

**TOSHIBA**  
Leading Innovation >>>

Committed to People,  
Committed to the Future. **TOSHIBA**



**Corporate Social  
Responsibility  
Report 2007**

# Fulfillment of CSR Synonymous with Implementation of Corporate Philosophy

Toshiba Group's corporate philosophy emphasizes respect for people, creation of new value, and contribution to society. The Group slogan - "Committed to People, Committed to the Future. TOSHIBA." - expresses the essence of our corporate philosophy. We recognize that it is our corporate social responsibility (CSR) to put our philosophy and slogan into practice in our day to day business activities. In doing so, we accord the highest priority to human life & safety and legal compliance.

## Basic Commitment of the Toshiba Group

**We, the Toshiba Group companies, based on our total commitment to people and to the future, are determined to help create a higher quality of life for all people, and to do our part to help ensure that progress continues within the world community.**

## Commitment to People

We endeavor to serve the needs of all people, especially our customers, shareholders, and employees, by implementing forward-looking corporate strategies while carrying out responsible and responsive business activities. As good corporate citizens, we actively contribute to further the goals of society.

## Commitment to the Future

By continually developing innovative technologies centering on the fields of Electronics and Energy, we strive to create products and services that enhance human life, and which lead to a thriving, healthy society. We constantly seek new approaches that help realize the goals of the world community, including ways to improve the global environment.

### Toshiba Group Slogan

**Committed to People,  
Committed to the Future. TOSHIBA**

### Framework of Toshiba Group's Management Philosophy

#### Basic Commitment of the Toshiba Group

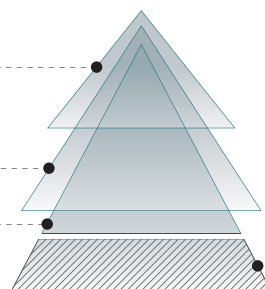
Toshiba Group's mission

#### Toshiba Group Management Vision

A set of values and targets shared throughout Toshiba Group

#### Toshiba Group Standards of Conduct

Standards of conduct to which everyone in Toshiba Group is required to adhere



#### UN Global Compact \*

Responsibilities as a global enterprise

\* UN Global Compact : A voluntary corporate citizenship initiative concerning human rights, labor, the environment, and anti-corruption proposed by the former UN Secretary-General Kofi Annan in 1999 at the World Economic Forum. Toshiba joined the UN Global Compact in 2004.

## We Stress Communication with Stakeholders for the Fulfillment of CSR

Toshiba Group's business activities involve relationships with diverse stakeholders. In order to put our corporate philosophy into practice and fulfill CSR, we make clear our responsibilities to our stakeholders while soliciting their requests and opinions in a number of ways, contemplating and reflecting the outcome in management objectives.

### Major Stakeholders and Toshiba Group's Responsibilities

 <p><b>Customers</b></p>	<p>Toshiba Group has diverse customers, including consumers, businesses, government and public bodies because of its wide range of products - home appliances, digital products, electronic devices and social infrastructure systems.</p>	<p><b>Major responsibilities</b></p> <ul style="list-style-type: none"> <li>● Enhancement of customer satisfaction</li> <li>● Providing safe products and services</li> <li>● Creating environmentally conscious products and services</li> <li>● Promoting universal design</li> </ul> <ul style="list-style-type: none"> <li>● Excellent customer relations and support</li> <li>● Providing sufficient product information</li> <li>● Good management of customer information</li> </ul>
 <p><b>Shareholders / Investors</b></p>	<p>Our shareholders number 410,000. Regarding the composition of the shareholders of the 3.2 billion shares with voting rights issued and outstanding, financial institutions account for 39.4%, individuals and others 31.2%, and foreign corporations 25.0%. (as of March 31, 2007)</p>	<p><b>Major responsibilities</b></p> <ul style="list-style-type: none"> <li>● Timely and appropriate disclosure</li> <li>● Appropriate return of profits</li> <li>● Maintenance and enhancement of corporate value</li> </ul> <ul style="list-style-type: none"> <li>● Responding to socially responsible investment (SRI)</li> <li>● Introduction of takeover defense measures</li> </ul>
 <p><b>Suppliers</b></p>	<p>Toshiba is doing business with some 4,000 suppliers in Japan and 1,000 suppliers overseas. About 40% of the suppliers in Japan are subject to the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors(as of March 31, 2007)</p>	<p><b>Major responsibilities</b></p> <ul style="list-style-type: none"> <li>● Fair trading</li> <li>● Fair selection of suppliers</li> <li>● Open trading opportunities</li> </ul> <ul style="list-style-type: none"> <li>● Requesting cooperation with fulfillment of CSR</li> <li>● Providing support for fulfillment of CSR</li> </ul>
 <p><b>Employees</b></p>	<p>About 190,000 people work for Toshiba Group at 520 companies (as of March 31 2007). The number of employees increased by 20,000 from the end of the previous year mainly as a result of the acquisition of Westinghouse.</p>	<p><b>Major responsibilities</b></p> <ul style="list-style-type: none"> <li>● Respecting human rights</li> <li>● Respecting diversity</li> <li>● Fair assessment and treatment</li> <li>● Supporting diverse working styles</li> <li>● Maintenance and enhancement of skills and capabilities</li> </ul> <ul style="list-style-type: none"> <li>● Optimizing human resources and development</li> <li>● Ensuring occupational health and safety and consideration of employees' health</li> <li>● Protecting employees personal data</li> </ul>
 <p><b>Local communities</b></p>	<p>Toshiba Group has major business sites in over 30 countries worldwide. We respect their cultures, histories, and customs in the course of our business operation.</p>	<p><b>Major responsibilities</b></p> <ul style="list-style-type: none"> <li>● Respecting different customs and cultures</li> <li>● Considering the environmental impact</li> <li>● Preventing accidents at sites</li> </ul> <ul style="list-style-type: none"> <li>● Supporting neighboring communities in case of a disaster</li> <li>● Engaging in corporate citizenship activities in local communities</li> </ul>
 <p><b>Government / Authorities</b></p>	<p>Toshiba Group operates worldwide. Governments and public bodies of many countries are also our customers.</p>	<p><b>Major responsibilities</b></p> <ul style="list-style-type: none"> <li>● Compliance with laws and regulations</li> <li>● Tax payment</li> </ul> <ul style="list-style-type: none"> <li>● Cooperation with government policies for improvement and solution of social problems</li> </ul>
 <p><b>NPOs / NGOs</b></p>	<p>We develop collaborative partnerships with NPOs and NGOs in a wide range of fields, including the environment, human rights, and corporate citizenship, always endeavoring to engage in constructive dialogue with them.</p>	<p><b>Major responsibilities</b></p> <ul style="list-style-type: none"> <li>● Collaboration and support for resolution of diverse global issues</li> </ul> <ul style="list-style-type: none"> <li>● Collaboration in the priority areas of corporate citizenship</li> </ul>

# Reporting What is Material to Our Stakeholders

## Step 1

### We determined items to be reported from two perspectives: what stakeholders want to know and what we want them to know

At Toshiba Group, we consider communicating to our stakeholders what we are doing and why we are doing it as an important aspect of our social responsibility. Accordingly, our approach to CSR reporting is aligned with the three principles of the AA1000\* Assurance Standard: materiality, completeness, and responsiveness. In selecting reporting items, we adopted two perspectives: what our stakeholders consider material as identified through stakeholder dialogues and what we consider material in light of Toshiba Group's corporate philosophy and strategies. Highly material items from both perspectives are reported in the printed report and other items are covered in the reporting on the website to

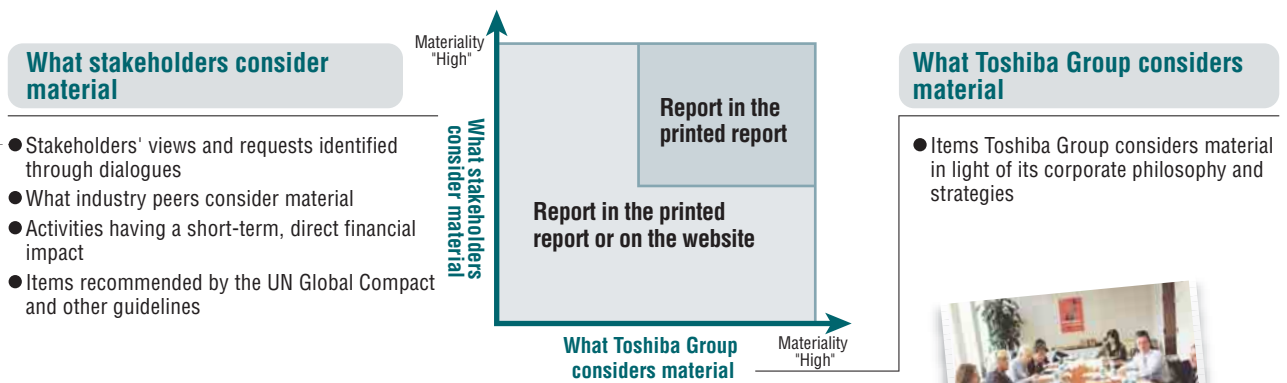
achieve completeness.

To assure the reliability of our disclosure, we received a third-party assessment, the findings of which are posted at the end of the printed report. [▶ P54](#)

#### AA1000 Assurance Principles

- Materiality** Does the report provide an account covering all the areas of performance that stakeholders need to judge the organization's CSR performance?
- Completeness** Is the information complete and accurate enough to assess and understand the organization's performance in all these areas?
- Responsiveness** Has the organization responded coherently and consistently to stakeholders' concerns and interests?

\* AA1000: AA1000 Series, issued by AccountAbility, a British NPO, are principles-based standards that help organizations build their accountability and improve their performance.



#### What stakeholders consider material

- Stakeholders' views and requests identified through dialogues
- What industry peers consider material
- Activities having a short-term, direct financial impact
- Items recommended by the UN Global Compact and other guidelines

#### What Toshiba Group considers material

- Items Toshiba Group considers material in light of its corporate philosophy and strategies

#### Major Schemes for Identifying Stakeholders' Views and Requests

<b>Customer</b>	Call center, monitor program, customer satisfaction (CS) survey	P27-28
<b>Shareholders</b>	Shareholder Newsletter questionnaire	P31
<b>Suppliers</b>	CSR Survey	P32
<b>Employees</b>	Employee awareness survey (TEAM Survey)	P34
<b>Local communities</b>	Holding of dialogues and briefings	P36
<b>Stakeholder dialogues</b>		P15-16



#### Organizations covered

In principle, Toshiba Group (Toshiba Corporation and its 519 consolidated subsidiaries in Japan and overseas (Toshiba Group companies)). For each item whose scope is not Toshiba Group, the individual scope is indicated.  
 \* "Toshiba" in this report means Toshiba Corporation.

#### Reporting period

This report focuses on the results of activities in fiscal 2006 (from April 1, 2006, to March 31, 2007) but includes some activities continuing from before and more recent ones.

#### Publication

Current issue: August 2007  
 Next issue: Scheduled for August 2008 (Previous issue: August 2006)

#### Reference Guidelines

- Global Reporting Initiative (GRI)
- 2002 Sustainability Reporting Guidelines (G2) and Sustainability Reporting Guidelines (G3)
- \*The GRI content index is available on the Toshiba website.
- Environmental Reporting Guidelines (Fiscal Year 2003 Version) and Environmental Reporting Guidelines (Fiscal Year 2007 Version Exposure Draft), Ministry of the Environment of Japan
- Environmental Accounting Guidelines 2005, Ministry of the Environment of Japan

## Step 2

### Stakeholder interest reflected in our CSR report

We seek to identify stakeholder's interest by soliciting their views and requests expressed in the course of dialogues. In addition, we conducted a stakeholder interest survey prior to editing this report to verify what should be included in it. The survey requested stakeholders to indicate their degree of interest, on a three-level scale, in a total of 105 items in eight fields, including CSR management, commitment to customers, and environmental considerations. We received responses from 195 stakeholders. The analyzed survey results were reflected in our editing of this report. As well as introducing items of high interest to stakeholders as identified through the survey, this report includes our responses to some of the questions respondents raised in the field provided for free comment. Details of the survey result are available on the website.

#### Overview of the Interest Survey

Survey method : Questionnaire survey (Form sent by post or e-mail)

Survey subject : Individual customers, corporate customers, suppliers, SRI analysts, people who live in the vicinity of Toshiba Group sites, people in NPOs/NGOs, students, Toshiba Group employees (Japan, US, China), 195 stakeholders in total

Survey period : February 2007



Details of the Interest Survey



Interest survey questionnaire

#### Reporting on the Website

Detailed information or case studies on items marked with  in the printed report are available on the CSR website.

For the correspondence between the printed report and the web content, please refer to the Printed Report and Web Content Index on the website.



Toshiba Group CSR Website  
<http://www.toshiba.co.jp/csr/en/>



Printed Report and Web Content Index  
<http://www.toshiba.co.jp/csr/en/reportmap/>

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# Earning the Global Community's Trust As A Global Enterprise

## Innovation and CSR-oriented Management

Since I took the helm at Toshiba Group, I have emphasized three key policies: realization of sustained growth with profit, maximization of the multiplier effect of innovations\*, and CSR-oriented management.

Toshiba aims to create innovation, as defined in the brand statement issued in October 2006, throughout its business processes from development and production through to sales and marketing. By articulating the identity of the Toshiba brand and the value Toshiba delivers, the brand statement helps stakeholders understand what makes Toshiba tick. The tag line, "Leading Innovation," expresses Toshiba's determination to fulfill its mission. By adhering to the brand statement, we are resolved to be a source of unceasing innovation.

CSR-oriented management is the foundation for innovation. We recognize that ensuring Toshiba Group deserves the trust of society worldwide is a prerequisite for the Group's sustained growth.

### Toshiba Brand Statement

**TOSHIBA**  
Leading Innovation >>>

Toshiba delivers technology and products remarkable for their innovation and artistry - contributing to a safer, more comfortable, more productive life.

We bring together the spirit of innovation with our passion and conviction to shape the future and help protect the global environment - our shared heritage.

We foster close relationships, rooted in trust and respect, with our customers, business partners and communities around the world.

\* Maximization of the multiplier effect of innovations  
This means unleashing a multiplier effect through innovation in three key processes: development, production, and sales and marketing. Taking "i," the first letter of "innovation," and multiplying "i" to the third power, this Group-wide program is dubbed "i cube."

## Global Enterprise Championing a Better Environment, Reliable Energy Supplies and Diversity

In executing CSR-oriented management, I am emphasizing the two aspects of a truly global enterprise. On the one hand, throughout our operations, we must devote ourselves to improving the global environment. And, at the same time, it is essential that we recognize, respect and value the cultural diversity of communities where we do business around the world. By embracing these two aspects, Toshiba is striving to contribute to the sustainable development of society.

In terms of improving the global environment, based on the Environmental Vision setting targets for fiscal 2010, Toshiba Group is taking decisive action to provide environmentally conscious products around the world and to reduce environmental impacts throughout its business activities, including development, production, and sales and marketing.

To tackle the threat posed by climate change, Toshiba Group is endeavoring to be a force for good by helping to satisfy the world's increasing appetite for energy in ways that alleviate the warming of our planet. As well as making power generation as efficient as possible, we are promoting an energy mix in which several energy sources are used in a well-balanced, integrated manner. Specifically, we are stressing advances in thermal power generation efficiency, highly efficient hydroelectric technology, and promotion of nuclear power generation, which has the great advantage of emitting very little CO<sub>2</sub>. In nuclear power generation, we are ready to vigorously respond to rising global demand, not least by drawing on the strengths of Westinghouse, a technology leader in this field that joined Toshiba Group in 2006. Development of renewable energy sources is another important theme for us.

Toshiba Group's stakeholders, including customers,



shareholders and investors, employees, local communities, and suppliers are located throughout the world. The way we do business is based on an appreciation of this extraordinary diversity in terms of geography, culture, and historical background. Toshiba Group aims to harness the power of diversity by becoming an enterprise where a diverse workforce pools its capabilities at every workplace so that we can satisfy the needs and aspirations of our customers, and indeed of all our stakeholders, throughout the world.

This approach is reflected in Toshiba's endorsement of the United Nations Global Compact, an international initiative espousing universal principles concerning human rights, labor, the environment, and anti-corruption, in January 2004. As a global enterprise, Toshiba Group intends to contribute to the sustainable development of society from various perspectives.

### Highest Priorities: Human Life & Safety and Legal Compliance

Fulfillment of CSR is based on a principle, namely, according of the highest priority to human life and safety and to legal compliance. In fiscal 2006 we reestablished the risk management and compliance promotion structure covering sales and marketing, engineering and production throughout the business.

Also, coinciding with the designation of December as Toshiba Group's CSR month, I sent e mail message directly to Toshiba Group employees around the world, instructing them to assess their CSR activities. At each site of Toshiba

Corp. and at each group company, a chief CSR officer was appointed to put in place a CSR governance structure and various CSR measures have been implemented.

Clearly, manufacturers have a responsibility to strengthen and promote the securing of product safety in order to prevent accidents. In June 2007 Toshiba Group reestablished its product assurance system, including clarification of responsibilities. We will continue our efforts to deliver safe merchandise and provide information to ensure safe usage.

### Enriching Communication with Stakeholders

In order to fulfill CSR, we need to be aware of our stakeholders' interests, be sensitive to the evolution of those interests and respond in a timely manner.

In executing CSR-oriented management, it is essential to elucidate the impacts of Toshiba Group's business activities in each region of the world. To this end, we are emphasizing communication with stakeholders throughout the world.

In our endeavors to fulfill our responsibility as a global enterprise and to meet your expectations, I would greatly appreciate your support and cooperation.

**Atsutoshi Nishida**  
President and CEO  
Toshiba Corporation

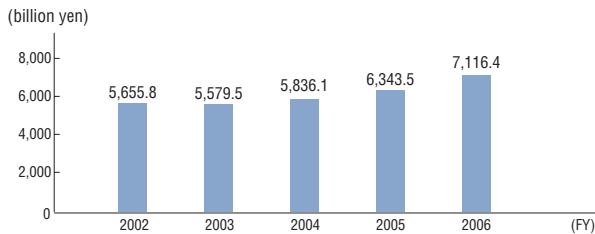
# Pursuit of Innovation Leading to New Value for People and Society

## Company Overview (as of March 31, 2007)

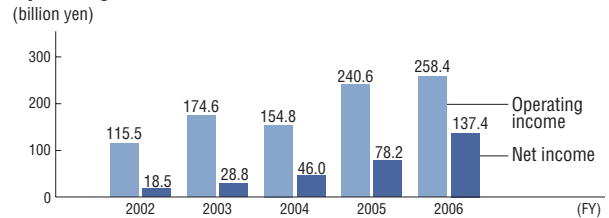
<b>Company name</b>	Toshiba Corporation	<b>Number of shareholders</b>	411,723
<b>Headquarters address</b>	1-1, Shibaura 1-chome, Minato-ku, Tokyo	<b>Number of shares issued</b>	3,219,027,165 shares
<b>Founded</b>	July 1875	<b>Number of consolidated subsidiaries</b>	519 (257 in Japan, 262 overseas)
<b>Paid-in capital</b>	274.9 billion yen	<b>Number of affiliates accounted for by the equity method</b>	153
<b>Consolidated net sales</b>	7,116.4 billion yen	<b>Stock exchange listings</b>	Tokyo, Osaka, Nagoya, London
<b>Number of employees (consolidated)</b>	190,708	<b>CSR-related organization of which Toshiba is a member</b>	Business for Social Responsibility (BSR)
<b>CSR-related international charters/guidelines Toshiba endorses</b>	<ul style="list-style-type: none"> <li>● United Nations Global Compact</li> <li>● Global Reporting Initiative (GRI)</li> </ul>		

## Financial Results (Consolidated)

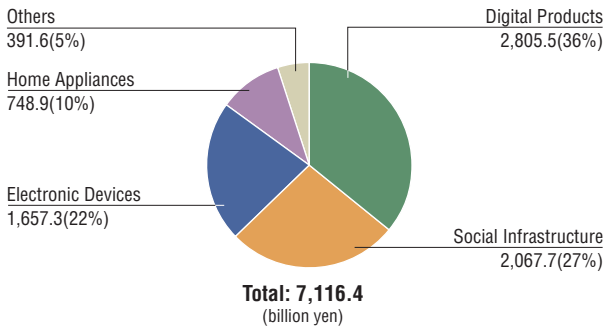
### Net Sales



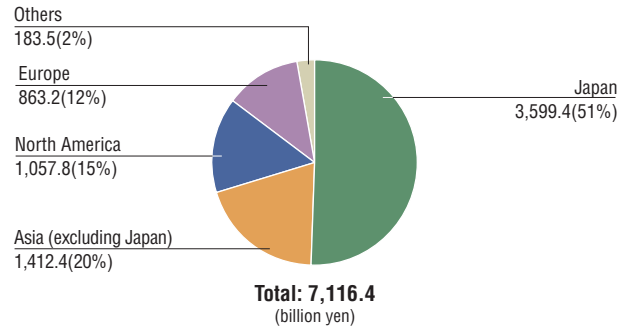
### Operating Income & Net Income



### Composition of Sales by Business Segment



### Composition of Sales by Region



## Distribution of Economic Value to Stakeholders

In fiscal 2006 distribution of economic value to suppliers and partners increased compared with the previous year in line with the increase in net sales, and distribution to employees and government/authorities increased owing to higher income. Distribution to shareholders also rose because of the increase in Toshiba's dividend payment.

Stakeholder	Amount distributed (billion yen)		Calculation method
	FY2006	FY2005	
Suppliers and Partners	5,537.4	4,868.5	Cost of sales (excluding labor costs). Selling, general and administrative costs (excluding labor costs)
Employees	1,320.6	1,234.4	Labor costs included in the cost of sales and selling, general and administrative expenses
Shareholders	30.4	22.8	"Dividends paid" on the cash flow statement
Creditors	31.9	24.6	"Interest" included in costs and expenses on the income statement
Government/Authorities	145.4	90.1	Income taxes
Society	3.5	3.0	Expenditure for corporate citizenship activities* <a href="#">▶ P37</a>
Environment	54.2	49.5	Environment-related expenditure*. Equals environmental costs in environmental accounting For details, see the following website : <a href="http://www.toshiba.co.jp/env/en/">http://www.toshiba.co.jp/env/en/</a>
Within company	111.7	58.9	Amount of net income minus dividends paid

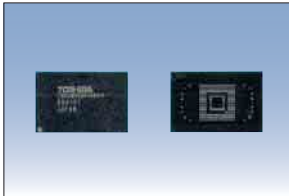
\* Amounts distributed to society and to the environment are also included in the amounts distributed to suppliers and to employees.



# Toshiba delivers technology and product remarkable for their innovation and artistry - contributing to a safer, more comfortable and more productive life.

## Electronic Devices

Toshiba's semiconductor business centers on three main stream products: discrete devices, system LSIs, and NAND flash memory. We also manufacture and sell high-resolution LCDs for mobile phones and mobile PCs. Development of fuel cells for mobile equipment is underway with a view to commercialization.



Large-capacity embedded-type NAND flash memory



Ultra-high-speed SD memory card



Lightweight, thin low-temperature polysilicon LCD



Ultra-compact fuel cell for mobile equipment

## Social Infrastructure Systems

We support social infrastructure through our energy supply systems, including power systems and fuel cells, traffic control systems, security and automation systems for the financial and logistics industries, digital broadcasting systems etc. We also offer a wide range of industrial systems and equipment, such as elevators and medical equipment.



High-efficiency turbine for thermal power generation



High-resolution medical CT scanner



Elevator with window



IC card-ready automated ticket gates

## Digital Products

Our principal products in this field are visual equipment, such as HD DVD players, LCD TVs, digital audio players and mobile phones for the broadband era, notebook PCs for ubiquitous connectivity, and POS systems for stores.



Digital Hi-Vision LCD TV



AV notebook PC with superior picture and sound quality



HD DVD player offering superior picture and sound quality



Mobile phones for audiovisual enjoyment

## Home Appliances

We manufacture and sell home appliances, such as refrigerators, washing machines, vacuum cleaners, and rice cookers, as well as air-conditioners, lighting equipment and batteries. Other consumer-related products include automated vending machines.



Energy-saving washing machine with drier



Vacuum-pressure rice cooker



Large-capacity freshness-keeping refrigerator



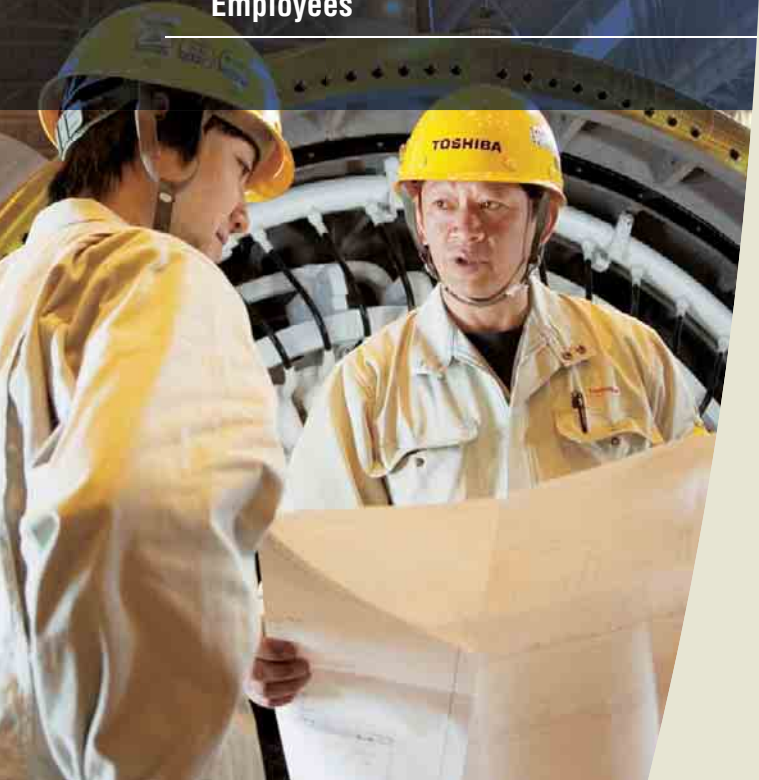
Air-conditioner with a filter cleaning function

\* Please refer to Toshiba Annual Report 2007 for detailed business and financial information. This information is also available at the following website : <http://www.toshiba.co.jp/about/ir/index.htm>



# Special Feature Fulfilling Our Responsibility as a Global Enterprise

- I. Reliable Energy Supplies and Mitigation of Climate Change
- II. CSR around the World
- III. Raising CSR Awareness of Employees



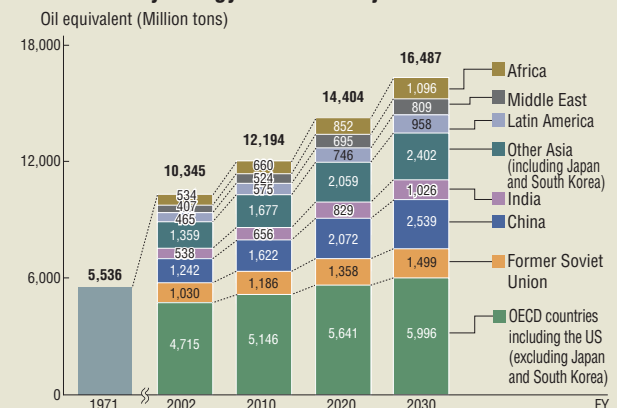
## Special Feature I Reliable Energy Supplies and Mitigation of Climate Change

In view of the ever-increasing global demand for energy, the ultimate goal for the global community must be two-track commitment, reliable energy supplies and mitigation of climate change by reducing CO<sub>2</sub> emissions. Accordingly, countries around the world are working to enhance thermal power generation efficiency and to reduce CO<sub>2</sub> emissions. At the same time, energy policies are being reviewed as nuclear power generation, which emits little CO<sub>2</sub>, is viewed with increasing favor, while there is recognition that renewable energy, such as hydroelectric power, wind power, geothermal power, and solar power could play a much greater role. In response to these trends, Toshiba Group is helping to provide reliable energy supplies and contributing to the mitigation of climate change by fully utilizing its versatile, world-class power generation technologies.

### Global Energy Demand in 2030 likely to be 1.5 Times the Current Level

Global energy demand is increasing at such a rate, with the economic expansion of China and India having a notable impact, that by 2030 it is expected to be about 1.5 times the current level. Clearly, under such situation, reliance on conventional power generation technologies would exacerbate global warming as CO<sub>2</sub> emissions would continue to increase. Thus, there is an urgent need to find ways of increasing power generation without increasing CO<sub>2</sub> emissions.

### World Primary Energy Demand Projections

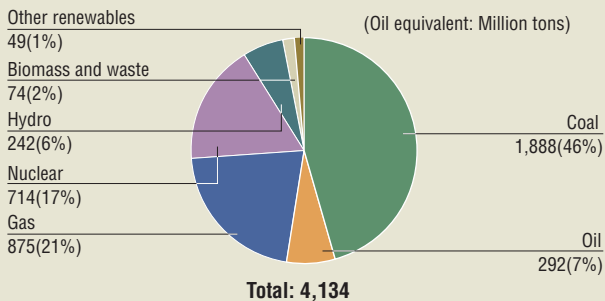


I. Reliable Energy Supplies and Mitigation of Climate Change

**Vital to Promote Thermal Power and Nuclear Power Generation to Meet Electricity Demand**

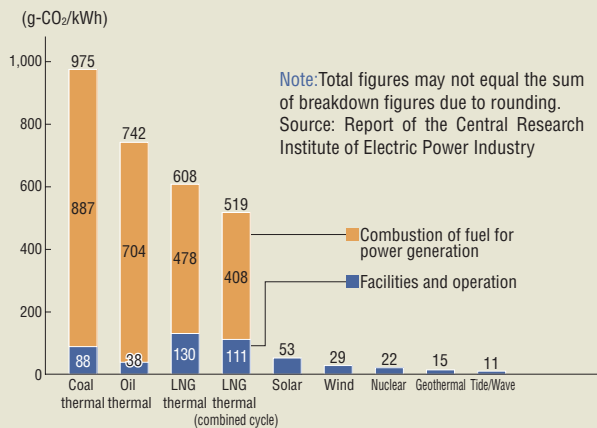
Although thermal power generation using coal, oil, and gas, which is the main-stream technology at present, is suitable for large-scale power generation having the capability of flexibly changing output in line with fluctuating demand, it emits excessive CO<sub>2</sub>. On the other hand, while solar power generation and wind power generation do not emit CO<sub>2</sub>, large-scale power generation based on these technologies is impracticable because of their poor cost effectiveness and the modest output. Nuclear power generation is suitable for large-scale power generation with little CO<sub>2</sub> emission, but every possible attention needs to be paid.

**World Primary Energy Demand for Power Generation (by Fuel)**



Source: IEA World Energy Outlook 2006

**CO<sub>2</sub> Emissions by Type of Plant**



**Contributing to the Best Energy Mix as a Manufacturer Offering a Range of Power Generation Systems**

Every power generation method has advantages and disadvantages. So, establishment of the best energy mix where various types of energy sources are used in a well balanced, integrated manner - making use of their respective advantages and compensating for their respective disadvantages - is effective for meeting increasing energy demand while reducing CO<sub>2</sub> emissions.

As a manufacturer offering a range of power generation systems, Toshiba Group intends to take the initiative in achieving the best energy mix. To this end, our R&D focuses on enhancement of thermal power generation efficiency, promotion of utilization of renewable energy, and promotion of safe nuclear power generation.

We are also promoting efficient utilization of waste heat from distributed power systems such as fuel cells at the point of demand. For example, we have successfully demonstrated by experiments a system enabling use of waste heat from a residential fuel cell for hot water supply and a chemically recuperated power generation system, for reforming fuel to hydrogen-rich fuel by mixing it with steam and for recovering waste heat.

Development of power generation systems using biomass, wind power and other renewable energy is also underway.

**For the Best Energy Mix  
Enhancement of Thermal Power Generation Efficiency**

**Developing next-generation thermal power generation systems**

Thermal power generation, which accounts for more than 70% of power supply worldwide, emits CO<sub>2</sub> because it uses fossil fuels in the power generation process. In order to reduce CO<sub>2</sub> emissions without lowering power output, fuel consumption must be cut down that is, to enhance power generation efficiency.

Toshiba Group pursues two approaches to enhance thermal power generation efficiency. One is improvement of the component design. For example, turbine blade shapes are optimized based on three-dimensional fluid analysis and performance evaluation using computer models. The other approach is development of next-generation power generation systems. Drastic gains in efficiency have been achieved by elevating the temperature of steam and gas used for rotating the turbines. The H System™ combined cycle thermal power generation system jointly developed by Toshiba and GE uses 1,500°C class gas turbines instead of conventional



Steam turbine for thermal power generation in North America

1,300°C class. Additionally, we are performing R&D for a new type of high-temperature thermal power generation system employing 700°C class steam turbines instead of conventional 600°C class.

Moreover, we have commenced R&D related to technology for recovery and fixation of CO<sub>2</sub>, which has the potential to greatly contribute to lowering of CO<sub>2</sub> emissions.

### For the Best Energy Mix Renewable Energy

#### Promoting use of hydropower in China

In 2005 Toshiba established a jointly-invested company for hydroelectric power equipment in China where energy demand is growing rapidly.

Among power generation systems using renewable energy, hydroelectric power generation offers the greatest advantage in terms of costs and stability. Systems utilizing high-head are widely used in mountainous Japan. However, in expansive China where rivers tend to flow gently, demand for low-head is large and there are plenty of undeveloped hydropower resources. So, the joint venture focuses on high-efficiency hydro turbines for utilizing low-head, but in the future it also intends to supply equipment for high-head systems in mountainous areas.

In March 2007 Toshiba and Tokyo Electric Power Co. jointly received The Japan Machinery Federation President's Award for the pump-turbine runner with splitter blades, which is recognized as excellent energy-saving equipment. This runner with newly designed blades contributed to the enhancement of hydroelectric power generation.

### For the Best Energy Mix Safe Nuclear Power Generation

#### Help mitigate the climate change

Among the existing large-scale power generation systems, nuclear power generation with little CO<sub>2</sub> emissions is one of the most effective system for mitigating climate change. Accordingly, many countries around the world are putting increasing weight in favor of nuclear power generation.

China is currently moving forward vigorously with the construction of several nuclear power plants. In the U.S., where new nuclear power plant construction had previously been suspended, the policy has been changed since 2005 and it's now promoting new construction. In Europe, while France and Finland have maintained policies in favor of nuclear power, other countries are now following the trend. Nuclear power generation is definitely coming back as a favorable candidate in the energy field.

The Japanese government designates nuclear power as one of the indispensable source of stable energy supply in the Framework for Nuclear Energy Policy, based on which it announced the Nuclear Energy National Plan in 2005.

To cope with this situation, Toshiba Group is implementing three measures: **1) extending the life of existing plants through maintenance, 2) promoting new construction projects, and 3) international cooperation and globalization of the business.** Also, from a view to a future hydrogen economy, Toshiba Group is conducting research into hydrogen production using nuclear power.

#### ● Extending the Life of Existing Plants through Maintenance Preventive maintenance based on assessment of plant soundness

Maintenance is indispensable not only for extending the life of existing plants to secure a reliable energy supply, but also for ensuring safety.

Toshiba Group has developed techniques for assessing the structural and functional soundness of plants, emphasizing preventive maintenance. Full use of cutting-edge ultrasonic and laser technology is made for safe inspection of plants and accurate assessment of damage. These highly regarded assessment techniques enable remotely controlled inspection and work in the water and narrow sections of a nuclear reactor, areas where engineers cannot enter. Moreover, maintenance and repair techniques have been developed and commercialized utilizing laser and novel welding technology. By offering these techniques to power companies and by continually improving them, we are resolved to contribute to safe plant operation.

### Market Trend of New Nuclear Power Plant Construction Projects



\*1 COL: Combined Construction and Operating License

## I. Reliable Energy Supplies and Mitigation of Climate change

## Complementary Relation between Toshiba and Westinghouse

Offering BWR and PWR, the two mainstream systems in the world



To become the world leader in the nuclear power plant business

## ● Promotion of New Construction Projects

**Design engineering for development of a next-generation LWR**

As well as constructing new plants, Toshiba Group is participating in a development project for a next-generation light-water reactor (LWR)\*<sup>2</sup> which offers higher safety and greater economic advantages. We are taking the lead in the field of design engineering through development of a system based on the combination of highly reliable safety devices that will enhance safety drastically.

\*<sup>2</sup> LWR: A light water reactor, LWR, is a nuclear reactor that uses water as its neutron moderator and for cooling. All nuclear reactors currently in operation in Japan are LWRs.

● International Cooperation and Globalization of the Business  
**Together with Westinghouse, responding to the demand for new nuclear power plants worldwide**

Westinghouse became a member of Toshiba Group in October 2006, bringing with it a wealth of experience in the field of nuclear power facilities and nuclear fuels. The addition of Westinghouse is expected to unlock tremendous synergy: Toshiba being a leader in boiling water reactor (BWR) technology, and Westinghouse is known for its prowess in pressurized water reactor (PWR) technology. Since BWR and PWR are the two mainstream systems in the nuclear power field, this is a very strong combination.

Toshiba has been a major force in the nuclear power business in Japan since 1966. Our long-standing commitment to BWR power generation has been underpinned by major R&D. For example, Toshiba had a leading role in the construction of the world's first advanced BWR plant.

Westinghouse has an equally distinguished track record since 1957. Indeed, Westinghouse, which designed the world's first commercial PWR plant, has been at the heart of efforts to improve energy infrastructure around the world. With 34 bases in 14 countries, Westinghouse is engaged in PWR plant construction, maintenance services and fuel fabrication mainly in the US and Europe. By capitalizing on the respective strengths of the two companies, Toshiba Group is in an excellent position to provide comprehensive solutions to meet rising demand for both BWR and PWR systems around the world.

By pursuing the best energy mix, Toshiba Group is contributing to reliable energy supplies while helping to curb climate change.

## A Message from the President of Westinghouse

**“As a member of Toshiba Group, we look forward to a long relationship benefiting our numerous stakeholders”**



President and CEO  
Westinghouse Electric Company  
**Steve Tritch**

We fully expect that our new status within the Toshiba family of companies will see our already-strong emphasis on CSR become even broader and all encompassing for our more than 9,000 worldwide employees.

For Westinghouse, CSR is a three-track value proposition, encompassing safety, the environment, and communities. In the area of safety, we are pleased to report that Westinghouse surpassed its employee safety goals in fiscal 2007. We have also magnified the emphasis that must be placed on safety by tying the compensation of our most senior personnel to measurable safety awareness and accident prevention.

In terms of the environment, we continue to expand programs aimed at further improving waste reduction and recycling at our office, design, service and manufacturing facilities throughout the world.

Notably, we are also in the process of finalizing the design of an environmentally friendly Headquarters and Engineering Center of Excellence in the United States. This new site, which will be ready for initial occupation in 2009, will be constructed using numerous environmentally benign procedures and products. Upon completion, the facility will be certified for Leadership in Energy and Environmental Design (LEED) by the U.S. Green Building Council.

Westinghouse is also proud of its legacy of and ongoing contribution to a wide range of research, educational and social organizations. Currently, our programs are focused on encouraging young people to pursue careers in science and engineering, as we firmly believe that technology can solve many of the problems facing the world today.

Because of this belief, we are also proud of our unwavering commitment to commercial nuclear power as a clean, safe, and reliable source of affordable baseload energy for virtually all parts of the globe.

Clearly, we are excited about the future as part of Toshiba Group. We look forward to a long relationship that benefits both organizations and the numerous worldwide stakeholders who will also reap the benefits of our mutual success.

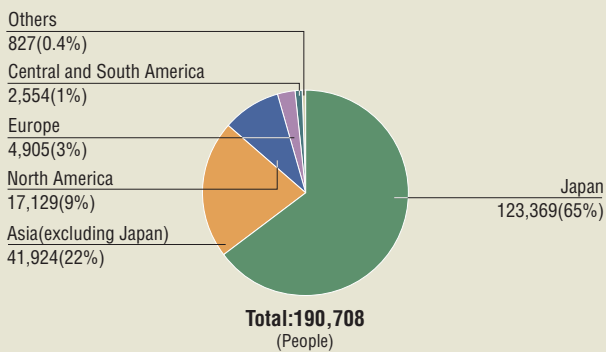
# CSR around the World

Toshiba Group employs more than 190,000 people worldwide, and sales in overseas markets are increasing year by year. In these circumstances, as a global enterprise, Toshiba is actively promoting the localization of business. We have Corporate Regional Headquarters in the Americas, Europe, Asia-Oceania, and China to oversee business activities in their respective regions and we actively encourage Group companies to engage in locally based activities to fulfill CSR in accordance with regional characteristics and circumstances.

## Thinking Globally, Acting Locally

For a global enterprise, CSR-oriented management is the starting point for meeting social demands in various regions while accurately evaluating the impact business activities have on local communities. Toshiba Group addresses local issues from this perspective.

Employees by Region (March 31, 2007)



## Focus on Environmental Activities in Europe and North America

In Europe, for instance, to sell products in EU countries it is necessary to comply with EU directives that rigorously restrict environmental impacts. Responding to the

Registration, Evaluation, Authorization and Restriction of Chemicals Regulation (REACH), which came into effect on June 1, 2007, is an especially urgent task. Accordingly, Toshiba Group companies in Europe have been focusing efforts on strengthening their environmental management and sharing with Group companies in other regions information concerning European environmental regulations.

In response to heightened environmental awareness in North America, we are engaging in environmental initiatives such as recovering and recycling of laptop computers free of charge and holding an environmental dialogue with stakeholders.

## A Priority in Asia: Encouraging Suppliers to Implement CSR

Toshiba has many manufacturing subsidiaries and their suppliers in Asian countries. In 2005 we requested suppliers to implement CSR activities and in 2006 conducted a survey on the progress of CSR implementation at major suppliers covering human rights and labor conditions, the environment, and legal compliance. We plan to increase the number of suppliers surveyed and support the implementation of CSR activities back through the supply chain.

## Emphasizing HR Development and Localization in China

Toshiba has sold and provided products in China since commencing business immediately following the normalization of diplomatic relations between Japan and China in 1972. Since establishing local subsidiaries in the 1990s, we have actively imparted our manufacturing technologies and quality control expertise. These forward-looking activities support today's relationship of trust with China. Our current priorities are development of local talent, that is localization of business.



### HR Development in China

## Localization of Education is a Key Objective

### Establishment of an education department responsible for the development of local employees

Toshiba Group established its first subsidiary in China in 1991: Toshiba Dalian Co., Ltd., a manufacturer of motors and television parts. Subsequently, our business has expanded in China while establishing throughout the country subsidiaries engaged in wide-ranging operations including sales, service, development and design, and logistics. Our operations there have grown into a corporate group comprising 65 companies and 25,000 employees in China (as of March 31, 2007).

A characteristic of our China operation is that we have many young companies that were established within the past several years. This is due to the rapid economic growth and market expansion in China triggered by China's entry into the World Trade Organization in 2001.

In a market with growing competition the early development and promotion of local talent is essential for young companies. Accordingly, in March 2003 we established an education department in Toshiba (China) Co., Ltd., the company that supervises Toshiba's operations in China. Toshiba China Academy has developed practical education programs according to professions (such as sales or manufacturing), function, and rank, taking into account the business characteristics and needs of the individual Toshiba Group companies. These programs reflect not only local laws and business practices, but also the opinions and advice of Chinese senior managers in various organizations within Toshiba Group.

### Instructor localization an important priority

Toshiba Group is developing and appointing local personnel as instructors in parallel with the development of training and development programs. Until now, Japanese instructors have conducted education programs created in Japan through interpreters. However, native Chinese instructors can provide instruction directly and effectively. Accordingly, Toshiba China Academy trains Chinese instructors, periodically holds conferences for Japanese and Chinese instructors to discuss about education programs and also dispatches instructors to Japan for training purposes. Following training, the instructors hold a review meeting and discuss areas for improvement. This series of initiatives has steadily produced results. One example is the increased number of Chinese entrants in Toshiba group Technical Contest, which is part of the manufacturing training. Their achievement now ranks high among entries from around the world.



Training in preparation for the technical contest (Toshiba Dalian Co., Ltd.)



PC manufacturing line worker training (Toshiba Information Equipment (Hangzhou) Co., Ltd.)

### Comments from the Director of Employee Education in China

#### “Further Reinforcement of the Activities of Toshiba China Academy”

I feel honored to have had the opportunity to be responsible for human resources development and training since 2000 and remain involved in personnel development at Toshiba China Academy. As of fiscal 2006 more than 2,000 employees have taken courses at the institute and we have realized networking of the China Toshiba Group through education. Never satisfied with the status quo, we will continue to seek to augment and improve education and provide practical programs adapted to fast-changing markets in China.



Director, Education Department  
Toshiba China Academy

Zhai Yongjiu

# Toshiba Continues to Engage in Stakeholder Dialogue at Key Business Sites Worldwide

Toshiba Group continuously engages in stakeholder dialogue at its business sites worldwide, soliciting the views of community leaders and other stakeholders to identify the requirements of local communities and what Toshiba could do to satisfy them and reflecting those opinions in our local CSR initiatives.

In April 2006, we held our first overseas stakeholder dialogue in Thailand and, in March 2007, held dialogues in China and the United States.

## China

### Leadership Befitting a Global Enterprise

**Dialogue with government officials from the State Council and Ministry of Commerce, academics, and representatives of NGOs and the mass media.**

The dialogue was an excellent opportunity to obtain a clear understanding of expectations regarding what a global enterprise should do to contribute to the realization of the sustainable development of China. Following an presentation of Toshiba's 30-year business history in China, we obtained opinions from the participants.

#### Toshiba as a Driving Force for Energy Conservation, Reduction in Resource Consumption and Emissions

The government representatives expressed the opinion that the environmental activities of global companies throughout product life cycles, especially with respect to energy conservation, and reduction in resource consumption and emissions, should serve as a highly valuable reference for Chinese companies and should be widely implemented in China.

#### A Guiding Light for Environmental Impact Reduction for Suppliers and Industry as a Whole

In laptop computer manufacturing, more than 100 Toshiba suppliers in China implement environmental impact reduction measures and comply with the RoHS Directive. The participants anticipate expansion of this activity to all companies with which Toshiba does business in China and eventually to industry as a whole.

#### Favorably Rated for Social Contributions, Further Contributions from Personnel Localization Anticipated

Toshiba was highly rated for its social contributions as indicated by the comments: "Toshiba has furthered education by establishing the Hope Elementary Schools and Toshiba Scholarships" and "Toshiba engages in tree planting, afforestation, and many other public service undertakings, and we recognize these to be significant CSR activities." One participant expressed the opinion, "I would like Toshiba to engage more fully with personnel development and move forward with further localization for the benefit of the employees, who are important stakeholders."



Beijing, March 2007

#### Attendees

Ms. Chen Wenling,	Director General, Comprehensive Affairs Department, Research Office of the State Council of PRC
Mr. Zhao Jin Ping,	Deputy Director, Development Research Center of the State Council of PRC
Mr. Zhai Qi,	Executive Secretary General, China Business Council for Sustainable Development
Mr. Bao Yue Yang,	Editor in Chief, China Economic Times
Mr. Wang Jinquan,	Vice Secretary General, China Charity Federation
Ms. Cui Dandan,	Engineer, Center for Environmental Education & Communication of State Environmental Protection Administration of China

#### Moderator

Mr. Wang Zhile,	Professor, Director of Research Center on Transnational Corporations
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In the dialogue I once again experienced the magnitude of people's expectations of Toshiba as a global enterprise. We will continue to reinforce local personnel development to engage in business activities rooted in local communities and will contribute to the development of China by means of Toshiba's energy conservation and environmental technologies.



Corporate Representative  
Chairman  
Toshiba China Co., Ltd.

**Takaaki Tanaka**



### Obtaining Valuable Stakeholder Opinions

At its operations and business sites, Toshiba Group ascertains the concerns of its stakeholders through various forms of communication. We are committed to further reinforcing these activities and engaging in proactive CSR management.

Corporate Executive Vice President and General Manager,  
CSR Division, Toshiba Corporation **Tsuyoshi Kimura**



## United States

### Expectations for Disclosure of User-Friendly Environmental Information

#### Dialogue with NGO and SRI fund representatives.

Toshiba invited representatives of environmental NGOs and socially responsible investment (SRI) organizations and held its first stakeholder dialogue in the United States. We obtained sound opinions concerning the future environmental activities of Toshiba America Group.

#### Policy position and effective communication

“Environmental trends such as climate change, e-waste and water pose a great concern. It’s important for Toshiba to communicate clearly its own position on these issues”. Regarding “Factor-T”, we received the following comment. “Although the stakeholders were impressed with Toshiba’s efforts to quantify intangible values, Factor-T can be a challenging concept to grasp. A simplified explanation is needed.”

#### Develop a Comprehensive Supply Chain Strategy

“Companies are increasingly held accountable for supply chain procedures, from sourcing to end-of-life. Toshiba needs to develop a comprehensive supply chain strategy and to communicate this to stakeholders”

#### Understand Customer Trends

A number of participants highlighted changing customer attitudes and greater concern about social and environmental issues (including business customers, public sector customers and individual consumers) that will have implications for Toshiba’s future product development and marketing.



Toshiba America, Inc. (New York), March 2007

#### Attendees

- Mr. Matthew Banks, World Wildlife Federation (NGO)
- Mr. Alexis Krajewski, F&C Asset Management (SRI)
- Ms. Kate Krebs, National Recycling Coalition (NGO)
- Ms. Erica Lasdon, Calvert Asset Management(SRI)
- Ms. Yurina Mugica, Natural Resources Defense Council (NGO)

#### Moderator

- Mr. Dunstan Hope, Business for Social Responsibility

We recognize that proactive engagement with our stakeholders about key environmental issues further strengthens our responsible business practice. The outcome of the dialogue highlighted environmental issues related to our business that demand our attention. We are committed to examine each case carefully and to take appropriate measures to meet our stakeholder’s expectations.



Corporate Representative  
Chairman & CEO  
Toshiba America Inc.  
**Toru Uchiike**

# Raising CSR Awareness of Employees

Toshiba Group has positioned the implementation of CSR-oriented management as one of the three pillars of management and engages in CSR activities group-wide. In addition to efforts to firmly establish the Toshiba Group Standards of Conduct in the hearts and minds of employees across the globe, in fiscal 2006, we designated December as Toshiba Group CSR Month. By raising the awareness of CSR, we attempt to promote thorough inculcation of CSR at each employee level and see its effect reflected in the day to day business activities.

## December is CSR Month

We have designated December as Toshiba Group CSR Month. In 2006, at the beginning of the CSR month, President Atsutoshi Nishida sent email to Toshiba Group companies worldwide calling on every employee to perform self-assessment of their own values and behavior in light of the Toshiba Group Standards of Conduct. To ensure everyone fully understood his message and to promote rigorous implementation of CSR policies worldwide, Japanese, English, and Chinese versions of the message was prepared. Chief CSR Officers at Toshiba business sites and about 500 Group companies in Japan and overseas conducted inspections of CSR activities at their organizations. The inspection items covered included CSR management, compliance and customer satisfaction enhancement, and the deficiencies identified will be addressed.

## Group Companies around the globe gathered in CSR Conference

On December 15, 2006, Toshiba held the Second Toshiba Group CSR Conference, which was attended by about 500 senior executives, Chief CSR Officers at Group companies and business sites, and labor union representatives.

The conference began with presentations of best CSR practices around the world. Representing business sites in Japan, the Yokohama Complex delivered a report on interaction with local residents through environmental activities at a lagoon created at its site. And representing overseas Group companies, Toshiba China reported on its engagement with CSR, notably 34 years of social contribution activities since Toshiba started doing business in China and the positive recognition those activities have earned in that country. Also, the second Toshiba ASHITA Awards (presidential awards for corporate citizenship achievements) ceremony was held and awards for excellence were presented to 16 groups. There were 944 applications (739 from Japan and 205 from overseas), nearly double the 547 received last year, indicating that CSR activities are becoming entrenched throughout the Group.

### Highlights of Toshiba Group CSR Month

- **Raising of CSR awareness**
  - The president's message (email transmission and video broadcast)
- **Appointment of Chief CSR Officers**
  - Appointment at 500 in-house companies, business sites, and Group companies worldwide
- **CSR self-assessment**
  - Self-assessment performed by Chief CSR Officers at 9 in-house companies, divisions and 27 business sites around the world
  - Self-assessment performed by employees
- **CSR Month events**
  - CSR Conference, Health and Safety Convention, Human Rights Week commemorative lecture, CSR commemorative lecture
- **Activities at business sites**
  - Stakeholder dialogues
  - Compliance education
  - Cleanups, fund-raising, and other corporate citizenship activities



III. Raising CSR Awareness of Employees

Promotion at Business Sites  
Yokohama Complex

Vigorous communication with the local community

On December 21, 2006, the Yokohama Complex, located in Yokohama's Isogo Ward held a dialogue with representatives of the local community. Those invited included the head of the local neighborhood association, an elementary school principal, a university professor, representatives of nearby companies, and a specialist on employment of people with disability. The dialogue solicited opinions on matters regarding Toshiba's initiatives for information exchange with the local community, environmental communication and the employment of people with disabilities with the aim to reflect the outcome in future activities.

A lagoon created by converting a regulating pond into a biotope, a habitat for plants and animals where biodiversity is nurtured, serves as a fitting symbol of environmental commitment of Yokohama Complex and has received acknowledgement as being beneficial to the community. This fine example of the restoration of a rich ecosystem serves as a fascinating outdoor classroom for youngsters to learn about the world of nature.

Other suggestions received include engineers giving special science classes for youngsters and opening more facilities and events for general public providing opportunities to see the work at the complex. Yokohama Complex will strive to incorporate these valuable suggestions to enrich future activities.

Opinions and Requests

Mr. Isao Suzuki, Chairman, Sugita Area Neighborhood Association	"I would like Yokohama Complex to be more open to the community."
Ms. Yumiko Imai, former principal, Sugita Elementary School	"I am grateful to Yokohama Complex for letting our classes use its grounds for physical education."
Mr. Yoshinari Koyama, Professor, Kanto Gakuin University	"Opportunities to actually see Toshiba's work would serve a significant purpose of company visit for student."
Ms. Saeko Akimoto, Director, Denkikanagawa Center for Community Welfare	"I would like Toshiba to share its commitment for employment of people with disability with other companies and encourage them to do the same."



The biotope lagoon created where there was formerly a regulating pond



A tour for elementary school students



Reed-beds at the edge of the lagoon

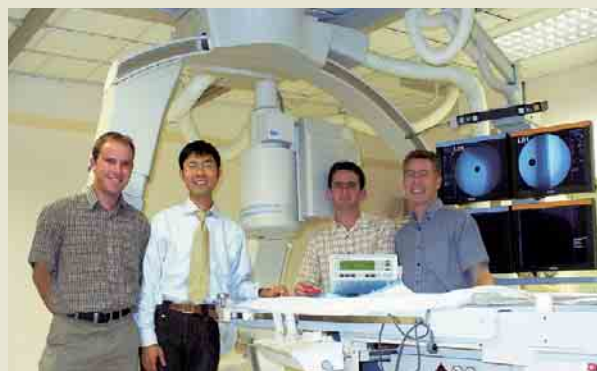
Promotion at Toshiba Group Companies  
Toshiba Medical Systems Corp.

Taking customers' frank opinions to heart

Toshiba Medical Systems Corp. develops and manufactures medical equipment, marketing it in 120 countries around the world. The company is cultivating a corporate culture that puts customer satisfaction first.

Customer satisfaction surveys conducted continuously since fiscal 2002 covering client hospitals and clinics, helped Toshiba Medical Systems to steadily improve its performance in enhancing customer satisfaction. Currently, the company is focusing on reducing its dissatisfaction score to zero. The president and senior management receive an immediate alert if a disapproving response is received regarding its products and services, the cause is immediately identified and the finding is fed back into improvement programs.

To spur performance improvements throughout the year, in 2006 Toshiba Medical Systems designated October as Quality Improvement Month, where the efforts to improve customer satisfaction is highlighted throughout the company. During the month, cases both benefiting and hindering customer services were collected and customer's opinions were publicized throughout the company as a way to inspire concerted effort, taking quality to new heights.



Soliciting the views of customers around the world is a valuable source of feedback for product development (at a hospital in South Africa)

Employee Perspective

Taking Our Cue from Customer Opinions

To realize highly accurate diagnosis and systems offering superb ease of use, customer's opinions are fed back daily into the development team. Our concern encompasses not only the specialists opinions about performance and usability of the products but also patients perspective on comfort and convenience. All the information is translated into product improvements.



Application Specialist  
Toshiba Medical  
Systems Corp.

Sachiko Isono



# Management

CSR Management

Targets and Results

Corporate Governance

Risk Management and Compliance

Information Security /  
Intellectual Property Protection


Management

## CSR Management

**In order to fulfill CSR as a global enterprise, we are cultivating employees awareness and strengthening systems and procedures.**

### Stakeholders' interest

- 99% of respondents indicated they are interest in "highlights of Toshiba Group's CSR".

 This mark indicates that the article corresponds to the above.

Source: Interest Survey conducted prior to the editing of this report [▶P4](#)

### CSR-oriented Management

#### Positioning CSR at the heart of management

Toshiba Group positions fulfillment of CSR at the heart of management. As well as communicating action policies for fulfilling CSR throughout Toshiba Group and the global supply chains, we are striving to raise the awareness of every member of our workforce and make CSR an integral part of their daily activities.

As part of this effort, with the aim of inculcating CSR, Toshiba Group has designated December as CSR Month since fiscal 2006. During December 2006, in-house companies, sites and group companies conducted CSR self-assessment and held CSR conferences. [▶ P17](#)

#### Fiscal 2007 Toshiba Group CSR Action Policies

Execute CSR activities worthy of a global enterprise

1. Accord the highest priority to human life & safety and legal compliance throughout the business
2. Communicate that Toshiba Group is a global enterprise championing a better environment, reliable energy supplies and diversity and act as one
3. Penetrate CSR activities throughout Toshiba Group worldwide
4. Strengthen communication with stakeholders

#### Monitoring Progress

At the CSR Governance Committee held in March 2006 the mid-term CSR plan covering the period to fiscal 2008 was determined. Annual numerical targets are set for individual activity themes. Progress is monitored by the CSR Governance Committee convened every six months. The Committee which met in March 2007 checked the progress in fiscal 2006 and deliberated on the action plan for fiscal 2007 and the mid-term plan through to Fiscal 2009.

## CSR Management Structure

### Chief CSR Officers

The Corporate Social Responsibility Division, which directly reports to the president, and its subordinate organization, the CSR Implementation Office, are spearheading Toshiba's CSR activities in cooperation with other organizations concerned. The CSR Governance Committee, consisting of the Corporate Senior Executive Vice President who heads the CSR Division and the officers concerned, is also attended by the president and is responsible for decision-making on Group-wide CSR activity policies. In-house companies and group companies formulate and implement specific action plans in accordance with the policies.

In fiscal 2006, we put in place a CSR implementation organizational structure by appointing Chief CSR Officers at individual sites and subsidiaries worldwide who are responsible for formulating CSR promotion plans and monitoring progress.

### CSR Assessment and Internal Audit

#### Auditing activity status according to themes

In order to inculcate CSR, at Toshiba Group, organizations responsible for specific activity themes periodically assess and audit progress.

For example, regarding environmental management, the Corporate Environment Management Division conducts audits based on New EASTER (P40) to complement audits


based on ISO 14001. Regarding information security, Toshiba's individual organizations and Toshiba Group companies conduct self-assessments under the guidance of the Information Security Center.

The Corporate Audit Division conducts management audits of in-house companies and group companies worldwide. Audits in fiscal 2006 covered the appointment of Social Contributions Coordinators and next-generation development support plans in addition to compliance situations. Also, the CSR Division conducts a survey of overseas subsidiaries at the end of every fiscal year covering such items as compliance, enhancement of customer satisfaction, and corporate citizenship activities.

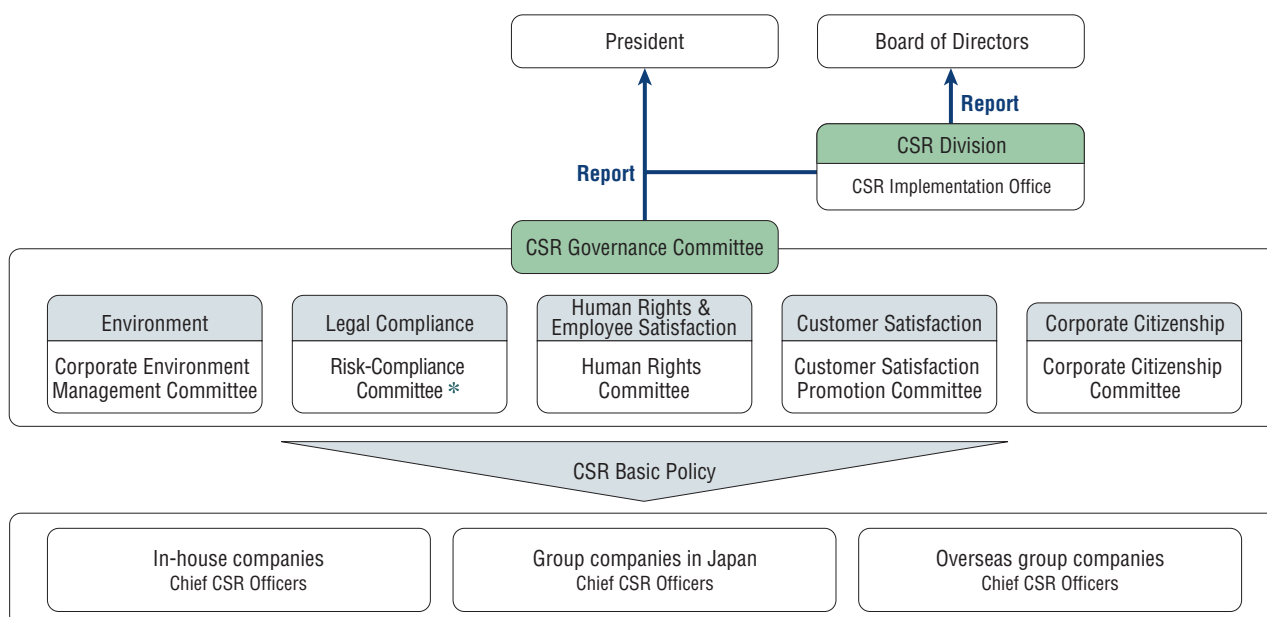
### Toshiba Rating for CSR

Toshiba Group is rated highly for its CSR activities by the mass media and socially responsible investment (SRI) research institutions both in Japan and overseas.

	Rating	Toshiba's performance	Date of announcement
Mass media	Newsweek Japan Edition "CSR Ranking"	Ranked 1st in Japan Ranked 5th in the world	June 2007
	Nikkei PRISM "Corporate Excellence Ranking"	Ranked 1st in Flexibility and Social Reliability	March 2007
	Weekly Toyo Keizai "Best 110 Companies Excelling in CSR"	Ranked 1st	May 2007
SRI	Center for Public Resources Development (Japan) "Morningstar SRI Index" (MS-SRI)	A	July 2006
	Innovest (US) "Intangible Value Assessment Rating"	AAA	February 2007

 Evaluation by Outside Parties

### Toshiba Group's CSR Management Structure



\* See page 24 for the risk-compliance management structure

# Targets and Results

## Promoting Activities Worldwide Based on Annual Evaluation of Results

Toshiba Group formulates an annual CSR action plan in accordance with the mid-term CSR plan. The CSR Governance Committee chaired by the head of the CSR Division evaluates activity results for the year and deliberates on the action plan for the next year based on the results of the evaluation.

### Major Achievements in Fiscal 2006 and Targets & Plans for Fiscal 2007

	Item	Major achievements in fiscal 2006	
Management	Corporate Governance	Resolution was made on basic policies covering internal control systems by the board of directors of each Toshiba Group company in Japan. Overseas, implemented design of internal control systems in accordance with local laws and regulations.	
	Risk Management and Compliance	Revised the Toshiba Group Standards of Conduct (SOC) as of July 1; distributed a booklet and conducted employee education.	
		Conducted employee education on engineer ethics, compliance in sales activities, information security, etc.	
Social Performance	Customers	Thoroughly informed the whistle-blower systems internally and to suppliers. Increased number of Toshiba Group companies introducing whistle-blower systems or expanded their scope.	
		Conducted CS enhancement activities based on the results of the Toshiba Group CS survey.	
		Strengthened customer relation skills of Call Center staff. Reviewed parts supply. Conducted manner training for all field engineers.	
		Leveraging of CALL, a system for making use of VOC and in-house knowledge, became routine.	
		Created the Universal design standards by product and incorporated them in the development process. Disseminated information on universal design internally and externally.	
		Disseminated publicity to raise awareness about product safety via the website, newspapers, etc.	
	Shareholders and Investors	Launched Group-wide activities to revise users' manuals.	
	Shareholders and Investors	Publish the Shareholder Newsletter quarterly	
	Suppliers	Conducted a survey of suppliers' CSR management (100 companies in Japan and overseas)	
	Employees	Conducted CS enhancement activities based on the results of the Toshiba Group CS survey.	
		Held Toshiba Group Recruitment Fair for the people with disabilities; expanded employment opportunities by extending the scope of business at Toshiba With, a special subsidiary.	
		Increased the number of women recruited; implemented training for career development for female managers and vigorously promoted women; increased recruitment of people of various nationalities.	
		Put in place and expanded programs to support work-life balance; training of managerial personnel for the purpose of enhancing operational efficiency.	
Corporate Citizenship	Enhanced the quality of mental health education and specialized staff.		
	Increased the number of corporate citizenship programs (from 547 in fiscal 2005 to 944).		
	Activities unique to Toshiba : Promoted 1.5 Million Tree-Planting (Tree planting in Happogahara and Okutama in Japan, in Thailand, etc.) .		
Environmental Performance	Environmental Management System	Optimizing use of Toshiba Forest : Conducted nature study events etc.	
		Thoroughly implement the Environmental Vision 2010 and the Fourth Voluntary Plan : Achieved the overall eco-efficiency enhancement target (target: 1.52, result: 1.59).	
	Environmentally Conscious Products and Services	Establish the Environment Division for Asia/Oceania at corporate regional headquarters in Asia/Oceania. : Established the division as planned and it now supports environmental activities of local subsidiaries.	
		Expand the application of ECP creation activities to new fields : Achieved the fiscal 2006 target of the Fourth Voluntary Plan (target: 20%, result: 27%).	
	Environmentally Conscious Production and Sales Processes	Thoroughly manage chemical substances contained in products : Achieved the fiscal 2006 target of the Fourth Voluntary Plan (target: 40%, result: 48%).	
		Upgrade measures to mitigate climate change : Achieved the fiscal 2006 target of the Fourth Voluntary Plan (achieved for CO2 emissions, emissions other than CO2, and CO2 emissions attributable to logistics).	
		Expand recycling of end-of-use products : Achieved the fiscal 2006 target of the Fourth Voluntary Plan (target: 145%, result: 147%).	
Environmental Communication	Promote zero emissions at all sites : Almost achieved the fiscal 2006 target of the Fourth Voluntary Plan (target: 40% reduction, result: 38% reduction).		
	Reduce releases of chemical substances to water and air : Was not able to reach the fiscal 2006 target of the Fourth Voluntary Plan (target: 30% reduction, result: 19% reduction).		
Communication	Environmental Communication	Enriched corporate advertising; revised exhibition content.	
	Communication	Issued CSR report in Japanese, English and Chinese (number issued 40,000, 10,000, and 5,000 respectively). Enriched the environmental pages of the website.	
		Held dialogue with stakeholders in Japan, China, and the US. Refined the CS survey; published the Shareholder Newsletter quarterly; held events in CSR Month	

In fiscal 2006, the CSR management structure was reinforced with the appointment of Chief CSR Officers at about 500 subsidiaries across the globe. Also, in order to ensure thorough compliance, we provided education to all employees on the revised Toshiba Group Standards of

Conduct.

In fiscal 2007, in fulfillment of our responsibilities as a global enterprise, while stepping up efforts to ensure compliance, we will accelerate inculcation of CSR activities throughout Toshiba Group worldwide.

\* Achievement level: ○ Achieved, △ Partially achieved, × No progress has been made

Achievement level*	Page number	Targets and plans for fiscal 2007
○	P23	Thoroughly installed internal control systems at Toshiba Group companies as well and ensuring their operation.
○	P24 - 25	Reestablish the Group-wide systems and structures to ensure compliance in engineering, production and in sales. Drive forward SOC education at Toshiba Group companies. Implement compliance education.
○		
○		
○	P27 - 30	Drive further the Toshiba Group CS survey, and implement CS enhancement measures based on the survey results. Reinforce the Group-wide systems and structures for quality management and for responses to product trouble. Broaden the scope of the Call Center customer satisfaction survey and strengthen customer support skills worldwide. Increase the development of universal design products. Revise user's manual groupwide.
○		
○		
○		
○		
△		
○	P31	Strengthen systems and structures to ensure compliance in procurement, including Toshiba Group companies. Promote supplier CSR ; conduct a CSR survey encompassing suppliers in Asia.
○	P32	Reestablish the Group-wide systems and structures to ensure compliance in engineering & production and in sales. Drive forward SOC education at Toshiba Group companies. Implement compliance education.
△	P33 - 35	Create organizations rich in diversity (Promote employment of people with disabilities at Toshiba Group companies; proactively seeking to leverage elderly and female workers.; increase employment of non-Japanese citizens) Enhance systems to facilitate a balance between work and private life (support flexible work styles, implement measures to achieve efficient work styles) Obtain the OHSAS certification for occupational safety and health management systems (Toshiba Corp. and certain Toshiba Group companies)
○		
○		
○		
○	P36 - 38	Promote corporate citizenship activities around the world (Increase the number of programs from 944 in fiscal 2006 to 1,000) Promote 1.5 Million Tree -Planting (accumulated number of trees planted to reach 300,000) Expand the scope of the Financial Support Plan to groupwide for employee volunteers engaged in social contribution activities.
○		
○		
○	P39 - 44	Thoroughly implement the Environmental Vision 2010 and the Fourth Voluntary Plan. Strengthen overseas management systems and structures (Strengthen the structure of corporate regional headquarters, review overseas audits)
○		
○	P42, P45 - 46 P49, P51	Increase the number of product lines to 80 to be evaluated against Factor, promote the program responding to REACH. Promote the program responding to EuP compliance assessment.
○		
○	P42, P47 - 48 P50, P52	Continue promotion of measures against climate change. Expand scope of recycling of end-of-use products. Moving ahead with zero emissions at all sites. Reduce release of chemicals to water and air.
○		
△		
△		
○	P53	Strengthen dissemination of information via environment pages of the website. Continue environmental communication through mass media and participation in exhibitions.
○	P15 - 18	Enrich the CSR report (in Japanese, English and Chinese) and promote Group-wide use of the report and refine global websites. Enrich stakeholder engagement. Hold dialogues with stakeholders globally; improve the content of CSR Month.
○		

# Corporate Governance

## Enhancing Corporate Value

### Shareholders' Interest

● 86% of respondents indicated their interest in the "framework for management supervision and internal control systems, including those of Toshiba Group companies".

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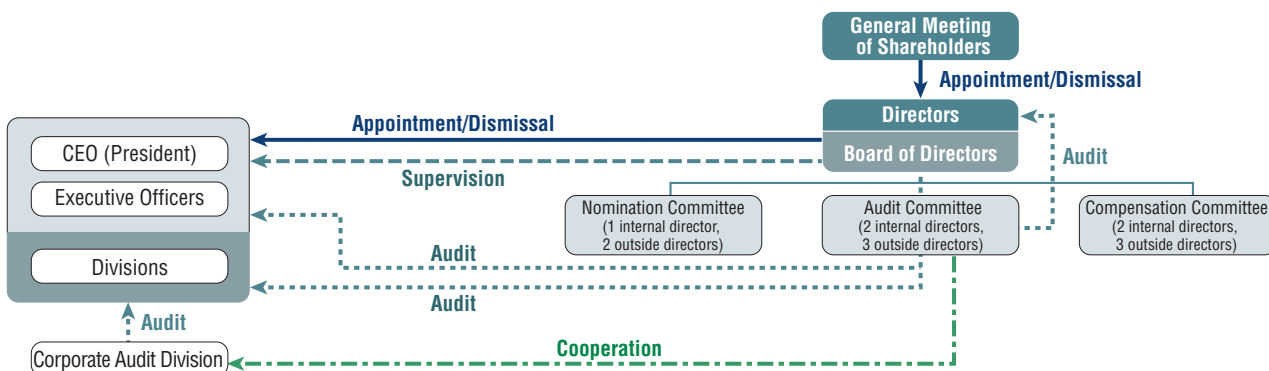
Source: Interest Survey conducted prior to the editing of this report ▶P4

### Toshiba's Governance system

In June 2003, Toshiba made the transition to the "Company with Committees" structure in order to improve speed and flexibility of management, reinforce management supervision and increase transparency. In a further move, Toshiba established the Corporate Governance Committee. The Board consists of 14 directors, 7 of which are non-executive officers. Each of the three committees has a majority of outside directors, and the Nomination Committee and Compensation Committee are both chaired by outside directors. Under Corporate Act of Japan, the Nomination Committee is responsible for making proposals on the appointment and dismissal of directors. At Toshiba, the Nomination Committee is also charged with making recommendations on the appointment and dismissal of the president and members of the committees. The Outside Directors receive explanations about the matters to be resolved at the board meetings from the staff in charge, etc. in advance. They also attend the monthly liaison conferences of Executive Officers in an effort to communicate and share information with the Executive Officers. The Outside Directors who are members of the Audit Committee are supported by the full-time staff of the Audit Committee Office. The Outside Directors who are members of the Nomination Committee or the Compensation Committee are supported by the staff in charge, etc.

 Assessment of Corporate Governance

### Corporate Governance Structure



### Internal Control Systems



In response to the Corporate Act of Japan, which came into force in May 2006, Toshiba's board of directors resolved its basic policies on internal control system in April 2006. Accordingly, Toshiba requested all Toshiba Group companies in Japan to adopt basic policies on internal control systems by resolutions of their respective boards of directors, to reinforce internal control systems throughout Toshiba Group. Toshiba is supporting Toshiba Group companies by establishing models of basic policies and rules covering internal control systems.


We are to establish internal control over financial reporting in accordance with the Financial Instruments and Exchange Law of Japan.

 Internal Control Structure

### Compensation for Directors and Executive Officers

Directors receive fixed amounts of compensation according to their duties and their status as full-time or part-time directors. Executive officers receive basic compensation based on their ranks and service compensation is calculated according to his/her duties as an Executive Officer. 40 to 45% of the service compensation fluctuates from zero to twice according to the year-end performance of division or Toshiba for which the Executive Officer is responsible or of the company.

In April 2006, the Compensation Committee passed a resolution to abolish the system for granting retirement benefits to directors and Executive Officers.

 Compensation paid to directors and executive officers




# Risk Management and Compliance

## Risk Management and Compliance Integrated to Ensure Fair and Transparent Management

### Stakeholders' Interest

● More than 90% of respondents indicated their interest in our Standards of Conduct, its level of implementation and "risk management".

 This mark indicates that the article corresponds to the above.

Source: Interest Survey conducted prior to the editing of this report ▶ P4

## Risk Management and Compliance Policies and Structure

### Toshiba Group Compliance Policy

1. We place the highest priority on complying with laws and regulations, being sensitive to social standards and behaving ethically in all of our business activities.
2. We enforce the Toshiba Group Standards of Conduct Group-wide to stress the importance of compliance.
3. We strive to raise awareness of compliance through continuous education and audits, ensuring that compliance becomes a part of our corporate culture.

## Management structure revised in light of two incidents

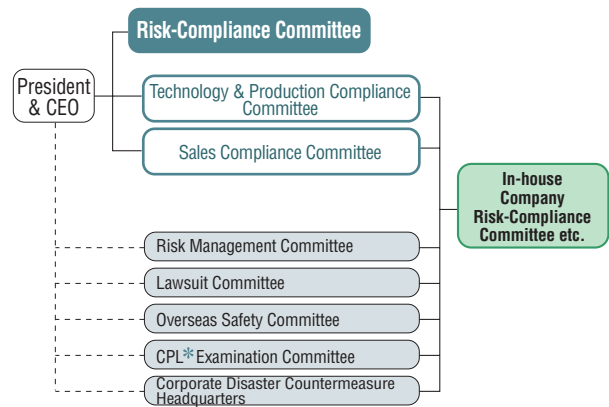
Toshiba Group considers compliance to be a prerequisite for sustaining company's continued existence and prosperity. Ensuring thorough adherence to the Toshiba Group Standards of Conduct is the starting point for raising employees awareness of compliance.

In fiscal 2005 two cases of improper practice at Toshiba came to light, namely, bid rigging concerning electric equipment for Narita International Airport Corp. and data falsification with respect to flow meters used in power plants. Based on a thorough review of these compliance issues, we revised the Toshiba Group Standards of Conduct and broadened the scope. Specifically, the number of companies required to adopt the Standards of Conduct was increased to include all subsidiaries, fully complying with the Corporate Act of Japan that came into force in 2006. We also revised the risk management and compliance management structure and newly established two compliance committees for technology & production and sales.

By implementing these measures, we are determined to eradicate any improper practices from Toshiba Group.

 Toshiba Group Standards of Conduct

## Risk Management and Compliance Management Structure



\* CPL: Abbreviation combining CL (contract liability) and PL (product liability)

## Compliance Education

### Inculcating the revised Toshiba Group Standards of Conduct

Education on the Toshiba Group Standards of Conduct plays a pivotal role in ensuring compliance. Specifically, as well as education appropriate in view of the responsibilities and experience of employees, including education for new employees and for managerial personnel, we hold seminars for directors and executive officers to which lawyers and other specialists are invited as speakers and provide continued e-learning for all employees.

In fiscal 2006, in order to raise awareness of the revised Toshiba Group Standards of Conduct and ensure thorough adherence, we distributed a booklet stating the Toshiba Group Standards of Conduct to all employees and received their pledges of adherence to it.

In addition, in light of the lessons learned from the bid rigging in fiscal 2005, in fiscal 2006 we broadened the scope of risk prevention education in sales operations from managerial personnel to all personnel engaged in sales. Education on risk prevention concerning compliance problems such as bid-rigging was conducted throughout Toshiba Group companies in Japan. Also, with the aim of preventing recurrence of incidents similar to flow-meter data falsification and raising engineers' awareness of ethics in addition to compliance, we provided ethical education, emphasizing fairness and integrity, for all engineers throughout Toshiba Group companies in Japan.



Education on ethics for engineers

 Education on the Toshiba Group Standards of Conduct around the World

## Whistle-blower System

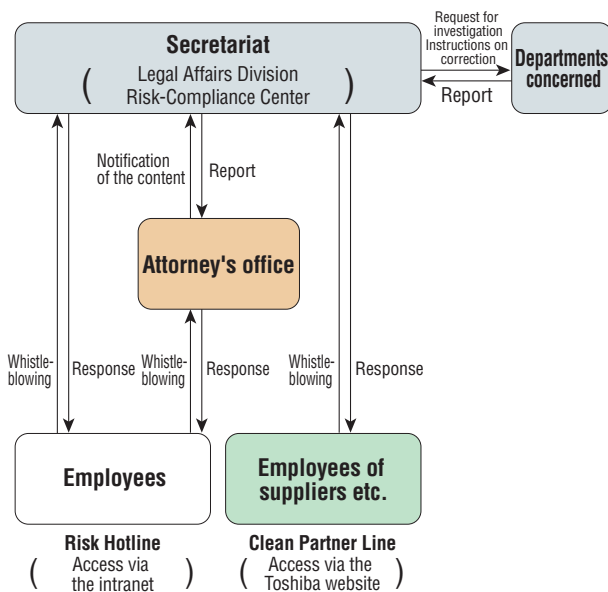
### In-house information reporting system

Toshiba introduced Risk Hotline, a whistle-blower system, in January 2000. Using the system, employees can report their concerns or seek advice via phone or the intranet so that internal risk information is obtained in advance and breach of compliance is precluded.

In accordance with the Toshiba Group Standards of Conduct, which requires Toshiba Group companies to establish in-house information reporting systems, Toshiba Group companies worldwide have introduced or are in the process of introducing such systems.

In April 2006 Toshiba Corp. introduced Clean Partner Line, a whistle-blower system for suppliers and other business partners. [▶ P32](#) Introduction of the same systems is underway at Toshiba Group companies in Japan.

### Toshiba's Whistle-blower System



## Business Continuity Plan

### Reinforced risk management in readiness for large-scale disasters

Failing to respond to large-scale disasters, such as earthquakes, typhoons and floods appropriately, could result in lengthy closure of operations, resulting in a great financial loss and a large impact on stakeholders.

Toshiba has been implementing provisions to ensure safety of employees and their families, in anticipation of natural and other disasters to support recovery of devastated areas, and to maintain business sites and factories. In addition, Toshiba has formulated a business continuity plan (BCP), based on the recognition that Toshiba holds the responsibility to continue or resume products and services supply as quickly as possible.

## Export Control

### Uncompromising Efforts in Export Control and Compliance with Relevant Laws

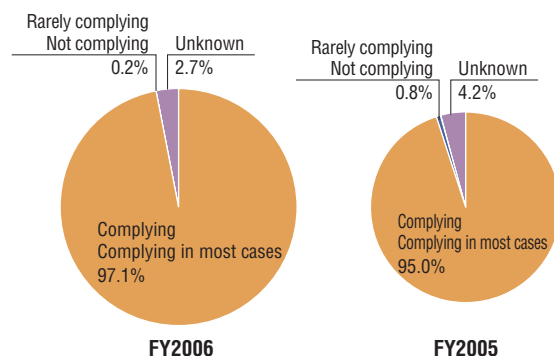
Toshiba Group maintains a basic policy that it will not engage in any transaction that could potentially undermine international peace and security. Under this basic policy, Toshiba Group complies with all applicable export control laws and regulations of the countries and regions in which it operates. It also complies with U.S. export control laws and regulations with respect to transactions involving U.S.-origin items.

Toshiba Group companies have developed their company based export control systems in accordance with the above-mentioned group policy.

### Employee Questionnaire Survey on the Toshiba Group Standards of Conduct

Every year Toshiba conducts an intranet-based employees survey on the Toshiba Group Standards of Conduct. The results are used in formulating measures for raising awareness of compliance.

In fiscal 2006, compliance rate was surveyed and the results had : 97.1% complying (95% for fiscal 2005) and 0.2% not complying (0.8% for fiscal 2005). The employees' awareness of compliance heightened compared to the previous year. However we will continue to promote the importance of compliance throughout Toshiba Group.





# Information Security / Intellectual Property Protection

## Protection and Management of Personal Data and Confidential Information and Intellectual Property

### Stakeholders' Interest

- More than 80% of respondents indicated an interest in "appropriate management of customer information (personal data and confidential information)" and "protection of intellectual property".

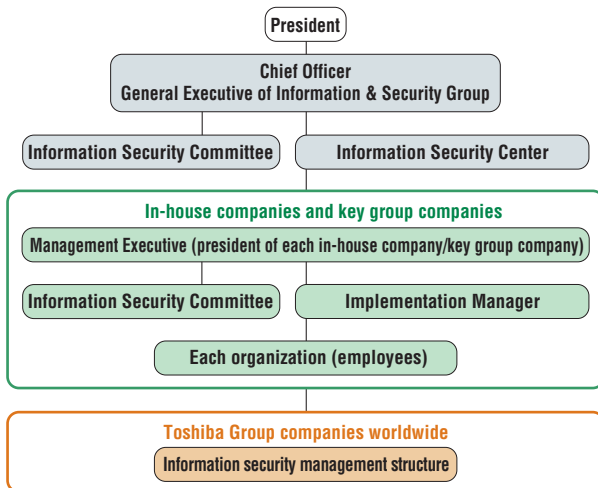
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Source: Interest Survey conducted prior to the editing of this report  P4

## Protection and Management of Information

In fiscal 2006 Toshiba tightened its internal rules concerning information security in response to changes in the social environment. These revised rules, as well as over 60 self audit items, are strictly implemented. Following the revisions, all officers, employees, and temporary staff received education on information security. Application of these unified rules to group companies worldwide started in September 2006. We are establishing rules overseas that reflect local circumstances.

### Toshiba Group Information Security Management Structure



### Information Security Measures from Four Perspectives

Types of measures	Description
<b>Organizational measures:</b> Establish an organizational structure and rules	Rules, structure (responsibility), audits, etc. (thorough implementation of PDCA)
<b>Personal and legal measures:</b> Ensure adherence to rules	Education, non-disclosure agreements, employment regulations, pledges, etc.
<b>Physical measures:</b> Support implementation of rules in terms of physical security	Carry-in/carry-out control, facility entry control, locking, shredders, etc.
<b>Technical measures:</b> Support implementation of rules in terms of technology	Access control (ID/password), antivirus software, data encryption, firewalls, etc.

## Personal Data

Toshiba was quick to recognize the importance of protection of personal data. Following the establishment of its Privacy Policy in December 1999, Toshiba established the Toshiba Personal Data Protection Program in compliance with JIS Q15001 in 2000 and obtained the Privacy Mark certification from Japan Information Processing Development Corporation (JIPDEC) in 2001.

We are always seeking ways of strengthening protection of personal data through annual education and audits. We also have systems in place to deal swiftly with any eventuality and to ensure prompt disclosure.



 Privacy Policy  Personal Data Management by Outsourcers

## Confidential Information

Coinciding with the coming into force of the revised Unfair Competition Prevention Law, Toshiba strengthened the rules covering management of in-house information and customers' confidential information obtained in accordance with contracts, including rules to prevent mixture of such information and in-house information. In fiscal 2006, pledges were obtained from all employees concerning non-disclosure of confidential information in the course of education program to ensure thorough implementation of the rules.

 Self-audit and Assessment by the Secretariat

## Protection of Intellectual Property

### Making use of our rights and respecting the rights of others

Toshiba Group's policy on intellectual property rights is to observe laws and regulations associated with Intellectual Property Rights Law, protect the results of intellectual activities with the rights and make extensive use of those rights, and respect the legitimate intellectual property rights of third parties.

### Necessity of measures against counterfeit products

Failure to take action against counterfeit products could cause the deterioration of Toshiba brand image and loss of credibility from our customers due to the inferior quality of counterfeit products.

To ensure our customer's safe purchase, we collaborate with the authorities concerned to eradicate counterfeit products that infringe on Toshiba's intellectual property rights.



# Social Performance



Customers



Shareholders and Investors



Suppliers



Employees



Local Communities



## Social Performance



# Customers

## Reflecting the Voice of Customers In Management, Business Activities, and Product Development

### Items of High Interest to Stakeholders

- Result of the customer satisfaction survey
- Response to product incidents
- Labeling for safe use of products and provision of safety information



This mark indicates that the article corresponds to the above.

Source: Interest Survey conducted prior to the editing of this report ▶ P4

### Customer Satisfaction

#### CS\* survey to reflect the voice of customers in management



Toshiba Group sets targets in accordance with the CS Policy and implements a PDCA (Plan-Do-Check-Act) cycle for continuous improvement of customer satisfaction. The CS survey is an important tool for establishing customers' views.

Since fiscal 2005 the CS survey has been conducted Group-wide, covering individual and corporate customers to find out their views on Toshiba Group's products, prices, repair services, etc. The findings are shared among the personnel concerned, including senior executives, and incorporated in activities to enhance CS.

In fiscal 2006, on the basis of responses received from some 6,000 individual customers and 1,200 people from 230 corporate customers, we identified issues that need to be addressed. Reflecting on the survey results of corporate customers, we are enhancing our ability to make proposals attuned to customer needs and improving our cost competitiveness. Also, in light of the survey results for individual customers, we are revising users' manuals.

\* CS: Customer Satisfaction

#### Toshiba Group Customer Satisfaction Policy

We make the voice of customers the starting point for all ideas and provide products, systems and services that deliver customer satisfaction.

1. We provide products, systems and services that are safe and reliable.
2. We respond to requests and inquiries from customers sincerely, rapidly and appropriately.
3. We value the voice of customers and endeavor to develop and improve products, systems and services to deliver customer satisfaction.
4. We provide appropriate information to customers.
5. We protect personal data provided by customers.



● CS Promotion Structure ● Toshiba Group CS Survey Result

## Customer Support

### Enhancing the quality at call centers and repair services

Toshiba Group's call centers at over 130 locations worldwide, organized according to products and services, receive some 15 million calls a year (data for fiscal 2006). Each call center is working to enhance its quality by setting specific targets. In Japan, call center managers of some 20 Toshiba Group companies meet periodically to share best practices on operation and quality. The measures implemented reflect their commitment to offering satisfying customer support. In fiscal 2006, we conducted a monitoring survey and a customer satisfaction survey to check the quality of telephone responses of call center staff.

We are working to enhance the quality of after-sales support so that people can enjoy using Toshiba Group products safely for a long time. Toshiba Service & Engineering Co., Ltd. which provides repair and maintenance services for home appliances, conducted manner training for all service engineers, including those of partner companies in Japan, in addition to training for skill development. Through an e-learning program, service engineers are encouraged to conduct self-assessment as part of their routine in order to continually improve the quality of service.

### Pursuing Enhancement of Customer Satisfaction in China Case Study

#### CS and service personnel from subsidiaries across China share information

Since fiscal 2006, with the aim of enhancing the quality of customer support in China, Toshiba China Co., Ltd. has been holding a liaison meeting for personnel engaged in CS and service operations twice each year. At the most recent meeting, representatives from 10 subsidiaries whose business fields range from home appliances to elevators and medical equipment discussed what aspects of Toshiba's manual for dealing with customers in Japan are applicable to China, while also collecting ideas for their companies' call centers. In China's rapidly expanding economy, we continue to implement measures to enhance customer satisfaction in order to fulfill our responsibilities to our customers.



CS and service personnel liaison meeting in Beijing

- Call Center Structure
- Breakdown of Inquiries Received by Toshiba Customer Care Center, Home Appliances
- Education for Employees on Customer Relations
- Activities for Improvement of Customer Support

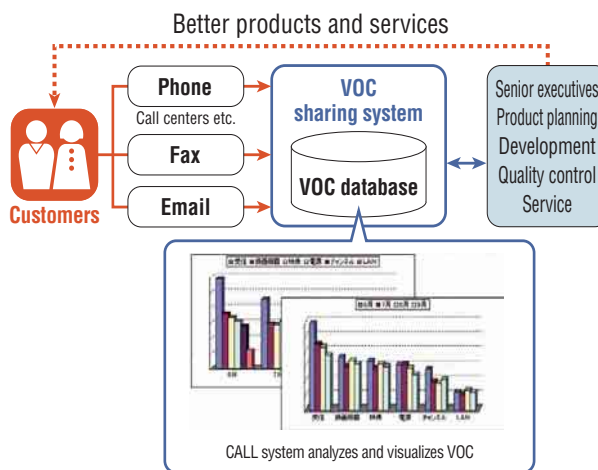
## Reflecting the Voice of Customers (VOC)

### Sharing and acting on customers' opinions and requests

Toshiba Group has established a framework for sharing and acting on VOC flowing into call centers and encountered in the field.

The Customer Appeal Logical Linkage (CALL) system introduced in May 2006 for audiovisual products and home appliances in Japan automatically analyzes VOC and swiftly clarifies the trend and factors so that VOC can be fully reflected in the planning of products and services, improvements, quality control, etc.

#### Framework for Reflecting VOC in Business Activities



Case Study of Improvements Reflecting VOC

## Responding to Stakeholders

### Q. What framework does Toshiba have for gathering VOC?

Source: Interest Survey conducted prior to the editing of this report [▶ P4](#)

A. Questionnaire surveys of customers and Toshiba CS Evaluation Center's monitor system are important tools.

We conduct questionnaire surveys of customers for home appliances, mobile phones, medical equipment, etc. We ask customers who purchased products to provide us with their opinions about the products and the responses are shared among the organizations concerned within Toshiba Group. Some 2,000 consumers registered with the monitor system comment frankly on our products through product evaluations and round-table talks.

## Enhancing Quality and Product Safety

### Strengthening the Group-wide quality control structure

We are making the utmost efforts to ensure rigorous quality control in accordance with the Toshiba Group Quality Control Policy, in order to fulfill our mission of providing customers with safe and reliable products, systems, and services.

In June 2007, Toshiba Group established new positions to make the responsibility for quality crystal clear: the Chief Quality Officer is responsible for quality throughout Toshiba Group and Chief Quality Executives are responsible for quality at in-house companies and Toshiba Group companies. The role of the Chief Quality Officer and Chief Quality Executives is to ensure quality and product safety through strict supervision throughout the life cycles of products from development and production to final disposal.

In order to maintain high quality, it is vital to ensure employees adhere to work rules and to recognize the critical importance of quality and product safety. For that purpose, we provide thorough education and training to employees at various points in their careers, ranging from new employees to veterans, so that they are always quality conscious.

#### Toshiba Group Quality Control Policy

1. We engage in quality assurance from the customers' point of view.
2. We observe relevant laws and contracts and respect the rights of customers and third parties.
3. We maintain quality systems aimed at achieving 100% quality.
4. We ensure that all of our departments and all of our employees act on this Quality Control Policy.
5. We aim for essential improvement by investigating the root causes of process failures.

### Adhering to the Basic Policy on Product Safety

In accordance with the Basic Policy on Product Safety, Toshiba Group strives to secure product safety and works to provide safety information to customers.

#### Toshiba Group Basic Policy on Product Safety

1. We comply with the applicable laws and regulations on product safety in Japan and overseas.
2. We vigorously gather information on product safety incidents and disclose such information in an appropriate manner.
3. We swiftly report product safety incidents to the competent authorities in accordance with laws and regulations.
4. In the event of a serious incident attributable to any of our products, we swiftly institute a product recall and notify customers without delay.
5. We issue alerts, as necessary, and employ warning labels to encourage safe use.
6. We thoroughly analyze the causes of any product safety incident and strive to prevent recurrence.



- ISO 9001:2000 Family Certifications
- Safety Considerations concerning Electromagnetic Waves

## Product Safety Information

### Swift response to product safety incidents



An employee who becomes aware of information concerning a product safety incident is required to alert the relevant organizations in charge of dealing with safety issues concerning the product in question. A CPL Committee\* chaired by a senior executive determines the necessary response. In the event of a major incident attributable to a product that is likely to recur, we inform users of the danger and request them to cease using the product in question, report to the competent authorities without delay, and establish countermeasures as soon as possible.

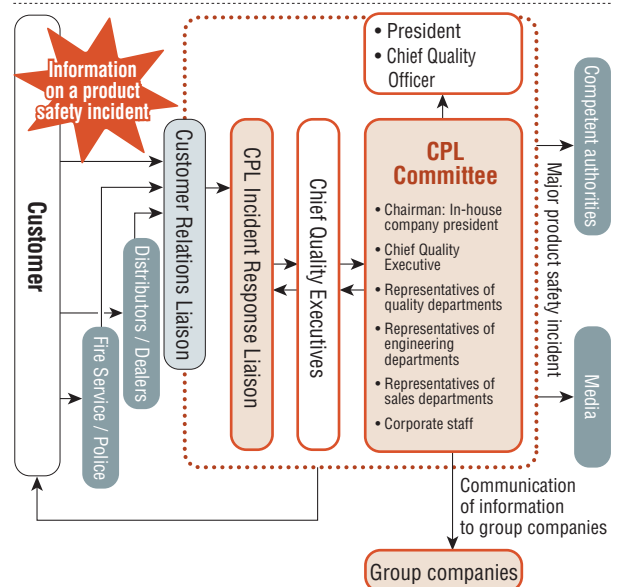
IT system-based management of information on product safety incidents and responses allows swift communication of information from field engineers to quality assurance organizations and senior executives.

In Japan, in April 2007 Toshiba placed a notice in newspapers and on the Toshiba website alerting consumers to the fact that certain models of clothes driers manufactured in the 1980s may cause smoke or catch fire, and requested their cooperation in a product recall. Although we first notified consumers of this matter in 1990, we issued the latest notification in 2007 to facilitate the product recall.

Information on quality is also available on the home page of the Toshiba website.

\* CPL Committee: CPL is an abbreviation combining CL (contract liability) and PL (product liability). A CPL Committee chaired by a senior executive determines the responses to quality incidents and quality issues without delay.

### Toshiba Group's Structure for Responses to Product Incidents



## Disclosure to ensure safe use of products

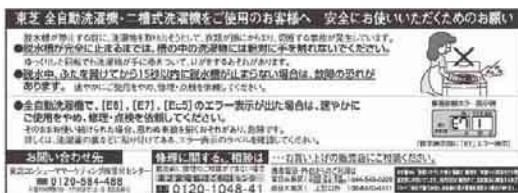
Although products are equipped with various safety features, they may not be sufficient to ensure complete safety if products are in use for very long periods of time or the operating environment or conditions are extreme. To ensure safe use of products, Toshiba Group describes correct handling of products in users' manuals and, if necessary, through alerts placed in newspapers and on the website, or communicated by means of leaflets, etc.

### Promoting Awareness on Safe Use

Case Study

#### Alert: Don't put your hand in the washing machine while it's spinning

It is dangerous to open the lid of a washing machine and attempt to take the laundry out before the machine completely stops. In March 2007 Toshiba placed an ad in national newspaper in Japan to raise awareness of the danger and encourage safe use.



- Provision of Information on Home Appliances
- Accurate product information and advertising

## Universal Design

### Creating easy-to-use products for everyone

Toshiba Group contributes to realization of a society where everyone can live at ease and in comfort regardless of age, gender and abilities. Toshiba is promoting universal design (UD). Specialists inside and outside Toshiba Group are collaborating on product development in various fields, including home appliances, housing facilities, information equipment, and public facilities, by applying a human-centered design process that emphasizes the users perspective and by incorporating customer requirements.

Having established Toshiba Group UD Philosophy, UD Vision, and UD Guidelines, we set up a database on UD products in March 2007 and are working to further expand the range of UD products.



- Universal Design Philosophy
- Universal Design Vision

### Toshiba Group Universal Design Guidelines

1. Intuitive use
2. Simple use
3. Low physical effort
4. Equitable use
5. Safety and minimal anxiety

(The Guidelines consists of the above five main principles and 15 sub principles.)

### Championing UD for the benefit of everyone

Recognizing that UD has the potential to make a valuable contribution to the quality of life, Toshiba is championing this design philosophy for the benefit of everyone. For example, Toshiba Group has been involved in the establishment of UD standards promoted by the Japan Society of Industrial Machinery Manufacturers, the Association for Electric Home Appliances, and the Japan Electrical Manufacturers' Association.

In fiscal 2006 we participated in the Second International Conference for Universal Design in Kyoto and introduced case studies on Toshiba Group's UD products as well as know-how for developing UD products and the latest research.

### Universal Design Products

Case Study

#### Elevator convenient for the hearing impaired

In pursuit of ease of use for everyone, we requested not only the elderly, wheel-chair users, and the people with visual impairment but also those with hearing impairment hearing impaired to verify the usability of



Press this button and the elevator announces that someone is getting out. It's particularly convenient for the elderly, passengers with infants, and wheel-chair users, as well as people with hearing impairment.



Together with the announcement, this indicator with an icon and text flashes when the elevator is full

#### Universal design refrigerator for ease of use



The electric door with one-touch open & automatic close means that you will never leave the fridge door ajar again



Assist rails allow the user to open and close the vegetable compartment and the freezer compartment with minimal effort even when they are full of heavy produce



- Case Study of Universal Design Products



# Shareholders and Investors

## Shareholders and Investors

### Timely and Appropriate Disclosure In the Interest of Fairness

**Items of High Interest to Stakeholders**

- Mechanisms for timely, appropriate information disclosure and the current state of disclosure
- Methods of communicating with shareholders and the current state of communication

 This mark indicates that the article corresponds to the above.


Source: Interest Survey conducted prior to the editing of this report [▶ P4](#)

### Investor Relations Activities and Communication

#### Proactive IR activities based on timely, fair disclosure

The Toshiba Group Standards of Conduct establish the basic policy on corporate communications activities : Toshiba Group Companies shall endeavor to obtain the understanding of stakeholders, including customers, shareholders and local communities. For that purpose, Toshiba discloses corporate information, such as business strategies and financial data, in a timely and appropriate manner. In accordance with this policy, Toshiba discloses corporate information to shareholders and investors and engages in investor relations activities to solicit their opinions.

In the interest of fairness, Toshiba discloses information in a timely, appropriate manner in accordance with relevant laws and regulations and also discloses important corporate information not mandated by laws and regulations that is likely to influence investor decisions. In fiscal 2006, for instance, as investors showed keen interest in Toshiba's acquisition of the Westinghouse Group, which represented a major investment in the nuclear power business, and in capital investment and price trends with regard to NAND flash memory, a mainstay product of the semiconductor business, we ensured fair distribution of information to investors and shareholders by holding briefings and by other means.

 ● Information Disclosure Policy ● Dividend Policy

#### Vitalizing two-way communication and reflecting shareholder and investor views

To ensure fair and simultaneous disclosure of information to stakeholders with whom we cannot regularly communicate, Toshiba is enhancing the investor relations website. For instance, we have conducted questionnaire surveys and reported the results in the Shareholder Newsletter.

In fiscal 2006 Toshiba held the General Meeting of Shareholders at Tokyo Big Site to enable a greater number of shareholders to participate. Approximately 1,700 shareholders attended the meeting.

Toshiba discloses information to institutional investors and securities analysts by means of meetings to announce quarterly results, through briefings on individual businesses, and

through visits by the president and other executive officers. The number of dialogues with institutional investors and analysts in fiscal 2006, including interviews with and visits from Toshiba executives, exceeded 1,000 (about 70% in Japan and 30% overseas).



Shareholder Newsletter (issued four times a year)  
Inclusion of a CSR Activities section  
Presentation of CSR activities in each issue

To proactively engage in dialogues with individual investors, in May 2006 Toshiba participated in a meeting for individual investors held by an investor relations service affiliate of a securities company. President Nishida explained management policies and business strategies to about 400 attendees, adding supplementary explanations of specialized terminology for ease of understanding.

#### Evaluation of the IR Website by External Parties (Fiscal 2006)

Organization	Evaluation
Nikko Investor Relations Co., Ltd.	Toshiba won First Prize in the Excellent Corporate Website Award for the third consecutive year.
Daiwa Investor Relations Co., Ltd.	Toshiba received the Internet IR Best Company Award for the second consecutive year and the fifth time.
Gomez Consulting Co., Ltd.	Toshiba ranked second in the IR Site Total Ranking.

### Takeover Defense

#### Introduction of countermeasures against large-scale acquisition of shares

Following approval at the Ordinary General Shareholders Meeting held in June 2006, Toshiba has introduced a plan for countermeasures to any large-scale acquisitions of the Company's shares (known as "takeover defense measures") for the purpose of protecting and enhancing the corporate value and for the common interests of its shareholders.

The purpose of these countermeasures is to ensure that shareholders are provided with necessary and adequate information and sufficient time to make appropriate decisions, and to secure the opportunity for the Company to negotiate with the acquirer.

 ● Takeover Defense Measure

#### Responding to Stakeholders

##### Q. What is Toshiba's policy concerning socially responsible investment?

Source: Interest Survey conducted prior to the editing of this report [▶ P4](#)

**A.** Toshiba sincerely responds to questionnaires and requests for information concerning socially responsible investment (SRI) from research firms and other organizations.

We make use of such inquiries in CSR management verification by reflecting survey items in a CSR activities checklist based on the AA1000 guidelines.


Inclusion in SRI ratings
Listed in the Dow Jones Sustainability Indexes (DJSI) for seven consecutive years
Listed in the Morningstar Socially Responsible Investment Index (MS-SRI) since 2003




## Socially Responsible Procurement Worldwide

### Items of High Interest to Stakeholders

- Policies, standards, and methods applied at the time of supplier selection
- Framework for legal compliance and rigorous adherence to fair trading practices

 This mark indicates that the article corresponds to the above.

Source: Interest Survey conducted prior to the editing of this report 

## Procurement Policy

### Dedicated to promote CSR in procurement

The Toshiba Group Procurement Policy establishes the basic principles "Compliance with laws, regulations and concern for human rights and the environment," "Fair and open transactions," and "Strengthening of partnerships with suppliers." In accordance with this policy, Toshiba engages in procurement activities for goods and services valued at four trillion yen per year from thousands of suppliers worldwide.

In April 2007 Toshiba established a dedicated CSR section within the Corporate Procurement Division to ensure rigorous fulfillment of CSR in the Group's procurement activities by such means as compliance manager meetings.



- Toshiba Group Procurement Policy
- Procurement Systems
- Green Procurement Guidelines

## Fair Trading Practices

### Building sound partnerships based on clear selection criteria and trading procedures

Toshiba Group complies with the Antimonopoly Law, the Law on the Prevention of Delay in the Payment of Subcontracting Charges in Japan and Related Matters, and other procurement-related laws and regulations. We endeavor to build sound partnerships with suppliers through fair trading. To ensure fairness in the procurement process, we disclose the Toshiba Group Procurement Policy and trading procedures on a website.

### Whistle-blower system for business partners

In April 2006 Toshiba established the Clean Partner Line, a whistle-blower system for suppliers and other business partners. We encourage business partners to point out any problems or concerns about persons affiliated with Toshiba Group from the standpoint of compliance or fair trading and promptly correct any improper behavior. We notify suppliers of this system by means of written notices from organizations involved in procurement and notices posted on websites.



- Clean Partner Line



Additional information is available on the website. (<http://www.toshiba.co.jp/csr/en/reportmap/>)

## CSR Promotion in the Supply Chain

### Requesting cooperation from suppliers worldwide

Toshiba Group recognizes that the promotion of CSR throughout the global supply chain encompassing manufacturers and suppliers of procured items that are components of our products, is an aspect of social responsibility. Accordingly, to obtain the understanding and cooperation of suppliers concerning CSR, in fiscal 2005 we prepared the Toshiba Group Procurement Policy, a document that summarizes Toshiba's thinking about CSR in procurement, and distributed it to all 4,700 suppliers worldwide with which we have ongoing business relationships. We have subsequently promoted consideration of CSR among our suppliers through business negotiations and by other means.

### Survey to ascertain the state of CSR activities at suppliers

In fiscal 2006 Toshiba Group began conducting a CSR survey of suppliers. We sent suppliers a CSR Guidebook and CSR Checklist and had them conduct self-assessments. Survey items covered the entire range of CSR topics, including human rights and labor conditions, health and safety, fair trading, and social contributions, in addition to quality, the environment, and information security, which have been covered in previous surveys. The initial survey in fiscal 2006 covered 100 companies that account for a high proportion of supplier transactions, all of which responded. Surveyed companies favorably rated the survey as a means of heightening their awareness of CSR. In fiscal 2007 we plan to conduct a survey of suppliers in the Asia region that will emphasize the human rights of workers and health and safety.



- CSR Survey Results
- Cooperation with Suppliers

## Responding to Stakeholders

### Q. What criteria does Toshiba use in supplier selection?

Source: Interest Survey conducted prior to the editing of this report 


- A. We conduct various surveys and select suppliers on the basis of a comprehensive judgement in light of Toshiba standards while taking into consideration legal compliance and other aspects of CSR for each transaction. In the surveys, we take into account not only the price of procured materials and parts, but also quality control systems, environmental protection, and business circumstances that are important aspects of CSR fulfillment.

# Employees

## Work Environment Where Diversity Is Nurtured

### Items of High Interest to Stakeholders

- Basic policy on human rights and employee education
- Systems and measures to prevent sexual harassment and power abuse
- Policy and the current situation of proactive promotion of women
- Content of the survey of employees' values and attitude

 This mark indicates that the article corresponds to the above.

Source: Interest Survey conducted prior to the editing of this report [▶P4](#)

## Respect for Human Rights

### Raising awareness for human right

Toshiba Group respects all people and seeks to create organizations rich in diversity and creativity. We participate in the United Nations Global Compact which supports and put into practice universal principles concerning human rights and labor, observe all relevant laws and regulations, respect basic human rights, and refrain from discriminatory treatment. We do not allow child labor nor forced labor.

In keeping with this stance, in the Toshiba Group Standards of Conduct we clearly set forth as a code of conduct for executives and employees respect for the diverse values, individuality, and privacy of individuals and avoidance of discriminatory behavior based on race, religion, sex, nationality, mental and physical ability, age, or sexual orientation, physical abuse, sexual harassment, abuse of power and other actions that disregard the character and individuality of others. Toshiba Group provides human rights education and awareness training for its employees. For instance, we have translated the Standards of Conduct into 15 languages and taken steps to ensure that employees in all group companies and all workplaces are thoroughly familiar with them.

 ● Human Resources Management Policy

### Responding to Stakeholders

#### Q. What is the status of dialogue and cooperation with human rights NGOs?

Source: Interest Survey conducted prior to the editing of this report [▶P4](#)

- A.** In fiscal 2006 Toshiba provided support to international human rights NGO Amnesty International for pre-release viewings of a movie reporting on human rights and social problems in Africa and for lectures to raise awareness of human rights issues.

## Diversity and Inclusion

### Diverse workforce and work styles

Toshiba Group has established principles in its Standards of Conduct covering the acceptance of the different values of individuals and respect for differences in character and personality based on a fundamental respect for human rights, the development of a working environment where employees can perform their duties creatively and efficiently, and support for achieving a healthy work-life balance. To put these principles into practice, Toshiba established the Gender Equality Office. In April 2007, we expanded the brief of this organization and renamed it the Diversity Development Division.

The Diversity Development Division has as its mission diversity and inclusion, achievement of a work-life balance, and changing a corporate climate. By accepting diverse values and working styles and making use of diverse human resources, we aim to accelerate the creation of organizations and a corporate climate that encourage employees to fully demonstrate their capabilities in distinctively individual ways.



Distribution of the booklet Kirameki to raise awareness

- Case Study of Group Company Activities
- Employment of non-Japanese Citizens
- Diversity Training for Employees on Overseas Assignment

### Employment of people with disabilities

As of April 1, 2007, 460 people with disabilities work at Toshiba, including 16 employees with intellectual disabilities at Toshiba With Co., Ltd., a subsidiary established in February 2005. The employment ratio of people with disabilities is 1.98%, exceeding the statutory employment (in Japan) ratio of 1.8%.

Toshiba With Co., Ltd. has expanded the scope of its business from cleaning services to include copying, binding and printing services, and "health-keeper" services involving the provision of shiatsu and massage to Toshiba employees.

Toshiba Group aims to satisfy the statutory employment ratio at all consolidated subsidiaries in Japan by April 2008. For that purpose, we are actively promoting the employment of people with disabilities by such means as holding the Toshiba Group People with Disability Recruitment Fair twice a year.

#### Change in the Employment Ratio of People with Disabilities

(Toshiba Corp. in Japan)

2002	2003	2004	2005	2006
1.52%	1.53%	1.62%	1.88%	1.92%

Note : Figures as of June 1 of each year

## Promotion opportunities for women



Toshiba Group was among the first enterprises in Japan to fairly assess employees based on skills and achievements regardless of age or sex, and over the years has developed human resources systems to ensure fair treatment.

Since establishing the Gender Equality Office in October 2004, Toshiba has increased the number of female recruits and training to promote more female employees to managerial positions. We intend to build on the achievements of these activities and redouble our efforts to promote women.



Kirameki Juku leadership training for women

### Numbers of Regular Employees and Managers (Toshiba Corp. in Japan)

	Male	Female	Total
Regular employees	27,402	3,460	30,862
Managers	4,899	102	5,001
Non-managerial employees	22,503	3,358	25,861

Note: Figures as of March 31, 2007, excluding employees on loan

## Support for diverse working styles

Toshiba Group is diversifying employment patterns to flexibly respond to the personal circumstances of employees. As one aspect of this, since the 1990s Toshiba Corp. has pioneered support for the achievement of a balance between work and private life for employees, developing and enhancing human resources systems such as childcare leave, family-care leave, and short-time shifts. We have also instituted support systems that exceed legal requirements; for instance, we grant childcare leave until children reach the age of three even in cases where a spouse can provide childcare. In compliance with the Next Generation Education and Support Promotion Act, since April 2005 we have established action plans incorporating initiatives to ensure a balance between work and private life, such as enhancement of human resources systems related to childcare, and have implemented concrete measures based on those plans. In May 2007 we obtained the Next Generation Support Certification Label.



Certification Label

## Systems Supporting Diverse Working Styles

System	Period	FY2005		FY2006	
		Male	Female	Male	Female
Childcare leave	Until the child is three years old	7	329	5	333
Family-care leave	365 days per person requiring nursing	6	7	3	8
Short-time shift	For those caring for a child: Until the child finishes the third grade of elementary school For nursing care: Up to three years per person	2	297	5	397

(Scope of data: Toshiba Corp. in Japan)

## Impartial Evaluation and Treatment

### Fair treatment based on impartial evaluation of job skills and performance

In Toshiba's view, the purposes of employee evaluation are pertinent personnel deployment and the bringing of employee motivation and abilities into full play through the assessment of job skills and performance and on the basis of fair treatment for all.

Based on this view, in employee evaluation Toshiba adopts "Evaluation Perspectives by Job Function," a method of clarifying the skills and results corresponding to each job function, and distributes a handbook explaining the evaluation system to all employees.

In employee evaluation, Toshiba uses a point-addition scoring method to fairly evaluate the skills and job performance results of each individual, without regard to gender, age, ethnic origin, nationality or other demographic attributes.

## Employee Opinions

### TEAM Survey



Toshiba encourages group companies to conduct the TEAM Survey for the purpose of soliciting the opinions of employees. In fiscal 2006, 35 Toshiba Group companies in Japan conducted this in-depth survey of employee values and attitudes concerning company policies, attitudes toward and evaluation of workplaces and superiors, and attitudes toward employee evaluation and treatment. Participating companies hold meetings at each department and, in light of the findings of the survey, implement measures to enhance communication in the workplace and vitalize organizations.



Result of the TEAM Survey

## Labor-Union Relations

### Building sound labor-management relations through communication

Toshiba maintains a good relationship with the Toshiba Union, which represents our employees. Management and union representatives periodically negotiate and discuss employee working conditions and other matters. At the Toshiba Group Labor-Management Congress held every six months, Toshiba discusses the Toshiba Group's business policies with representatives of the Association of Toshiba Group Unions, with which the labor unions of Toshiba and Toshiba Group companies in Japan are affiliated.

Toshiba Group companies overseas hold discussions with their labor unions or employee representatives in accordance with the laws and regulations of the countries in which they operate.

## Management and Development of Talent

### Support for employee career development

Toshiba Group aims to develop highly effective individuals who are self-motivated and are able to produce result. Accordingly, in addition to education and training required for specific types of work, we deliver programs to help individual employees achieve their career goals. Career Design Training, for instance, is a program to meet the needs of people with different employment years at Toshiba.

### Reflecting individual aspirations in job assignments

By respecting the desires and aspirations of employees, we endeavor to select the best person for each job and thus optimize the deployment of human resources. That is why open recruitment is the norm throughout Toshiba Group, with descriptions of vacant positions publicized and people with the necessary expertise encouraged to apply. The in-house free agent system enables employees to actively seek career development opportunities.

### Job Transfers Involving Use of Open Recruitment in Toshiba Group and the In-house Free Agent System

System	Eligibility	FY2005	FY2006
Open recruitment in Toshiba Group	Full-time employees of the eligible Toshiba Group companies who have been employed by the company for three years or more	9	85
In-house free agent	Full-time employees who have been employed by the company for five years or more.	24	26

(Scope of data: Toshiba Corp. in Japan)

## Occupational Health and Safety

### Ensuring employee health and safety in keeping with the corporate philosophy "Committed to People"

Toshiba Group positions employee health and safety among its top priorities. In fiscal 2004 we established Toshiba Group Occupational Health and Safety Policy, which calls for the development of a safe and comfortable working environment and the promotion of employee mental and physical well-being. In fiscal 2006 we prepared English and Chinese language versions of the policy and are now ensuring that it is understood and implemented at Toshiba Group companies worldwide.

Toshiba Group companies based on this policy have received various awards and commendations attesting to the quality of their health and safety management programs. In 2006, the annual Toshiba Group Health and Safety Congress, an event to promote the sharing of information and awareness about health and safety, was held for the 32nd times.



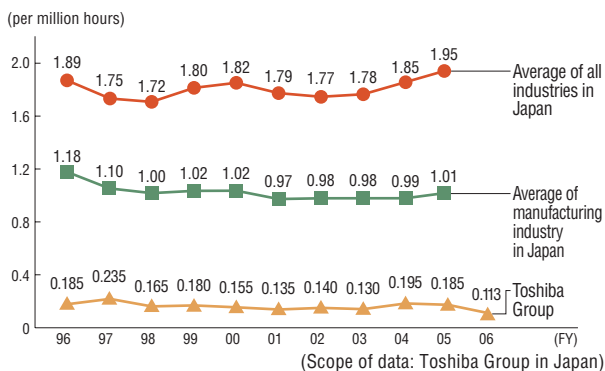
### Group-wide effort to obtain OHSAS\* 18001 certification to eliminate occupational accidents

For the past few years Toshiba Group has operated the Toshiba Health and Safety Management System in Japan and held the rate of occurrence of work-related accidents (frequency rate) to well below the national average for manufacturing industry. This success notwithstanding, we have not yet achieved zero incidence, and the rate of occurrence of work-related accidents at Toshiba Group companies overseas is generally higher than in Japan.

In light of this situation, Toshiba Group launched an initiative to acquire OHSAS 18001 certification, an international certification standards for occupational health and safety management systems. We plan to acquire certification for Toshiba Corporation and all 108 consolidated subsidiaries that have manufacturing operations by March 2009. As of March 31, 2007, 13 sites (2 in Japan and 11 overseas) had obtained certification.

\* OHSAS : Occupational Health and Safety Assessment Series

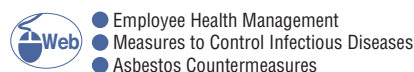
### Rates of Occurrence of Accidents at Work



### Support for employee physical and mental health

Toshiba Group takes care to ensure that all employees are able to maintain a high level of physical and mental health. We have introduced a system for the unified management of information, such as the results of employee medical checkups. We raise awareness of the importance of taking steps to maintain good health through individual guidance and education following checkups.

With regard to mental health measures, we have focused efforts on education and awareness in various ways, taking the initiative, for example, by introducing education according to employee positions before the Japanese government issued guidelines. In fiscal 2000 Toshiba was among the first companies in Japan to set up a telephone hotline for employees and family members who wish to seek advice from external mental healthcare professionals while ensuring strict protection of personal information. A program we have developed and introduced to reduce the risk of recurrence of mental illness includes steps to make it easier for people, in consultation with their physicians, to gradually resume full-time work following a lengthy absence.



# Local Communities

## Face-to-Face Communication around the World and Activities that Take Advantage of Toshiba's Distinctive Identity

### Items of High Interest to Stakeholders

- Corporate citizenship activities in the plant premises
- Information disclosure to local residents and response in the event of disaster or accident
- Corporate citizenship that make the most of Toshiba's areas of expertise

 This mark indicates that the article corresponds to the above.

Source: Interest Survey conducted prior to the editing of this report P4

## Communication with Local Communities

### Dialogues with local community residents

Toshiba Group companies and plants engage in communication suitable to the characteristics of their business operations and the interests of local communities. In Fiscal 2006, the Yokohama Complex promoted better understanding with the local community by explaining its nuclear power business and environmental initiatives to teachers from local elementary schools and residents of nearby condominiums, while also engaging in information exchange meetings with local businesses.

At Hangzhi Machinery & Electronics Co., Ltd., located in Hangzhou, China, the impact of local development on the environment has become an important consideration. Since 2005 the company has regularly held meetings with



Briefing session at the Yokohama Complex



Discussion meeting at Hangzhi Machinery & Electronics Co., Ltd.

representatives of local residents and, responding to their requests, has changed the color of the roofs of its buildings to reduce reflected light and made public analysis data on exhaust from the factory.

In the coming years, Toshiba intends to engage in fruitful dialogues with local community residents at an even greater number of plants.

### Examples of Communication Activities at Plants (Japan)

Plant tours (tours of manufacturing lines, environmental facilities, etc.)
Practical learning programs for school students over several days
Opening of plant grounds and sports facilities to the public
Neighborhood clean-ups by employees (125 clean-ups by 11,130 participants from 82 companies)
Employee blood donation drives (total of 2,923 liters from 8,356 participants)
Festivals to promote constructive, amicable relations with local communities (17 plants)

## Disaster and Accident Response

### Day-to-day safety management to prevent accidents at sites



To prevent fire and other work-related accidents, each site periodically maintains and inspects its facilities and equipment, rigorously implements safety management, and conducts periodic emergency drills organized by its private fire brigade.

To minimize the impact of accidents on nearby areas, Toshiba Group companies in Japan establish and implement regulations in accordance with Toshiba's Basic Rules Concerning Risk-Compliance Management. Should an accident occur, the site involved promptly devises countermeasures, restores the situation to normal, reports the situation



A private fire brigade drill

to the concerned departments, and investigates the cause. At the same time, the site contacts the police and fire departments and rapidly discloses information about the accident.

### Rapid recovery and relief activities for earthquakes and other disasters



Mindful of its responsibilities as a leading supplier of electric power facilities, water and sewerage facilities, and other public infrastructure, elevators and other facilities for public use, Toshiba strives to rapidly inspect, repair, and restore facilities in the event that they are damaged by natural disasters such as earthquakes, typhoons or flooding.

In the event that the vicinity of a site is affected by a disaster, the site's private fire brigade engages in firefighting and rescue activities in cooperation with the local fire department. Sites also open their gymnasiums, grounds, and other facilities for use as government-designated evacuation areas for local residents.

Toshiba makes donations and provides other emergency support when major natural disasters affect people around the world.

### Donations to Distressed Areas (Fiscal 2006)

Disaster	Donation
Central Java Earthquake in Indonesia (May 2006)	Donation of 150,000 US dollars to Metro TV (a broadcasting station in Indonesia), Japan Committee for UNICEF, and Japan Platform
The Philippines Typhoon 21 (December 2006)	Donation of 50,000 US dollars to the Department of Social Welfare and Development of the Philippines
Noto Peninsula Earthquake in Japan (March 2007)	Donation of 3,000,000 yen to the Ishikawa Prefecture Disaster Measures Head Office

## Corporate Citizenship Activities

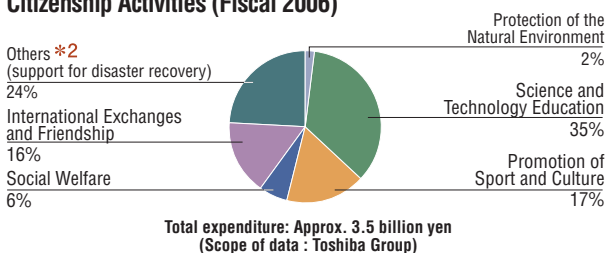
### Taking advantage of Toshiba's distinctive identity

Inspired by the slogan "Committed to People, Committed to the Future," Toshiba Group is devoted to corporate citizenship activities that take advantage of its distinctive identity. These activities are in five fields, including protection of the natural environment and science and technology education. The Corporate Citizenship Committee, a subordinate organization of the CSR Governance Committee, is responsible for the planning and evaluation of corporate citizenship activities. The Toshiba Group companies and factories appoint Social Contributions Coordinators numbering 214 in Japan and 104 overseas, who actively promote these activities.

#### Toshiba Group Basic Policy on Corporate Citizenship Activities

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

#### Breakdown of the Expenditure\*1 for Corporate Citizenship Activities (Fiscal 2006)



\*1 The expenditure includes: 1) cash contributions, 2) corporate initiated programs and 3) product donations.

\*2 Others include support for disaster recovery and making facilities (gyms etc.) available for use by the public.

### Support for employee volunteer activities

Toshiba Group has a system for supporting the volunteer activities of employees. Toshiba Corporation provides a leave system for volunteers (12 employees took leave of absence in fiscal 2006) and in 2006 established a system for making donations (up to 100,000 yen) to NPOs and other organizations in which employees are active.

#### Responding to Stakeholders

##### Q. Wouldn't it be a good idea to publish detailed information on corporate citizenship activities?

Source: Interest Survey conducted prior to the editing of this report (P4)

##### A. We issue the Social Contributions Activities Report describing activities in detail.

Corporate Citizenship webpage

URL: <http://www.toshiba.co.jp/social/en/>

Social Contributions Activities Report 2006



## Principal Activities in Fiscal 2006

### Focus on Protection of the Natural Environment

#### • Launch of the 1.5 Million Tree-planting Project

In preparation for the commemoration of the 150th anniversary of the founding of Toshiba in 2025, in fiscal 2006 Toshiba Group launched the Toshiba Group 1.5 Million Tree-planting Project. This project entails the planting and maintenance of 1.5 million trees around the world to combat climate change and help protect biodiversity.

The 1.5 Million Tree-planting Project consists of three programs: planting and maintenance of trees supported by donations and employee volunteer activities, an education program to raise awareness of the importance of environmental protection through lectures and nature observation tours; and a funding program.

In addition to areas in the vicinity of Toshiba Group sites in Japan, we are also planting trees mainly in China as well as elsewhere in Asia. In Japan, we planted trees in areas adjacent to Toshiba sites, including at Happogahara in Tochigi Prefecture and at Okutama in Tokyo.

Overseas, in May and June 2006 the Thai Toshiba Group planted mangroves. On China's Loess Plateau, where desertification is a serious problem, in the spring of 2007 we planted 6,000 trees in a cooperative effort with Green Earth Network, an authorized NGO. In Kenya, we will join forces with The Institute of Cultural Affairs, an NGO, to plant trees on the grounds of elementary schools.



The 1.5 Million Tree-Planting Project logo



Mangrove planting in Thailand

### As a Volunteer in China

#### Becoming Aware of the Need for Afforestation

When I visited China as a volunteer involved in the 1.5 Million Tree-planting Project, I experienced the warm welcome of the Chinese people and the friendly, constructive relationship between Japanese and Chinese NGO staff.

I realized the project is a valuable activity in terms of environmental protection and as a means of bringing people together in a worthy cause.



Kenji Yoshida  
Information Security Center,  
Toshiba Corporation

## Contributions to Science and Technology Education

### ● Home Appliance Disassembly Workshops

In cooperation with Tokyo's Setagaya Ward, the City of Sapporo, Toshiba holds workshops designed to help elementary and junior high school students understand how things work by letting them disassemble and investigate the inner workings of various products such as microwave ovens and vacuum cleaners. As the disassembly of home appliances is dangerous and should not be performed at home, employees of Toshiba Service & Engineering Co., LTD. which repairs these products, provide guidance in safe disassembly. Many other employees volunteer also participate in this activity.



A home appliance disassembly workshop

### ● Renovation of the Toshiba Science Museum

The Toshiba Science Museum, dedicated to exploring the fruitful relationship between humankind and technology, has received more than eight million visitors since it opened in 1961. In November 2006, the 45th anniversary of its opening, the museum underwent a full-scale renovation and introduced new exhibits enabling visitors to experience the past, present and future of electricity.

Every Saturday and during the summer holidays, the museum holds events featuring scientific experiments in cooperation with NGOs. About 3,000 elementary and junior high school students participate in these events each year. The Komukai Toshiba Invention Club has a one-year program for about 150 elementary and junior high school students who are interested in technology and enjoy making things. In fiscal 2007 the museum expanded its program of science classes held at nearby elementary schools and other facilities for children.

### ● Largest Science and Technology Contest in U.S. and Canada

With the aim of promoting understanding of science and technology and enhancing creativity and communication skills, Toshiba has been sponsoring the ExploraVision Awards science and technology contest in cooperation with the U.S. National Science Teachers Association (NSTA) for the past 14 years. During that period, more than 230,000 young people ranging from kindergarten age to high school students have participated in the contest. Participants forecast advances in science and technology 20 years in the future and create web pages that express their concepts of future products.



14th ExploraVision Awards recipients

### ● Training for University Students Majoring in Technology

Since 1989 Toshiba has conducted the Toshiba Internship Program, inviting undergraduate and graduate students from around the world to Japan for several months to study science and technology while also learning about Japanese

society and the way of life in the country. In fiscal 2006, 21 students from 12 countries took part in the program, bringing to 466 the number of participants to date.

## Support for Education in Developing Countries

### ● Providing Learning Environments around the World

To help meet the needs of the many children in Asia and Central America who cannot obtain even a decent elementary education, Toshiba Group provides educational environments by building schools, donating equipment and fixtures to schools, and dispatching volunteers. To bring the benefits of IT to these youngsters through digital inclusion \*3, we donate personal computers and provide computer education.

\*3 Digital inclusion: Realization of a society where everyone can enjoy the benefits of IT

### Principal Support for Education in Developing Countries (Fiscal 2006)

Organization	Support Provided
China Toshiba Group	Constructing of two Hope Elementary Schools (13 schools constructed to date). Donating desks and chairs, writing materials, sports equipment, books, and other items. Supporting for the Hope Excellent Teacher Commendation program recognizing the services of 100 elementary school teachers at schools constructed in poor areas.
Toshiba Information Equipment (Philippines), Inc.	Digging wells at two elementary schools each year. Donating 4,200 textbooks and 10 sets consisting of a television and DVD educational materials.
Thai Toshiba Group	As part of a long-term project to improve the education environment, school buildings were painted and funds provided.
Thai Toshiba Lighting Co., Ltd.	Donating of more than 100 fluorescent light tubes together with school supplies each year.
P.T. Toshiba Consumer Products Indonesia	Since 2004, donating instructional materials, writing materials, uniforms, and other items to local elementary schools and financial support for teachers by means of employee fundraising and a company donation. School yard and building repairs performed by employee volunteers.
Toshiba Electronics Malaysia Sdn. Bhd.	Since 2001, environmental education and clean-ups of surrounding areas performed by employees and donation of products to nearby elementary schools.
Toshiba de Mexico, S.A. de C.V.	Donating of computers, televisions, and other facilities to local elementary schools.
Toshiba Electromex, S.A. de C.V.	Donating to Impulsa, a NGO that works to reduce the number of elementary school students who give up school. Holding events in cooperation with the government to teach elementary school students the ill effects of drugs and alcohol.
Toshiba Electro-Wave Products Co., Ltd. (Japan)	Collecting unused postcards for donation to the Darunee Scholarship to support children in Thailand, Laos, and Cambodia, which makes it possible for four children to attend school each year.

## Support by China Toshiba Group

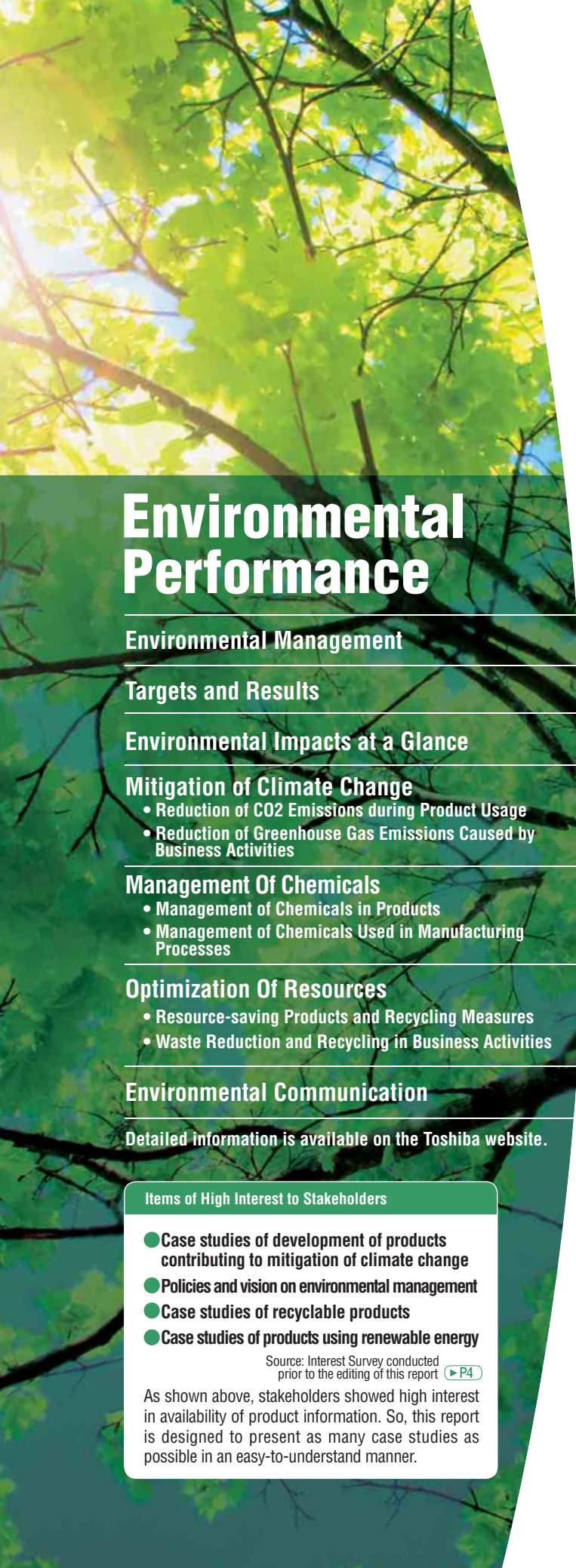
### Providing a Better Learning Environment for Our Students

In 2004 a new elementary school was built with China Toshiba Group's assistance, greatly improving the learning environment for our students. Since then we have received additional support from Toshiba Elevator (Shenyang), including donations of writing materials and books and the arrangement of factory and science museum tours.

In 2006 I received a Hope Excellent Teacher Commendation, which was most encouraging for me.



Ms. Gui Ju-An  
School Principal  
Toshiba Elevator Hope Elementary School



# Environmental Performance

## Environmental Management

### Targets and Results

### Environmental Impacts at a Glance

#### Mitigation of Climate Change

- Reduction of CO2 Emissions during Product Usage
- Reduction of Greenhouse Gas Emissions Caused by Business Activities

#### Management Of Chemicals

- Management of Chemicals in Products
- Management of Chemicals Used in Manufacturing Processes

#### Optimization Of Resources

- Resource-saving Products and Recycling Measures
- Waste Reduction and Recycling in Business Activities

## Environmental Communication

Detailed information is available on the Toshiba website.

#### Items of High Interest to Stakeholders

- Case studies of development of products contributing to mitigation of climate change
- Policies and vision on environmental management
- Case studies of recyclable products
- Case studies of products using renewable energy

Source: Interest Survey conducted prior to the editing of this report [▶ P4](#)

As shown above, stakeholders showed high interest in availability of product information. So, this report is designed to present as many case studies as possible in an easy-to-understand manner.

## Environmental Performance

# Environmental Management

For sustainable development of the Earth, 520 Toshiba Group companies are striving to achieve Environmental Vision 2010.

## Toshiba Group's Environmental Management

### Create new values while pursuing symbiosis with the Earth

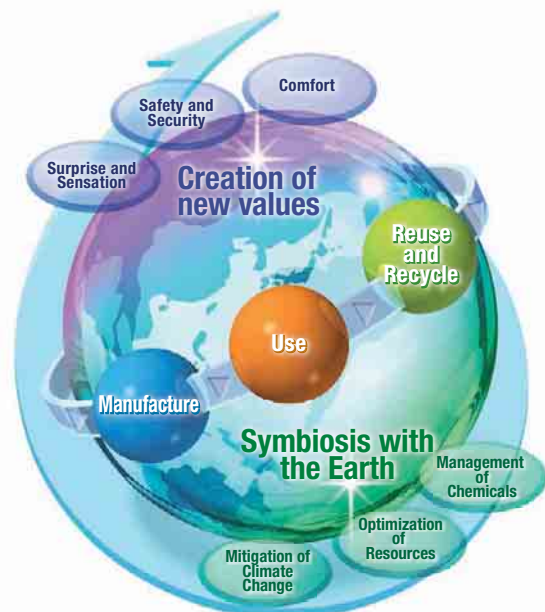
Environmental management, as practiced by Toshiba Group, aims to contribute to sustainable development with two aspects: firstly, creating new values through products and, secondly, pursuing symbiosis with the Earth by reducing environmental impacts throughout business processes and products.

In January 1989 Toshiba established the Basic Policy for Environmental Protection founded on the recognition that the Earth is an irreplaceable asset and it is humankind's duty to hand it on to future generations in a sound state. In fiscal 1993 Toshiba launched its first Voluntary Environmental Plan, a five-year action plan. Subsequently, we have expanded the scope of our activities while setting increasingly tough targets.

Since fiscal 2005, we have been implementing the Fourth Voluntary Environmental Plan [▶ P42](#) focused on enhancement of product eco-efficiency and business process innovation to attain the goals set by the Environmental Vision 2010 [▶ P41](#) for which a new indicator, eco-efficiency, was introduced.

### Committed to People, Committed to the Future. TOSHIBA

Contribute to sustainable development of the Earth throughout our business processes and products





## To Promote Environmental Management

### Global environmental management systems

The Corporate Environment Management Committee is Toshiba Group's supreme decision-making body on environmental management. It proposes solutions to problems concerning management, technology development, production and sales that are related to environmental issues, deliberates on specific measures, and determines the orientation of activities. Also, there are Environmental Management Committees in in-house companies, key group companies, at a regional level (Americas, Europe, China, and Asia and Oceania), and at each site.

### Environmental management audit system for compliance and risk management

In fiscal 1993 Toshiba Group started environmental audits of sites and subsequently, with the addition of environmental technology audits of products, audits based on the Group's unique criteria have been conducted. In fiscal 2004 we introduced assessment of the environmental management performance level of in-house companies and key group companies.

In fiscal 2006, by integrating these audit schemes, a new comprehensive environmental audit system, New EASTER (Environmental Audit System in Toshiba on the basis of ECO Responsibility), was put in place. In addition to environmental management audits covering in-house companies and 17 key group companies, New EASTER based on the 3 gen (actual) approach (the actual situation of actual items should

be checked at actual workplaces) covers 110 sites including non-manufacturing sites and affiliates outside the scope of consolidation. Sites with relatively low environmental impacts and those which are not within the scope of audits conduct self-assessment based on the same criteria applied for audits. Through environmental audits, Toshiba Group is striving to ensure compliance and strengthen risk management while promoting environmental activities.

Starting from fiscal 2006, results of evaluation of the environmental management level are reflected in the business performance evaluation in order to promote environmental efforts as an integral part of management.

In fiscal 2006, Toshiba Group was neither in breach of any law nor subject to any fine or other penalty concerning the environment.

### Environmental information and accounting

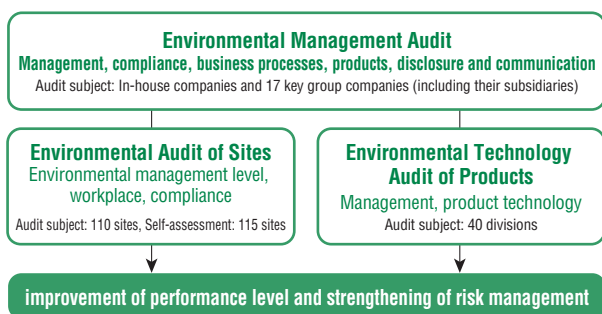
Toshiba Group uses the Environmental Management Information System for management of the Group's environmental data. In fiscal 2006, the scope of this system was expanded to include aggregation of environmental accounting data of Toshiba Corp. and its 519 consolidated subsidiaries and New EASTER audit results, enabling integrated management of all Toshiba Group's environment-related data.

### Raising environmental awareness of employees and their families

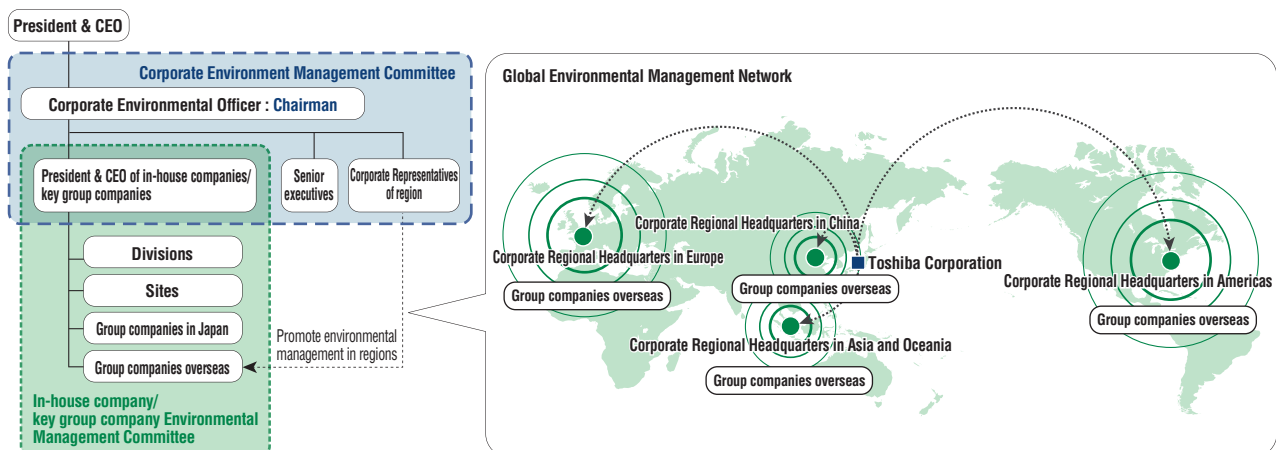
In order to enhance the level of environmental activities, all Toshiba employees receive environmental education according to their positions, tasks and specialties. The curriculum consists of stratified education programs, general environmental education, specialty education, and education for ISO 14001.

In fiscal 2006, we started activities to raise the awareness of employees and their families encouraging them to keep track of household's environmental impacts using web system. In March 2007, in recognition of this effort, Toshiba received the Silver Award of the Eco Family Project of the Minister of the Environment in Japan.

### Toshiba Environmental Audit System



### Organizational Chart of Toshiba Group's Environmental Management Structure



# Targets and Results

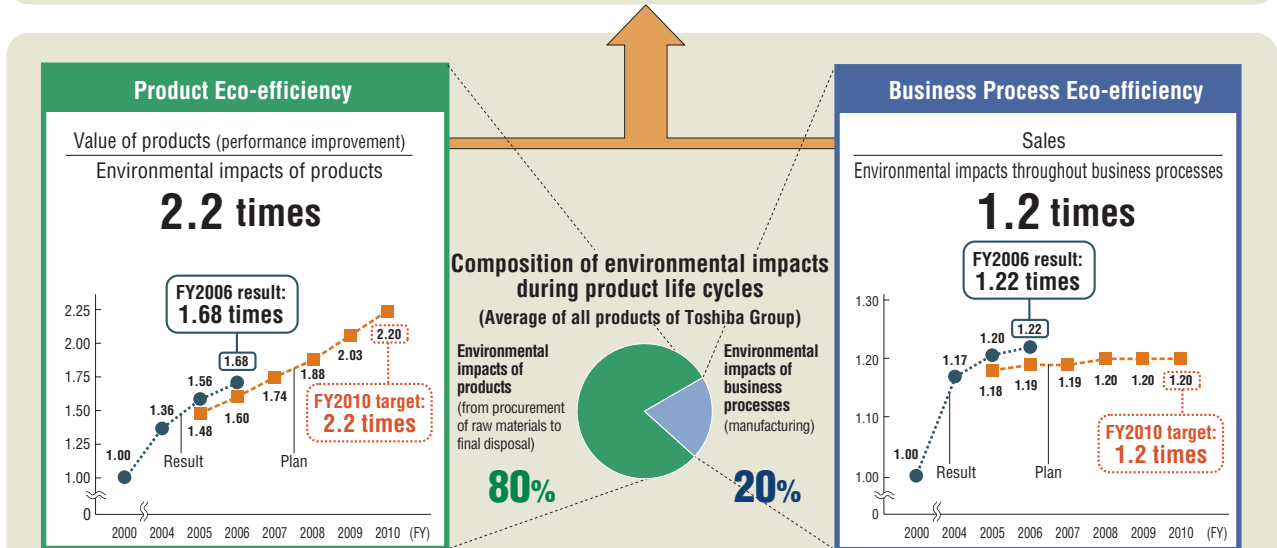
## Implementing the Fourth Voluntary Environmental Plan to achieve the goals of Environmental Vision 2010.

### Environmental Vision 2010

#### Enhancing eco-efficiency

Environmental Vision 2010 seeks to enhance overall eco-efficiency throughout products and business processes. While minimizing the environmental impacts of products

and business activities, we aim to enhance the value delivered by products to customers and expand sales. In fiscal 2006, compared with fiscal 2000, product eco-efficiency and business process eco-efficiency improved and were 1.68 times and 1.22 times respectively, and overall eco-efficiency was 1.59 times.



**When the two eco-efficiency targets are attained, doubling of the overall eco-efficiency will be achieved.**

**Product eco-efficiency (2.2 times) x 0.8 + Business process eco-efficiency (1.2 times) x 0.2 = Doubling of overall eco-efficiency (=2.0)**

Environmental impacts in the life cycles of Toshiba Group's products can be classified into two categories, namely, those attributable to products and those attributable to business processes, and the composition is as shown in the above graph. By taking the ratio into consideration, targets of

product eco-efficiency and business process eco-efficiency were determined to be 2.2 times and 1.2 times, respectively. The weighted average of 2.2 times and 1.2 times is 2 times, which is the target for overall eco-efficiency.

## Fourth Voluntary Environmental Plan and Target Achievement Level

### 520 Group companies move forward with the plan

Starting with the First Voluntary Environmental Plan formulated in fiscal 1993, Toshiba Group has expanded the scope to cover more sites and business processes while setting increasingly tough targets with each successive plan. The Fourth Voluntary Environmental Plan covering

the period from fiscal 2005 to fiscal 2010 provides concrete targets for improvement of product eco-efficiency and business process innovation in order to achieve Environmental Vision 2010.

Regarding results, we did not achieve targets for business process innovation, namely, in Management of Chemicals and Optimization of Resources in fiscal 2006. We have revised targets for fiscal 2007 and are advancing toward the achievement of goals for 2010.

### Fourth Voluntary Environmental Plan and Fiscal 2006 Target Achievement Level

Enhancement of product eco-efficiency	Indicator	FY2006			FY2007 target	FY2008 target	FY2010 target	
		Target	Result	Evaluation				
Provision of Environmentally Conscious Products (ECPs)	Provision of ECPs	Ratio of ECPs to net sales	20%	27%	7% points greater than the target (achieved)	30%	40%	Increase to 60%
	The ECP ratio increased for digital products. Electronic devices and social infrastructure systems lagged. We will focus on increasing the ECP ratios for these fields.							
Abolition of use of certain chemical substances	15 substance groups contained in products*1	40%*2	48%*2	8% points greater (achieved)	60%	80%	Complete abolition	
		For 15 substance groups, including 6 substances banned by the EU RoHS Directive, progress was made toward abolition of use in electronic devices and digital products. We will step up our efforts, particularly in social infrastructure systems, in order to achieve complete abolition of use in FY2010.						

\*1 15 substance groups subject to restriction: bis (tributyl tin) oxide (TBTO), tributyl tins (TBTs), triphenyl tins (TPTs), polychlorinated biphenyls (PCBs), polychlorinated naphthalenes (PCNs with 3 or more chlorines), short-chain chlorinated paraffins, asbestos, azo colorants, ozone-depleting substances, radioactive substances, cadmium and its compounds, hexavalent chromium compounds, lead and its compounds, mercury and its compounds, polybrominated biphenyls (PBBs), and polybrominated diphenyl ethers (PBDEs). (Detailed definitions and specific applications to be excluded are specified separately.)

\*2 Ratio of sales of products that do not contain any of the 15 substance groups to sales of all products

Business process innovation	Indicator	FY2006			FY2007 target	FY2008 target	FY2010 target	
		Target	Result	Evaluation				
Mitigation of Climate Change	Reduction of energy-originated CO <sub>2</sub> emissions	Emission rate*3	29% reduction	37% reduction	8% points greater	30% reduction	30% reduction	25% reduction
		Manufacturing sites in Japan	31% reduction	40% reduction	9% points greater	37% reduction	37% reduction	25% reduction
	Implementation of energy-saving measures such as introduction of highly energy-efficient clean rooms led to an excellent result.							
	Reduction of greenhouse gas emissions (other than CO <sub>2</sub> )	Total emissions	29% reduction	32% reduction	3% points greater	33% reduction	34% reduction	35% reduction
Reduction of CO <sub>2</sub> emissions associated with product logistics	Emission rate	29% reduction	34% reduction	5% points greater	35% reduction	36% reduction	25% reduction	
		Able to save energy by improving efficiency in logistics						
Management of Chemicals	Reduction of total emissions of chemical substances to air and water	Total emissions	30% reduction	19% reduction	11% points lower (not achieved)	23% reduction	35% reduction	50% reduction
		Emissions increased due to unexpected increase in production output. Specific technical measures and installation of equipment for recovery and removal of emissions were executed as planned.						
Optimization of Resources	Reduction in the total amount of waste generated	Rate of the total amount of waste generated	15% reduction	31% reduction	16% points greater (achieved)	24% reduction	23% reduction	20% reduction
	Reduction in the amount of waste for final disposal	Final disposal rate (Sites achieving zero emissions of waste*4)	40%	38%	2% points lower (not achieved)	46%	60%	Achievement of zero emissions at all sites
			Although the final waste disposal was reduced by 1.5K tons, the target rate of sites achieving zero emissions of waste was not reached due to the increase in the number of sites resulting from the expansion of the scope of consolidation.					
Reuse and recycling of products	Amount of recycling of used products*5	Increase to 145%	Increase to 147%	2% points greater (achieved)	154%	158%	Increase to 160%	
In addition to the establishment and operation of recovery schemes in Japan, we will continue our efforts in response to the WEEE Directive.								

Unless otherwise specified, the targets are based on comparison with FY2000 and cover manufacturing and non-manufacturing sites worldwide.

For the purpose of evaluating activities, rates used as indicators are based on physical amount (net output).

Net output = Nominal output in Japan / Corporate goods price index (electrical equipment) announced by the Bank of Japan for each year (the index for 1990 is 1) + Nominal output overseas

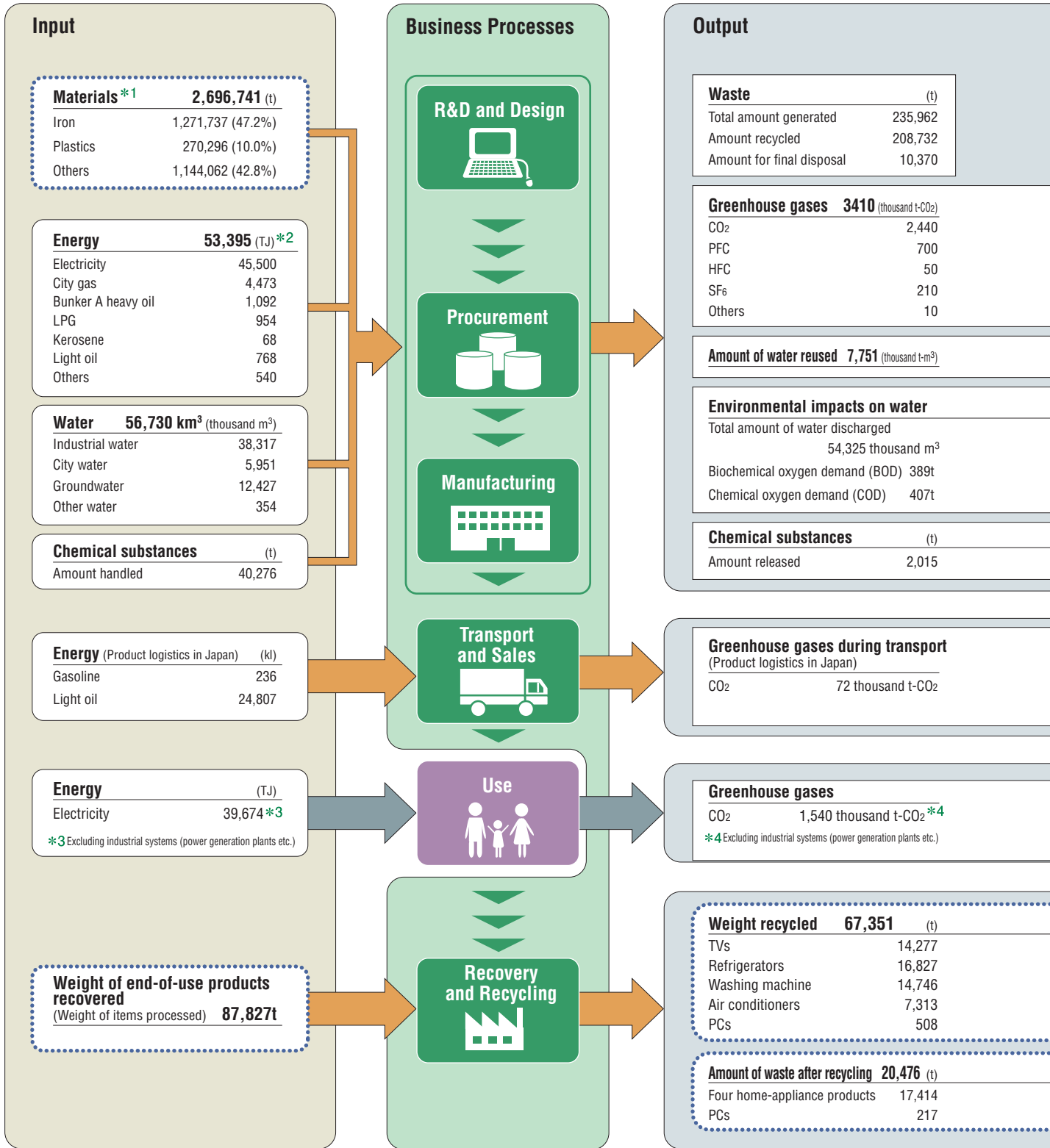
\*3 : Compared with FY1990

\*4 : Toshiba Group's definition of zero emissions of waste is that the amount of waste for landfill after treatment is equivalent to 1% or less of the total amount of by-products and other items generated (total amount of waste discharged) as a result of business activities.

\*5 : Compared with FY2001 (year in which the Home Appliance Recycling Law came into force in Japan)

# Environmental Impacts at a Glance

Toshiba Group's products and services range from home appliances and digital products to electronic devices and social infrastructure systems. We collect data and analyze environmental impacts throughout the Group in order to enhance eco-efficiency.



\*1 Material inputs by resource are calculated based on the Estimation method for Material Inputs using Input-Output Table (EMIoT®), a method developed by Toshiba. (EMIoT® is a registered trademark of Toshiba in Japan.)

\*2 TJ=1012J. Joule is a unit of work done or energy expended as heat or as electricity. 1J=approx. 0.239 calorie

Materials shipped as products, recycled and discharged as waste highlighted.

**Amount of major products shipped 496,474 (t)**

Notebook PCs, hard disk drives, TVs, mobile phones, Multi-Function Peripherals, POS terminals, refrigerators, washing machines, air conditioners, medical equipment, etc.

**Environmental impacts on air (t)**

SOx	447
NOx	1,023
Particles of soot	66

**Amount of water recycled 6,123 (thousand m<sup>3</sup>)**

Suspensoid (SS)	219t
Total nitrogen	259t

(t)	
Amount transferred	6,014

**Environmental impacts on the atmosphere during transport (t)**





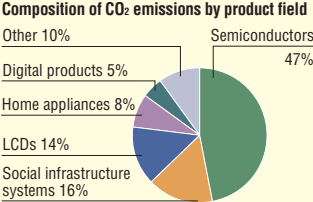

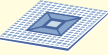







SOx	15
NOx	489
Particles of soot	55

(t)	
Medical equipment	4,953
Elevators/escalators	2,045
Multi-Function Peripherals/POS terminals	3,871
Mail sorting systems	2,811

(t)	
Medical equipment etc.	884t
Other	1,960t

**Characteristics of Toshiba Group's Environmental Impacts and Countermeasures**

From the next page onward, countermeasures for businesses and products with large environmental impacts are introduced.

	Environmental impacts	Major countermeasures	
<b>R&amp;D and Design</b>  <b>Procurement</b>  <b>Manufacturing</b> 	<p><b>Chemicals</b>                      Various chemical substances are used in products.                      ▶ P49</p> 	<p>Changed materials of digital products and mobile phones                      ▶ P49</p>	
	<p><b>Greenhouse gases</b>                      CO<sub>2</sub> emissions during semiconductor manufacturing are large.                      Composition of CO<sub>2</sub> emissions by product field                      Other 10% Semiconductors 47%                      Digital products 5%                      Home appliances 8%                      LCDs 14%                      Social infrastructure systems 16%</p> 	<p>Reduced VOC emissions at LCD plants                      ▶ P50</p> 	<p>Promoted energy saving at semiconductor plants                      ▶ P48</p> 
	<p><b>A lot of plastics are used for products.</b>                      ▶ P47</p> 	<p>Adopted plant-based plastics to reduce environmental impacts throughout product lifecycles                      ▶ P47</p>	
<b>Transport and Sales</b>  <b>Use</b> 	<p><b>Greenhouse gases</b>                      Many products consume energy during the usage phase.</p>	<p>Greatly enhanced heat efficiency of thermal power plants                      ▶ P46</p> 	
	<p>Reduced CO<sub>2</sub> emissions of heat source equipment for commercial air-conditioning systems by 31%                      ▶ P46</p>	<p>Halved electricity and water consumption of washing machines with drier                      ▶ P46</p> 	
	<p>Reduced the amount of materials used for medical equipment and AV products                      ▶ P51</p>	<p>Promoted global recycling of PCs                      ▶ P52</p> 	
<b>Recovery and Recycling</b> 	<p><b>E-waste</b>                      Due to the high-volume of production, when disposed, environmental impacts are large.</p>		

# Mitigation of Climate Change

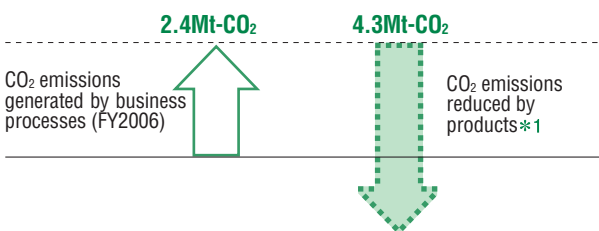
## Energy-Saving Products and Business Activities Reduce CO<sub>2</sub> Emissions and Other Greenhouse Gases

### Reduction of CO<sub>2</sub> Emissions during Product Usage

#### More environmentally conscious products

Most Toshiba Group products ranging from home appliances to power plants consume electricity not only during the manufacturing phase but also during the usage phase. Considering the sales volumes and the number of operating years of such products, CO<sub>2</sub> emissions attributable to products are enormous. Recognizing this fact, as a measure to mitigate global warming, Toshiba Group is emphasizing development of environmentally conscious products with minimal environmental impacts throughout their life cycles from design and manufacturing through to usage and disposal. It is estimated that the reduction in CO<sub>2</sub> emissions attributable to environmentally conscious products is far greater than the amount of energy-derived CO<sub>2</sub> emissions attributable to business activities.

#### Reduction of CO<sub>2</sub> Emissions by Environmentally Conscious Products (Estimate)



\*1 Calculated by converting the energy-saving benefit, which would be achieved if all products shipped by Toshiba Group in fiscal 2000 were replaced by products shipped in fiscal 2006, to CO<sub>2</sub> emissions (per year) of the products throughout the life cycle (exclude energy supply products such as power plants)

#### Reduced energy consumption during usage


CO<sub>2</sub> emissions during the usage phase account for the greatest proportion of Toshiba Group products' CO<sub>2</sub> emissions throughout their life cycles from design and manufacturing through to usage and disposal. For example, in the case of digital products, 60% of CO<sub>2</sub> emissions occur during the usage phase, with the figure rising to 80% for home appliances and social infrastructure systems. In view of this fact, Toshiba Group has been tackling reduction of energy consumption of products during usage by setting annual targets since the launch of the Second Voluntary Environmental Plan in fiscal 1996.

The Fourth Voluntary Environmental Plan launched in fiscal 2005 emphasizes mitigation of climate change, management of chemical substances, and optimization of resources, making use of Toshiba's unique eco-efficiency indicator based on the "factor"\*2 concept. "Factor" is a term used for indicating the degree of improvement of the value or reduction of environmental impacts and is a ratio of eco-efficiency of a new product (product subject to assessment) to that of a previous product (benchmark product). At Toshiba all activities undertaken to create environmentally conscious products with the aim of improving factors are collectively referred to as "Factor T," with the T standing for "Toshiba."

\*2 Factor : An indicator originally developed by the Wuppertal Institute for Climate, Environment and Energy in Germany. Factor 4 and Factor 10 are well-known concepts that have been proposed.

### Toshiba Group's Factor Is the Value Factor of Product multiplied by Environmental Impact Reduction Factor

The greater the value factor and the environmental impact reduction factor of a product, the greater the contribution the product can make to a higher quality of life. Case studies on pages 46 to 52 include factors of the products introduced.

<h3>Factor</h3>	=	<h3>Value Factor</h3> <p>(Degree of improvement of product value)</p>	×	<h3>Environmental Impact Reduction Factor</h3> <p>(Degree of reduction of environmental impacts)</p>
<p>The greater the factor, the higher the value and the more environmentally conscious the product is.</p>		<p>Overall value, including convenience and comfort, is calculated based on the voice of customers. The higher the value compared with the benchmark product, the greater the value factor is.</p>		<p>Environmental impacts are calculated by employing the life cycle assessment method. The lower the environmental impacts compared with the benchmark product, the greater the environmental impact factor is.</p>
<p><b>For example, in the case of a refrigerator</b></p>		<ul style="list-style-type: none"> <li>• Large capacity for the footprint</li> <li>• Easy to open/close the door</li> <li>• Maintains freshness and enhanced taste etc.</li> </ul>		<ul style="list-style-type: none"> <li>• Protection of the ozone layer (CFC-free)</li> <li>• Energy saving</li> <li>• Maintenance free etc.</li> </ul>



## 31% Reduction\*3 of CO<sub>2</sub> Emissions of Heat Source Equipment for Building Air-Conditioning

Case Study

### Super Flex Modular Chiller Heat Source Equipment for Air-Conditioning of Large Facilities

Joint development partners: Tokyo Electric Power Company, Toshiba Carrier Air Conditioning Systems Corporation

The 2006 revision to the energy conservation law includes recommendations concerning large facilities such as commercial buildings, factories, and public facilities to improve their energy management and to introduce high-efficiency equipment. For the air-conditioning systems of these large facilities, absorption chillers/heaters are widely used as the heat source equipment and reduction of the power consumption of this equipment is a major issue.

This highly efficient air-cooling heat pump chiller\*4 provides a solution. If all absorption chillers/heaters installed in Japan as of fiscal 2005 were to be replaced by this product, CO<sub>2</sub> emissions could be reduced by up to 17 million tons per year, which is equivalent to 10% of CO<sub>2</sub> emissions from all households in Japan (168 million tons in fiscal 2004).

\*3 Compared with Toshiba's conventional model, the RUA-SB35501H (3 units)

\*4 Heat pump chiller: Equipment for heating/cooling water used for air-conditioning



1 module

Connect the necessary number of modules according to the size of the building to cut unnecessary electricity consumption. Up to 12 modules can be connected.

(Suitable for buildings with a total floor area of 10,000 to 30,000m<sup>2</sup>.)

Factor **2.18**

FY2006/FY2000

Value factor 1.50

Environmental impact reduction factor 1.45

## Consumption of Electricity and Water Cut 50% for a Washing Machine with Drier

Case Study

### Air-conditioner Cycle Drum TW-2500VC Washing Machine with Drier

The demand for washing machines with driers is rising because they are convenient and save space. However, the drying cycle consumes a lot of electricity and requires a lot of cooling water.

This prompted Toshiba Group to develop a product with reduced environmental impacts during the drying cycle. Adoption of dehumidifying drying using a heat pump slashed power consumption to half compared with conventional water-cooling dehumidifying using a heater. The need for cooling water during drying is eliminated. Moreover, the time required for drying is reduced owing to the improved spin-dry function as a result of the adoption of an innovative motor developed by Toshiba.

Power consumption

3,000Wh ▶ 1,600Wh

Water consumption

125ℓ ▶ 64ℓ

(Compared with the conventional model. When the washing machine is operated with the rated drying capacity of 6.0kg from washing to drying)



Factor **2.93**

FY2006/FY2000

Value factor 1.42

Environmental impact reduction factor 2.06

## Greatly Enhanced Heat Efficiency of Thermal Power Plant

Case Study



### 1,500°C Class Combined Cycle Thermal Power Plant

By using steam instead of air for cooling the high-temperature unit of a gas turbine, the gas turbine inlet temperature is maintained at 1,500°C, instead of the conventional 1,300°C. As a result, heat efficiency has been enhanced greatly, which translates into a reduction of 1 million tons in CO<sub>2</sub> emissions per power plant each year compared with a conventional oil-fired thermal power plant.



## Reduction of Greenhouse Gas Emissions Generated by Business Activities

### Aiming to reduce emissions of all types of greenhouse gases

Greenhouse gases emitted in the course of business activities include not only energy-originated CO<sub>2</sub> but also other greenhouse gases used in manufacturing processes and logistics related to raw materials and products. Having set targets and an action plan for reduction of all these greenhouse gas emissions, we are now proceeding along as planned.

### Minimizing the impact of increased energy consumption

In order to reduce CO<sub>2</sub> emissions attributable to energy consumption, we are working to save energy by improving energy management at factories as well as at laboratories and offices and by means of capital investment in facilities. In fiscal 2006 Toshiba Group's energy-originated CO<sub>2</sub> emissions increased 5% compared with fiscal 2005. This was mainly attributable to new clean rooms for manufacturing semiconductors and LCDs. We minimized

the impact by introducing energy-saving clean rooms. Although expansion of the semiconductor and LCD businesses is expected to lead to increased energy consumption, we intend to achieve the target for fiscal 2010 by implementing energy-saving measures.

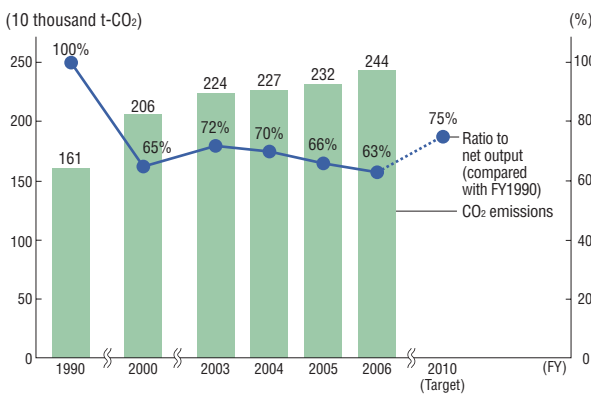
### Reducing other greenhouse gases

Regarding the six types of greenhouse gases subject to the Kyoto Protocol\*1, our measures against CFCs whose greenhouse effects are high include introduction of gas scrubbers on top of efforts to reduce consumption and replacement with harmless alternatives.

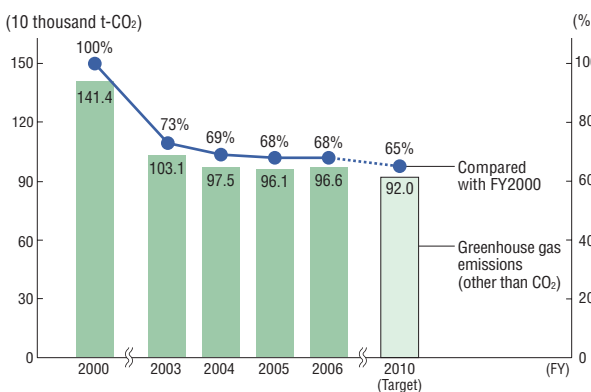
Thanks to installation of gas scrubbers at all new production lines, emissions of greenhouse gases other than CO<sub>2</sub> were 32% lower in fiscal 2006 compared with fiscal 2000, but their emissions increased compared with the previous year in line with the rising production of semiconductors and LCDs. We intend to introduce gas scrubbers at existing lines and shift to use of alternatives in order to achieve the target for fiscal 2010.

\*1 Six types of greenhouse gases subject to the Kyoto Protocol: Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), dinitrogen monoxide (N<sub>2</sub>O) (nitrous oxide), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF<sub>6</sub>). PFCs and HFCs are collectively referred to as CFCs.

### CO<sub>2</sub> Emissions and Ratio



### Greenhouse Gas Emissions Other Than CO<sub>2</sub>



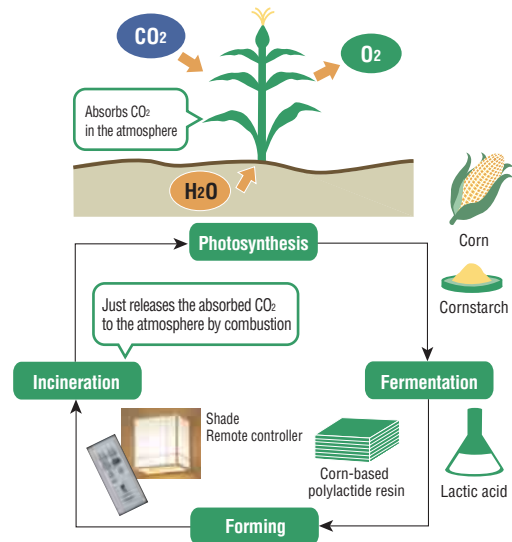
### Reducing Environmental Impacts throughout Life Cycle using Plant-based Plastics

Toshiba Home Lighting Corporation

Case Study

Use of plant-based plastics instead of oil-based plastics for the shade of Japanese-style lighting equipment and the part of the mainbody of remote controller results in reduction of CO<sub>2</sub> emissions.

### Cycle of Plant-based Plastics





## Energy-saving Semiconductor Manufacturing Plant

Oita Operations, Toshiba Corporation

Case Study

Clean rooms at semiconductor manufacturing plants use a lot of steam for humidifying in order to maintain a consistent level of humidity. Toshiba sought to reduce the consumption of city gas used for generating steam by changing the outdoor unit's humidifying method to a pure water drip method that dispenses with the use of steam.

With this new system, great energy saving was achieved by efficient use of waste heat generated at the plant as the heat source for heating pure water. For this achievement Oita Operations received the Director-General of the Agency for Natural Resources and Energy Prize in Japan for Successful Case of Energy Conservation in Factory & Building.



(l to r) Hiroyuki Goto, Koji Gohyakuji, Yujiro Sakai, and Shinji Goto  
Facilities Management Group,  
Facilities Management Department,  
Oita Operations, Toshiba Corporation



Clean Room

### Improvement Measures and Effect

Improvement measure	energy saved (t-CO <sub>2</sub> )	Effect (million yen)
Reduction of steam consumption owing to the change of the humidifying method	1,545	36.3
Energy saving of pure water equipment (greater recovery of waste heat from the refrigerator)	477	9.8
Energy saving of pure water equipment (recovery of waste heat from the manufacturing equipment)	326	6.7
<b>Total</b>	<b>2,348</b>	<b>52.8</b>

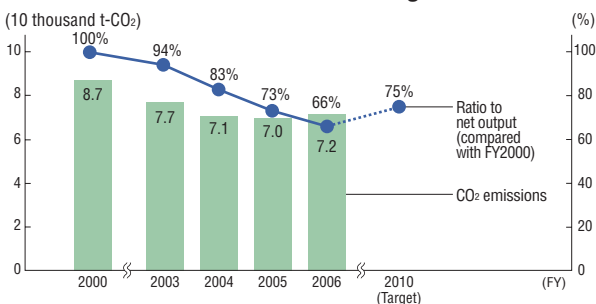
### Energy saving in logistics

Toshiba Group companies are collaborating with Toshiba Logistics Corp. to save energy during transportation of products.

In fiscal 2006, although CO<sub>2</sub> emissions attributable to logistics increased 3% year on year owing to the increased production, the annual target of the ratio compared to fiscal 2000 was attained as a result of optimization of transport means including modal shift, improvement of load efficiency, and efficient deployment of distribution centers.

We are promoting modal shift from transport by trucks to rail container transport. In fiscal 2006 transport of PCs from Shanghai, China, to Kyushu, Japan was partially switched from air to marine transport. As a result of modal shift, we reduced CO<sub>2</sub> emissions 564 tons in fiscal 2006.

### CO<sub>2</sub> Emissions Attributable to Logistics



### Using renewable energy

In order to facilitate the use of renewable energy, in January 2005 Toshiba entered into a contract to purchase electricity generated using renewable energy under a green power certificate system\*2. In accordance with the contract, at least 4% of the electricity demand at the Toshiba headquarters building is met by biomass power generation.

\*2 Green power certificate system: A system under which a purchaser is supplied with electricity produced by renewable energy power generation and a green power certificate is issued to the purchaser.

### Responding to Stakeholders

#### Is Toshiba Involved in the Clean Development Mechanism (CDM\*3)?

Source: Interest Survey conducted prior to the editing of this report (▶P4)

Toshiba Group's measures to mitigate climate change are twofold: minimization of the increase in CO<sub>2</sub> emissions attributable to business activities and reduction of CO<sub>2</sub> emissions throughout product life cycles. We are considering CDM as a part of measures to suppress CO<sub>2</sub> emissions attributable to business activities. Having invested in the Japan GHG Reduction Fund in December 2004, we are cooperating with greenhouse gas emissions reduction projects around the world.

\*3 CDM : Clean Development Mechanism. A scheme allowing industrialized countries with a greenhouse gas reduction commitment to invest in emission reducing projects in developing countries as an alternative to emission reductions in their own countries.

# Management of Chemicals

## Aiming to Ensure Customer's Confidence with Product Use and to Prevent Release of Hazardous Chemicals from Manufacturing Processes

### Management of Chemicals in Products

#### Abolition of use of certain chemicals

In order to secure product safety and ensure hazardous substances are not released, Toshiba Group is working to abolish use of certain chemical substances that are harmful to human health regardless of lack of full scientific certainty, in accordance with the precautionary principles. Toshiba Group ceased use of the six substances banned by the RoHS Directive\*1 in all products released since April 2005, achieving full compliance with the RoHS Directive by July 2006 when it came into force.

The Fourth Voluntary Environmental Plan launched in fiscal 2005 calls for abolition of the use of 15 substance groups by fiscal 2010, including ozone-depleting substances, tributyl tins (TBTs) and polybrominated biphenyls (PBBs). In fiscal 2006, the second year of the plan, the ratio of products free from these 15 substance groups increased from 28% for the previous year to 48%.

\*1 RoHS Directive: European Union Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment. It bans the presence of six substances, namely, lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs), and polybrominated diphenyl ethers (PBDEs), in products marketed in the EU from July 2006 onward.

#### Green Procurement Guidelines revised

We extensively revised the Green Procurement Guidelines in November 2006 to strengthen management of chemical substances in products. In this revision, besides 34 substance groups that must not be present in procurement items, we defined 20 substance groups, including polyvinyl chloride (PVC\*2) and brominated flame retardants (other than PBBs or PBDEs) as "substances whose use is to be reduced or to be substituted by alternative substances or substances for which a closed system is to be adopted for recovery and detoxification". Of these substance groups, 24 substance groups specified by the Joint Industry Guide (JIG\*3) are subject to procurement item chemical content surveys. Survey results are used as the basis for certifying new procurement items and determining whether the existing procurement items should be substituted or not.

\*2 PVC : Polyvinyl Chloride

\*3 JIG : A set of common guidelines issued as the result of agreement between Japanese, U.S., and European industry bodies, which are, respectively, the Green Procurement Survey Standardization Initiative, the Electronic Industries Alliance, and the European Information, Communications and Consumer Electronics Technology Industry Associations. The official name is "The Joint Industry Guide for Material Composition Declaration for Electronic Products".

### Change of Materials for Digital Products and Mobile Phones

Case Study

#### Dramatic reduction in chemicals Digital MFP e-STUDIO 165

Halogen-free\*4 recycled plastics are used for the cover unit and other plastic parts, accounting for 56% of all plastics used in this product. Hazardous chemicals are reduced in various ways. [Compliance with the RoHS Directive]

- Extensive use of recycled plastics
- Lead-free soldering (printed circuit board)
- Abolition of hexavalent chromium plating (steel plate and screws)
- Use of PVC-free power cable\*4



\*4 Japanese Model

$$\text{Factor } \mathbf{2.19} = \text{Value factor } \mathbf{1.47} \times \text{Environmental impact reduction factor } \mathbf{1.49}$$

FY2006/FY2000

#### Replacement of PVC 3G mobile phone

We replaced PVC used for undercoat with high-intensity aluminum without compromising the performance



$$\text{Factor } \mathbf{3.36} = \text{Value factor } \mathbf{5.72} \times \text{Environmental impact reduction factor } \mathbf{0.59}$$

FY2006/FY2000

#### Abolition of use of halogenated flame retardants 0.85" HDD MK8003MTD

We abolished the use of halogenated flame retardants for this HDD, including in LSIs, connectors, and parts mounted on the printed circuit board.



$$\text{Factor } \mathbf{5.43} = \text{Value factor } \mathbf{3.62} \times \text{Environmental impact reduction factor } \mathbf{1.50}$$

FY2006/FY2000

## Management of Chemicals in Manufacturing Processes

### Reduction target for fiscal 2006 not attained

Toshiba's management of chemicals is based on three policies: avoid use of hazardous substances to the maximum extent possible, promote reduction and substitution to the maximum extent possible, and subject use to appropriate controls. Toshiba classifies some 2,000 substances covered by the PRTR Law of Japan and other environment-related laws and regulations into three ranks (prohibition of use, reduction in use, control of release).

For substances subject to reduction in use in accordance with Toshiba's criteria, we are also focusing on reducing their release as it has a significant direct impact on the environment. Measures implemented in fiscal 2006 included use of water-soluble solvent as a substitute in the phosphor coating process, introduction of volatile organic compound (VOC) abatement systems in the resist coating process, and introduction of low voc compressor electrodeposition coating. However, because the amount of the targeted substances handled rose in line with unforeseen increase in production, we did not achieve the target for fiscal 2006, which was a 30%

reduction in the amount released compared with the result for fiscal 2000. In fiscal 2007, we intend to further promote substitution, process changes, and introduction of abatement systems.

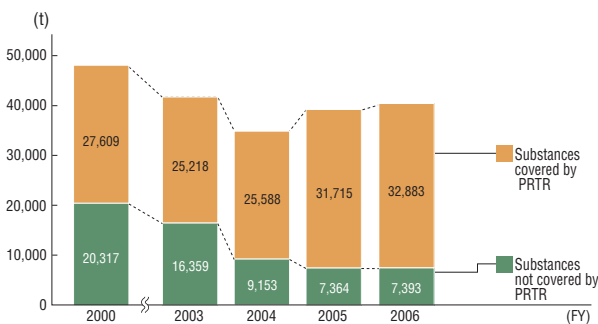
Also, we have proactively included VOCs in the substances subject to reduction in use and have started reducing their use.

### Continuous improvement around the world to prevent soil and groundwater pollution

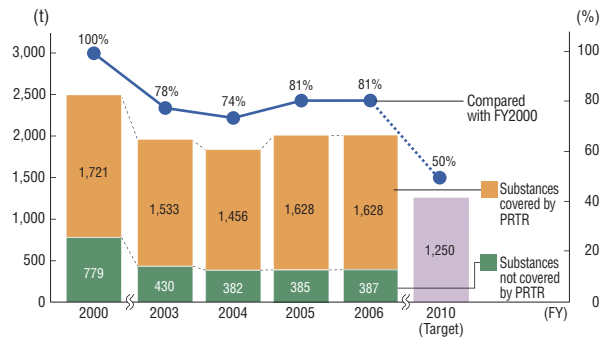
In order to prevent environmental pollution caused by leakage of chemicals, Toshiba has its own guidelines for structural design of environmental facilities, such as wastewater treatment facilities, which are applied at sites around the world.

In the same scope, we assess the pollution risk of sites based on the history of the land use and the results of environmental assessment when establishing new sites or changing the use of existing sites. We ensure compliance with the laws and regulations of the countries where sites are located. In countries where a regulatory framework is not established, it is our policy to apply stringent voluntary standards.

### Amount Handled of Substances Subject to Reduction



### Amount Released of Substances Subject to Reduction



### Reduction of VOC Release at an LCD Plant

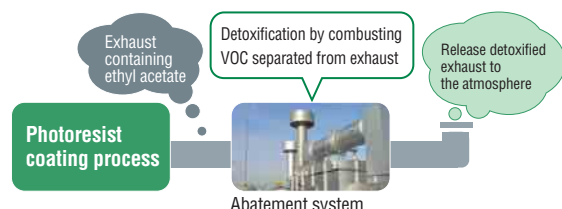
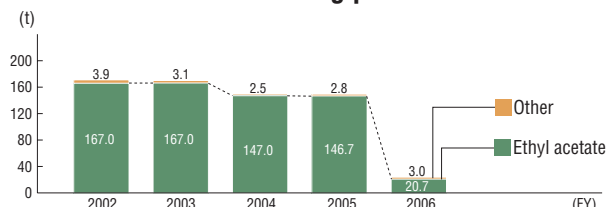
### TFPD Corporation Case Study

Ethyl acetate used in the LCD manufacturing process is a VOC. Because it vaporizes when heated, ethyl acetate is released to the atmosphere in exhaust. So, as a measure to reduce its release, we have installed an abatement system at the exhaust outlet. With this system, after adsorptive enrichment of ethyl acetate in the exhaust by active carbon, detached gases are combusted for detoxification. Introduction of the abatement system reduced VOC release by 85%.



Yoshinori Hashimoto  
 Engineering and Environment Group  
 Administrations Department  
 TFPD Corporation

### VOC Release in the coating process



# Optimization of Resources

## Efficient Use of Resources throughout the Product Life Cycle from Design to Disposal

### Resource Saving Product Design and Recycling

#### Optimization of resources pursued from the product design phase

Development of lighter products and robust products with longer lives saves resources. At Toshiba Group, as well as resource-saving design, we are emphasizing greater use of modules so that repairs and upgrades of products are performed simply by replacing modules. Reduction of the number of parts to facilitate disassembly and recycling is another priority.

Also, we are promoting use of recycled resources in products. For example, 1,800 tons of recycled plastics was used in the manufacture of Toshiba washing machines, Multi-Function Peripherals (MFPs), and other products in fiscal 2006.

#### Measures for efficient use of packaging materials

Previously, efficient use of packaging materials was a theme addressed by individual Toshiba Group sites. In order to lead an accelerated, concerted effort on this theme throughout Toshiba Group, we set up a working group in June 2006. To achieve the targeted 10% reduction (ratio to production output) in the amount of packaging materials distributed in Japan by fiscal 2010 compared with fiscal 2005, the working group is promoting sharing of information on best practice and innovative packaging technologies.

### Reduction of the Amount of Materials Used in Medical Equipment and AV Products

Case Study

#### Diagnostic ultrasound system is fruit of resource-saving design concept Material input for the frame reduced to one fourth

Diagnostic ultrasound systems capture in vivo images using ultrasound. This high-performance model, which offers sophisticated functions owing to the adoption of large-scale FPGA, is the fruit of resource-saving design.



- 37% reduction in the volume of the main unit
- Frame
  - Reduced parts count
  - Material input reduced to one fourth

#### Resource-saving Effects of the Frame

	Conventional model	New model	reduction
Material input	75.1kg	18.2kg	75%
Product weight	43.4kg	16.1kg	63%
Effective material usage rate (product weight/material input)	58%	88%	-
Parts count	55	27	51%
Number of printed circuit boards	10	8	20%

Factor **2.77**

FY2006/FY2000

$$\text{Value factor } 1.86 \times \text{Environmental impact reduction factor } 1.49$$

#### HD DVD player HD-XF2 Reduced use of materials

- 54% reduction in the weight of the main unit
- 60% reduction in the weight of packaging materials
- 45% reduction in the volume of the main unit
- 38% reduction in the printed circuit board area (compared with the previous model)



Factor **2.11**

FY2006/FY2000

$$\text{Value factor } 1.11 \times \text{Environmental impact reduction factor } 1.90$$

#### Robust, high-quality notebook PC with excellent durability dynabook satellite K17

- Protection of HDD from external shock
- Protection of LCD from external shock
- Prevention of infiltration of liquid through the keyboard
- 30% reduction in the number of screws by slide/hook fixing (compared with the previous model)



Factor **3.31**

FY2006/FY2000

$$\text{Value factor } 2.76 \times \text{Environmental impact reduction factor } 1.20$$

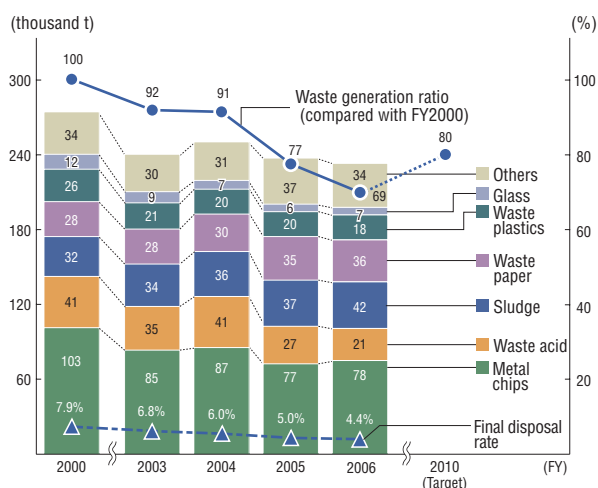
\*FPGA : Field Programmable Gate Array Integrated Circuit Device ; Additional feature can be implemented without any hardware (Printed Circuit Board) replacement.

## Waste Reduction and Recycling in Business Activities

### Zero emissions achieved by 38% of sites worldwide

In fiscal 2006, amid rising production of semiconductors and LCDs, we attained the annual waste reduction target by reducing by-products through increased recycling of cleansing solutions and minimization of redundant materials as a result of process improvements. Routine, low-key actions, including strict sorting of by-products and wider application of recycled materials in cooperation with waste treatment companies, also helped us to reduce the final disposal rate. Owing to these activities, 38% of all Toshiba Group sites worldwide achieved zero emissions. However, we did not attain the annual target (40%), mainly due to inclusion of sites that have not achieved zero emissions in the scope of consolidation. By continuing to implement a battery of measures to

### Total Amount of Waste Generated (Ratio) and Final Disposal Rate



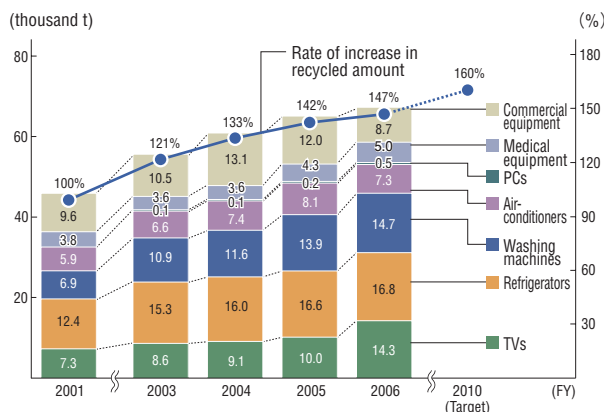
reduce generation of waste, we are determined to achieve zero emissions at all sites.

Also, we are raising the quality of recycling step by step, including expansion of the scope of material recycling.

### Recovery of end-of-use products and resource recycling

By promoting recovery of end-of-use products and material recycling, we are making a greater contribution to resource recycling with every passing year. In Japan, besides products covered by the Home Appliance Recycling Law and the Law for Promotion of Effective Utilization of Resources, we have established our own schemes for collecting medical equipment, elevators, and POS systems. In Europe, we are promoting recycling of end-of-use products to fulfill producer responsibility by ensuring compliance with the Directive on Waste Electrical and Electronic Equipment (WEEE Directive). In the US, we are engaged in voluntary recycling that goes beyond the legal requirements of individual states. In addition, implementation of recycling schemes in Asia/Oceania and China is underway.

### Amount of Materials Recycled from End-of-use Products



## Recycling of PCs Worldwide

### Toshiba America Information Systems, Inc.

#### Case Study

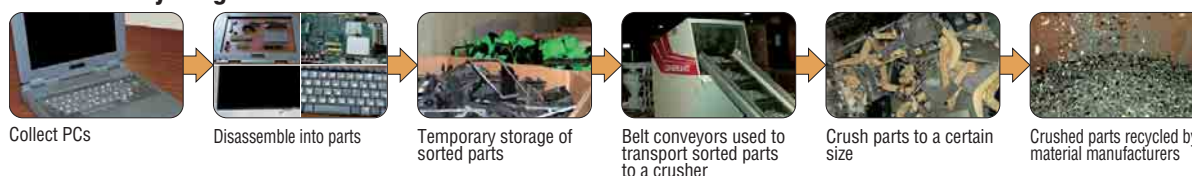
Toshiba America Information Systems, Inc. has put in place the Toshiba Trade-in and Recycling Program to facilitate recycling of notebook PCs.

We take back used PCs from consumers and contracted scrapping companies licensed by the U.S. Environmental Protection Agency disassemble them and recover metals and plastics for recycling. Toshiba Group intends to expand this program in Australia, China, and Singapore.



Christopher Harrington  
Toshiba America Information Systems, Inc.

### Flow of Recycling



# Environmental Communication

## Sharing of Information and Dialogue to Reflect Stakeholders' Views in Our Activities

### Diverse Communication

We welcome stakeholders' feedback via such events as Toshiba Group Environmental Exhibition, held annually since 1990. Also, we reach out to as many people as possible through environmental advertising.

Having joined Team Minus 6%, a national campaign to combat global warming, Toshiba sites in Japan are putting Cool Biz (dressing lightly in the summer) into practice and participate in the Light Down campaign, a nationwide event of turning off illumination and lighting of facilities and homes, thereby communicating Toshiba's environmental stance to visitors and people in local communities. Also, we promote dialogue with local communities through events during Environmental Month.



#### Exhibitions

Toshiba participates enthusiastically in exhibitions around the world. Photo: Toshiba's sustainability corner at IFA Berlin Show in Germany (September 2006)



#### Environmental advertising

Toshiba placed eight environmental ads in fiscal 2006, including ones featuring washing machines and outdoor units of air-conditioning equipment in Japan.



#### Forum

Toshiba disseminates environmental information in cooperation with local communities. Photo: C.W. Nicol, a writer and environmentalist, spoke at the Eco Forum jointly organized by Toshiba Solutions Corp. and Fuchu City, Japan (October 2006)

### External Evaluation of Toshiba's Environmental Technology

Toshiba Group is not only active in developing technologies and products that contribute to reduction of environmental impacts, but also emphasizes sharing of information on such technologies and products through exhibitions. Among recent developments, e-blue™ decolorable toner enabling reuse of office paper is highly regarded.

#### Major Awards of Toshiba's Environment-related Technologies and Products (Fiscal 2006 and 2007)

Award	Technology/Product
Minister of Economy, Trade and Industry Award, Energy Saving Grand Prize	Super Flex Modular Chiller heat source equipment for air-conditioning of large facilities
Chairman of the Energy Conservation Center Award, Energy Saving Grand Prize	Outdoor inverter freezer
The Japan Machinery Federation Chairman's Award, Excellent Energy-saving Equipment Commendation	Development and commercialization of a pump-turbine runner with splitter blades
Encouragement Award, Resource Recycling Technologies and Systems Commendation by the Clean Japan Center	Office paper reuse system using e-blue™ decolorable toner
Minister of the Environment Award, Environment Prize by the Nikkan Kogyo Shimbun and the Hitachi Environment Foundation	e-blue™ decolorable toner

### More Information on Toshiba's Commitment to the Environment is Available at the Toshiba Website



<http://www.toshiba.co.jp/env/en>

#### 1 : Environmental Management

- Toshiba Group's Environmental Management, Environmental Vision 2010
- Toshiba Group's Basic Policy for the Environment, Environmental management structure
- Environmental Management System (List of ISO 14001-certified sites)
- EASTER (Environmental Audit System in Toshiba on the basis of ECO Responsibility).
- Environmental Management Information System, Compliance with environment-related laws and regulations, Environmental education
- Environmental accounting
- Environmental awards
- Targets and results of environmental activities, Overview of environmental impacts

#### 2 : Reduction of Environmental Impacts of Products

- Development of environmentally conscious products
- Products and global warming; case studies
- Management of chemicals in products; case studies
- Optimization of Resources in products; case studies
- List of Toshiba Group's environmentally conscious products

#### 3 : Reduction of Environmental Impacts of Business Activities

- Mitigation of Climate Change
  - Reducing energy-originated CO<sub>2</sub> emissions
  - Reducing emissions of greenhouse gases other than CO<sub>2</sub>
  - Reducing CO<sub>2</sub> emissions attributable to logistics, using renewable energy
  - Case studies
- Management of chemicals
  - Substance ranking and control classifications
  - Reducing release of chemicals (PRTR data by site and by substance)
  - Reflecting VOC, Management of ozone-depleting substances, Management of PCBs
  - Preventing air and water pollution
  - Preventing soil and groundwater pollution
  - Case studies
- Optimization of resources
  - Reducing waste generated and waste for final disposal
  - Recycling of home appliances (4 products) and PCs and increasing the number of units recovered
  - Increasing the amount of end-of-use products recycled
  - Efficient utilization of water
  - Case studies

#### 4 : Environmental Communication

- Advertising; Exhibitions
- External evaluation
- Biodiversity
- Dialogue with stakeholders

#### 5 : Environmental Activities of Business Domains

- Environmental Activities of In-house Companies
- Environmental Activities of Group Companies in Japan
- Environmental Activities of Group Companies overseas

(As of June 2007)

# Third-Party Comments on the CSR Report

## Comments from the Viewpoint of Materiality on Toshiba Group CSR Report 2007



Professor Katsuhiko Kokubu  
Professor of Social and  
Environmental Accounting  
Graduate School of Business  
Administration  
Kobe University

Materiality is foremost among the three fundamental principles constituting the AA1000 Assurance Standards, which Toshiba depends on as the editorial policy (page 3) of this report. My comments on Toshiba Group's CSR Report is from the viewpoint of materiality.

### Reflecting Stakeholders' Views

With regard to CSR, the materiality principle requires enterprises to implement, in its CSR activities, activities material to stakeholders' decision-making, and then report the results. This principle helps prevent enterprises to overlook issues material to stakeholders.

For this purpose, the views of stakeholders must be examined. Toshiba conducts surveys covering a wide range of stakeholders and reflects the findings in the editing of the CSR report. This approach is commendable from the materiality viewpoint.

Also, it is noteworthy that Toshiba conducted CSR questionnaire surveys for customers, employees, shareholders, suppliers, and other stakeholders and reflects the results in CSR activities. This is a model approach designed to ensure integration of CSR throughout corporate business activities.

Toshiba's effort to reflect views of stakeholders from various perspectives is considered to be pioneering not only in Japan but also in the world.

### Further introducing Materiality viewpoint into CSR Activities

Nevertheless, there are certain issues Toshiba should address in order to further develop its CSR activities. For example, while the survey of various stakeholders was conducted for the production of this report, it would be more important to use this result for the selection of key CSR issues and day-to-day activities.

In order to assess stakeholders' view properly, Toshiba would need to set criteria based on what they consider material. Also, I would like to encourage Toshiba to be sensitive to the rise of current social issues, such as decent work, and see if its activities address these issues.

### Targets for Evolving CSR Management

In the promotion of CSR activities, target based actions is crucial. Toshiba has set targets in wide-ranging fields, which is commendable. In particular, for environmental management, Toshiba has set quantitative targets based on a comprehensive eco-efficiency indicator. Admittedly, the setting quantitative targets for social matters involves difficulty. However, it will become increasingly important to achieve a balance between quantitative and qualitative targets. Transparency of Toshiba's CSR activities would be enhanced by establishing these targets as key performance indicators.

Toshiba's CSR activities, which are based on AA1000, are pioneering. I would like to see Toshiba continue to refine its CSR management and provide a useful model for other Japanese companies.

#### [Biography]

Professor Katsuhiko Kokubu received a Ph.D in business administration from Osaka City University. He has been a professor at the Graduate School of Business Administration, Kobe University since 2001, and in 2003 established the Institute for Environmental Management Accounting, a vehicle for utilizing research achievements. Professor Kokubu chaired a committee of the Ministry of Economy, Trade and Industry on development and promotion of material flow cost accounting and served as a member of a committee of the Ministry of the Environment on environmental reporting guidelines.

### Responses to the Third-Party Comments

For CSR management, it is important to be aware of what stakeholders are interested in, to be sensitive to the changes in their interests and to respond to them. At Toshiba Group, we intend to step up efforts to reflect in our daily business activities the many suggestions we have received from stakeholders.

Also, for disclosure of targets and results, we will continue our efforts to communicate information in an easy-to-understand manner to stakeholders around the world whose values and interests may differ significantly. Through independent and proactive commitment to CSR, we aim to be a global enterprise earning trust worldwide.

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#### ■ Corporate Environment Management Division

(about environmental activities)

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#### ■ Inquiry page on Toshiba website (general inquiries)

URL <http://www.toshiba.co.jp/csr/en/contact/>

The CSR Report is available on the Toshiba website

URL <http://www.toshiba.co.jp/csr/en>

Production and printing of the Toshiba Group CSR Report 2007 reflect the following considerations:

### Paper



#### Use of FSC-certified Paper

Paper certified by Forest Stewardship Council (FSC) is used, which is made from wood from FSC-certified forests.



#### Use of Forest Thinning support Paper

Printed on "Morino Chonai-Kai Forest-thinning Support Paper", the result of a partnership between Office Chonai-Kai, an environmental non-profit organization working to support used paper recycling, and Iwate Prefecture's Iwaizumi-cho municipality in Japan, which is promoting forest restoration.

### Printing



#### Waterless Printing

Waterless printing, a printing process that eliminates the use of water, is adopted, taking advantage of the characteristics of printing plates made of ink-shedding material.



#### Non-VOC Ink

100% vegetable ink containing no volatile organic compounds (VOCs) is used.

### Color Universal Design



#### Color Universal Design-certified

We sought to design the CSR Report using colors and patterns that are easy to distinguish regardless of the difference in color vision among people. Following a monitoring check, the CSR Report gained a color universal design certification from the Color Universal Design Organization (CUDO), an NPO in Japan.