 2020, the Company appointed Sumitomo Mitsui Trust and Banking Corporation as an external evaluator, questionnaires and interviews were conducted with all directors, and a third-party evaluation was conducted based on the results of the questionnaires and interviews. Based on the third-party evaluation results, discussions were held at meetings of the Board of Directors.

The survey highly evaluated the number and composition of the Board of Directors, the frequency and timing of meetings of the Board of Directors, the risk management system, and the appropriate provision of information to the three committees. In the interview, the number and composition of the Board of Directors, the risk management system, and the provision of information to each committee were highly evaluated, and it was confirmed that the Board of Directors deliberated actively. Based on these results, we believe that the Board of Directors and committees are functioning effectively in general.

Details of the evaluation of the effectiveness of the Board of Directors are disclosed in the **Corporate Governance Report**.

Compensation Policy and Amount of Compensation

Compensation Policy

Since the main responsibility of Directors is to supervise the execution of the overall Group's business and to increase corporate value, "Compensation for Directors" is determined at an adequate level to secure highly competent personnel and ensure effective work of the supervisory function, and increasing corporate value from a medium-to long-term perspective.

Since the responsibility of Executive Officers is to increase corporate value in their capacity as executives responsible for companies or divisions within the Group, "Compensation for Executive Officers" is divided into fixed compensation and performance-linked compensation, and determined at an adequate level to secure highly competent personnel and ensure the effectiveness of their compensation package as an incentive to improve business performance.

A. Compensation for directors

1. Directors are paid the Base salary (fixed amount) in accordance with the scope of their responsibilities. An allowance is provided for nonresidents of Japan (the country where the HQ is located).
2. The stock compensation is paid in the form of the Company's stock, mechanisms such as transfer restrictions until retirement.

*Directors who concurrently hold office as an Executive Officer are paid only the compensation for executive officers specified in (B) below.

B. Compensation for executive officers

1. Compensation for Executive Officers consists of Base salary (fixed amount), and stock compensation (fixed amount), determined according to rank, and performance-linked compensation.
2. Performance-linked compensation is determined in accordance with the performance of the Company as a whole and managed business and Medium-to Long-Term Management Indicators under the charge of the Executive Officers during the fiscal year, with cash and stock of the Company paid at a rate set according to rank.
3. With regard to the stock compensation and performance-linked compensation (Shares) that is paid in the form of the Company's stock, mechanisms such as restricted stocks with transfer restrictions until retirement are used to secure effectiveness as an incentive for medium- to long-term improvement of business performance.

C. Compensation standards

Compensation standards are determined at suitable levels as a global company, with the aim of securing highly competent management personnel. The compensation standards of other listed companies and their employee payroll and benefits are considered when determining the Company's compensation standards.

Compensation pertaining to the above is set as follows:

Director	Base salary + Stock compensation + Allowance for non-residents of Japan
Executive officer	Base salary + Stock compensation + Performance-linked compensation (shares and cash)

For details on performance-linked compensation, please see:

▶ https://www.toshiba.co.jp/about/ir/en/governance/gov_03.htm

Total amount of compensation by officer category, total amount of compensation by type, and number of eligible officers

Category	Total amount of compensation (millions of yen)	Fixed compensation (millions of yen)	Performance-linked compensation (millions of yen)	Executives eligible
Directors (excluding outside directors)	17	17	—	5
Outside Directors	222	222	—	14
Executive Officers	1,023	677	346	15

Note: Total amount of compensation, fixed compensation and performance-linked compensation include payment by stock.

Officers with total consolidated compensation of 100 million yen or more, and the amounts

	Consolidated compensation total amount (millions of yen)	Category of directors	Category of companies	Amount by type of consolidated compensation (millions of yen)		
				Fixed compensation	Performance-linked compensation	Retirement benefits
Satoshi Tsunakawa	193	Director	Submitted Company	6	—	—
		Executive Officer	Submitted Company	101	86	—
Nobuaki Kurumatani	193	Director	Submitted Company	6	—	—
		Executive Officer	Submitted Company	101	86	—

Note: Of the total consolidated compensation to Satoshi Tsunakawa and Nobuaki Kurumatani, 20% of fixed compensation as an executive officer and 60% of performance-linked compensation as an executive officer are due to restricted stock compensation.

Policy on Risk Management and Compliance

Toshiba's shares were designated as securities on alert on September 15, 2015 and stock under supervision. As a result of the examinations by the Tokyo Stock Exchange and Nagoya Stock Exchange into the status of improvements made to the internal control system thereafter, the aforementioned designation was lifted on October 12, 2017. Toshiba then released its "**Report on Improvements of Internal Management System**" on October 20, 2017, and as reported in the "**Progress Report on Improvements of Internal Management System**" on July 25, 2018, Toshiba will continue its efforts to strengthen the internal control system in the future and will work to regain the trust of shareholders, investors, and all other stakeholders.

At Toshiba Group, we formulated and are striving to entrench the **Standards of Conduct for Toshiba Group (SOC)** as a specific action guideline since we are a company that contributes to the realization of a sustainable society while conducting fair, sincere and highly transparent business activities. Thus we are working toward making the SOC an integral part of the entire Toshiba Group. Furthermore, in order to respond to changes in the business environment, such as new technologies and growing supply chains in developing countries, and to the diverse and ever-changing risks that arise when conducting business activities, we are striving to prevent risks in advance, and to minimize losses from individual incidents.

Toshiba Group's Policy to the Fraud Risk

Based on its Toshiba Group's policy to the fraud risk, Toshiba Group strives to detect such risk at an early stage and takes advanced measures to prevent it.

Toshiba Group's policy to the fraud risk

(1) Strengthen governance through understanding of the actual situation at each Group company

1. In April 2019, we developed and began operating our own Risk Management System (RMS), which incorporates corporate-led PDCA*, in order to grasp the actual status of compliance and other risk initiatives at Group companies and encourage them to improve. Furthermore, in FY2020 we will systematically organize and refine fraud risk scenarios in order to reinforce our efforts to prevent fraud among Group companies. We will then strengthen guidance for understanding and improving the status of fraud risk initiatives at Group companies.

* Plan: Identification and assessment of risks; Do: creation and operation of rules; Check: review and fact-finding surveys; Action: formulation and implementation of improvement plans.

2. In the Toshiba Next Plan, we aim to reduce the number of affiliates by 25%. We will continue to promote this initiative to strengthen the governance of Group companies.

3. In the future, by introducing the next-generation mission-critical system, which is currently in progress, we will create an environment in which transaction data of each Group company can be extracted and analyzed directly from the system, and then reported to the risk management division and the audit division, etc., so that we can conduct agile investigations, etc.

(2) Identification of fraud risk items based on the business activities of each Group company and scandals at other companies

As stated in "Strengthening governance through understanding of the actual status of each Group company," in FY2020 we began to implement fraud risk management measures that were not sufficiently incorporated into the existing RMS. Specifically, the Group will systematically organize fraud risk scenarios by using outside experts based on cases of fraud at other companies, and collaborate with the divisional companies in charge of business areas as well as the audit division and the accounting auditor to conduct detailed identification of fraud risk items based on business characteristics. The Group will then utilize the results to ascertain the status of fraud risk initiatives at Group companies and provide guidance for improvement.

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.

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 risks based on risk tables that cover the entire management environment. It also reviews activities and deliberates on priority measures from the immediate fiscal year.

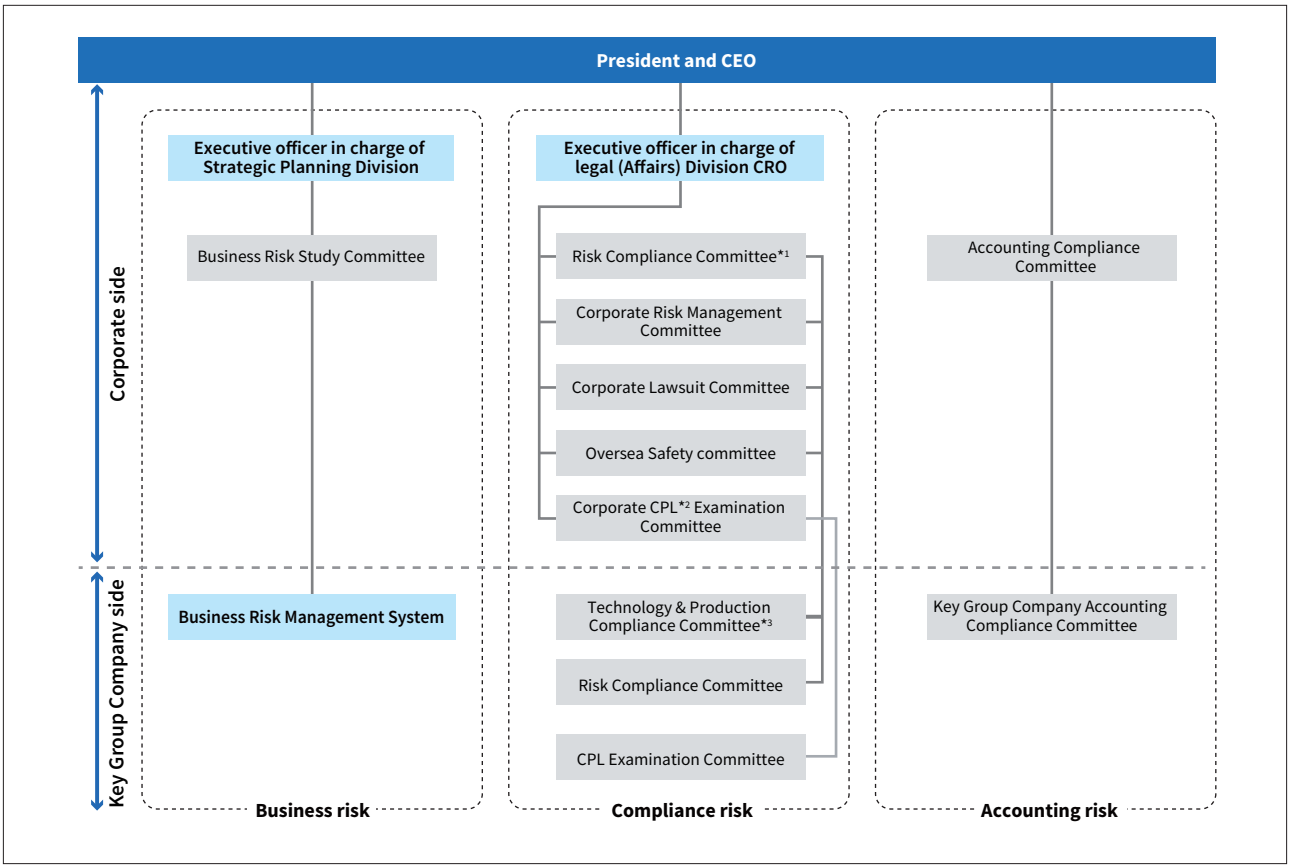
Each key Group company is advancing its own priority measures for risk management and compliance, determined by a risk-based approach, in addition to the priority measures common to the whole Company. In the event of a serious risk management and compliance issue, there is a system in place by which the relevant in-house committees, etc., promptly evaluate and implement countermeasures.

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 CEO 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.

Meanwhile, Toshiba has set up a three lines of defense, with the relevant business divisions as the front line, the administrative divisions as the second, and the audit divisions as the third. The system is designed to ensure effective risk management by assigning to each line a clearly defined role and set of duties, which it carries out appropriately, at the same time exercising a checks-and-balances function. In order to strengthen the monitoring function of the third line, on July 8, 2020, we established a Panel of Compliance Experts by inviting two external experts with extensive knowledge of compliance as a part of wider initiatives to strengthen the internal control system. The role of the panel is to suggest improvements to the measures that Toshiba is implementing to strengthen company-wide compliance and prevent fraud, as well as to make proposals for medium- to long-term measures to achieve continuous improvement of internal control.

In addition to this compliance-related risk management, Toshiba deals with risk related to management decisions (strategic decision-making, execution of business activities, etc.) as business risk by clearly stating management's duty to contribute to the Toshiba Group's sustainable growth and corporate value increase through its decision-making, setting out the permissible risk limits and corporate policy on business withdrawal, and subjecting each case to advance risk assessment by the Business Risk Review Committee to establish the maximum risk and items for monitoring.

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 and compliance.
*2: CPL is an abbreviation combining CL (contractual liability) and PL (product liability).
*3: The key Group Company's Technology & Production Compliance Committee can be integrated with other committees such as the Company's Risk Compliance Committee.

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.

In January 2000, Toshiba established a whistleblower system "Toshiba Hotline*" 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 via e-mail or phone. 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 Toshiba Hotline, and provides appropriate guidance and supervision.

To protect the whistleblower, the system ensures that officers or employees who provide risk or compliance-related information with honest and legitimate intent do not receive unfavorable treatment as a result of having provided the information.

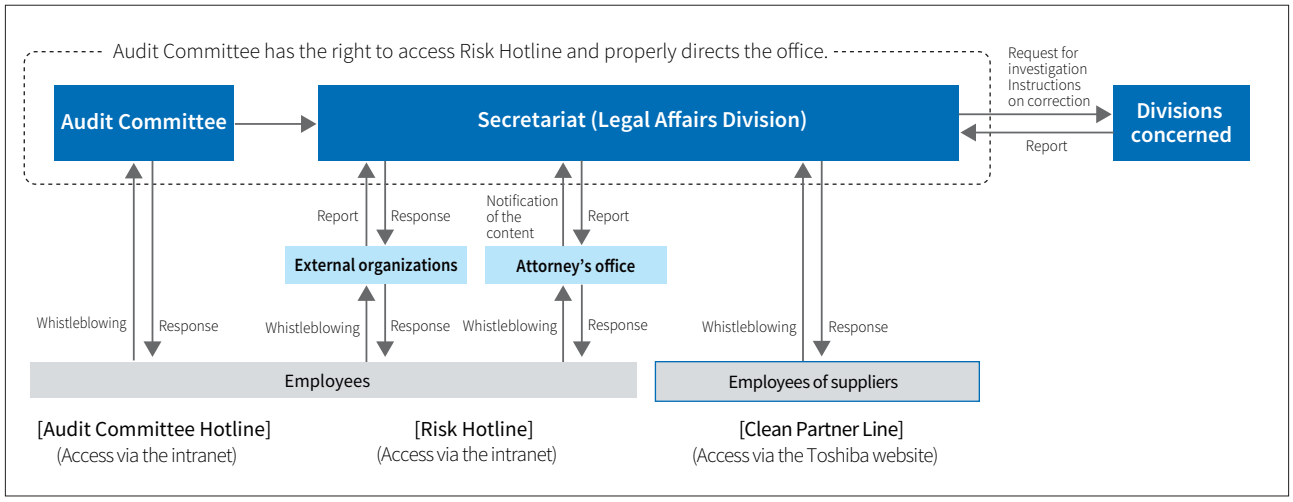
All Toshiba Group companies have implemented a whistleblower system. The whole Group has been directed to ensure the anonymity of the whistleblower for his/her

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.

We are also working to enhance awareness of the whistleblower system by regularly issuing a compilation of whistleblower cases that have actually taken place.

* In May 2019, the Employee Consultation Room, where employees could discuss individual concerns, and the Risk Hotline, an internal whistleblower system, were integrated as the Toshiba Hotline.

Toshiba's Whistleblower System



Risk Management and Compliance Training

At Toshiba, the President issues message to all employees, and the entire Toshiba Group works to raise compliance awareness and improve corporate culture. In FY2019 the President issued a message to all employees on seven occasions, and a total of 317 people participated in five training sessions for executives and senior management, including those at the Group companies, which have taken place since FY2016 to raise the awareness of top management. Furthermore, to improve the effectiveness of accounting compliance, we also conducted employee seminars targeted by rank and function.

In addition, we provide accounting compliance education through e-learning to deepen employees' understanding about the internal control and J-SOX. In FY2019, all employees (approximately 65,000) of 117 consolidated subsidiary Group companies in Japan and approximately 650 executives of 21 overseas Group companies participated in the seminar.

Making the Standards of Conduct for Toshiba Group available to all employees

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.

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 FY2019 was information security. Each workplace held discussions based on a range of information leak scenarios to ensure a shared recognition of the importance of information management at the individual level and to reinforce understanding of correct information management procedures. Approximately 66,000 employees at around 5,800 workplaces of the Group companies 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.

Policy on Anti-Corruption

In accordance with the Standards of Conduct for Toshiba Group and various internal regulations, Toshiba Group's policy prohibits illegal or improper payments against sound business practices and each country's laws and regulations.

In keeping with this approach, the Toshiba Group is a signatory to the United Nations Global Compact and works globally to comply with antitrust and competition law and prevent corruption.

Antimonopoly and Anti-bribery Efforts

In response to global regulatory trends, Toshiba has engaged in rigorous efforts to prevent violation of antitrust law and bribery, and has established compliance programs reflecting Japanese domestic law and associated sets of guidelines, which include clearly stated policies prohibiting antitrust law violation and bribery. For example, they designate prohibited acts such as cartels and facilitation payments, and also stipulate matters related to internal procedures including pre-screening and consultation, matters related to internal system, education, and audits. We continued in FY2019 with initiatives that included requiring each key Group company to undertake self-audit as well as measures to identify operating status and ensure comprehensive 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 is also progressing with measures to promote compliance awareness anchored in the Standards of Conduct for Toshiba Group. In Japan, we conduct regular training on themes including compliance with the Antimonopoly Act and prevention of corruption, and are working to raise the standard of sales-related legal risk management by conducting e-learning and classroom-based courses on sales-related risk for employees.

Overseas, we held legal seminars for those in charge of compliance at local subsidiaries, working together with our regional headquarters, regional legal affairs managers, and others. Attendees discussed measures to enhance compliance in keeping with the Standards of Conduct for Toshiba Group, and fortifies the foundations for strengthening the risk management network among Headquarters and all regions.

▶ **Standards of Conduct for Toshiba Group 6. Competition Law and Government Transactions**

▶ **Standards of Conduct for Toshiba Group 7. Bribery**

Status of breaches to laws related to anticorruption (FY2019)

Item	Number of cases in FY2019
Exposure through price cartel	0
Exposure through bribery	0

Business Risk Factors

The Group's business areas of energy systems, infrastructure systems, building, retail & printing, devices & storage, and digital solutions require highly advanced technology for their operation. At the same time, the Group faces fierce global competition. Under such circumstances, major risk factors related to the Group recognized by the Company are described in the IR Business Risks website.

▶ **http://www.toshiba.co.jp/about/ir/en/overview/risk.htm**

However, they should not be regarded as a complete and comprehensive statement of risk factors relating to the Group, and there are unforeseeable risk factors other than those described in the said former website. The actual occurrence of any of those risk factors may adversely affect the Group's operating results and financial condition. Further, described in the said are identified by the Group based on information that the Group has obtained as of November 11 (the date of submission second quarter report for the 182nd period), and involve inherent uncertainties, and, therefore, the actual results may differ.

Toshiba Group discloses the following items in reference to standards established by third parties, such as the Sustainability Accounting Standards Board, in its Integrated Report and on its website.

Items	Disclosed at
Total energy consumed	Integrated Report 2020 p.14 Overview of Environmental Impacts in Toshiba Group
Total volume of hazardous waste	Integrated Report 2020 p.14
Reportable amount of chemical substances released	Integrated Report 2020 p.14
Number of recalls issued, total units recalled	Integrated Report 2020 p.46 Important notices regarding product safety (Japanese) Product Safety and Product Security
Policies and practices for prevention of corruption, bribery, and anti-competitive behavior	Integrated Report 2020 p.62

Directors

The Company is promoting a number of policies with the aim of increasing total shareholder return (TSR) through maximizing the Company's corporate value. To realize increase of mid- to long-term shareholder value, the Company is in the process of executing the Toshiba Next Plan, a company-wide five-year road map for corporate transformation announced on November 8, 2018. At the Ordinary General Meeting of Shareholders for the 180th Fiscal Year, a revolutionary Board of Directors was elected, including Directors with appropriate diversity in terms of deep knowledge and experience in international business, business portfolio management, business transformation and M&A, and expertise in capital markets and capital allocation, as well as gender and international experience as required in the Corporate Governance Code of Japan. In particular, four of the 12 Directors (33%) are of non-Japanese nationality, which makes the Company's Board of Directors extremely progressive compared to the average percentage of non-Japanese board members.

At the Ordinary General Meeting of Shareholders for the 181st Fiscal Period in 2020, the Board of Directors was structured as follows.

1. The number of Directors was set at 12, with only the Representative Executive Officer, President and CEO being a Director concurrently serving as an executive officer, accompanied by one non-executive Inside Director, and ten Outside Directors. The Company previously set the number of Directors at around 11 in order to enable substantive and thorough discussions and maintained the number of Outside Directors at more than half of the Board members in order to ensure effectiveness of oversight and supervision of business execution. The Company's new Board composition further advances this idea by minimizing the number of Directors concurrently serving as executive officers, while maintaining the current number of Directors.
2. The Board of Directors remains innovative in its composition – while reflecting the composition of the Company's shareholders, it includes four non-Japanese directros, and ensures that directros have experience in international business, expertise in business portfolio management, business transformation, M&A, capital markets and capital allocation, and law and compliance, which are the skill sets essential to promoting the execution of the Toshiba Next Plan: Phase 2 and appropriately handle high-risk matters. Of the 12 directors, one was newly appointed.
3. The Director include an attorney-at-law with experience as a former Deputy Prosecutor-General of the Supreme Public Prosecutors Office who also served as a Supreme Court justice for six years and eight months, a certified public accountant who served as the Representative Member of a prominent audit corporation, Crowe Toyo & Co, for six years and seven months, a leading expert of corporate governance in Japan with experience as a former chairman of the Japan Audit & Supervisory Board Members Association and a member of the METI Corporate Governance System Study Group, and members with experience as full-time Audit & Supervisory Board members at some of Japan's largest companies. We are confident that this is the best management team from the perspective of enhancing internal control.

In deciding the candidates for Director, the Nomination Committee judged that the candidates conformed to the Director Nomination Criteria separately designated by the Nomination Committee and that the candidates had the appropriate qualifications. The specific details of the Director Nomination Criteria and the Independence Criteria for Outside Directors are described at:

▶ https://www.toshiba.co.jp/about/ir/en/governance/gov_01.htm

Name		Current position(s) in the Company	Corporate management	Law and compliance	Accounting and auditing	Diversity*	M&A	Corporate restructuring	Capital markets	International business experience
Satoshi TSUNAKAWA		Chairman	○				○	○	○	○
Nobuaki KURUMATANI		Representative Executive Officer; President and CEO	○				○	○	○	○
Yuki FURUTA	Outside Director Independent	Chairperson, Compensation Committee; Member, Audit Committee		○	○					
Junji OTA	Outside Director Independent	Chairperson, Audit Committee (full-time); Member, Nomination Committee	○	○	○					○
Nobuyuki KOBAYASHI	Outside Director Independent	Member, Audit Committee		○	○					
Takashi YAMAUCHI	Outside Director Independent	Member, Nomination Committee; Member, Audit Committee	○	○	○					○
Yoshiaki FUJIMORI	Outside Director Independent	Member, Nomination Committee; Member, Compensation Committee	○				○	○	○	○
Paul J. BROUGH	Outside Director Independent		○	○	○	○		○		○
Ayako Hirota WEISSMAN	Outside Director Independent		○			○			○	
Jerome Thomas BLACK	Outside Director Independent	Member, Compensation Committee	○		○	○	○	○		○
George Raymond ZAGE III	Outside Director Independent		○			○	○		○	○
Osamu NAGAYAMA	Outside Director Independent	Chairperson of the Board of Directors Member, Nomination Committee Member, Compensation Committee	○				○			○

* Diversity indicates diversity of gender, ethnicity, nationality, and other identities.

Directors

Satoshi TSUNAKAWA

Director

September 21, 1955

April	1979	Joined the Company
June 2010 – June 2014		President & Representative Director, Toshiba Medical Systems Corporation (now Canon Medical Systems Corporation)
October	2013	General Manager, Healthcare Business Development Division
June	2014	Executive Officer, Corporate Senior Vice President
September	2015	Director, Representative Executive Officer, Vice President
June	2016	Director, Representative Executive Officer, President
April	2018	Representative Executive Officer, President and COO
April 2020 – present		Chairman

Nobuaki KURUMATANI

Director

December 23, 1957

April	1980	Joined Mitsui Bank (now Sumitomo Mitsui Banking Corporation)
April	2007	Executive Officer, Sumitomo Mitsui Banking Corporation
January	2010	Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April	2012	Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc.
June	2012	Director, Sumitomo Mitsui Financial Group, Inc.
April	2013	Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April	2015	Director and Deputy President Executive Officer, Sumitomo Mitsui Banking Corporation Deputy President Executive Officer, Sumitomo Mitsui Financial Group, Inc.
May 2017 – March 2018		Chairman & Co-Representative, CVC Asia Pacific (Japan) Kabushiki Kaisha
April	2018	Representative Executive Officer, Chairman and CEO
June	2018	Director, Representative Executive Officer, Chairman and CEO
April 2020 – present		Director, Representative Executive Officer, President and CEO

Outside Directors

Osamu NAGAYAMA

Outside Director

April 21, 1947

April	1971	Joined The Long-Term Credit Bank of Japan
November	1978	Joined Chugai Pharmaceutical Co., Ltd.
March	1985	Director, Chugai Pharmaceutical Co., Ltd.
March	1987	Director, Senior Vice President, Chugai Pharmaceutical Co., Ltd.
March	1989	Representative Director, Deputy President, Chugai Pharmaceutical Co., Ltd.
September 1992 – March 2012		Representative Director, President and CEO, Chugai Pharmaceutical Co., Ltd.
January 2006 – March 2018		Enlarged Corporate Executive Committee Member, F. Hoffmann-La Roche Ltd.
October 2006 – present		Chairman, The Tokyo Biochemical Research Foundation
April 2009 – present		President, Japan Bioindustry Association
June 2010 – June 2013		Outside Director, Sony Corporation
March 2012 – March 2018		Representative Director, Chairman and CEO, Chugai Pharmaceutical Co., Ltd.
June 2013 – June 2019		Outside Director, Chairman of the Board of Directors, Sony Corporation
March 2018 – March 2020		Representative Director, Chairman, Chugai Pharmaceutical Co., Ltd.
March 2020 – present		Senior Advisor (Honorary Chairman), Chugai Pharmaceutical Co., Ltd.
June 2020 – present		Outside Director

Outside Directors

Yuki FURUTA
Outside Director
April 8, 1942

April	1969	Public Prosecutor
April	1993	Assistant Vice-Minister of Justice
July	1998	Chief Prosecutor, Utsunomiya District Public Prosecutors Office
September	1999	Prosecutor, Supreme Public Prosecutors Office
December	1999	Director-General of the Criminal Affairs Bureau, Ministry of Justice
August	2002	Director of Criminal Division, Supreme Public Prosecutors Office
September 2003– December 2004		Deputy Prosecutor-General, Supreme Public Prosecutors Office
August 2005 – April 2012		Justice of Supreme Court
August 2012– present		Registered as Attorney at Law
September 2015– present		Outside Director

Junji OTA
Outside Director
February 21, 1948

April	1971	Joined Nippon Steel Corporation
June	2001	Director, Nippon Steel Corporation
April	2005	Managing Director, Nippon Steel Corporation
June	2008	Audit & Supervisory Board Member (full-time), Nippon Steel Corporation
May 2011 – November 2014		Japan Audit & Supervisory Board Members Association, Chairperson
June 2012 – June 2016		Advisor (full-time), Nippon Steel Corporation Audit & Supervisory Board Member, Nippon Steel Engineering Co., Ltd.
June 2012 – June 2018		External Auditor, Enterprise Turnaround Initiative Corporation of Japan (now Regional Economy Vitalization Corporation of Japan)
June 2014 – June 2015		Advisor, Nippon Steel & Sumitomo Metal Corporation (now Nippon Steel Corporation)
July 2016 – June 2019		Vice Chairman, Japan Securities Dealers Association Chair (Public Governor), Self-Regulation Board
June 2018 – present		Outside Director Outside Director, Heiwa Real Estate Co., Ltd.

Nobuyuki KOBAYASHI
Outside Director
March 22, 1950

May	1977	Registered as a certified public accountant
January	1983	Joined Chuo Audit Corporation
June	1988	Representative Member, Chuo Audit Corporation
October 2000 – June 2006		Manager, Investigation Department, Business Management Division, Chuo Audit Corporation
September	2006	Joined Crowe Toyo & Co.
June 2007 – June 2019		Outside Audit and Supervisory Board Member, Striders Corporation
January	2008	Representative Member, Crowe Toyo & Co.
August	2014	President, Crowe Toyo & Co.
October 2017 – August 2018		Advisor, Crowe Toyo & Co.
March 2018 - present		Representative Director & President, Eishin Partners Co., Ltd.
June 2019 - present		Outside Director Outside Director (Audit and Supervisory Committee member), Imagineer Co., Ltd.

Takashi YAMAUCHI
Outside Director
May 3, 1951

April	1976	Joined Mitsui & Co., Ltd.
April	2008	Managing Officer and Chief Operating Officer of Iron & Steel Products Business Unit, Mitsui & Co. Ltd.
April	2010	Executive Managing Officer and Chief Operating Officer of Transportation Logistics Business Unit, Mitsui & Co., Ltd.
April	2011	Executive Managing Officer, Mitsui & Co., Ltd. Chief Executive Officer, Mitsui & Co. (Asia Pacific) Pte. Ltd.
April	2013	Senior Executive Managing Officer, Mitsui & Co., Ltd. Chief Executive Officer, Mitsui & Co. (Asia Pacific) Pte. Ltd.
April	2014	Executive Vice President and Managing Officer, Mitsui & Co., Ltd. Chief Executive Officer, Mitsui & Co. (Asia Pacific) Pte. Ltd.
April	2015	Executive Vice President and Managing Officer, Mitsui & Co., Ltd.
June 2015 – June 2019		Full-time Audit and Supervisory Board Member, Mitsui & Co., Ltd.
June 2019 - present		Outside Director

Outside Directors

Yoshiaki FUJIMORI

Outside Director

July 3, 1951

April 1975	Joined Nissho Iwai Corporation (now Sojitz Corporation)
October 1986	Joined General Electric Japan Ltd.
September 1997	Vice President, General Electric Company
May 2001 – August 2011	Senior Vice President, General Electric Company
October 2008	CEO, Representative Director, Chairman and President, GE Japan Ltd.
March 2011 – June 2011	Representative Director and Chairman, GE Japan Ltd.
June 2011	Director, LIXIL Corporation Director, JS Group Corp (now LIXIL Group Corporation)
August 2011	Director, Representative Executive Officer, President and CEO, JS Group Corp (now LIXIL Group Corporation) Representative Director, President and CEO, LIXIL Corporation
June 2012 – June 2017	Outside Director, Tokyo Electric Power Company, Incorporated (now Tokyo Electric Power Company Holdings, Incorporated)
January 2016	Representative Director, Chairman and CEO, LIXIL Corporation
June 2016 - December 2019	Senior Advisor, LIXIL Group Corporation
June 2016 – present	Outside Director, Takeda Pharmaceutical Company Limited
July 2016 – present	Outside Director, Boston Scientific Corporation
February 2017 – present	Senior Executive Advisor, CVC Asia Pacific (Japan) Kabushiki Kaisha
January 2018 – present	Senior Executive Advisor, Genpact Limited
August 2018 – present	Outside Director and Chairman, Oracle Corporation Japan
June 2019 – present	Outside Director
March 2020 – present	Outside Director, Shiseido Co., Ltd.

Paul J. BROUGH

Outside Director

November 13, 1956

September 1983	Joined KPMG Hong Kong
October 1991	Partner, KPMG Hong Kong
July 1995	Head of Consulting, KPMG Hong Kong
October 1997	Head of Financial Advisory Services, KPMG Hong Kong
October 1999	Asia-Pacific head of Financial Advisory Services, KPMG Hong Kong and member of KPMG's global advisory steering group
September 2008	Joint-Liquidator of various Lehman Brothers entities located in Asia.
April 2009 – March 2012	Regional Senior Partner, KPMG Hong Kong
March 2012 – present	Chief Executive, Blue Willow Limited
September 2012 – – January 2013	Chief Restructuring Officer, Sino-Forest International Corporation
September 2012 – present	Independent Non-Executive Director, GL Limited
February 2013 – April 2015	Chairman and CEO, Emerald Plantation Holdings Ltd.
October 2013 – May 2015	Director (until May 2015) and Interim CEO (until April 2015), Greenheart Group Limited
October 2013 – present	Independent Non-Executive Director, Habib Bank Zurich (Hong Kong) Limited
May 2015 – May 2017	Independent Non-Executive Director, Noble Group Limited
January 2016 – June 2016	Executive Director and Chief Restructuring Officer, China Fishery Group Limited
September 2016 – present	Independent Non-Executive Director, Vitasoy International Holdings Limited
May 2017 – December 2018	Executive Chairman, Noble Group Limited
May 2017 – present	Independent Non-Executive Director, The Executive Center Limited
December 2018 – October 2019	Executive Chairman, Noble Group Holdings Limited
June 2019 - present	Outside Director

Outside Directors

Ayako Hirota WEISSMAN

Outside Director

May 9, 1957

January	1984	Vice President, Equitable Capital Management
January	1987	Managing Director, Smith Barney, Harris Upham & Co. Inc. (now Citigroup)
October	1999	Partner, Feirstein Capital Management LLC
January	2002	Portfolio Manager, Kingdon Capital Management LLC
June	2006	Founder and Chief Executive Officer, AS Hirota Capital Management LLC
November 2010 –	present	Senior Vice President, Senior Portfolio Manager and Director in charge of Asia Strategy, Horizon Asset Management, Inc. (now Horizon Kinetics LLC)
June 2015 –	June 2019	Outside Director, SBI Holdings, Inc.
June 2019 –	present	Outside Director
February 2020 –	present	Non-Executive Director, Nippon Active Value Fund plc

Jerome Thomas BLACK

Outside Director

May 29, 1959

July	1982	Joined Arthur Andersen & Co.
October	1986	Joined Ernst & Young LLP
January	1995	Joined Kurt Salmon Associates, Inc.
March	2002	Managing Director, Global Practice Director, Kurt Salmon Associates, Inc.
January	2005	Managing Director, North America, Kurt Salmon Associates, Inc.
January	2006	President, Consumer Products Division, Kurt Salmon Associates, Inc.
January	2008	President, Chief Executive Officer, Kurt Salmon Associates, Inc.
March	2009	Joined Aeon Co., Ltd., Advisor
May	2009	Executive Officer, Chief Executive of Group Strategy & IT and Chief Executive Officer of Asian Operation, Aeon Co., Ltd.
March	2010	Executive Officer, Chief Executive Officer of ASEAN Business and Chief Executive Officer of Group IT and Digital Business, Chief Group Strategy Officer, Aeon Co., Ltd.
March	2011	Senior Managing Executive Officer, Chief Group Strategy Officer; Chief Executive Officer of Group IT and Digital Business, Aeon Co., Ltd.
March	2012	Senior Managing Executive Officer, Advisor to Group CEO; Chief Group Strategy Digital and IT Officer, Aeon Co., Ltd.
March	2013	Senior Managing Executive Officer, Advisor to Group CEO; Chief Strategy, Digital, IT and Marketing Officer, Aeon Co., Ltd.
March	2014	Senior Managing Executive Officer, Merchandising Strategy and Digital Shift Promotion Officer, Aeon Co., Ltd.
February 2015 –	May 2016	Executive Officer, Digital Business, Aeon Co., Ltd.
March 2016 –	February 2017	Director, Executive Officer and Vice President of AEON RETAIL Co., Ltd.
April 2017 –	present	Advisor, Aeon Co., Ltd.
June 2019 –	present	Outside Director

Outside Directors

George Raymond ZAGE III
Outside Director
January 20, 1970

June 1991	Joined PriceWaterhouse
August 1992 – February 2000	Vice President of Investment Banking Division, Goldman Sachs & Co
March 2000	Joined Farallon Capital Management L.L.C
September 2002	Managing Director, Farallon Capital Asia Pte. Ltd
January 2008 – August 2018	Managing Director and CEO, Farallon Capital Asia Pte. Ltd
August 2013 – present	Independent Non-Executive Director, Whitehaven Coal Limited
August 2016 – present	Commissioner (Non-Executive), PT Aplikasia Karya Anak Bangsa(Go-Jek)
August 2018 – present	Founder and CEO, Tiga Investments Pte. Ltd. Senior Advisor (part-time), Farallon Capital Management, L.L.C
April 2019 – present	Commissioner (non-Executive), PT Lippo Karawaci Tbk
June 2019 - present	Outside Director

(As of October 1, 2020)

Executive Officers

Representative Executive Officer President and Chief Executive Officer:	Nobuaki KURUMATANI
Representative Executive Officer Corporate Senior Executive Vice President:	Masayasu TOYOHARA General Executive, Human Resources & Administration Div., Corporate Communication Div.
Representative Executive Officer Corporate Executive Vice President and Chief Financial Officer:	Masayoshi HIRATA General Executive, Spend Management Promotion Project Team, Finance & Cash Management Div., Accounting Div., Project Monitoring & Oversight Div.
Representative Executive Officer Corporate Executive Vice Presidents:	Naoya SAKURAI General Executive, Legal Affairs Div., Internal Control Promotion Div. Mamoru HATAZAWA General Executive, Infrastructure Services Project Team, WEC Div., Responsible for Energy Systems business (President and CEO, Toshiba Energy Systems & Solutions Corporation / Toshiba Plant Systems & Services Corporation), Vice President, Infrastructure Services Project Team
Executive Officers Corporate Senior Vice Presidents:	Takayuki KONNO General Executive, Marketing Div., Branch Offices, Responsible for Infrastructure Systems business (President and CEO, Toshiba Infrastructure Systems & Solutions Corporation), Responsible for Building Solutions Business, Assistant to Corporate Senior Vice President; HATAZAWA (Toshiba Plant Systems & Services Corporation) Taro SHIMADA General Executive, Cyber-Physical Systems x Design Div., Vice President, Cyber-Physical Systems x Design Div, Responsible for Digital Solutions business (President and CEO, Toshiba Digital Solutions Corporation) Hiroyuki SATO General Executive, Battery Div., Responsible for Electronic Devices & Storage business (President and CEO, Toshiba Electronic Devices & Storage Corporation) Masaharu KAMO General Executive, Strategic Planning Div., Group Relations Div., Vice President, Strategic Planning Div.
Executive Officers Corporate Vice Presidents:	Hitoshi OTSUKA General Executive, Internal Audit Div., Vice President, the Audit Committee Office Keiichi YUMITA General Executive, Information Systems Div., Business Process Re-engineering Div. Tsutomu KAMIJO General Executive, Procurement Div., Corporate Production Planning Div., Vice President, Corporate Production Planning Div., Assistant to Corporate Vice President; ISHII (Corporate Manufacturing Engineering Center) Hideaki ISHII General Executive, Corporate Technology Planning Div., Research & Development Center, Corporate Manufacturing Engineering Center, Digital Innovation Technology Center, Vice President, Corporate Technology Planning Div.

(As of October 1, 2020)

Messages from Outside Directors

Osamu Nagayama
Chairperson, Board of Directors

In July 2020, I was elected as a director of Toshiba at the General Meeting of Shareholders and appointed Chairperson of the Board of Directors at the board meeting that followed.

I have 28 years of management experience in the pharmaceutical industry, and I also have been involved in the management of an electronics company for nine years as an outside director. While working to increase corporate value through the constant pursuit of innovation in an ever-changing business environment, I have learned that thorough enforcement of corporate governance is essential.

Toshiba played a central role in Japan's postwar economic recovery and development and has established itself as an international brand in many fields. However, the company has had to deal with the major crises of fraudulent accounting discovered in 2015 and the bankruptcy of an overseas subsidiary, and we are all aware that Toshiba is in the midst of a revitalization process. Still "Technology Toshiba" has many excellent employees, and I am sure they will play a major role in the fields of social infrastructure and the establishment of a data society. Under the leadership of Mr. Tsunakawa and Mr. Kurumatani, Toshiba's mission is to increase its corporate value by contributing to the resolution of many social issues through the enhancement of our existing businesses and the promotion of new ones towards achieving the "Toshiba Next Plan."

Today, the global economy is witnessing technological innovation centered on AI, IoT, and biotechnology—but at the same time uncertainties are increasing, and we must respond to global environmental problems, political and economic frictions between the United States and China, and the negative growth triggered by the outbreak of the COVID-19 pandemic.

The environment is extremely challenging. Nonetheless, in addition to fulfilling my responsibility of management oversight as a director and supporting Toshiba in realizing sound and sustainable growth in the future, I would like to focus on whether social norms are being observed (governance and compliance) in the promotion of the company's diverse business operations.

Yuki Furuta
Outside Director

This year the trade conflict between the United States and China intensified and the COVID-19 spread worldwide in the blink of an eye, a situation that continues to have a major negative impact on economic activity. From past examples of infectious diseases we know that the pandemic will eventually end, but the economic environment is very likely to remain unpredictable for some time to come. However, at Toshiba, thanks to the efforts of the CEO, executive officers, and employees, we are minimizing the impact of various problems while making steady progress toward realization of the Toshiba Next Plan.

Looked at globally, it is often noted that there are many Japanese companies that have long operating lives of over 100 years. Toshiba is representative of those companies, and has many proud traditions, such as a willingness to contribute to society; good traditions that we must continue to uphold today. Of course, the social environment is constantly changing, and things that were once a match for society are now often unreasonable. If we are to continue to enjoy longevity, the efforts of every workplace and each individual are essential for reviewing things that were considered good in the past, and ensuring not only that our business content but also our workplace environments and practices meet the demands of the times. I believe this approach will also form the basis for precisely realizing the Toshiba Next Plan. I will continue my efforts toward that end.

Junji Ota
Outside Director

How to increase value in society

It is now some two-and-a-half-years since I became an outside director of Toshiba. The financial base was almost completely restored in FY2019, and in FY2020, for the next stage of growth, numerous proposals and trials are being scrutinized. Among these, one is concerned with how Toshiba should be understood by society, and another with whether employees, customers, and shareholders can share a common awareness and interests in their social mission.

Looking back on my 30 months as a member of the Audit Committee, it is clear that Toshiba still has many problems in its governance. I believe that the origin of corporate governance, the essential role of the company as a public institution of society—in other words, the reason for existence in society—is for management, employees and shareholders to always play their assigned roles while maintaining their own perspective and judgment.

The environment companies must now operate in has thrown up a number of challenges. The global impact of the COVID-19 pandemic has forced changes in our behavior, and poses many problems in terms of global economic stagnation, new outbreaks of poverty, and how we teach and work. But humanity has already started to seek answers. Society's ability to respond to change is constantly being tested, and it has a history of solving these problems. The same is true of companies.

What value can Toshiba provide to society, and how can it be delivered efficiently? Once again, I think we need to reflect on and get a real feel for Toshiba's corporate culture, and that the most important thing of all is to start from ourselves. Do the right thing.

Nobuyuki Kobayashi
Outside Director

I became an outside director a year ago, in June last year. While this was a year that saw the smooth implementation of the first stage of the "Toshiba Next Plan," there was also a round-tripping transaction fraud that reconfirmed a lack of thorough compliance in accounting. Our stakeholders and society demand that we put serious work into reforming our corporate structure and resolving issues like this, and that we ensure thorough awareness of compliance, and effectively operate a sound, highly transparent system of corporate governance. Building on my year of experience as a member of the Audit Committee, I will continue to cooperate and work with the other outside directors and the Internal Audit Division to strengthen compliance.

We need to ensure full implementation of the Toshiba Next Plan by strengthening our capabilities in technological development, efficient production, and strategic sales, which are the organizational fundamentals for Toshiba to achieve sustainable growth and improve corporate value. To that end, it is important for every individual in the group to have a clear sense of purpose, to improve their skills, and to treat the issues that face Toshiba as if their own, not somebody else's. Having a sense of ownership makes individuals better able to get an accurate grasp on the situation, and also increases their sensitivity to potential risk in their own area of work, and their ability to detect risks early and take appropriate measures.

As the coronavirus outbreak prolongs itself, it is becoming increasingly important that we act on the Basic Commitment of Toshiba Group, "Committed to people, committed to the future," and as a CPS technology company provide stable social infrastructure, develop new growth fields and contribute to society. As a member of the Audit Committee, I will continue to support Toshiba's executive management as it practices CSR management.

Takashi Yamauchi
Outside Director

In June 2019, I was appointed as an outside director, and to the Audit Committee and the Nomination Committee. I oversee the status of business execution, and I have been working to strengthen the functions of the board of directors and to expand the internal control system. Over the past year I have really felt the great potential of this company. Technically, we have many world-class projects, and I really feel that the "Toshiba of Technology is here." By combining these top level capabilities in technology and R&D with the basic management strategy of the Toshiba Next Plan, Toshiba has taken steady steps on the road toward a big leap forward. While we increasingly promote proactive management, strengthening internal controls is an endless issue, and here the members of the Audit Committee need to continue their hard work to advance evolution that incorporates the opinions of outside experts.

Turning to the effectiveness of the board of directors, not only does the board have an innovative structure, where 10 of the 12 members are from outside the company, but as its members demonstrate the diversity of its skill set to the full, it is an increasingly active venue for free and open discussion. In addition to how to strengthen profitability and strategies for growth, we have repeatedly discussed matters like deepening CSR management and efforts to achieve the SDGs through our corporate activities. As an outside director, I want to continue to contribute to improving Toshiba's corporate value and securing its sustainable growth as a global excellent company.

Yoshiaki Fujimori
Outside Director

The global environment is changing at an alarming rate. The scope of the Davos conference reflects an ever-changing global society. Not long ago discussion centered on the Fourth Industrial Revolution, more recently it was climate change, and this year how to survive post-COVID-19. In circumstances like these, Toshiba too must make big changes.

Toshiba's technological strengths will change Toshiba and change the world. However, I think the most important thing is to transform Toshiba's culture into one that can operate in the global society. A culture in which people of different backgrounds respect their differences, that extends equal opportunities to all, and where everyone competes on the basis of fair and impartial criteria, would create tremendous energy and creativity.

The underlying principle for all action is unwavering integrity. At GE, where I worked for a long time, no matter how amazingly you did, if you broke the rules you lost. If you fouled, you were immediately out, and that behavioral principle was strictly applied by 300,000 employees. Toshiba's culture is undergoing major changes. The company is now much more open to outside resources; highly capable people can join in mid-career and play an active role. The majority of the board of directors, responsible for governance, are from outside the company, and are extremely diverse. I think that a results-based personnel system is also now in place. What needs to be further enforced now is the behavioral principle that all competition must be fair. As a member of Toshiba, I want to see world-class technologies and a strong organization and culture created by each and every employee.

Paul J. Brough
Outside Director

The past year has been tumultuous not only for Toshiba and Japan but also the world as a whole. During this period the world has been beset by increasing trade tensions and political hostility, in particular between the United States and China, which has impacted many of the markets and product segments in which Toshiba operates. More recently, the COVID-19 virus has thrown economic growth into steep reverse. Against this background, Toshiba has faced a number of business challenges, but it has proved to be resilient. As COVID-19 abates, and should trade tensions begin to dissipate in 2021, I hope the board can focus on continued successful implementation of the Toshiba Next Plan (TNP). The outside directors have spent considerable time understanding the business and the TNP and they have been embraced by Toshiba executives and management. The outside directors have offered their own perspective regarding how Toshiba must meet the aspirations of our shareholders, as well as our other stakeholders. I hope the outside directors from overseas have brought a global perspective to matters such as capital allocation, business performance, shareholder return and governance.

While the rehabilitation of Toshiba's fortunes is well underway, I feel we are still early in our journey; but the board discussions over the last year, as well as its interactions with shareholders, have allowed the directors to establish priorities for the business and a keener sense of Toshiba's destination. There is still a great deal to accomplish for Toshiba and its shareholders. I hope that my experience on the boards of other multinational companies, as well as my record of corporate turnaround, can be successfully applied to Toshiba in the next year and can lead to increased prosperity.

Ayako Hirota Weissman
Outside Director

FY2019 was the first year of the Toshiba Next Plan, and we made progress in a number of areas. All divisions were given a target of 5% for ROS (operating income) as a means to improve management, and both efficiency and profits have improved. In addition, toward delisting of subsidiaries, three of four listed subsidiaries became wholly owned subsidiaries. And further still, we met various conditions that allowed us to apply to the Tokyo Stock Exchange and the Nagoya Stock Exchange for relisting in the first section of the market.

In this fiscal year, a number of external factors are bringing increasing levels of uncertainty to Toshiba's business environment. For example, the COVID-19 pandemic has the entire world in its grip, with no sign of easing, and the deterioration in US-China relations is impacting on the technology industry. In these circumstances, all Toshiba can do is to carefully select the fields in which it has good capabilities, invest capital in them, and improve competitiveness.

In addition, since the onset of the COVID-19 pandemic, the stock market has grown more polarized. An important issue in this situation is that the gap between Toshiba's potential corporate value and its current market value is too large. To improve on this, it is important to earn the trust of the market by doing what we say: promote management that emphasizes capital efficiency in ROE, ROIC, and FCF; and consistently show investors a clear policy on capital allocation where, in principle, surplus funds are returned to shareholders.

I will continue to do my utmost to improve Toshiba's corporate value, together with the management team and members of the board.

Jerry Black
Outside Director

With change comes opportunity. 2020 and beyond is an exciting time and great opportunity for Toshiba.

In my first year as a director, I focused much of my time on strategic planning topics including short-term, mid-term and long-term strategies to create more value for all stakeholders. I am encouraged by the high level of talent of the Toshiba management team. When Toshiba's board was significantly changed in 2019, we decided to aim for the world class corporate governance standards. For the past year, the board discussions have been frank, open and very helpful and supportive of management.

While Toshiba still must make continued progress on compliance and governance improvements, the effective execution of the Toshiba Next Plan is indispensable to our success.

Toshiba is at the beginning of a comprehensive paradigm shift to adjust to faster paced global changes, especially in the digital and technology areas.
Toshiba must be innovative and continue to improve the agility required for fast-paced change. We also have an imperative to improve profitability and productivity in all areas.

A crucial part of strategy is determining what not to pursue. In order to provide the financial and human resources to capture new opportunities and to provide superior returns, it is crucial for Toshiba to make difficult business portfolio decisions necessary for efficient capital allocation.
I am encouraged that Toshiba will make this transformation by executing the Toshiba Next Plan. I am also optimistic that Toshiba people will be successful, and we will retain the Toshiba DNA of being committed to local communities and the improvement of society.

I am looking forward to continuing to work with management and the Board during this exciting time.

George Raymond ZAGE III
Outside Director

I am now serving on my second term as an independent director of Toshiba as I approach almost three decades living and working in Asia. The past year has brought considerable challenges to all of us, including trade and political tensions and more recently a host of issues related to the global COVID-19 pandemic and the sharp contraction in the global economy.

Our Company has been working to address the challenges of the macro environment and pandemic while at the same time moving to improve shareholder returns through the implementation of the Toshiba Next Plan. We are still early in the process of making changes at the company and considerable effort will be required in the coming years to bring Toshiba to its full potential. We have taken steps to streamline the ownership of several previously publicly listed subsidiaries while divesting from many others. Going forward Toshiba will continue its review of business activities, looking to divest from underperforming business.

The objective of all of these activities is to help build a stronger company with an increased level of returns on invested capital and shareholder returns, while also positioning Toshiba to grow in the profitable areas of infrastructure services and data services.

I am looking forward to continuing to work with the Toshiba management team and board as we take further steps to position the company for the future. It will be important to focus on how capital is invested and divested across the various businesses that we are engaged in.

Contents

Data Section

Major indices of the Data Section have been compiled chronologically based on the fiscal years. For the details of financial information for the year ended March 31, 2020, please refer to the "Financial Report 2020."

Consolidated Financial Summary

(Millions of yen)

	2016	2017	2018	2019	**2020**
Net sales	¥ 4,346,485	¥4,043,736	¥ 3,947,596	¥3,693,539	**¥3,389,871**
Operating income (loss)	(581,376)	96,537	86,184	35,447	**130,460**
Income (loss) from continuing operations, before income taxes and noncontrolling interests	(499,439)	44,945	82,378	10,909	**(47,539)**
Net income (loss) attributable to shareholders of the Company	(460,013)	(965,663)	804,011	1,013,256	**(114,633)**
Comprehensive income (loss) attributable to shareholders of the Company	(752,518)	(844,585)	819,189	1,083,664	**(138,915)**
Equity attributable to shareholders of the Company Total equity	328,874	(552,947)	783,135	1,456,659	**939,806**
Total equity	672,258	(275,704)	1,010,734	1,699,045	**1,076,426**
Total assets	5,433,341	4,269,513	4,458,211	4,297,344	**3,383,433**
Return on investment (ROI) (%)*	(23.7)	5.4	6.6	1.8	**8.9**
Return on equity ratio (ROE) (%)*	(65.1)	—	698.6	90.5	**(9.6)**
Return on assets (ROA) (%)*	(7.8)	(19.9)	18.4	23.1	**(3.0)**
Per share of common stock (Yen)	776.74	(1,306.03)	1,201.78	2,691.21	**2,071.98**
Earnings (loss) per share attributable to shareholders of the Company (Yen)−Basic	(1,086.45)	(2,280.76)	1,628.88	1,641.85	**(236.39)**
Earnings (loss) per share attributable to shareholders of the Company (Yen)−Diluted	—	—	—	—	**—**
Shareholders' equity ratio (%)	6.1	(13.0)	17.6	33.9	**27.8**
Price-to-earnings ratio (PER)	—	—	1.89	2.15	**—**

(Millions of yen)

	2016	2017	2018	2019	**2020**
Net cash provided by (used in) operating activities	(1,230)	134,163	37,367	124,855	**(142,148)**
Net cash provided by (used in) investing activities	653,442	(178,929)	(146,713)	1,305,434	**(122,514)**
Net cash provided by (used in) financing activities	135,747	(204,220)	(63,613)	(645,018)	**(687,244)**
Cash, cash equivalents and restricted cash at the end of the fiscal year	975,529	723,231	548,657	1,335,520	**376,973**
Number of employees	187,809	153,492	141,256	128,697	**125,648**

Notes: 1. The Group's Consolidated Financial Statements are based on US Generally Accepted Accounting Principles.
2. The Memory business (including its SSD business, but excluding its image sensor business) was classified as discontinued operations in accordance with Accounting Standards Codification ("ASC") No. 205-20 "Presentation of Financial Statements - Discontinued Operations" in the fiscal year ended March 31, 2018. Results of the prior fiscal years have been revised to reflect these changes. The results of the Memory business were reported as discontinued operations for the first two months of the fiscal year ended March 31, 2019, and the results of the rest of the year were accounted for using the equity method.
3. The Westinghouse Group's Nuclear Power business was classified as discontinued operations in accordance with ASC 205-20 in the fiscal year ended March 31, 2017. Results of the prior years have been revised to reflect these changes.
4. The Group adopted Accounting Standards Updates ("ASU") No. 2016-15 "Statement of Cash Flows Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force)," ASU No. 2016-18 "Statement of Cash Flows Restricted Cash (a consensus of the FASB Emerging Issues Task Force)" and ASU No. 2017-07 "Compensation Retirement Benefits Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" effective from the first quarter of the fiscal year ended March 31, 2019. Results of the prior years have been revised to reflect these changes, except for ASU 2017-07, which was not reflected before the fiscal year ended March 31, 2016.
5. Consumption tax is not included in the Net sales.
6. Operating income (loss) is derived by deducting the cost of sales, selling, general and administrative expenses and impairment loss on goodwill from net sales. This result is regularly reviewed to support decision-making in allocation of resources and to assess performance. Certain expenses such as restructuring charges and legal settlement costs are not charged to operating income (loss).
7. Total equity is the sum of Equity attributable to shareholders of the Company and Equity attributable to noncontrolling interests.
8. The calculation of "Per share of common stock," "Shareholders' equity ratio" and "Return on equity ratio" is based on Equity attributable to shareholders of the Company in the consolidated balance sheets.
9. Basic earnings (loss) per share attributable to shareholders of the Company ("EPS") is computed based on the weighted-average number of shares of common stock outstanding during each period.
Diluted EPS assumes the dilution that could occur if convertible bonds were converted or stock acquisition rights were exercised to issue common stock, unless their inclusion would have an antidilutive effect.
10. Diluted net earnings per share attributable to shareholders of the Company has been omitted because the Company did not have potential common stock that were outstanding.
11. On October 10, 2018, the Company executed a share consolidation in a ratio of 10 shares to 1.
The results of before the fiscal years ended March 31, 2016 to March 31, 2018 have been revised to reflect these changes
12. Return on equity ratio for the years ended on March 31, 2017 has been omitted because the average equity attributable to shareholders of the Company during the period is less than zero.
13. Price-to-earnings ratio ("PER") for the years ended on March 31, 2020, 2017 and 2016 have been omitted because of Net loss attributable to shareholders of the Company.
14. The number of employees are the sum of the workers who are expected to work or have worked over a year between the regular employees and fixed-term employees.

* Results before the fiscal year ended March 31, 2017 do not reflect the impact of new accounting standards applied from the fiscal year ended March 31, 2019.

Consolidated Balance Sheets

(Millions of yen)

March 31	2019	2020
Assets		
Current assets:		
Cash and cash equivalents	¥ 1,335,520	**¥ 376,973**
Notes, accounts receivable and contract assets:		
Notes receivable	79,072	**71,591**
Accounts receivable and contract assets	955,649	**920,322**
Allowance for doubtful notes, accounts receivable and contract assets	(19,466)	**(21,119)**
Inventories	468,878	**482,327**
Prepaid expenses and other current assets	214,205	**208,005**
	3,033,858	**2,038,099**
Long-term receivables and investments:		
Long-term receivables	8,603	**7,315**
Investments in and advances to affiliates	501,052	**428,384**
Marketable securities and other investments	85,965	**77,003**
	595,620	**512,702**
Property, plant and equipment:		
Land	42,442	**41,819**
Buildings	642,613	**644,571**
Machinery and equipment	1,243,888	**1,261,488**
Construction in progress	28,939	**35,368**
	1,957,882	**1,983,246**
Accumulated depreciation	(1,572,162)	**(1,562,949)**
	385,720	**420,297**
Operating lease right-of-use assets:	—	**155,513**
Other assets:		
Deferred tax assets	99,003	**84,336**
Other assets	183,143	**172,486**
	282,146	**256,822**
	¥ 4,297,344	**¥3,383,433**

For more information, please visit our IR website at http://www.toshiba.co.jp/about/ir/en/finance/index.htm

Consolidated Balance Sheets

(Millions of yen)

March 31	2019	2020
Liabilities and equity		
Current liabilities:		
Short-term borrowings	¥ 26,991	¥ 13,339
Current portion of long-term debt	330,753	49,310
Notes and accounts payable	660,792	502,066
Other payables and accrued expenses	297,334	286,000
Current lease liabilities	—	44,529
Accrued income and other taxes	49,422	64,382
Advance payments received	301,450	266,129
Other current liabilities	211,677	172,162
	1,878,419	1,397,917
Long-term liabilities:		
Long-term debt	76,935	173,754
Accrued pension and severance costs	434,487	431,632
Non-current lease liabilities	—	114,219
Other liabilities	208,458	189,485
	719,880	909,090
Equity attributable to shareholders of the Company:		
Common stock:	200,044	200,175
Retained earnings (accumulated deficit)	1,528,463	1,031,231
Accumulated other comprehensive loss	(262,311)	(286,593)
Treasury stock, at cost:	(9,537)	(5,007)
	1,456,659	939,806
Equity attributable to noncontrolling interests	242,386	136,620
Commitments and contingent liabilities		
	¥4,297,344	¥3,383,433

(Millions of yen)

March 31	2019	2020
Accumulated other comprehensive loss:		
Net unrealized gains and losses on securities	¥ 20	¥ 12
Foreign currency translation adjustments	(20,085)	(33,570)
Pension liability adjustments	(241,772)	(252,777)
Net unrealized gains and losses on derivative instruments	(474)	(258)

Consolidated Statements of Operations

(Millions of yen)

Year ended March 31	2019	2020
Sales and Other Income:		
Net sales	¥3,693,539	**¥3,389,871**
Interest and dividend income	6,249	**4,245**
Equity in earnings of affiliates	12,901	**—**
Other income	49,487	**29,752**
	3,762,176	**3,423,868**
Costs and expenses:		
Cost of sales	2,783,564	**2,472,002**
Selling, general and administrative expenses	864,690	**787,409**
Impairment loss on goodwill	9,838	**—**
Interest expenses	10,563	**5,409**
Equity in losses of affiliates	—	**58,957**
Other expenses	82,612	**147,630**
	3,751,267	**3,471,407**
Income (loss) from continuing operations, before income taxes and noncontrolling interests	10,909	**(47,539)**
Income taxes:		
Current	30,793	**19,423**
Deferred	(15,241)	**15,697**
	15,552	**35,120**
Loss from continuing operations, before noncontrolling interests	(4,643)	**(82,659)**
Income (loss) from discontinued operations, before noncontrolling interests	1,040,240	**(13,794)**
Net income (loss) before noncontrolling interests	1,035,597	**(96,453)**
Less: Net income attributable to noncontrolling interests	22,341	**18,180**
Net income (loss) attributable to shareholders of the Company	¥1,013,256	**¥ (114,633)**

Consolidated Statements of Comprehensive Income

(Millions of yen)

Year ended March 31	2019	2020
Net income (loss) before noncontrolling interests	¥1,035,597	**¥ (96,453)**
Other comprehensive income (loss), net of tax		
Net unrealized gains and losses on securities	40	**(28)**
Foreign currency translation adjustments	62,172	**(17,265)**
Pension liability adjustments	5,043	**(9,213)**
Net unrealized gains and losses on derivative instruments	999	**173**
Total other comprehensive income (loss)	68,254	**(26,333)**
Comprehensive income (loss) before noncontrolling interests	1,103,851	**(122,786)**
Less: Comprehensive income attributable to noncontrolling interests	20,187	**16,129**
Comprehensive income (loss) attributable to shareholders of the Company	¥1,083,664	**¥ (138,915)**

Consolidated Statements of Cash Flows

(Millions of yen)

Year ended March 31	2019	2020
Cash flows from operating activities		
Net income (loss) before noncontrolling interests	¥1,035,597	**¥ (96,453)**
Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	78,518	**79,615**
Provisions for pension and severance costs, less payments	(13,031)	**(13,725)**
Deferred income taxes	(12,641)	**15,697**
Equity in (earnings) losses of affiliates, net of dividends	(6,608)	**67,318**
Loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net and (Gain) loss from sales and impairment of securities, net	(913,110)	**7,355**
Changes in operating assets and liabilities: (Increase) decrease in notes, accounts receivable and contract assets	(41,935)	**38,891**
Increase in inventories	(65,899)	**(20,049)**
Decrease in notes and accounts payable, trade	(10,396)	**(156,220)**
Increase (decrease) in accrued income and other taxes	(14,111)	**15,541**
Increase (decrease) in advance payments received	7,241	**(33,582)**
Other	81,230	**(46,536)**
Net cash provided by (used in) operating activities	124,855	**(142,148)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	4,749	**4,216**
Proceeds from sale of securities	1,637	**1,954**
Acquisition of property, plant and equipment and acquisition of intangible assets	(138,237)	**(135,168)**
Purchase of securities	(1,913)	**(3,497)**
(Increase) decrease in investments in affiliates	(30,381)	**295**
Others	1,469,579 *1	**9,686**
Net cash provided by (used in) investing activities	1,305,434	**(122,514)**
Cash flows from financing activities		
Proceeds from long-term debt	4,605	**160,910**
Repayment of long-term debt	(198,906)	**(352,691)**
Decrease in short-term borrowings, net	(63,047)	**(13,377)**
Dividends paid	(22,249)	**(23,319)**
Purchase of treasury stock, net	(399,924)	**(300,886)**
Payments of tender offer for shares of 3 listed subsidiaries	—	**(161,373)** *2
Other	34,503	**3,492**
Net cash used in financing activities	(645,018)	**(687,244)**
Effect of exchange rate changes on cash and cash equivalents	1,592	**(6,641)**
Net increase (decrease) in cash and cash equivalents	786,863	**(958,547)**
Cash and cash equivalents at the beginning of the fiscal year	548,657	**1,335,520**
Cash and cash equivalents at the end of the fiscal year	¥1,335,520	**¥ 376,973**
Supplemental disclosure of cash flow information		
Cash paid during the fiscal year:		
Interest	¥ 10,383	**¥ 5,571**
Income taxes	¥ 70,263	**¥ 21,478**

*1 Includes ¥1,458,289 million in proceeds from the sale of shares of Toshiba Memory Corporation.

*2 Listed subsidiaries are Toshiba Plant System & Services Corporation, NISHISHIBA ELECTRIC CO., LTD., and NuFlare Technology, Inc.

Industry Segment Performance

(Millions of yen)

Year ended March 31	2019	2020	Change (%)
Energy Systems & Solutions			
Net sales	¥ 652,718	¥ 568,828	(12.9)
Share of net sales (%)	16.3	15.4	—
Segment operating income (loss)	(24,012)	31,798	32.4
Operating income ratio (%)	(3.7)	5.6	—
Number of employees (Thousands)	17	16	(5.9)
R&D expenditures	17,965	18,859	4.9
Depreciation and amortization	10,447	10,841	3.8
Capital expenditures	12,251	14,839	21.1
Total assets	782,892	652,057	(16.7)
Infrastructure Systems & Solutions			
Net sales	733,453	734,991	0.2
Share of net sales (%)	18.2	20.0	—
Segment operating income (loss)	30,262	47,715	57.7
Operating income ratio (%)	4.1	6.5	—
Number of employees (Thousands)	42	20	(52.4)
R&D expenditures	20,553	21,792	6.0
Depreciation and amortization	11,754	11,710	(0.4)
Capital expenditures	11,988	16,126	34.5
Total assets	686,897	703,249	2.4
Building Solutions			
Net sales	556,990	570,132	2.4
Share of net sales (%)	13.8	15.5	—
Segment operating income (loss)	16,925	29,056	71.7
Operating income ratio (%)	3.0	5.1	—
Number of employees (Thousands)	—	22	—
R&D expenditures	18,458	18,883	2.3
Depreciation and amortization	11,664	11,117	(4.7)
Capital expenditures	12,915	20,532	59.0
Total assets	373,822	368,933	(1.3)
Retail & Printing Solutions			
Net sales	485,396	490,395	1.0
Share of net sales (%)	12.1	13.3	—
Segment operating income (loss)	20,242	14,477	(28.5)
Operating income ratio (%)	4.2	3.0	—
Number of employees (Thousands)	20	20	0.0
R&D expenditures	27,761	26,866	(3.2)
Depreciation and amortization	12,827	13,808	7.6
Capital expenditures	13,315	12,525	(5.9)
Total assets	309,195	330,411	6.9

Year ended March 31	2019	2020	Change (%)
Electronic Devices & Storage Solutions			
Net sales	¥932,973	¥745,551	(20.1)
Share of net sales (%)	23.2	20.2	—
Segment operating income (loss)	12,492	13,415	7.4
Operating income ratio (%)	1.3	1.8	—
Number of employees (Thousands)	24	24	0.0
R&D expenditures	46,887	40,700	(13.2)
Depreciation and amortization	18,279	19,644	7.5
Capital expenditures	41,608	43,891	5.5
Total assets	485,087	510,596	5.3
Digital Solutions			
Net sales	253,059	252,360	(0.3)
Share of net sales (%)	6.3	6.9	—
Segment operating income (loss)	8,099	16,779	107.2
Operating income ratio (%)	3.2	6.6	—
Number of employees (Thousands)	9	9	0.0
R&D expenditures	6,775	5,694	(16.0)
Depreciation and amortization	3,464	3,767	8.7
Capital expenditures	3,861	3,277	(15.1)
Total assets	126,276	146,845	16.3
Others			
Net sales	412,462	321,502	(22.1)
Share of net sales (%)	10.2	8.7	—
Segment operating income (loss)	(33,801)	(29,730)	(12.0)
Operating income ratio (%)	(8.2)	(9.2)	—
Number of employees (Thousands)	16	14	(12.5)
R&D expenditures	29,082	26,152	(10.0)
Depreciation and amortization	10,083	8,728	(13.4)
Capital expenditures	11,422	19,506	70.1
Total assets	1,593,664	732,325	(54.0)

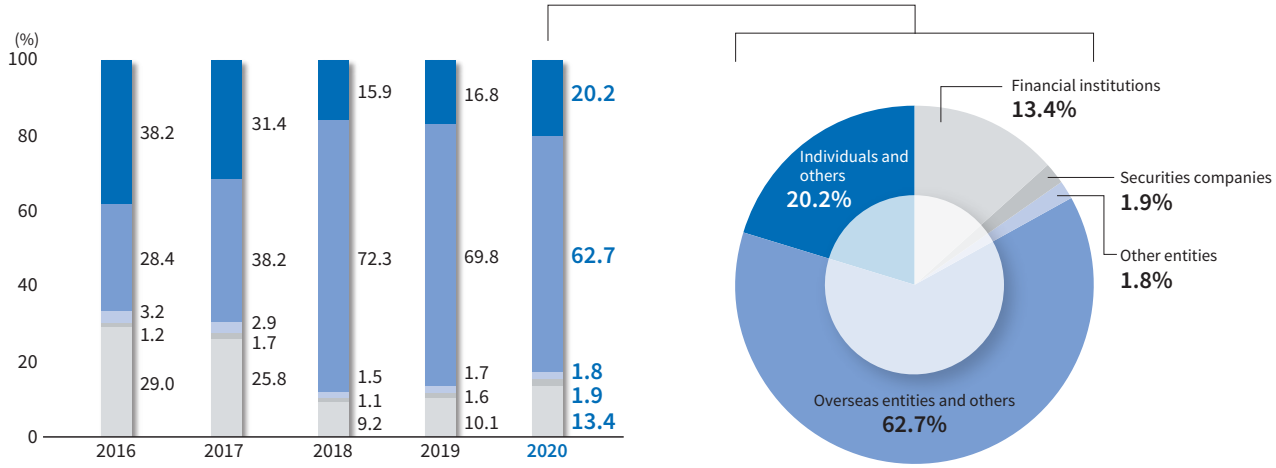
Shareholder Information

Distribution of Shareholders

(Shareholding Ratio by Category)

March 31	2016	2017	2018	2019	2020
Individuals and others	38.2 %	31.4 %	15.9 %	16.8 %	20.2 %
Overseas entities and others	28.4	38.2	72.3	69.8	62.7
Other entities	3.2	2.9	1.5	1.7	1.8
Securities companies	1.2	1.7	1.1	1.6	1.9
Financial institutions	29.0	25.8	9.2	10.1	13.4

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



Principal Shareholders (As of March 31, 2020)

Name of Shareholder	Shareholding ratio (Percentage)
GOLDMAN, SACHS & CO. REG	7.4%
SMP PARTNERS (CAYMAN) LIMITED AS TRUSTEE OF ECM MASTER FUND	7.1
GOLDMAN SACHS INTERNATIONAL	4.5
CHINOOK HOLDINGS LTD	3.4
3D OPPORTUNITY MASTER FUND	2.6
The Dai-ichi Life Insurance Company, Limited	2.5
Nippon Life Insurance Company	2.4
Toshiba Employees Shareholding Association	2.1
THE CHASE MANHATTAN BANK. N.A. LONDON SPECIAL ACCOUNT NO.1	1.9
JP MORGAN CHASE BANK 385765	1.7

Notes: 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 June 1, 2018 notes that, as of June 1, 2018, Farallon Capital Management L.L.C. and CHINOOK HOLDINGS LTD jointly hold 350,398K shares (ratio of stock certificates, etc. held: 5.37%) as shown below. As the Company cannot confirm the beneficial ownership or number of shares held by Farallon Capital Management L.L.C. and CHINOOK HOLDINGS LTD as of May 15, 2020, Farallon Capital Management L.L.C. is not included in the above table and data for CHINOOK HOLDINGS LTD stated in the above table is based on the details of the shareholder registry.
The number of shares referred to in this note is the number of shares prior to share consolidation in October 2018.

Name of company	Number of stock certificates, etc., held (in thousands)	Ratio of stock certificates, etc. held (percentage)
Farallon Capital Management, L.L.C.	138,475	2.12
CHINOOK HOLDINGS LTD	211,923	3.25
Total	350,398	5.37

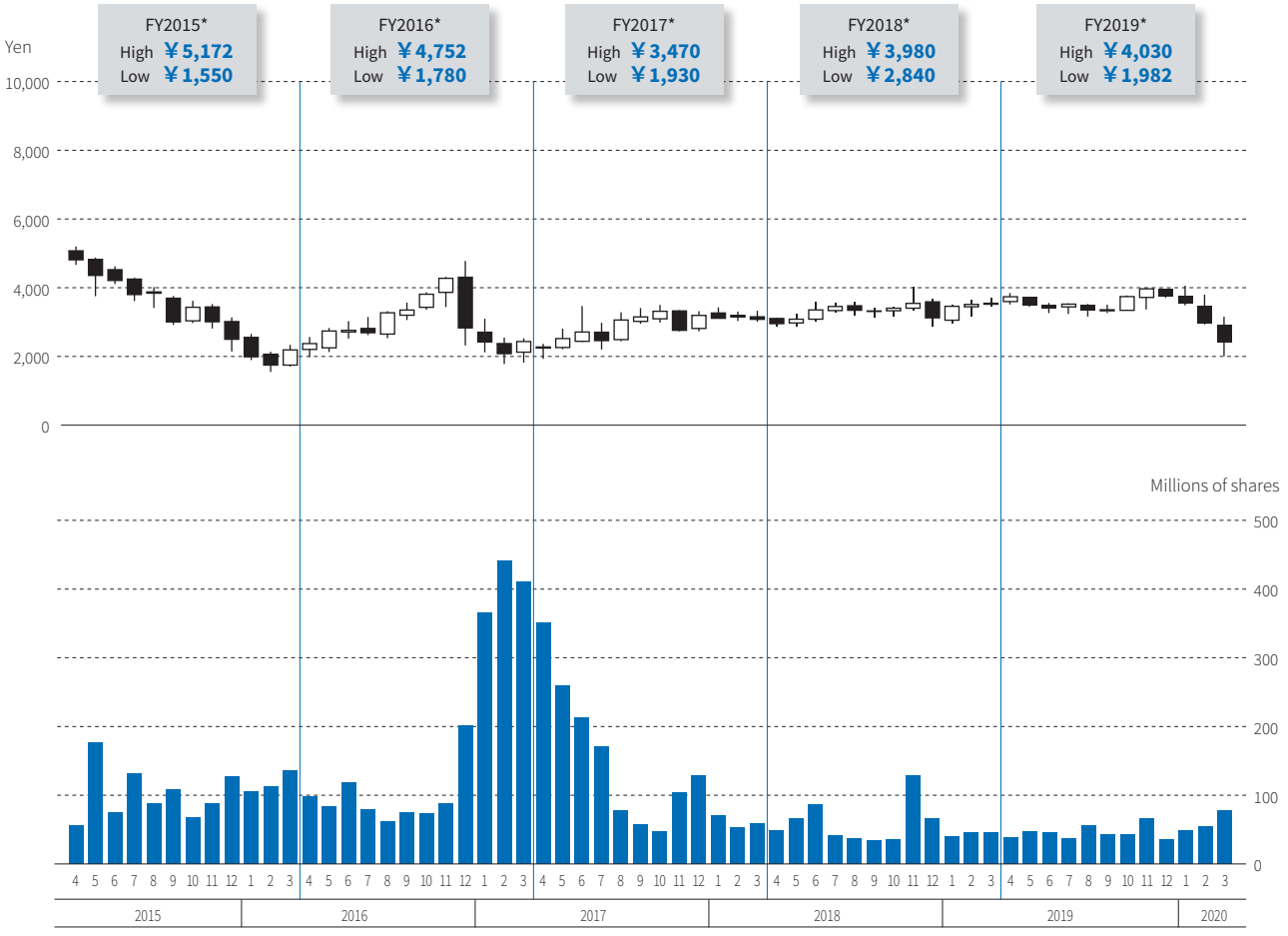
3. The change report on large-volume holdings offered for public inspection on December 19, 2018 notes that Effissimo Capital Management Pte Ltd. held 73,718K shares as of December 14, 2018 (ratio of stock certificates, etc. held: 11.30%). However, as the Company was unable to confirm the beneficial ownership or number of shares held as of May 15, 2020, Effissimo Capital Management Pte Ltd. is not included in the above table. In addition, the change report on large-volume holdings offered for public inspection on May 25, 2020 notes that Effissimo Capital Management Pte Ltd. held 69,868K shares as of May 19, 2020 (ratio of stock certificates, etc. held: 15.36%). However, the Company was unable to confirm.
4. The change report on large-volume holdings offered for public inspection on April 10, 2020 notes that King Street Capital Management, L.P. held 18,608K shares as of April 3, 2020 (ratio of stock certificates, etc. held: 4.09%). However, as the Company was unable to confirm the beneficial ownership or number of shares held as of May 15, 2020, King Street Capital Management, L.P. is not included in the above table.

Stock Information

Year ended March 31	2016	2017	2018	2019	2020
Common stock price (Yen, fiscal year)*1					
High	517.2	475.2	347	3,980	4,030*3
Low	155	178	193	2,840	1,982
Nikkei average (Yen)	16,758.67	18,909.26	21,454.30	21,205.81	18,917.01
Number of shares issued (Millions of shares)	4,238	4,238	6,521	544	455*3
Market capitalization (Billions of yen)*2	928.0	1,023.0	2,008.4	1,917.6	1,082.9
Earnings (Loss) per share attributable to shareholders of the Company (Yen)					
—Basic (EPS)*4	(1,086.45)	(2,280.76)	1,628.88	1,641.85	(236.39)
—Diluted (EPS)	—	—	—	—	—
Annual dividends per share (Yen)	—	—	—	30	20
Payout ratio (%) (Consolidated)	—	—	—	1.83	—
Number of shareholders	437,466	366,030	300,871	270,570	269,067
Price-to-earnings ratio (PER) (Times)	—	—	1.89	2.15	—
Price-to-cash flows ratio (PCFR) (Times)	(3.8)	(1.3)	1.6	2.0	(3.3)
Price-to-book value ratio (PBR) (Times)	2.8	(1.8)	2.6	1.3	1.1

*1: Common stock price until July 31, 2017 is based on the 1st section of the Tokyo Stock Exchange, and from August 1, 2017 onward on the 2nd section of the Tokyo Stock Exchange.
*2: Market capitalization = Common stock price [year-end/yen/close] × Total issued shares
*3: The Company implemented a share consolidation with a ratio of 10 common shares to 1 share as of October 1, 2018.
*4: Earnings (Loss) per share attributable to shareholders of the Company before the fiscal year ended March 31, 2018 has been revised.

Stock Price and Trading Volume Trends (for past 5 fiscal years)



* The Company implemented a share consolidation with a ratio of 10 common shares to 1 share as of October 1, 2018. The stock price and the trading volume are calculated assuming that the share consolidation was implemented on April, 2014.

Consolidated Subsidiaries and Affiliated Companies Accounted for by the Equity Method

Consolidated Subsidiaries

Domestic

- Japan Semiconductor Corporation
- Kaga Toshiba Electronics Corporation
- Nishishiba Electric Co., Ltd.*
- Nuclear Fuel Industries, Ltd.
- NuFlare Technology, Inc.*
- Toshiba Carrier Corporation
- Toshiba Electronic Devices & Storage Corporation
- Toshiba Digital Solutions Corporation
- Toshiba Elevator and Building Systems Corporation
- Toshiba Energy Systems & Solutions Corporation
- Toshiba Global Commerce Solutions Holdings Corporation
- Toshiba Industrial Products and Systems Corporation
- Toshiba Infrastructure Systems & Solutions Corporation
- Toshiba IT-Services Corporation
- Toshiba Lighting & Technology Corporation
- Toshiba Logistics Corporation
- Toshiba Plant Systems & Services Corporation*
- Toshiba Tec Corporation*
- Toshiba Tec Solution Service Corporation
- Sigma Power Ariake Corporation

116 companies in total including the 20 above

* Listed Company in stock market

Overseas

- Concert LLC
- TCFG Compressor (Thailand) Co., Ltd.
- Toshiba America Business Solutions, Inc.
- Toshiba America Electronic Components, Inc.
- Toshiba America, Inc.
- Toshiba Asia Pacific Pte., Ltd.
- Toshiba Carrier Air Conditioning (China) Co., Ltd.
- Toshiba Carrier (Thailand) Co., Ltd.
- Toshiba (China) Co., Ltd.
- Toshiba Dalian Co., Ltd.
- Toshiba Electronics Europe GmbH
- Toshiba Electronics Taiwan Corporation
- Toshiba Elevator (China) Co., Ltd.
- Toshiba Europe GmbH
- Toshiba Gulf FZE
- Toshiba Hydro Power (Hangzhou) Co., Ltd.
- Toshiba Industrial Products Asia Co., Ltd.
- Toshiba Information Equipment (Philippines), Inc.
- Toshiba Information Systems (UK) Ltd.
- Toshiba International Corporation
- Toshiba International Procurement Hong Kong, Ltd.
- Toshiba JSW Power Systems Private Ltd.
- Toshiba Lighting & Technology (Kunshan) Co., Ltd.
- Toshiba Europe Ltd.
- Toshiba Semiconductor (Thailand) Co., Ltd.
- Toshiba Tec Europe Imaging Systems S.A.
- Toshiba Tec France Imaging Systems S.A.
- Toshiba Tec Information Systems (Shenzhen) Co., Ltd.
- Toshiba Tec Singapore Pte., Ltd.
- Toshiba Tec U.K. Imaging Systems Ltd.
- Toshiba Transmission & Distribution Systems Asia Sdn. Bhd.
- Toshiba Transmission & Distribution Systems (India) Private Ltd.
- TPSC (India) Private Ltd.
- TPSC (Thailand) Co., Ltd.

215 companies in total including the 34 above

Affiliated Companies Accounted for by the Equity Method

Domestic

- EREX New Energy Saiki Co., Ltd.
- Kioxia Corporation
- Kioxia Holdings Corporation
- Toshiba Mitsubishi Electric Industrial Systems Corporation

39 companies in total including the 4 above

Overseas

- Changzhou Toshiba Transformer Co., Ltd.
- Dalian Toshiba Locomotive Electric Equipment Co., Ltd.
- Energy Asia Holdings, Ltd.
- GE Toshiba Turbine Components de Mexico S.R.L. de C.V.
- GD Midea Air-Conditioning Equipment Co., Ltd.
- GD Midea Commercial Air-Conditioning Equipment Co., Ltd.
- GD Midea Group Wuhan Air-Conditioning Equipment Co., Ltd.
- GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.
- Guangdong Meizhi Compressor Ltd.
- Guangdong Meizhi Precision Manufacturing Co., Ltd.
- Henan Pinggao Toshiba High-Voltage Switchgear Co., Ltd.
- SMTT Holding B.V.
- Schneider Toshiba Inverter SAS
- TMEIC Corporation
- TMEIC Industrial Systems India Private Ltd.
- TMEIC Power Electronics Products Corporation
- Toshiba Carrier UK Ltd.
- Toshiba Mitsubishi-Electric Industrial Systems (China) Corporation
- Automotive Electronics Power Private Ltd.

71 companies in total including the 19 above

(As of March 31, 2020)

Corporate History

July	1875	A shop-cum-factory (called Tanaka Seizo-sho from 1882; later Shibaura Engineering Works Co., Ltd.) opened in Tokyo.
Apr.	1890	Hakunetsu-sha & Co., Ltd. (from 1899 Tokyo Electric Company) founded.
June	1904	Shibaura Engineering Works Co., Ltd. established.
Sept.	1939	Shibaura Engineering Works Co., Ltd. merged with Tokyo Electric Company to become Tokyo Shibaura Electric Co., Ltd.
Oct.	1942	Absorbed Shibaura Mazda Industry Co., Ltd. and Nippon Medical Electric Co., Ltd., expanding home appliance line-up.
July	1943	Absorbed Tokyo Electric Co., Ltd. and Toyo Fire Brick Co., Ltd., expanding line-up of communications equipment.
Feb.	1950	Under the Law on Elimination of Excessive Concentration of Economic Power, a group of 14 companies, including Tokyo Electric Appliances Co., Ltd., now Toshiba TEC Corp., was separated from Tokyo Shibaura Electric Co., Ltd.
Apr.		Absorbed Toshiba Rolling Stock Co., Ltd., expanding rolling stock products.
Nov.	1955	Absorbed Dengyo-sha Prime Mover Works Ltd.
Nov.	1961	Absorbed Ishikawajima-Shibaura Turbine Co., Ltd., expanding line-up of turbines.
July	1978	English official trade name changed to “Toshiba Corporation.”
Apr.	1984	Japanese official trade name changed to “Toshiba Corporation.”
June	1998	Introduced corporate executive officer system.
Apr.	1999	Introduced in-house company system.
July	2001	Changed registered headquarters from Kawasaki City, Kanagawa, to Minato Ward, Tokyo.
Aug.		Announced 01 Action Plan.
June	2003	Adopted the Company with Committees (now, company with three Committee, etc.) system.
Oct.		Transferred electric equipment for manufacturing plant business to TMA Electric Corp. (now Toshiba Mitsubishi-Electric Industrial Systems Corp.).
Oct.	2006	Acquired Westinghouse Group.
June	2009	Raised funds by public offering.
Oct.		Acquired HDD business from Fujitsu Ltd.
Oct.	2010	Merged mobile phone business with that of Fujitsu Ltd. and transferred it to Fujitsu Toshiba Mobile Communications Ltd. (now Fujitsu Mobile Communications Ltd.).
July	2011	Acquired Landis+Gyr AG.
Mar.	2012	Transferred all shares of Toshiba Mobile Display Co., Ltd. to Japan Display Inc., a company established with co-funding by Innovation Network Corporation of Japan, Toshiba Corporation, Sony Corporation and Hitachi, Ltd.
Aug.		Toshiba TEC Corporation acquired the retail store solutions business of US-based IBM (International Business Machines Corporation).
Sept.	2015	Decided that, in principle, the majority of the directors of the Company, and all members of the Nomination Committee, Audit Committee and Compensation Committee, shall be outside directors.
Dec.		Announced the Toshiba Rebuilding Initiative.
Mar.	2016	Sold off all shares of Toshiba Medical Systems Corporation.
June		Sold off 80.1% shares of Toshiba Lifestyle Products & Services Corporation.
June		The Board decided to no longer appoint advisers to the Board (“Sodanyaku”).
Mar.	2017	Westinghouse Group deconsolidated from Toshiba Group by Westinghouse Electric Company filing a voluntary petition for relief under Chapter 11.
Apr.		Split off and transferred the memory business to Formerly Toshiba Memory Corporation by means of a company split.
July		Split off and transferred the social infrastructure business to Toshiba Electric Service Corp. (Toshiba Infrastructure Systems & Solutions Corp.) by means of a company split. Split off and transferred the electronic devices business to Toshiba Electric Devices & Storage Corp. by means of a company split. Split off and transferred the ICT solutions business to Toshiba Solutions Corp. (Toshiba Digital Solutions Corp.) by means of a company split.
July		Sold off 100% shares of Landis+Gyr Group.
Oct.		Split off and transferred the energy business to Toshiba Energy Systems & Solutions Corp. by means of a company split.
Feb.	2018	Transferred 95% shares of Toshiba Visual Solutions Corporation to China’s Hisense Group.
June		Transferred all shares of Formerly Toshiba Memory Corporation.
Oct.		Transferred 80.1% shares of Toshiba Client Solutions Co., Ltd. to Sharp Corporation.

Corporate Data (As of March 31, 2020)

Toshiba Corporation

1-1, Shibaura 1-chome, Minato-ku, Tokyo, Japan (headquarters)

Founded:	July 1875
Number of Employees:	Approx. 126,000 (consolidated)
Fiscal Year:	April 1 to March 31
Authorized Number of Shares:	1 billion
Number of Shares Issued:	455,000,000
Number of Shareholders:	227,229 (As of May 15, 2020)
Stock Exchange Listings:	Tokyo, Nagoya
ISIN:	JP359 2200004
Ticker Code on the Tokyo Stock Exchange:	6502
Shareholder Registration Agent:	Sumitomo Mitsui Trust Bank, Limited

Editorial Policy

The goal of this report is to act as an effective communication tool that helps all stakeholders including shareholders and investors to understand about Toshiba Group. We have endeavored to report strategies and results in an integrated manner including both financial and non-financial information.

This integrated report conforms to the integrated reporting frameworks recommended by the International Integrated Reporting Council and by the Guidance for Collaborative Value Creation issued by the Japanese Ministry of Economy, Trade and Industry.

Reporting period: April 1, 2019 to March 31, 2020, including some information from April 2020.
Reporting scope: Toshiba Corporation and Toshiba Group

Environment
Social
Governance
Guidance for Collaborative Value Creation

Please refer to our website for detailed investors information and non-financial information.

Reports

Financial and non-financial information

Integrated Report
Financial reports (main), non-financial outlines

https://www.toshiba.co.jp/about/ir/en/finance/ar/index.htm

Non-financial details

Sustainability Report
Overview of CSR and environmental activities

https://www.toshiba.co.jp/sustainability/en/report/download.htm

Details of cyber security enhancement activities

Cyber Security Report
Overview of cyber security activities

https://www.toshiba.co.jp/security/en/report

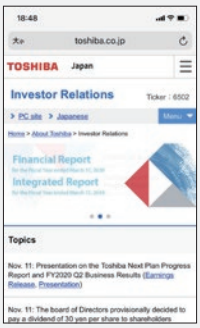
Website Sources of timely information

Financial information

IR website
Financial information; legal disclosures

https://www.toshiba.co.jp/about/ir/index.htm

IR website for smartphones
Financial information; legal disclosures



https://www.toshiba.co.jp/about/ir/sp/index.htm

Non-financial information

Sustainability website
Sustainability infomation

https://www.toshiba.co.jp/sustainability/en/index.htm

Environment website
Environmental information

https://www.toshiba.co.jp/env/en/

Committed to People, Committed to the Future.

Toshiba Corporation

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Strategic Planning Division

Inquiry page on Investor Relations
URL https://www.toshiba.co.jp/about/ir/en/contact.htm

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