

A c o u n t r y c a l l e d
SEMP TOSHIBA



2010 ANNUAL REPORT

Message from the CEO

We began 2010 encouraged by our performance in 2009, when our strong operating and financial results more than overcame the adversities of 2008.

And it proved to be an exceptionally good year – we recorded gross revenue of R\$2.2 billion, 15.8% up on 2009, chiefly driven by the strong growth in LCD TV sales, which increased by 214%, versus market expansion of 121%, mainly thanks to the World Cup, which is always a special time for Brazilians and for Semp Toshiba.

Our main indicators also reflect this positive trend:

- Shareholders' equity closed the year at R\$1,351 million, 2.3% higher than in 2009;
- Inventories totaled R\$382.8 million, down by 9%.

Semp Toshiba also posted strong results in the IT segment, fueled by notebook sales, which increased by 9% over 2009. This upturn reflected higher consumption in Brazil, whose GDP expanded by 7.5%, confirming the growing access of the C and D income groups to the consumer market.

The company's philosophy is supported by a simple strategy: maintain financial solidity; innovate to meet customers' needs, offering high-quality, functional and reliable products; and provide after-sales services throughout the entire country.

An extraordinary capacity for reinventing itself in the increasingly competitive and challenging environment of recent years is an integral part of Semp Toshiba's DNA.

The company's product portfolio reflects these values and strategies. Many of our product launches are marked by innovation: Semp Toshiba has Brazil's most comprehensive line of TVs, with 17 screen sizes and different technologies (LCD and CRT), with several models in each line.

This diversification reflects the equally diverse needs of people living in a country of continental proportions. Our products are part of the daily life of more than 100 million people in every region of the nation.

In 2010, we announced investments to expand our operations in Salvador, with the construction of a new plant that will substantially increase the production capacity of IT products.

We also acquired control of Hydrel, which was responsible for introducing a new technology developed in Brazil to generate electricity from small waterfalls with an exceptionally low environmental impact, significantly expanding the country's power generation capacity through Small Hydroelectric Plants (SHPs). Our aim is to contribute to the generation of clean electricity in isolated regions, improving the quality of life of riverside settlements.

The company also announced an important partnership with Toshiba Corporation in Japan, including a program in collaboration with the Von Braun Institute, headquartered in Campinas, to create a Brazilian Design House for semiconductor components. This project, which is absolutely fundamental for the development of this technology in Brazil, has received the full support of the government through the Ministry of Science and Technology.

This disposition also underpins the company's corporate responsibility initiatives, which were substantially strengthened in 2010. We created a specific corporate responsibility area, thereby ensuring the incorporation of sustainability as an integral part of the Company's operations, beginning with the creation of six programs and a governance structure to guarantee the integration of these issues into every aspect of the organization. And putting these programs into practice will not be enough – our aim is to establish a corporate responsibility culture.

Among these initiatives associated with the Semp Toshiba companies' businesses and operations, whether related to environmental practices, the efficient management of resources or the communities where we operate, we would particularly like to draw attention to our educational projects in Heliópolis, in Greater São Paulo, and Comunidade Brasil, in Manaus. We also offer support to many institutions that promote cultural, musical and sports activities.

These efforts permeate our main financial, operational, social and environmental results in 2010. Further evidence of our commitment includes the publication of our Annual Report based on the Global Reporting Initiative (GRI) methodology, which is highly respected and widely used in the market. Sustainability plays a crucial role in ensuring business perpetuity and we therefore consider it vital to be in the forefront of this issue. Finally, we would like to thank all our employees, clients, suppliers and partners for their participation in this year of outstanding achievements.

Afonso Antonio Hennel
CEO of Semp Toshiba

GRI 1.1 / 1.2 / 2.2 / 2.7 / EC9





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SEMP TOSHIBA

The report includes the operations of Semp Toshiba's subsidiaries in the audio and video (STA – Semp Toshiba Amazonas) and IT (STI – Semp Toshiba Informática) segments, as well as the distribution center and corporate headquarters. Financial figures are consolidated. As for new operations in 2010, Semp Toshiba acquired control of Hydrel, which produces electricity generating equipment; created STT Equipamentos, a joint venture with Toshiba Corporation to operate in the multifunctional

equipment segment; and signed a memorandum of understanding, in Japan, with Toshiba Corporation, and the Wernher von Braun Center for Advanced Research to create a company that will design semiconductor integrated circuits in Brazil. The company's operating and financial results will be reported as of 2011.

GRI 3.6 / 3.7



A COUNTRY
CALLED
SEMP TOSHIBA

SEMP TOSHIBA

SEMP TOSHIBA

Almost 70 years ago, a restless company was born, a small company that thought big. This was the first step towards what is now Semp Toshiba, Brazil's leading TV manufacturer. In the last ten years alone, the company has sold more than 20 million sets.

Semp Toshiba is present in most Brazilian homes, maintaining its pioneering spirit through the launch of innovative audio, video and IT products. This positioning, always underpinned by ethical conduct and transparency, has consolidated the brand and made Semp Toshiba the company we know today, one of Brazil's largest producers of consumer electronics, with the industry's most extensive product portfolio and highly respected by its customers.

By the close of 2010, Semp Toshiba had produced over 30 million TVs since 1951, more than any other brand in the country and equivalent to more than one TV per minute over 60 years!

Founded as Sociedade Eletro Mercantil Paulista in 1942 in the city of São Paulo, in the same year it launched the first radio produced in Brazil. Exemplifying the spirit of innovation that would mark its history, in 1949 it produced the first Brazilian radio record player and, in 1951, less than one year after the beginning of TV broadcasting in the country by Diários Associados - TV Tupi, the first Brazilian TV set.

The Company, now known as Semp Rádio e Televisão, played a crucial role in the development of the country's color TV system in the 1970s. As of 1973, it began to record substantial growth, fueled by the inauguration of the Manaus plant, in Amazonas. The name Semp Toshiba first became known to the market in 1977, when the company entered into a share purchase and technology agreement with the Japanese Toshiba Corporation. This partnership, which has repeatedly been expanded and improved, contributed greatly to the creation of Semp Toshiba Informática in 1996. Recognized for its capacity to combine productivity, administrative efficiency and high-end technology, Semp Toshiba occupies a leading position in its operational segments, having led Brazil's TV market for more than ten years.



TIMELINE

GRI 2.2

Creation of SEMP - Sociedade Eltro Mercantil Paulista, which produces the first radio made in Brazil.	The company changes its name to Semp Rádio e Televisão S.A.	Semp produces Brazil's first radio with stereophonic sound.	Semp begins the mass manufacture of color TVs in Brazil and produces the country's very first 20" color set. The company's workforce exceeds 1,000 employees.	The company produces Brazil's first radio clock and first 14" color TV.	The company launches the country's first 16" TV with a plastic cabinet.	Semp Toshiba launches the first 21" TV with digital technology, which allows users to freeze images due to the innovative Picture in Picture (PIP) technology.	The company once again underlines its pioneering nature by launching wide-screen TV's of up to 52".	Semp Toshiba is elected Company of the Year in all Brazilian segments by <i>Exame</i> magazine's Best and Biggest Yearbook. Semp Toshiba Informática is founded in São Paulo, creating the STI brand.	Inauguration of the STI computer factory in Salvador, Bahia. Semp Toshiba becomes the first company to produce notebooks in Brazil.	The company receives ISO 14001 certification, strengthening its commitment to the environment, and celebrates 30 years of production in Manaus.	Substantial annual sales of 2.7 million TVs, 1.2 million units of audio equipment and 250,000 desktops and notebooks. Semp Toshiba posts annual revenue of US\$1 billion.	The company commemorates ten years of leadership in the TV segment, with more than 17 million units produced and sold in the period. It has the most complete line of LCD TVs in Brazil, with screens ranging from 3.5" to 57". In 2010 it launches the LED Ultra Slim Full HD TV line, with a thickness of only 2.3 cm. STI launches two mobile phones with access to digital TV. In addition, Semp Toshiba becomes the first company to produce a dual chip cell phone and reaches the milestone of 33 million TVs sold since 1951 (one TV per minute over 60 years).
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Less than a year after the beginning of TV broadcasting by Diários Associados – Rede Tupi, Semp produces the first “made-in-Brazil” TV, a 17” black and white model. Also in 1951, it launches the “Capelinha” radio, one of its greatest sales successes.	The company leads the radio, TV and record player market. Its share of the radio segment exceeds 50%.	The company heads the study group that establishes the Pal-M standard for color TV transmission in Brazil, influencing other countries in the region. One year later, it begins conducting color set field tests with experimental transmissions in various regions of Brazil.	In October, Semp Amazonas S.A. begins its industrial operations in the Manaus Free Trade Zone, Amazonas.	In June, the company inaugurates a new plant, also in the Industrial District of the Manaus Free Trade Zone.	Creation of Semp Toshiba, a joint venture between Semp Rádio e Televisão and Toshiba Corporation of Japan, with a majority of national capital. The first TV under the Toshiba brand is launched in Brazil.	In April, Semp Toshiba inaugurates its Hot Line, the first customer service call center in Brazil's consumer electronics sector.	The company launches Brazil's first fax machine and is elected Company of the Year in the consumer electronics segment by <i>Exame</i> magazine for the second time, a feat that would be repeated in 1995.	Launch of the first 29" and 34" TVs with built-in videocassette.	The company launches the first 21" flat screen TV with built-in DVD.	Launch of the first Media PC model.	Becomes the first Brazilian company to launch a complete line of 32", 37", 42", 46", 52" and 57" LCD TVs with integrated digital converter. Launch of the Media PC touch screen model.
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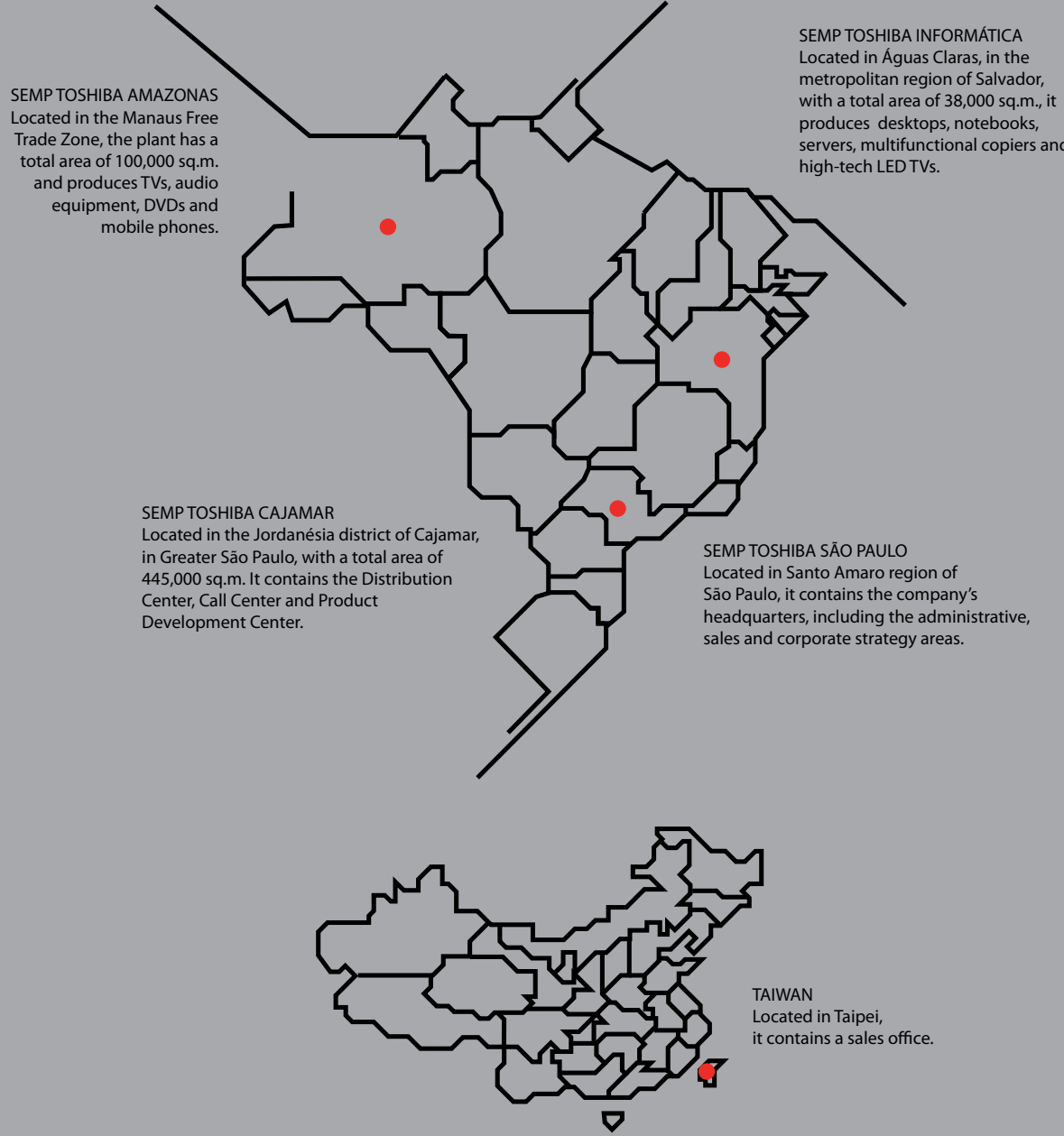


SEMP TOSHIBA

GRI 2.2 / 2.3 / 2.4 / 2.5 / 2.7 / 2.8 / 3.6

The company has two important plants, STA - Semp Toshiba Amazonas, in Manaus (Amazonas), and STI – Semp Toshiba Informática, in Salvador (Bahia). It also has a unit in Cajamar (São Paulo), which contains the Distribution Center, the Customer Service Center (CAC), the Product Development Center, and the Technical Support Administration Center for both companies. Corporate headquarters are in São Paulo and there is a sales office in Taiwan. The company has approximately 3,500 employees in Brazil.

GEOGRAPHICAL DISTRIBUTION



GREAT CHALLENGES AHEAD

Hydrel

As part of a process designed to add a further sustainable activity to the company's operations in the Amazon region, in September 2010 Semp Toshiba acquired control of Hydrel Hidro Eletricidade Ltda. and took over its management. This acquisition represented a further step in the company's contribution to the sustainable development of the Amazon and other regions in Brazil, given that Hydrel develops technology to generate electricity from renewable water sources, with an exceptionally low environmental impact.

This technology permits low-cost power generation from small waterfalls and rapids, substantially reducing environmental impact as it does not require the use of reservoirs and the rerouting of river courses. This will make a major contribution to Brazil's hydroelectric potential, increasing power supply while maintaining a clean energy matrix.

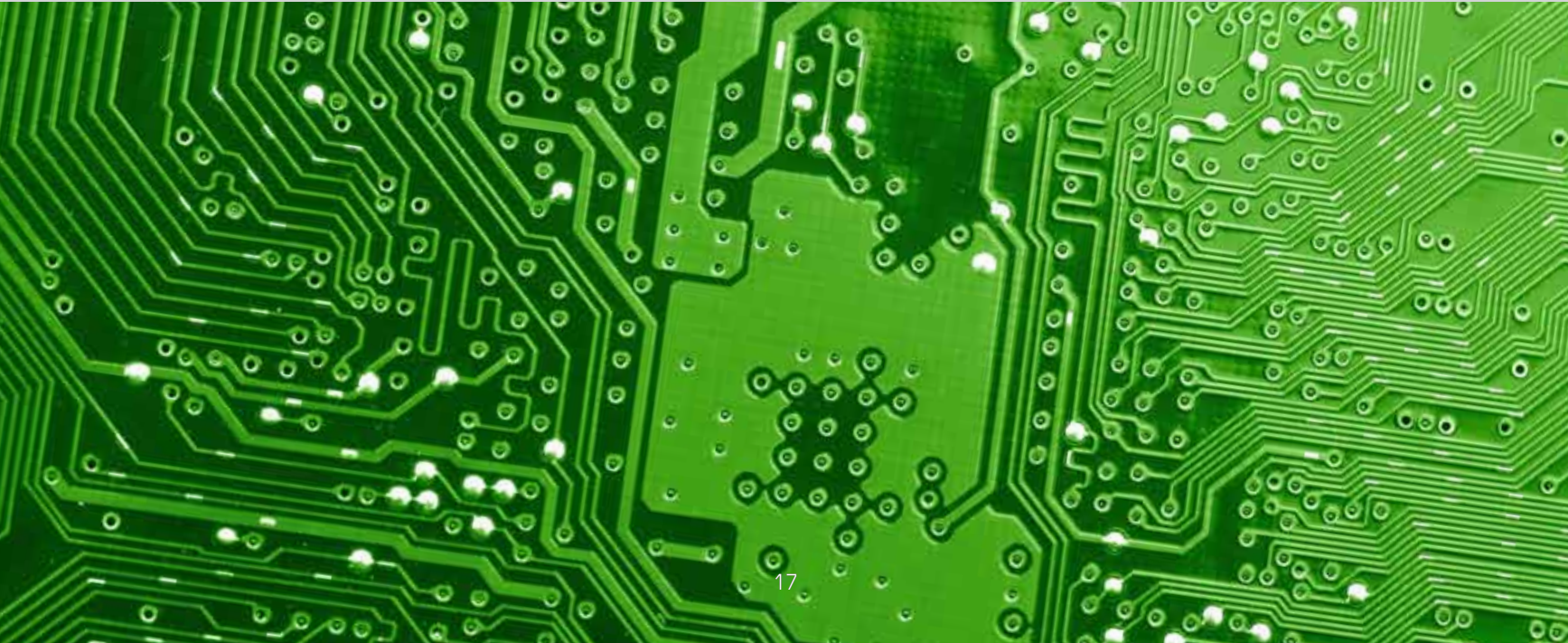
It will also improve the quality of life of people living in isolated areas, especially in the Northern region of Brazil, by ensuring access to reliable electricity, produced locally and from renewable sources.

Semp Toshiba Semiconductors

In December, Semp Toshiba Informática signed a Memorandum of Understanding with Toshiba Corporation and the Wernher Von Braun Center for Advanced Research to create Brazil's first private company dedicated to the design of semiconductor elements. The Wernher Von Braun Center for Advanced Research has received Semp Toshiba's support for the past five years in regard to microelectronics research. The signature ceremony was in Tokyo, at Japan's Ministry of Economy, Trade and Industry, and was attended by representatives of the Japanese and Brazilian governments.

The operations of the Design House, as the new venture is called, are expected to begin in 2011, in the city of São Paulo. In 2010, the company sent a team of STI engineers to Toshiba Corporation headquarters in Tokyo, where they were subjected to a semiconductor design immersion course lasting more than six months. In 2011, Japanese engineers will come to Brazil to continue the training program.

GRI 2.9



AWARDS AND RECOGNITION

Top of Mind: In 2010, Semp Toshiba was appointed by *Folha de S. Paulo* newspaper as Top of Mind in the TV and notebook categories, i.e. it was the most remembered brand among Brazilian consumers.

MOST IMPORTANT RECOGNITIONS IN RECENT YEARS



GRI 2.10

SEMP TOSHIBA'S COMMITMENTS

Aware of its importance to the development of Brazil's consumer electronics industry, Semp Toshiba is fully committed to ensuring access, in all regions of the country, to entertainment and the company's technological solutions, backed by the renowned quality of its brand. It is equally aware of its capacity to transform the way we live, with a consequent impact on the economy, the environment and society as a whole. For this reason, Semp Toshiba relies on its mission, vision, values and ethical principles to underpin its operations while seeking sustainable solutions for its business and the world.

OUR MISSION

To produce electronic products in the entertainment, education and corporate and residential automation areas, combining modern technology, high performance and exemplary quality. To contribute, through these products, to enhancing the quality of life, putting knowledge and effort into the development and well-being of society.

OUR VISION

To be one of the leading companies in Brazil, recognized for its ethical conduct, as well as the performance, quality and technology of the products it makes. A company where people choose to work because they feel recognized. A company capable of retaining the most talented professionals in the market by motivating them and helping them fulfill their personal ambitions. A company that develops strong brands and maintains its customers' loyalty through environment-friendly production methods and an attitude of solidarity with its employees, clients, suppliers and the community.

OUR VALUES

Corporate Ethics:

Our commitment to ethical conduct involves integrity in commercial relations and respect for our customers, employees and partners. Above all, we nurture the values of our brand, built over almost 70 years of operations.

Responsible Performance:

Our operations are based on the belief that financial performance must be closely related to social and environmental responsibilities, where our operations and commercial relationships are translated into commitment to the country's development.

Transparency:

Transparency is reflected in the way we relate to all our stakeholders, promoting an open dialogue and honoring our commitments. Consequently, we always strive to build long-term relationships.

Encouraging People:

Encouraging people is believing in their creative potential and their power to transform. The challenge of sustainability begins with the attitudes of each individual and we therefore believe that mobilization is an important tool for improving human resources.

Mobilizing Partners:

Our partners share our values, helping us to build them day by day. Engaging them in the promotion of good practices and joint projects focused on sustainability and innovation is a constant Semp Toshiba commitment, our commitment to the future.

Preserving the Planet:

Acting conscientiously to conserve natural resources and adopting processes that increase efficiency and foster the rational use of resources and the responsible disposal of our products after use are an integral part of our operations. Our commitment to preserving the planet is also exemplified by the possibility of influencing those with whom we interact and contributing to raising global awareness of conservation issues.

GRI 4.8



CORPORATE RESPONSIBILITY

In order to strengthen its commitment to corporate responsibility, in 2010, Semp Toshiba created an area entirely dedicated to consolidating and expanding responsible practices. At the same time, it drew up a governance structure to establish strategic guidelines, monitor results and help propagate the sustainability culture throughout the company. It also established short, medium and long-term goals and, with this in mind, it launched a platform of six corporate programs to be implemented over the next five years.

The inauguration of the platform, in December 2010, coincided with the decision to support the 2nd Global Sustainability Forum in Manaus (Amazonas). This important event was attended by many national and international politicians, including the former president of the United States, Bill Clinton, and the former governor of California, Arnold Schwarzenegger, as well as sustainability leaders from around the world, who gathered to discuss and learn from the lessons of Brazil.



Corporate Governance

- **Strategic Corporate Responsibility Committee:** composed of the CEO and vice-presidents, this committee aims to establish corporate responsibility guidelines and monitor the results achieved. It meets every three months.
- **Executive Corporate Responsibility Committee:** composed of executive officers and managers, the main purpose of this committee is to draw up initiatives and programs and monitor their implementation. It meets every two months.
- **Working Groups:** these groups are set up to deal with specific issues within the company. The first was the Waste and Take-Back workgroup, which was launched in 2011 to prepare the Take Back program, analyzing and improving the company’s waste generation and management practices.

Semp Toshiba Engagement Program

This program was created to encourage people through awareness campaigns and to promote sustainability-related training courses and volunteer activities. It was designed to foster individual responsibility and encourage the adoption of healthy attitudes in the family and social spheres.

Semp Toshiba Sustainability Program

The program was developed to promote best sustainability practices from the environmental, social and financial point of view and will cover such issues as eco-efficiency, eco-design, integrated environmental management, post-consumption responsibility and recycling ratios. It will also involve initiatives focused on employees and corporate governance, through the Executive Corporate Responsibility Committee.

Semp Toshiba Partnerships Program

This program was created to promote good sustainability practices, prepare manuals and training courses and grant awards based on the company’s value chain, expanding its commitment to these issues beyond its own operations. It will also focus on the development of joint projects with clients, suppliers and service providers.

Semp Toshiba Attitude Program

This program was created to encourage volunteer initiatives in the community and foster best practices in the production chain, particularly in the logistics and procurement areas. Commitments already ratified include the Business Pact for Integrity and against Corruption (*Empresa Limpa*), *Programa Na Mão Certa* (On the Right Track Program), the National Pact for the Eradication of Slave Labour, and the Global Compact, a United Nations initiative to mobilize the business community into adopting practices that respect human rights, encourage healthy labor relations and environmental practices and combat corruption.



Business Pact for Integrity and against Corruption:

Launched in 2006 by the Ethos Institute of Companies and Social Responsibility, in association with other entities, the pact is designed to make a major contribution to eradicating corruption by encouraging the adoption of good business practices. By joining the pact, Semp Toshiba has publicly taken on a commitment to fight all types of corruption, further underlining its ethical conduct.



On the Right Track Program:

This is an initiative of Childhood Brasil, which aims to mobilize governments, companies, and tertiary sector organizations to fight the sexual exploitation of children and teenagers on Brazilian highways.



National Pact for the Eradication of Slave Labour:

Semp Toshiba took on the commitment to avoid and monitor possible risks of forced labor at any stage of its production or operations. The pact has more than 150 signatories among companies and civil institutions, including the Ethos Institute, Instituto Observatório Social, the NGO Repórter Brasil and the International Labour Organization.



Global Compact:

This United Nations initiative is designed to incorporate certain key values into international business community practices. These values were formalized in ten principles in the human rights, labor, environmental and anti-corruption areas. The compact currently has more than 5,200 signatories, organized into 150 global chains.

Semp Toshiba Social Investment Program

Focused on the communities where the company operates, through the development of social, educational, cultural and environmental projects, this program aims to promote individual growth, local development and environmental conservation. It also concentrates investments through cultural and sporting activity incentive laws and the Municipal Funds for Children’s and Teenagers’ Rights (FUMCADs).

Semp Toshiba Citizenship Program

This program aims to promote transparent communications between the company and its stakeholders through social and environmental bulletins, annual reports and the sharing of sustainability initiatives.

GRI 4.9 / 4.12

Partnerships

In addition to strictly complying with the legislation and regulations applicable to its operations, Semp Toshiba, either directly or through professional associations, maintains close relations with the various spheres of government in order to participate in the drawing up of public policies that improve the sector as a whole and the company’s own operations, as well as reducing social and environmental impacts.

To this end, the company, in close collaboration with official bodies and renowned research institutes, has put enormous effort into developing cutting-edge technologies on a local basis and attracting international partners that can transfer technology to the country. In terms of environmental conservation, the most important partnerships include participation in government working groups, including the National Council for the Environment (CONAMA) and the National Confederation of Industry (CNI), with the purpose of reducing power consumption in industrial activities and by the company’s products. More recently, it participated in the preparation of the regulations governing the collection and disposal of solid waste, as envisaged in the National Solid Waste Policy, approved by Law 12305/10.

Main entities in which Semp Toshiba participates or is associated with:

- ABINEE – Brazilian Electrical and Electronic Industry Association
- AFICAM – Amazonas Association of IT and Component Manufacturers of Amazônia
- ETHOS – Ethos Institute of Companies and Social Responsibility
- IBL – Brazilian Legal Institute
- CIEAM – Amazonas State Center of Industries
- CIEB – Bahia State Center of Industries
- CIESP – São Paulo State Center of Industries

GRI 4.13 / S05



A leading pioneer in terms of technology, Semp Toshiba adopts a conservative approach to operational and financial management

RESPONSIBLE MANAGEMENT

GRI 1.2 / 2.6 / 4.11

A leading pioneer in terms of technology, Semp Toshiba adopts a conservative approach when it comes to operational and financial management in order not to threaten its strong cash and liquidity position, evaluating all risks and opportunities related to its operations with extreme responsibility. Its working group exclusively dedicated to information security, its constant alignment with Toshiba Corporation’s Compliance area and the existence of operational procedures for emergencies and security processes further underline the company’s commitment and its concern with the risks associated with its operations.

This approach is supported by the Board of Directors and Executive Board, composed of skilled and experienced executives capable of conducting the company’s business with the ethics and transparency demanded by the market and the controlling shareholders. Although, as a privately-held company, Semp Toshiba is not subject to the listing regulations of the Brazilian Securities, Commodities and Futures Exchange (BM&FBovespa), its Bylaws define the attributions and responsibilities of these Boards.

BOARD OF DIRECTORS

Semp Toshiba’s Board of Directors is the company’s collegiate decision making body which, among other attributes, establishes the company’s business policies and long-term strategies and oversees the activities of the Executive Board. It is composed of up to nine members, comprising a Chairman, one Vice-Chairman and seven board members.

Members are appointed based on their experience and skills as executives in Semp Toshiba’s sector and their experience of business as a whole. They are elected for a one-year term, with the possibility of re-election. The position of Chairman is currently held by the company’s CEO. The Board’s performance is constantly evaluated by the controlling shareholders.

Chairman	Afonso Antonio Hennel
Vice-Chairman	Toru Uchiike (Independent member)
Board members	Caio Fabricio Ortiz
	George Antonio Hennel
	Isaac Khafif (Independent member)
	Morio Muro
	Ricardo de Santos Freitas
	Sergio Barcellos Silveira (Independent member)
	Sergio Rubens Loeb (Independent member)

EXECUTIVE BOARD

The Executive Board is responsible for conducting the company’s business and implementing the resolutions taken by the Board of Directors. The company’s Bylaws allow executive officers to also serve as members of the Board of Directors. The Executive Board is composed of up to eleven members, comprising the CEO, four Vice-Presidents and six executive officers. Like the Board of Directors, members are elected for a one-year term, which can be extended until the election of new members.

CEO	Afonso Antonio Hennel
Vice-President	Caio Fabrício Ortiz
Vice-President	Morio Muro
Vice-President	Ricardo de Santos Freitas
Vice-President	Mauro Correa
Executive Officer	Antonio Manuel da Silva Vieira
Executive Officer	Eduardo Carlos Moreno Dias
Executive Officer	Luis Ambrósio de Freitas
Executive Officer	Ricardo Augusto Schiel
Executive Officer	Roberto Mello Barbieri
Executive Officer	Yukio Kaneko

Semp Toshiba recognizes and values its professionals. Board of Directors members receive a fixed monthly amount only, while executive officers receive a fixed salary and a share of the profits.

GRI 4.1 / 4.2 / 4.3 / 4.5 / 4.7 / 4.10

RELATIONS WITH SHAREHOLDERS AND EMPLOYEES

Shareholders, including minority shareholders, may manifest their opinions at the Annual and Extraordinary Shareholders’ Meetings.

Employees can manifest their opinions through specific relationship channels with top management, including the *Fábrica de Ideias* (Ideas Factory - a space for criticisms and suggestions regarding process management, costs and working conditions), the Profit Sharing Commission, which was structured in 2010 and is composed of elected employees’ representatives, and the HR channel (through which employees can send complaints or accusations regarding non-compliance with the Code of Conduct via e-mail to the Human Resources area).

GRI 4.4 / 4.6

CODE OF CONDUCT

Semp Toshiba has a Code of Conduct applicable to all Group companies. The Code is part of the integration process for all new employees, who have to declare their awareness of the content and of their obligation to comply with its terms. The company also has periodic training courses to ensure that all employees understand the Code.

The Code of Conduct includes various rules applicable to the company regarding compliance with the legislation, fair competitive practices and business ethics (e.g. an undertaking not to accept or offer bribes, most explicitly in relations with government employees), confidentiality and general rules of conduct. In 2010, the company did not register any cases of discrimination. Due to its good business practices, the company has not been in any situation of conflict of interests and, consequently, has not created mechanisms or processes to ensure that such conflicts are avoided.

GRI 4.8 / SO6 / HR4





SEMP TOSHIBA

A COMPANY OF TRADITION

DEVELOPMENT OF NEW PRODUCTS AND TECHNOLOGIES

In order to create new products and technologies, Semp Toshiba is constantly seeking national and international partnerships. It also maintains a product and engineering development center in the Cajamar unit, which is responsible for the annual product portfolio and employs professionals to conduct market and consumer surveys.

GRI 2.2

AUDIO AND ENTERTAINMENT

Semp Toshiba, the first manufacturer of “made-in-Brazil” radios and television sets, in 1942 and 1951 respectively, currently has the market’s most extensive line of TVs. In order to maintain its leading position in this segment, and also in the audio and DVD segments, the company is constantly seeking to develop technological innovations that meet its customers’ needs, either by improving performance or introducing new technologies or totally new resources.

As a result, in 2010 it renewed its entire LCD line. Even in CRT (cathode ray tube) products, a segment where competitors have been gradually cutting back on production, Semp Toshiba has introduced a series of changes, replacing conventional with flat screens, and flat screen products for slimline versions, thereby maintaining its market leadership.

In the portable audio segment that completes Semp Toshiba’s product line, the most important launch in 2010 was the Toshiba Boombox TR7046 portable radio. With a modern orange and white design and a fabric strap for hand and shoulder, it plays MP3 tracks and has an auxiliary media player port, as well as a USB port and programmable memory for up to 60 tracks.

IT PRODUCTS AND MOBILE PHONES

Semp Toshiba Informática sells not only products, but integrated solutions for individual consumers and corporations. STI offers hardware, multifunctional equipment, such as copiers and printers and, more recently, digital signaling products, such as video walls and interactive totems, among others. A significant number of products are developed in partnership with renowned institutions, such as the Wernher Von Braun Center for Advanced Research and the Eldorado Research Institute, one of the fastest-growing organizations in Brazil in the IT and communications area.

In 2010, STI became the first company in Brazil to produce a dual-chip mobile phone and offer free access to open digital TV channels. With a modern design, high-quality sound and weighing only 85 grams, STI’s dual-chip phone features Bluetooth technology and an MP3 player, among other functionalities.

STI’s most important launches in 2010 were TVs equipped with the innovative LED technology, only 2.3-cm thick – among the slimmest in the market. These models feature an integrated digital converter and full HD, i.e. they are capable of delivering top-quality, high-definition images. These televisions are available with frequencies of 60, 120 and 240 Hz, offering multi-frame screens with sharper and smoother images. The Ultra Slim LED Full HD line also has two USB ports for reproducing photos, videos, music and text, digital audio and video ports and a port for connecting computers, among other functionalities.

PRODUCT SAFETY

Semp Toshiba’s concern with innovation is not only limited to technology and functionalities, it also covers the impacts that its products can have on users’ health and safety in any phase of their life cycle. The company’s entire product portfolio is submitted to several safety and functional tests as part of the Quality Control Program, in addition to having been granted ISO 9001 certification since 2007.

In the project phase, products undergo noise tests to ensure that they comply with the limits established by regulating bodies. Temperature increase is also assessed to guarantee user comfort.

The company also tests products for electrical insulation to prevent possible shocks from equipment, cables and plugs. More than half of the company’s IT products are guaranteed safe in this matter.

Semp Toshiba’s concern with user safety is also apparent in product labeling and manuals. In 2010, there was not a single registered case of non-compliance with health and safety regulations.

GRI PR1 / PR2



GREEN PRODUCTS

Semp Toshiba launched the ecological STI Ultimate IS 1333 G notebook, equipped with a low-consumption ultra-low voltage (ULV) processor and a battery life of up to nine hours. It is made from an aluminum alloy, with no lead, mercury or other heavy metals that may be hazardous to the environment. In addition, all the material used in the cabinet and frame is recyclable. All in all, the product has a lower toxic substance content, a higher recyclability ratio and consumes less power, thereby reducing environmental impacts throughout its life cycle.

Semp Toshiba Informática also has a special line of corporate desktops and notebooks that comply with ROHS (Restriction of Hazardous Substances) directives, an international set of regulations governing the use of hazardous substances. These computers have low power consumption, due to the use of power supply units (PSU) with power factor correction and intelligent management of coolers, resulting in energy savings of around 25% over machines with no such correction. The STI CS-5064 is even more complete in this matter, as it meets the requirements of Energy Star, a set of regulations created in the United States in 1993 to encourage manufacturers to produce equipment with power management systems.

Twenty percent of plastic components in corporate segment products are made from recyclable materials. In addition, the boxes used to transport products are acquired from suppliers with FSC - Forestry Stewardship Council certification, attesting that the material used is 100% recyclable and that manufacturers meet various sustainability criteria throughout the production chain. All supports are made of recyclable material and our goal is to have all manuals produced by FSC-certified printers by 2011.

All computers in the entertainment line are certified by Inmetro and have been awarded an energy efficiency seal. DVD players use less than 1W in stand-by and most of the heavy sound equipment consumes the same amount of energy as the DVD players. This characteristic is being extended to the whole line.

Semp Toshiba’s manuals have specific recommendations, according to the type of product. Manuals of equipment with batteries come with information on correct disposal and recycling and necessary care and precautions, among others. As of 2011, all manuals will include instructions on the appropriate disposal of products after their useful life, in compliance with the National Policy on Solid Waste (PNRS).

GRI EN6 / PR3 / PR4



CLIENT SATISFACTION: GUARANTEED QUALITY AND RESPECT

Semp Toshiba’s commitment to consumers goes well beyond the mere sale of products. Given that the company sells semi-durable goods, after-sales services are crucial. For this reason, it maintains customer service channels and authorized technical support outlets to undertake repairs.

GRI PR5 / PR6 / PR7 / PR8 / PR9

CUSTOMER SERVICE CHANNELS GRI PR9

Semp Toshiba maintains three customer service lines: Entertainment (audio, video and fixed-line phones), Mobility and Communications (mobile phones, GPS, plug TV, MPTV) and IT (desktops, notebooks/netbooks, media PCs), each with their own specialized teams which can be contacted by phone or via the website.

These three service channels are centralized in the Customer Service Center, since Semp Toshiba believes it is essential that these services are provided by the company’s own personnel and not outsourced. Overall, there are almost 100 employees handling customer service. In 2010, the company received 364,168 contacts, 85.89% of which were compliments and requests for information; 14.07% were complaints and 0.04% suggestions, according to the Center’s own series of monthly surveys.

Semp Toshiba also measures customer satisfaction through a monthly survey with 300 people selected from among those who acquired TVs, audio equipment, phones or DVD players/home theater products. At the close of each quarter, results are consolidated and announced internally. The 2010 goal of 96% satisfaction was achieved in all production categories.

The company maintains a warranty park for each of its various segments – LCDs, TVs, DVDs, audio, cordless phones, notebooks, desktops, monitors and mobile phones – containing approximately 11,707,044 items of equipment. In 2010, Semp Toshiba received 5,679 complaints from consumer defense organizations, of which 3,765 were registered with PROCON, 1,846 with the Special Civil Court and 68 were regular complaints.

In 2010, the company received 364,168 calls, of which 85.89% were compliments and requests for information

SUPPLIER MANAGEMENT

Semp Toshiba’s purchasing policy takes into consideration relevant aspects of Brazil’s legislation and prioritizes local purchases. In the coming years, the company expects to add new contractual clauses related to social, environmental and human rights aspects.

Semp Toshiba’s Supplier Profile

	STI	STA
No. of suppliers	152	256
International suppliers	67 (66%)	171 (67%)
National suppliers	85 (34%)	85 (33%)
Total purchases	R\$365,000,000	R\$845,401,993.76
International purchases	R\$242,000,000	R\$721,989,375.50 (85%)
National purchases	R\$123,000,000	R\$123,503,618.20 (15%)

In 2010, the company had 152 active suppliers for Semp Toshiba Informática, of which 34% were national, while STA (audio and video) had 85 active national and international suppliers, the five largest national suppliers being in the Amazon region. Thirty-four percent of Semp Toshiba Informática purchases were national (85 active suppliers) and 66% were international (67 suppliers).

In regard to material purchases, due to the characteristics of consumer electronics production in Brazil, where a large portion of components and boards are acquired in kits, they are accounted for in aggregate form. Semp Toshiba does not use raw or processed materials, and it does not record materials related to product processing since the volumes in question are negligible.

Aware of the importance of prioritizing the use of recycled materials, in 2010 Semp Toshiba Informática acquired approximately 420 tonnes of cardboard packaging, 70% of which made from recycled material. Twenty percent of plastic parts in the corporate IT product line are also made from recycled material, as are the supports.

Main materials acquired

FAMILY	2010
	Amount (Units)
Non-renewable materials	
Notebook kits (in components)	318,739,315
Cabinets and parts	21,047,661
Peripherals	3,796,498
Memories	8,112,405
Mobility (parts and components)	471,542
Disk units	453,594
Processors	443,702
Motherboards	212,529
Other boards	391,087
Sources	192,603
Multifunctional products (accessories and consumables)	120,136
Total non- renewable	353,981,072
Renewable materials	
Cardboard packaging	5,741,429
Manuals and other printed materials	12,791,258
Total renewable	18,532,687
Total	372,513,759

Semp Toshiba seeks to share all the experience acquired from improvements in its daily operations with its suppliers. This synergy, which brings several advantages, aims to transform these partners from spectators into protagonists in the constant pursuit of progress.

Launched 17 years ago, the Guaranteed Quality Certification program was created to recognize the best suppliers in terms of compliance with the company’s highest standards of excellence. Partners are also encouraged to seek out the best solutions, including in the environmental area.

GRI ECG / EN1 / EN2 / HR1 / HR2 / HR6 / HR7

FINANCIAL PERFORMANCE

Total Assets: **R\$2.5 billion**

Shareholders’ Equity: **R\$1.3 billion**

Gross Revenue: **R\$2.2 billion**

Net Revenue: **R\$1.8 million**

Net Income: **R\$78 million**

512,000 computers sold in 2010

1.7 million TVs sold in 2010

3.6 million products sold in 2010

Market share of LCD segment increases by **214%**

SEMP TOSHIBA’S RESULTS

Differently from the other companies in the sector, Semp Toshiba began 2010 encouraged by the excellent results posted in 2009, despite the impact of the U.S. crisis in 2008. The company closed 2009 with revenue of R\$1.9 billion, 5.5% up on the previous year.

In 2010, Semp Toshiba posted gross revenue of R\$2.22 billion, a 15.8% improvement over 2009. This was an exceptionally positive result given the fiercer competition triggered by the entry of new players into the domestic market and the ensuing price war and fight for market share.

The company’s share of the LCD TV segment increased by 214%, versus market expansion of 121% in the same period. Thanks to strong growth in the IT segment, the company’s notebook sales moved up by almost 9%.

After deducting operating expenses of R\$335.5 million, Semp Toshiba closed 2010 with net income of R\$78.43 million. Shareholders’ equity totaled R\$1.35 billion, 2.3% higher than at the end of 2009, while total assets came to R\$2.5 billion.

GRI 2.8

Investments

In 2010, Semp Toshiba invested R\$145 million, mostly allocated to the development of new products and technologies and operational expansion.

The company also renewed its entire line of computers and TVs (LCD and CRT) and acquired a site adjacent to the Salvador plant, where it will build facilities to double production and storage capacity.

STATEMENT OF VALUE ADDED (In thousands of reais)	Consolidated	
	2010	2009
REVENUE	2,106,365	1,924,247
Sale of products, goods and services	2,110,377	1,927,730
Other revenue	-	12
Provisions for doubtful debt - Reversal/(Constitution)	(4,012)	(3,495)
INPUTS ACQUIRED FROM THIRD PARTIES (includes taxes - ICMS, IPI, PIS and COFINS)	1,633,311	1,607,936
Cost of products, goods and services	1,251,695	1,177,957
Materials, power, outsourced services and others	381,616	429,979
GROSS VALUE ADDED	473,054	316,311
Depreciation and amortization	(30,215)	(28,831)
NET VALUE ADDED	442,839	287,480
Financial revenue	180,186	254,565
Other revenue (expenses)	(5,330)	22,777
VALUE ADDED TO BE DISTRIBUTED	617,695	564,822
DISTRIBUTION OF VALUE ADDED	617,695	564,822
Personnel - compensation, benefits and severance fund (FGTS)	91,624	65,711
Taxes, charges and contributions	357,720	199,073
Third-party capital remuneration – financing	78,875	79,090
Other remuneration	11,038	5,289
Distribution to shareholders – dividends	12,583	44,392
Retained earnings	65,855	171,267

GRI EC1 / EC4

In 2010, Semp Toshiba invested R\$145 million, mostly allocated to the development of new products and technologies and operational expansion

Tax Benefits

Due to the nature of its businesses, Semp Toshiba Amazonas is entitled to certain tax benefits and concessions. The company will receive ICMS (state VAT) credits on shipments of industrialized products until 2013. This benefit was approved by the Amazonas State Development Council (Codam). The company also enjoys certain income tax exemptions and reductions granted by the Amazon Development Board (Sudam), which totaled R\$21,677 in 2010.

The company’s subsidiaries were granted presumed ICMS credits on shipments of industrialized products for an indeterminate period and also enjoy certain income tax exemptions and reductions, as well as on additional non-recoverable charges, granted by the Northeast Development Board (Sudene).

Financial Value Added (2009/2010)	In thousands of R\$	
	2009	2010
Tax benefits/credits	195,642	193,767
Subsidies for investment, research and development and othertypes of relevant concessions	10,543	7,978

GRI 2.8





SEMP TOSHIBA CORPORATE RESPONSIBILITY: COMMITMENT TO THE FUTURE



SEMP TOSHIBA

COMMITMENT TO THE FUTURE



Acting responsibly and conducting its business while respecting people and the environment has always been one of Semp Toshiba's prime values. Aware of the evolution of society and the market's current trends, the company understands that these values are now part of the sustainability efforts that have gained such momentum in recent years, particularly in the corporate sector.

In this context, 2010 has a special meaning for the company, as it marked the consolidation of its corporate vision of sustainability, exemplified by its platform of programs for the coming years, and of the Corporate Responsibility area, which is dedicated exclusively to attaining these goals. But this important step forward also shows that the various initiatives developed by the company for several years, benefiting its employees and surrounding communities, also deserve recognition.

Acting responsibly, and conducting its business while respecting people and the environment has always been one of Semp Toshiba's values



QUALITY OF RELATIONSHIPS

Recognizing the importance of ethical, transparent and long-lasting relationships is an essential component of business management. Semp Toshiba, throughout its 70 years of existence, has always nurtured these values and has become recognized for its entrepreneurial spirit, which in turn encourages the growth of its partners – clients or suppliers – and creates roots in the regions where it operates.

The company has 3,509 employees and its sales force covers all Brazilian regions, doing business with more than 6,000 resellers throughout the country, in addition to more than 1,100 technical support points providing after-sales services. Thanks to these figures, Semp Toshiba has a more extensive presence than any other firm in Brazil’s consumer electronics sector.

HUMAN CAPITAL

Semp Toshiba is fully aware that its employees are its most valuable capital. For this reason, it constantly seeks to improve its management and recognition practices related to employees’ career plans, benefits, promotions and quality of life.

Profile of Semp Toshiba’s Workforce

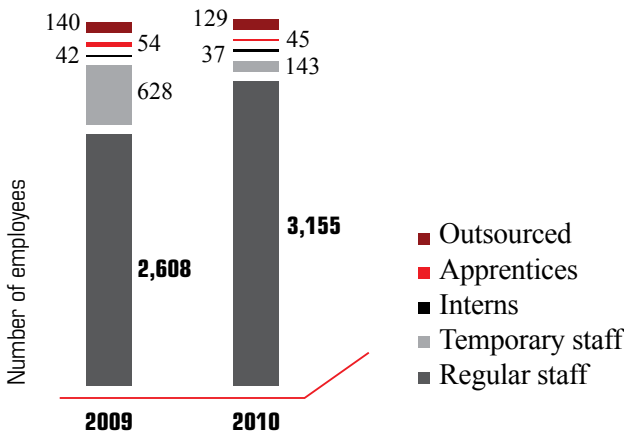
In December 2010, Semp Toshiba had 3,155 regular employees and an absolute total of 3,509, including outsourced and temporary staff, interns and apprentices, most of which (63%) in Manaus.

The employee turnover ratio was 23%, with 725 terminations and 1,308 admissions, an improvement over the 28% recorded in 2009.

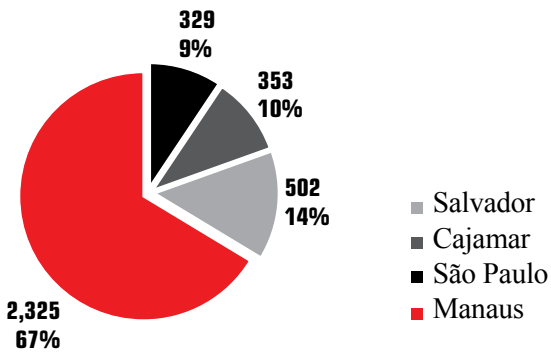
Number of employees (2009/2010)

UNIT	Regular		Temporary		Interns		Apprentices		Outsourced		TOTAL	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
São Paulo	359	299	10	3	14	14	5	5	46	8	434	329
Cajamar	207	329	0	0	24	15	3	3	5	6	239	353
Salvador	410	327	134	134	2	2	1	1	39	38	586	502
Manaus	1,632	2,200	484	6	2	6	45	36	50	77	2,213	2,325
TOTAL	2,608	3,155	628	143	42	37	54	45	140	129	3,472	3,509

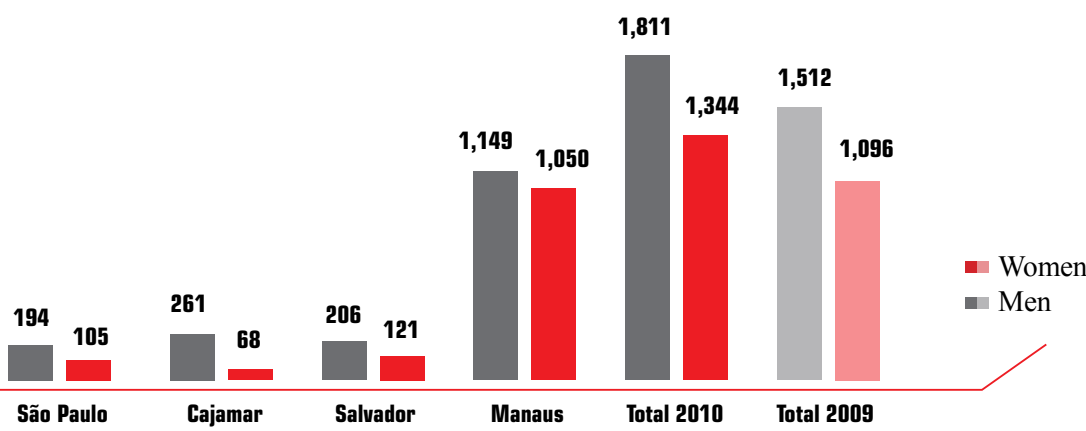
Workforce trends



Geographical distribution of the workforce



Male / female ratio
(2010)



Distribution by gender and position (2009/2010)

POSITIONS	São Paulo				Cajamar				Salvador				Manaus			
	2009		2010		2009		2010		2009		2010		2009		2010	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Officers	11	2	4	2	0	0	2	0	2	0	1	0	1	0	1	0
Managers	26	7	49	6	9	1	12	1	8	0	8	0	11	0	11	1
Supervision	31	9	22	5	26	1	40	0	24	4	15	2	37	10	47	10
Administrative	153	80	80	82	86	43	180	56	9	5	11	10	238	54	397	82
Operations	32	8	29	9	25	12	25	11	55	7	38	4	0	0	0	0
Production	0	0	0	0	0	0	0	0	176	120	132	105	544	732	694	956
TOTAL	253	106	193	105	150	57	261	68	274	136	207	121	835	797	1,150	1,050

M. Men
W. Women



Distribution by age group and gender in operational units (2009/2010)

UNIT	Men		Women	
	2009	2010	2009	2010
SÃO PAULO	253	193	106	105
Up to 30 years	81	29	34	20
30 - 50	137	85	64	54
More than 50	35	79	8	31
CAJAMAR	150	261	57	68
Up to 30 years	47	78	35	34
30 - 50	70	110	19	23
More than 50	33	73	3	11
SALVADOR	274	207	136	121
Up to 30 years	168	103	70	56
30 - 50	94	92	65	64
More than 50	12	12	1	1
MANAUS	835	1,150	797	1,050
Up to 30 years	367	527	290	390
30 - 50	404	540	488	634
More than 50	64	83	19	26
TOTAL	1,512	1,811	1,096	1,344

Turnover ratio (2009/2010)

Turnover ratio by age	2009	2010	Turnover ratio by gender	2009	2010
Up to 30 years	34.9%	33.1%	Men	29.2%	26.6%
30 - 50	23.6%	18.0%	Women	26.3%	18.1%
More than 50	18.9%	8.5%			

GRI LA1 / LA2 / LA13

Hiring and Compensation

Semp Toshiba prefers to hire employees who live in the vicinity of its units, since it is aware of the important role it plays in the development of its neighboring communities. It also establishes partnerships with institutions such as Senai (National Industrial Apprenticeship Service) to offer specific vocational training courses, thereby creating professionals with the necessary skills to work in its sector.

Semp Toshiba has an attractive fixed and variable compensation policy, whose amounts and rules depend on the position in question. The lowest salary paid by the company in 2010 was 1.29x the local minimum local wage (i.e. the minimum wage in the state where each Semp Toshiba unit operates). The highest variation was in Cajamar (São Paulo), corresponding to 1.58x. The company adopts the same base salary for each job category, regardless of race, gender or age.

Semp Toshiba’s benefits are higher than the market average. Aligned with the possibilities and facilities of each region where the company operates, they include health and dental plans, life insurance, funeral aid, adoption leave, payroll-deductible loans, a gym, chartered buses and training programs. The company does not have a private pension plan. Benefits are granted to all employees, including interns.

Underlining its respect for those professionals who have dedicated their career to Semp Toshiba’s success, the company maintains a Succession Plan for employees about to retire, ensuring gradual and structured managerial transitions.

GRI EC3 / EC5 / EC7 / LA3 / LA11 / LA14

Labor and Union Relations

Semp Toshiba defends and encourages compliance with labor legislation and employees therefore have the right to join a union. In 2010, 97% of its workforce was covered by collective bargaining agreements (including regular, outsourced and temporary employees).

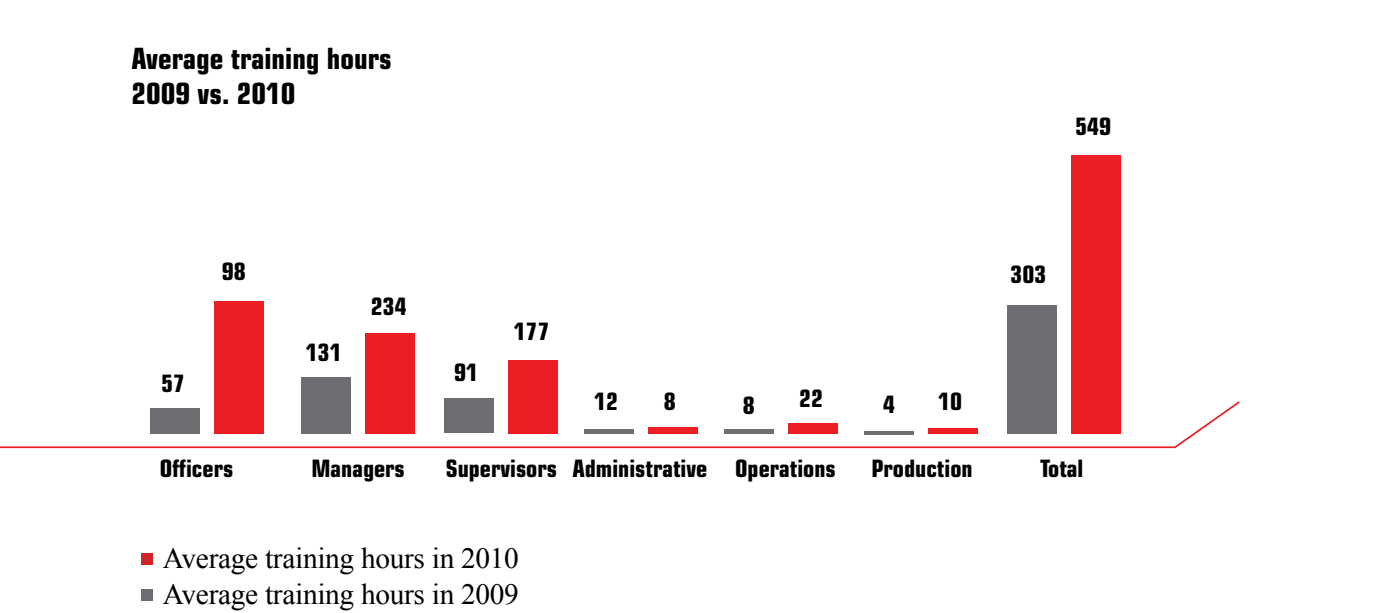
The agreements include such issues as breaks for people performing repetitive tasks, time limits for heat exposure, out-patient clinics, free association with the Internal Accident Prevention Commission (CIPA), among others.

All high-impact operational changes are communicated to employees between 30 and 90 days prior to coming into force, in compliance with the agreements with the unions.

GRI LA4 / LA5 / LA9 / HR5

Professional Development

Semp Toshiba constantly invests in the development of its employees in all its units. In 2010, it administered 19,679 training hours, including technical and behavioral courses.



One of the most important of the internal initiatives was the Managerial Development Program (PDG), which was applied in all the company’s units in 2010. It was designed to encourage learning based on practical experience, processes of change and continuous learning, in addition to imbuing the participants with the company’s culture in order to propagate their knowledge in other functional levels.

Its main purpose is to prepare the leadership for future challenges and it covers such issues as business performance and relationships with peers and subordinates. In 2010, the underlying theme was People Management. As of 2011, the program will partner with the Dom Cabral Foundation, one of Brazil’s most renowned executive development centers, and will include a module on sustainability.

The year was also marked by the implementation of a Trainee Program, aimed at identifying and developing executives with the Semp Toshiba business culture and vision. In the first year, seven trainees were selected from more than 10,000 applicants, three of which were hired at the end of the period, a retention rate of 43%.

GRI LA10 / LA11 / HR3 / SO3



Performance Evaluation

In 2010, Semp Toshiba formalized an employee performance evaluation process, based on established goals, results achieved and development potential. In order to systematize the process, the company

implemented the Performance Evaluation and Potential Analysis program (ADAP). Administrative personnel were subjected to 180° evaluation, i.e. self-assessment and assessment by the employee’s supervisor, after which employee and the supervisor reach a consensus on the results, identify specific professional development needs and establish a plan that will be closely monitored by the Human Resources area. Managers are evaluated using the same method. Factory workers are also evaluated but without the self-assessment component.

Another crucial aspect of the performance evaluation was the mapping of employees for a career plan and a more formal succession process within Semp Toshiba. In 2010, 100% of employees in São Paulo and Cajamar were evaluated, versus 14% in Salvador and 25% in Manaus.

GRI LA12

Health and Safety

Semp Toshiba seeks to manage the health and safety issues of its employees through a combination of prevention and raising awareness. With this in mind, it can count on the support of the Internal Accident Prevention Commission (CIPA), which currently represents 75% of employees in each of its operational units.

The company also has its own prevention programs and health campaigns. Although none of its units have jobs that involve a high risk of specific illnesses, it still maintains an Occupational Health Medical Control Program (PCMSO) in each unit , which determines the procedures and conduct to be adopted by the company due to the risks to which employees are exposed in their workplace. The purpose of the program is to prevent and detect these risks at an early stage, monitor them and take action if necessary. The main initiatives include the establishment of mandatory medical exams and complementary tests, lectures on health issues and free vaccination campaigns. Skilled professionals are also available to provide first aid. As part of the PCMSO, the company promotes workplace exercise in the plants during employees’ mandatory stoppages.

GRI LA6 / LA8

Health and safety indicators

In 2010, Semp Toshiba did not register any workplace accidents¹. There were 66 cases of occupational illnesses and 15,487 days of sick leave². There were no deaths in the period.

Labor lesions, illnesses and accidents in 2010

UNIT	Lesions	Occupational diseases	Sick leave (days)	Absenteeism
São Paulo	0.00%	1.68%	0.26%	0.29%
Cajamar	0.00%	1.22%	0.24%	0.27%
Salvador	1.83%	0.00%	0.08%	0.09%
Manaus	0.68%	2.59%	1.87%	2.10%

- 1. Small lesions are included when counting workplace accidents
- 2. Sick leave refers to business days only

GRI LA7

Quality of Life

The company’s concern with health and prevention also applies to quality of life. In order to promote the well-being and integration of its employees, Semp Toshiba maintains units of STAR (Semp Toshiba Recreational Association) in its Cajamar, São Paulo and Manaus facilities. They organize sporting events and cultural and assistance activities, as well as parties and commemorative events. STAR will also be implemented in Salvador in 2011.

Each unit is also equipped with restaurants, whose menus are developed by nutritionists to ensure a balanced diet.

GRI LA8

COMMITMENT TO SOCIETY

As part of the Semp Toshiba Attitude Program, at the end of 2010 and beginning of 2011, the company adhered to four voluntary commitments: the Business Pact for Integrity and against Corruption (*Empresa Limpa*); the On the Right Track Program (Programa Na Mão Certa), which combats the sexual exploitation of children and teenagers on highways; the National Program for the Eradication of Forced Labor (*Programa Nacional pela Erradicação do Trabalho Escravo*) and the Global Compact.

As a consequence, in 2011 it will begin implementing an action plan with the supply, procurement, legal, logistics and other areas in order to develop formal procedures for hiring, analyzing, training and auditing suppliers which include the above issues. The company has also mapped its direct operations for any eventual risks related to the use of forced or child labor and no risk areas were identified. Nonetheless, the company considers it vital to map its international suppliers.

In 2011, Semp Toshiba also plans to improve its Code of Conduct and create a specific training program for each unit on the issues covered by the above commitments. The security team receives periodic training that includes topics related to human rights, approach and the use of force.

GRI HR1 / HR2 / HR3 / HR6 / HR7 / SO2 / SO3 / SO4

SOCIAL INVESTMENTS AND RELATIONS WITH THE COMMUNITY

Semp Toshiba is constantly concerned with generating direct and indirect benefits for its surrounding communities, not only through investments in social projects, but also due to the nature of its products and its production activities.

For example, in order to motivate salespersons, the Semp Toshiba Sales Training Institute offers free training to employees of large electronics retailers. All in all, 1,850 professionals received training in 2010.

In the product development area, the company encourages education through the STI Educational Program, a software developed specifically for the IT product line. The program offers language courses, preparatory courses for university entrance exams and the Enem (a national exam to measure the quality of Brazil’s secondary schools) and notions of financial and applied mathematics, among others.

As for social investments, most of the projects are carried out by partners, although the company does promote a few of its own community projects, especially in Manaus. In 2011, it will launch the Volunteer Program, increasing the involvement of its employees in social initiatives supported by the company.

Through the *Semp Toshiba Social Investment Program* and the tax incentive laws, the company has supported and developed several social and cultural initiatives mostly focused on access to education, local development and the promotion of cultural and sporting activities.

GRI EC8 / EC9 / SO1

Support for Music and the Arts

Most of the cultural investments were allocated to music and cinema. The company is traditionally a major supporter of classical music, both in terms of concerts and educational projects. Among the institutions receiving the company’s support are the Brazilian Symphony Orchestra Foundation (FOSB), which holds training and advanced learning activities and promotes

the musical development of youngsters; the São Paulo State Symphony Orchestra (Osesp) and the Sociedade de Cultura Artística. On the cinema front, in 2010 Semp Toshiba sponsored the documentary *Dominguinhos Volta e Meia*, which encourages and promotes Brazilian popular music.

Encouraging Sports: Sailing and Chess

Semp Toshiba has also been historically associated with two specific sports: sailing and chess. The company sponsors the Match Race Brasil sailing event in Guanabara Bay in Rio de Janeiro, which is designed to make sailing more accessible to the public; the Escola de Vela sailing school, at Sede do Remo da Lagoa Rodrigo de Freitas, a school created for the surrounding community with the purpose of identifying new sailing talent in Brazil; and the Rolex Ilha Bela Sailing Week, which has been sponsored by the company for the past 12 years, with the participation of more than 2,000 sailors and 8,000 visitors.



Semp Toshiba also supports chess, through the activities of the São Paulo Chess Club, such as the SEMP TOSHIBA School Chess Circuit, created to encourage the sport among public and private school students. The company also established a partnership with the Heliópolis Social and Educational Center (São Paulo), where chess classes are offered to 120 students aged between 6 and 15. The results were excellent and included a better school performance, increased concentration and improved reading and reasoning powers, in addition to making a strong contribution to the formation of future citizens. Semp Toshiba also sponsors Katherine Vescovi, who at 12 years old is already the Brazilian and South American chess champion and will be going to her third world championships in 2011.



Children in the Communities

In the social area, Semp Toshiba fosters access to education and culture in its surrounding communities. In this context, two projects in particular are worth mentioning:

Digital Inclusion and Rural Connectivity in the Baixo Sul region of Bahia
Semp Toshiba supports the project developed by the Odebrecht Foundation in the municipality of Presidente Tancredo Neves, in the Baixo Sul region of Bahia. Through *Casa Familiar Rural*, an Organization of Civil Society for the Public Interest (OSCIP) focused on the education of young farmers aged between 14 to 21, Semp Toshiba supports students’ social and production projects in order to increase their household income.

In 2011, Semp Toshiba will enter into another cooperation agreement with the Odebrecht Foundation for the next three years. This project will promote digital

inclusion in rural communities in Presidente Tancredo Neves through IT laboratories connected to the Internet, in partnership with the National Broadband Program promoted by Elebrás.

Comunidade Brasil (Amazonas)
Adjacent to the Juruá farm, an agricultural and livestock undertaking maintained by Semp Toshiba in Amazonas state, *Comunidade Brasil* comprises around 800 people living alongside the Paran  do Castanho River. This population is served by the S o Jos  School, attended by 160 primary and secondary school students.

Every year Semp Toshiba donates all the school’s educational material. At the beginning of 2011, new donations were effected for the construction of a floating deck to provide students with safe access to the school, particularly in the rainy season. The company also donates the fuel needed to generate electricity as the community is not connected to the grid.

The project not only supports school activities, but also helps the community to organize itself in terms of social and productive activities in order to generate more income and ensure job opportunities for families and youngsters graduating from the school, thereby avoiding migration to Manaus and other large cities.

In 2010, Semp Toshiba invested R\$2 million in social and cultural projects, R\$1.5 million of which from incentive laws, directly and indirectly benefiting around 1,600 people.

ECB



SEMP TOSHIBA AND THE ENVIRONMENT

Aware of the effects of its operations on the environment, Semp Toshiba does everything possible to minimize such impacts through programs designed to reduce water and energy consumption, as well as waste generation. It is also aware of the need to analyze the life cycle of its products, the necessity for a “greener” portfolio and the importance of post-consumption responsibility.

MANAGING ENVIRONMENTAL IMPACT

Concern with the environment should be an integral part of the entire production cycle, from the delivery of inputs to post-consumption responsibility. For example, the Manaus unit, which is responsible for 68% of revenue, has received NBR ISO 14001 certification since 2003 and Semp Toshiba aims to reach 100% of output in 2011, including the Salvador unit. The Company’s environmental policy and management procedures are based on compliance with the legislation, minimizing environmental impact and continuously improving processes.

Concern for conserving resources is also present throughout the entire process of developing products and packaging, as well as the recycling ratios for production and administrative waste. More than 50% of the company’s manuals and packaging comes from suppliers who have been certified by the FSC (Forest Stewardship Council) and an action program is under way with national and international suppliers to increase this ratio still further in 2011. All products are subject to national and international technical and environmental norms to meet requirements regarding energy efficiency, the use of hazardous substances and material recyclability indices.

Given the close monitoring and minimization of the environmental impacts arising from the transportation of its products, Semp Toshiba carries out periodic maintenance on its entire fleet in order to control fuel consumption and the emission of pollutants. As for outsourced transporters, the Manaus unit requires all trucks arriving at the factory to have certified exhaust controls. In 2011, this procedure will be extended to Salvador and, subsequently, to Cajamar, where the distribution center is located.

Product transport is handled by third parties so fuel consumption by such vehicles cannot yet be controlled. It will be monitored, however, once the company implements an inventory of greenhouse gas (GHG) emissions, which is scheduled to begin in 2012. All direct and indirect GHG emissions will be quantified and the impact of the productive chain will be subjected to thorough study.

Despite not yet having measured its GHG emissions, the company has made an enormous effort to reduce fuel consumption during the transportation of products and materials through more efficient logistics, combining cargo optimization with the use of less polluting means of transport, such as waterways (sea and rivers). In 2010, around 62% of the company’s cargo was carried by water (cabotage). Reducing energy consumption is another of Semp Toshiba’s targets.

In 2010, there were no significant spills of lubricants, fuel and other hazardous substances. In terms of its direct operations, the company does not produce significant volumes of nitrogen oxides (NOx), sulphur oxides (SOx) or other compounds that are harmful to the ozone layer.

All Semp Toshiba’s operations comply with environmental legislation, and the company did not suffer any sanctions or fines in 2010 for non-conformity.

GRI EN16 / EN17 / EN18 / EN19 / EN20 / EN23 / EN26 / EN28 / EN29

Waste and post-consumption responsibility

The Brazilian consumer electronics industry makes substantial use of components, kits and boards made in Japan and other Asian countries, so that local operations are largely confined to design, assembly and finishing, which generate less environmental impact.

Due to these characteristics, manufacturing waste and post-consumption responsibility constitute major items of concern in regard to treatment.

In 2010, Semp Toshiba generated around 1,800 tonnes of packaging waste (cardboard, plastic and styrofoam), 100% of which was recycled, as well as scrap, which comprises electrical and electronic materials such as batteries, cables and a variety of components. This material is more problematic and is first sent for analysis, separation, decontamination and recycling; whatever cannot be re-used is then buried in a sanitary landfill. One of the company’s most important environmental initiatives is to reduce the volume of this type of waste and increase its recycling ratios.



Items such as rechargeable and non-rechargeable batteries, as well as circuit boards, are sent to high-tech refineries thereby substantially reducing environmental impact. Until 2009, only the Manaus unit possessed a system for weighing and recording all manufacturing waste generated and recycled; in 2010, however, the Salvador unit implemented the same system.

GRI EN22 / EN24 / EN27

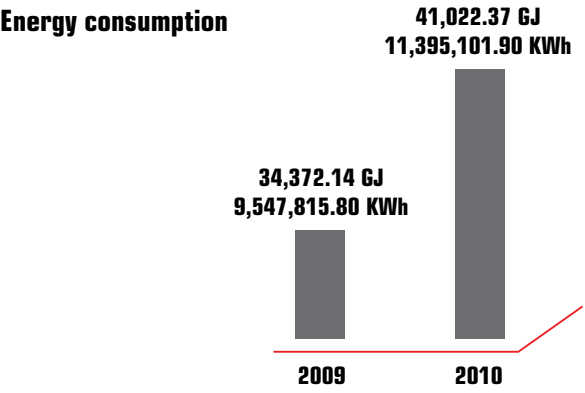
Waste generation - tonnes/year	GRI EN22 EN24		
SEMP TOSHIBA	2009	2010	Destination
Paper, cardboard and compounds	684.89	1,515.26	Recycling
Plastic	69.76	136.32	Recycling
Polystyrene	179.70	162.19	Internal Reuse and Recycling
Wood	149.75	35.35	Internal Reuse and Recycling
Electronic waste*	9.29	96.04	Recycling and Industrial Landfill
Iron and other metals	10.91	30.76	Recycling
Organic waste	39.73	35.90	Sanitary Landfill
Rubble	4.00	11.00	Rubble Recycling Plant
Sludge from the treatment of domestic effluents	208.00	337.84	Landfill
Hazardous waste (Class 1)**	50.20	49.72	Co-processing and forwarding to specialized companies ***
Total	1,406.22	2,410.39	

* Electronic waste comprises plugs, wires, cable, components and batteries. As of 2010, these items were standardized, calibrated and systematically counted.
** Includes ambulatory waste, solder shavings, light bulbs, fiber and containers contaminated with paint and solvents, as well as contaminated PPE and other class 1 waste.
*** Most class1 waste is company-processed within the plant and subsequently transported as class 2 waste. The amount of class 1 waste transported for decontamination elsewhere is negligible.

Take-back

In 2011, aware of the need for product post-consumption responsibility and in accordance with National Policy on Solid Waste (Law 12305), regulated in December 2010, Semp Toshiba, which had already implemented a pilot product and battery collection program, began its take-back project geared to consumers and companies.

The aim of the program is to collect products and components from the company’s entire portfolio through authorized technical support posts. With this in mind, in 2011 the company will alter all its manuals, advising and informing consumers on responsible disposal. This information will also be available on its site.



In order to make energy use even more efficient, in 2010 Semp Toshiba replaced 70% of its desktops, generating energy savings of close to 40%. In addition, energy-saving procedures were installed in the workstations, such as automatic switch-off and the application of stand-by and hibernation modes when the machines are not in constant use.

Electricity from public service concessionaires constitutes the company’s only energy source for its productive processes. In 2010, it consumed 11,395,102 KWh, 19% up on 2009, versus an increase of 17% in output.

Water

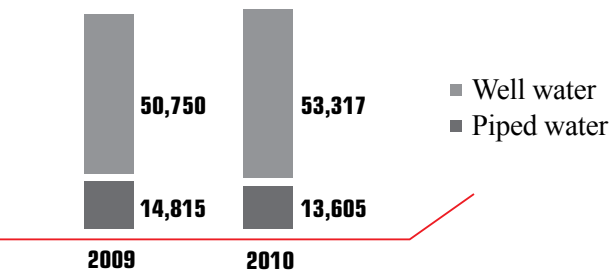
The water consumed and the wastewater generated by Semp Toshiba is of the domestic type. In Manaus and Salvador, 100% is collected by septic tanks, which are part of the public networks or constructed in accordance with technical norms, with no significant environmental impact.

In order to increase its water re-use ratio, the company has been working on projects to build effluent treatment plants (ETEs) in Cajamar and Manaus, as well as the construction of cisterns to store rainwater for gardening purposes. Currently, part of the water used in gardening has been recycled.

Semp Toshiba’s productive processes do not require the intensive use of water, most of which is used for sanitation purposes. In absolute terms, water consumption in the Manaus unit increased in 2010 over the year before; in terms of m³ per employee per month, however, it recorded a substantial decline. Using the same comparative criterion, consumption in the Salvador unit fell by around 0.7%.

The Cajamar and São Paulo units recorded opposing trajectories – while São Paulo’s consumption fell by 33%, Cajamar’s moved up by 22%. The discrepancy was due to the transfer of some São Paulo staff to Cajamar. Even so, in both cases consumption in terms of m³ per employee per month posted a downturn.

Water consumption by source (in m³)



GRI EN4 / EN5 / EN7 / EN8 / EN9 / EN10 / EN21 / EN25

Environmental conservation

Since its facilities are installed in urban regions, with minimal environmental impact, Semp Toshiba’s operations do not directly harm biodiversity. Nevertheless, preservation is an integral part of its corporate culture.

The company possesses 150,000 m² classified as APAs (Environmental Protection Areas) and 257,847m² classified as APPs (Permanent Preservation Areas).

The new industrial plant in Salvador (investment announced in 2010) will be installed in an urban area, albeit one which contains vestiges of Atlantic rainforest, most of which in a state of secondary conservation, together with larger areas of vegetation, totaling around 40% of the site. The company plans to invest in preservation and develop an environmental education program in these areas involving the local community.

In 2010, Semp Toshiba invested around R\$0.5 million in environmental projects, including awareness-raising initiatives in the Manaus and Cajamar units and the construction of the ETEs.

Open channel

In order to find out what its employees and stakeholders are thinking or clear up any queries they may have concerning sustainability and the environment, at the end of 2010 the company launched its Sustainability Channel. Questions and suggestions regarding the issue can be sent by e-mail to: sustentabilidade@semp Toshiba.com.br. As of 2001, demands will be classified and reported.

GRI EN11 / EN12 / EN13 / EN14 / EN15 / EN30



ABOUT THE REPORT

This publication consolidates Semp Toshiba’s Annual Report, which was prepared in accordance with GRI (Global Reporting Initiative) guidelines, an international standard for reporting organizations’ economic, social and environmental performance.

The report presents Semp Toshiba’s results for the period between January 1 and December 31, 2010, as well as certain material events at the beginning of 2011.

Given its scope and the indicators reported, the publication falls into level B of the GRI framework. The company responded to 42 mandatory profile indicators, in addition to 76 performance indicators, 20 of which are mandatory. Financial statement indicators, as well as those related to economic, environmental and labor issues, were arrived at using national and international norms.

This report was compiled in Portuguese and English and is available on Semp Toshiba’s website (www.semptoshiba.com.br). At the end of this document there is a specific index to help locate the responses to the GRI indicators. Questions regarding the report or its content should be directed via e-mail to sustentabilidade@semptoshiba.com.br.

STAKEHOLDER RELATIONS AND ENGAGEMENT

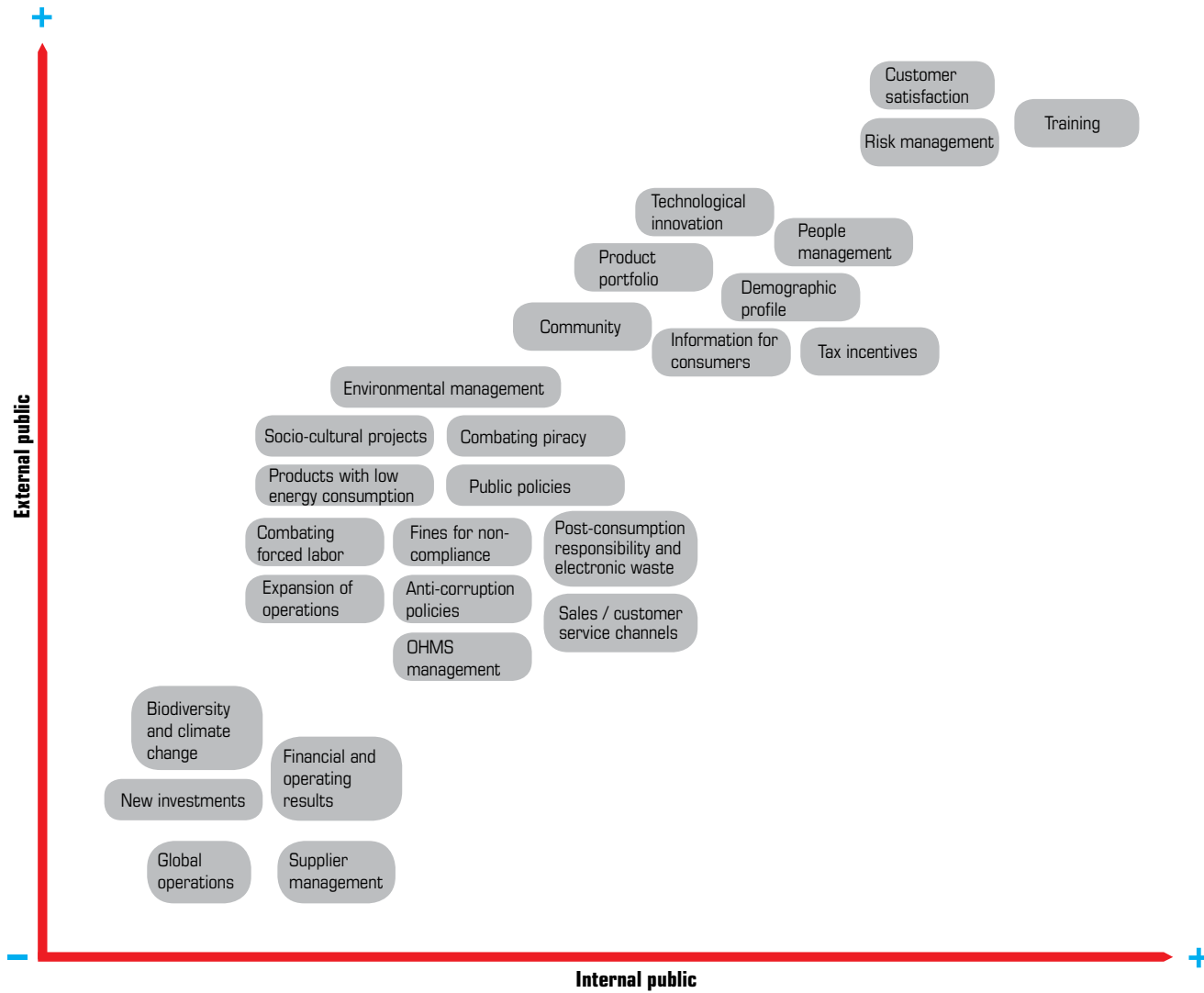
Semp Toshiba’s relations with its employees, clients, suppliers and public bodies have always been built on transparency, exemplified by various communications channels designed to increase the exchange of information and improve the quality of its relations.

In order to compile this report, the company undertook an electronic survey through closed questionnaires in English and Portuguese sent to employees, clients, suppliers, sales representatives and technical support personnel – stakeholders defined by the Corporate Responsibility area in association with the Strategic Corporate Responsibility Committee. All in all, 58 questionnaires were filled in, assessing the main GRI issues.



The evaluations of the internal and external stakeholders were used to draw up a materiality matrix, resulting in four quadrants classifying the issues in relation to their importance. In the graph below, the most important issues are shown on the right.

Semp Toshiba Materiality Matrix



This matrix was taken into consideration when reporting the specific indicators to which they are related, attempting to give more emphasis to those considered more relevant.

The mapping of the company’s main stakeholders was undertaken for the purposes of this report. In the years to come, the survey will become more detailed and the consulting process will be improved.

STAKEHOLDER AND RELATIONSHIP CHANNEL MAP

STAKEHOLDER	RELATIONSHIP CHANNELS	INITIATIVES	MAIN TOPICS AND CONCERNS
Shareholders <ul style="list-style-type: none">• Controllers and minority interests	<ul style="list-style-type: none">• General and Extraordinary Meetings• Compliance Committee• Board of Directors• Monthly Earnings Reports• Progress Report	<ul style="list-style-type: none">• Disclosure of initiatives and results in periodic meetings	<ul style="list-style-type: none">• Transparency and disclosure of results• Economic impact of the company• Investments in new technologies
In-company <ul style="list-style-type: none">• Direct and outsourced employees• Family• Unions	<ul style="list-style-type: none">• Intranet• Internet• Sustainability Channel• On-line bulletins• “You deserve to know first”	<ul style="list-style-type: none">• PDG – Managerial Development Program• General training• Awareness-raising in regard to social responsibility, ethics and the environment• Integration of new employees	<ul style="list-style-type: none">• Employee training• Customer satisfaction• People Management
Clients and Consumers <ul style="list-style-type: none">• Retail chains• Corporate and government clients• Consumer rights organizations	<ul style="list-style-type: none">• CAC – Customer Service Center• Internet• Marketing campaigns (advertising, promotions and special events)• Points of Sale• Promoters• Regional sales managers	<ul style="list-style-type: none">• Semp Toshiba Sales Training Institute• Meetings with corporate clients• Periodic visits• Constant contact with retail clients	<ul style="list-style-type: none">• Customer satisfaction• People Management• Initiatives to supply products with low energy consumption
National and International Suppliers	<ul style="list-style-type: none">• Supplies area• Internet	<ul style="list-style-type: none">• Incentives to adopt values• Rules of conduct and voluntary commitments• Promotion of good environmental practices	<ul style="list-style-type: none">• Innovation of product technology• Product portfolio• Disclosure of financial and operating results
Government <ul style="list-style-type: none">• Federal, state and municipal government and respective departments• Executive bodies• Environmental protection agencies	<ul style="list-style-type: none">• Periodic financial reports• Meetings of company managers and government representatives• Institutional relations	<ul style="list-style-type: none">• Compliance with regulations established by the pertinent government agencies	<ul style="list-style-type: none">• Stakeholder to be consulted in the next report

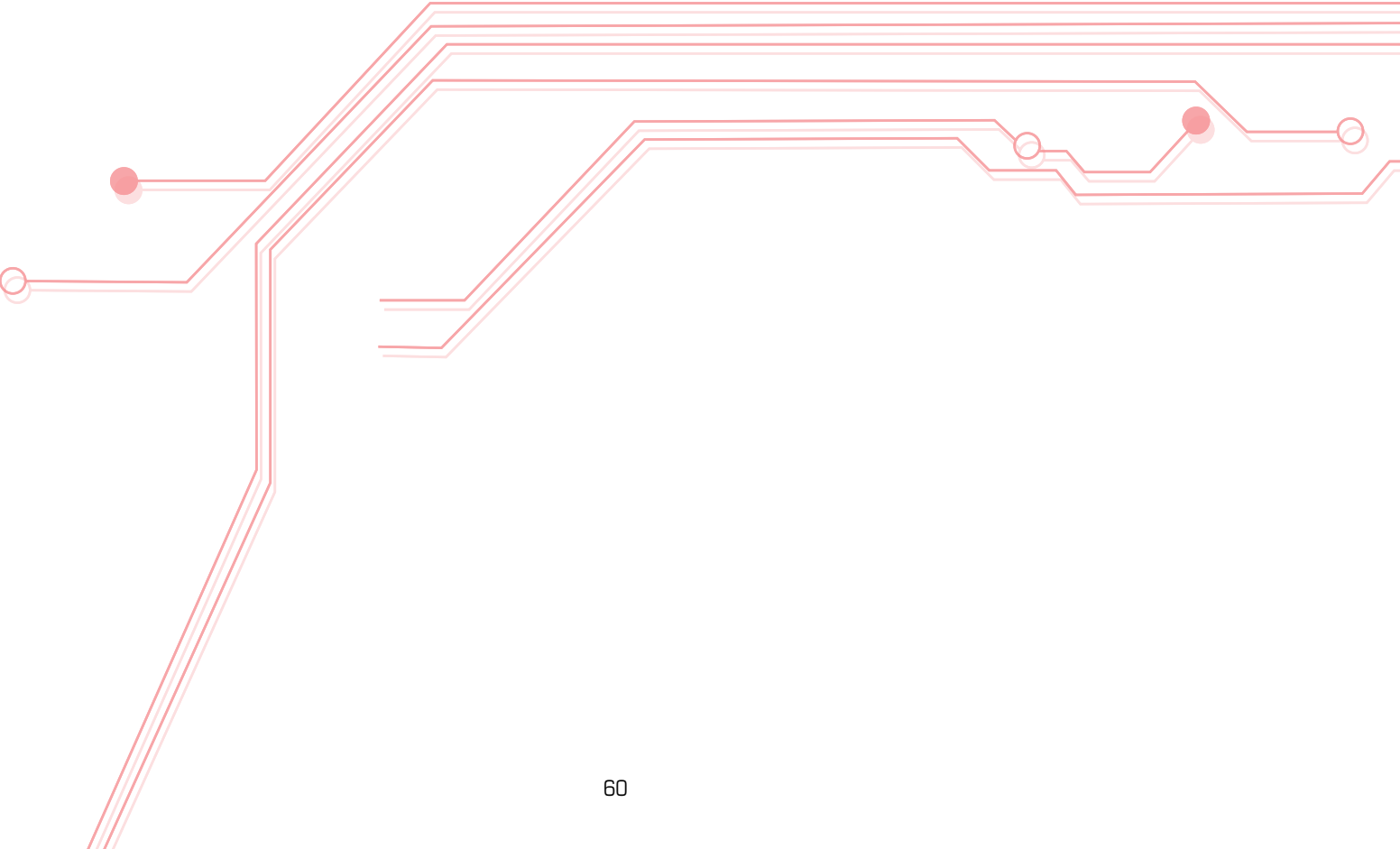
STAKEHOLDER	RELATIONSHIP CHANNELS	INITIATIVES	MAIN TOPICS AND CONCERNS
Society <ul style="list-style-type: none">• Surrounding communities• NGOs• Sector bodies• R&D institutions	<ul style="list-style-type: none">• Internet• Participation in sector bodies• Interviews with the press• Press releases	<ul style="list-style-type: none">• Social, cultural and environmental programs geared towards surrounding communities• Pro-active and ethical relations with local, regional and national press and media	<ul style="list-style-type: none">• Stakeholder to be consulted in the next report
Technical Support	<ul style="list-style-type: none">• Technical Support Portal (“Talk to Us”, on-line training)• Regional inspectors• Sales representatives• Technical support area• Internet• Administrative bulletins	<ul style="list-style-type: none">• On-line and classroom training courses• Tracking of needs• Implementation of improvements in the authorized posts	<ul style="list-style-type: none">• Employee training• New investments• Disclosure of financial and operating results
Representatives	<ul style="list-style-type: none">• Internet• Regional sales managers• Marketing campaigns	<ul style="list-style-type: none">• Sales seminars• Annual Sales Convention• Awards	<ul style="list-style-type: none">• Innovation of product technology• Sales and customer service channels• Competitive practices and combating piracy
Financial Institutions	<ul style="list-style-type: none">• Periodic financial reports• Internet• Press releases	<ul style="list-style-type: none">• Disclosure of information and periodic results	<ul style="list-style-type: none">• Stakeholder to be consulted in the next report

GRI 3.1 / 3.3 / 3.4 / 3.5 / 4.14 / 4.15 / 4.16 / 4.17

GRI INDEX

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2.3	16-17
2.4	16
2.5	16
2.6	24
2.7	16-17
2.8	16 and 34
2.9	17
2.10	19
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3.1	55
3.2	This is Semp Toshiba's first report.
3.3	55
3.4	55
Report Scope and Boundary	
3.5	55 to 58
3.6	5-6 and 16
3.7	5-6
3.8	There are no considerations that can significantly affect compatibility between periods and/or organizations.
3.9	The data measurement techniques are in line with GRI protocols, widely-accepted methodologies or are used by Semp Toshiba in a systematic manner.
3.10	Not applicable.
3.11	Not applicable.
GRI Content Index	
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GRI INDEX

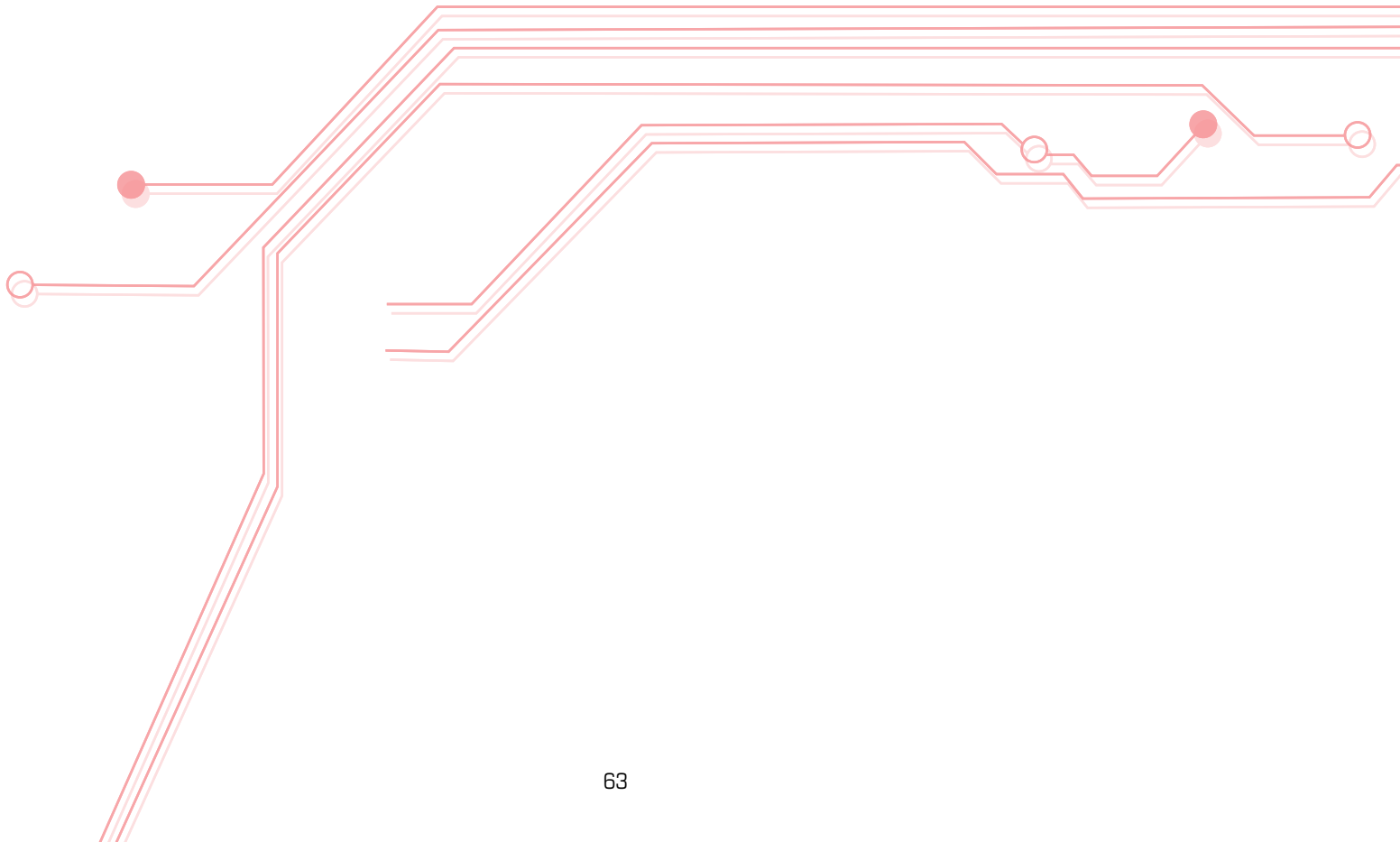
GRI INDICATORS	Page / Response	Global Compact Principle
ECONOMIC PERFORMANCE INDICATORS		
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EC3	45	
EC4	35	
Aspect: Market Presence		
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EC6	32-33	
EC7	44	6
Aspect: Indirect Economic Impacts		
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Aspect: Corruption		
SO2	47	10
SO3	45 and 47	10
SO4	47	10
Aspect: Public Policy		
SO5	23	1 to 10
SO6	26	10
Aspect: Anti-Competitive Behaviour		
SO7	No legal actions for anti-competitive, antitrust or monopoly practices.	

Indicators that have a correlation with the Global Compact

GRI INDEX

Aspect: Compliance		
SO8	One tax foreclosure action arising from an administrative fine of R\$222.674,14, applied by Procon (Consumer Protection Agency) on January 27, 2009, for infringing article 18, paragraph 1 of the Consumer Protection Code for allegedly not repairing equipment within 30 days. The legal process is pending.	
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PR9	32	



A country called
SEMP TOSHIBA

