

Corporate Social Responsibility Report 2006



Art contest in Thailand

Editorial Policy

- The objective of this report is to report Toshiba Group's corporate social responsibility (CSR) activities to stakeholders in an easy-to-understand manner.
- The 2006 issue consists of web content and a printed report for the purpose of:
 - 1) Enhancing disclosure of CSR activities
 - 2) Ensuring reader-friendliness
- To enhance the reliability of this report, the content has been selected in accordance with the basic principles of AA1000. The report received a third-party review and the results of the review are presented. For details, see p.57.
- This report consists of five chapters. Economic performance is presented in "Toshiba Group Overview / Economic Performance" on p.2-3. The characteristics of each chapter are as follows.

● The Mind of Toshiba Group

In "Highlights" our activities concerning three themes that we consider particularly important in the context of Toshiba Group's CSR activities are introduced.

● Management

CSR promotion structures and a list of targets and results of Toshiba Group's CSR activities are presented.

● Social Performance

Toshiba Group's efforts to cultivate relations with stakeholders based on trust are presented according to the types of stakeholders.

● Environmental Performance

Progress toward achievement of the Toshiba Group Environmental Vision 2010 and the Fourth Toshiba Group Voluntary Environmental Plan is presented.

● Communication

Our communication with stakeholders is introduced.

☐ Disclosure of CSR Information


The website provides extensive coverage of Toshiba's CSR activities. The printed report presents new activities introduced in fiscal 2005 and major items selected from the information available on the website.

☐ CSR Web Content

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



Web Mark

Detailed information on keywords marked with  mark in this report is available on the website.

For the correspondence between the printed report and the web content, please refer to the following page on the website.

Printed Report and Web Content Index

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

[Reference Guidelines]

- 2002 Sustainability Reporting Guidelines, Global Reporting Initiative (GRI)
The GRI content index is available on the Toshiba website.
<http://www.toshiba.co.jp/csr/en/gri/>
- Environmental Reporting Guidelines (Fiscal Year 2003 Version), Ministry of the Environment of Japan
- Environmental Accounting Guidelines 2005, Ministry of the Environment of Japan

[Scope of the Report]

Reporting period:

Fiscal 2005 (from April 1, 2005, to March 31, 2006)

*Although the report focuses on the results of activities in fiscal 2005, some activities continuing from before and more recent activities are also included.

Organizations covered:

In principle, Toshiba Group*

*Toshiba Group: Toshiba Corp. and its 368 consolidated subsidiaries in Japan and overseas

*"Toshiba" in this report means Toshiba Corp.

Scope of data:

Economic Performance:

Toshiba Corp. and its 368 consolidated subsidiaries

Social Performance:

The scope is indicated for each data.

Environmental Performance:

Toshiba Corp. and its 368 consolidated subsidiaries unless otherwise specified.

The method of calculating data is indicated for each datum.

[Publication]

Current issue: August 2006

Next issue: Scheduled for August 2007 (Previous issue: August 2005)



Contents

Editorial Policy	
Contents	01
Toshiba Group Overview / Economic Performance	02

The Mind of Toshiba Group

Top Commitment	04
Toshiba Group CSR	06
Highlights	
— A Multi-faceted Approach to Preventing Global Warming	08
— Providing Safe Notebook PCs Worldwide	10
— Symbiosis with Global Society Deepened through Dialog	12

Management

Corporate Governance	15
CSR Management	16
Targets and Results	18
Compliance and Risk Management	20

Social Performance

Customers	25
Shareholders and Investors	28
Suppliers	29
Employees	30
Corporate Citizenship	33

Environmental Performance

Environmental Management	37
Targets and Results	42
Environmental Impacts	44
Environmental Impacts of Products	
— Global Warming	47
— Chemicals	48
— Resources Utilization	49
Environmental Impacts of Business Activities	
— Global Warming	50
— Chemicals	52
— Resources Utilization	54

Communication

Communication with Stakeholders	56
Third-party Assessment of the CSR Report	57

Cover Message

Toshiba Group has been holding an art contest in Thailand every year since 1989 to give children an opportunity to express their creativity and to encourage young artists. The smiles of these youngsters express their curiosity, delight and faith in the future, and values they share with Toshiba Group.

Toshiba Group Overview / Economic Performance

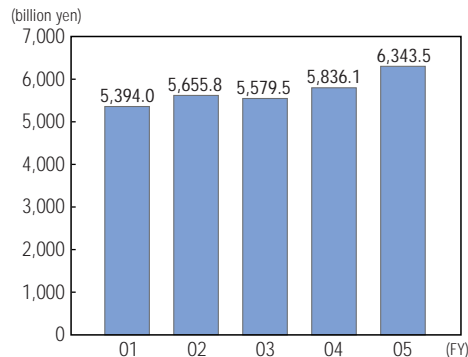
Toshiba Group is engaged in businesses ranging from digital products and electronic devices & components to social infrastructure systems and home appliances. Consolidated net sales for fiscal 2005 amounted to 6,343.5 billion yen. Toshiba Group has over 170,000 employees and is conducting business worldwide.

Company Overview (as of March 31, 2006)

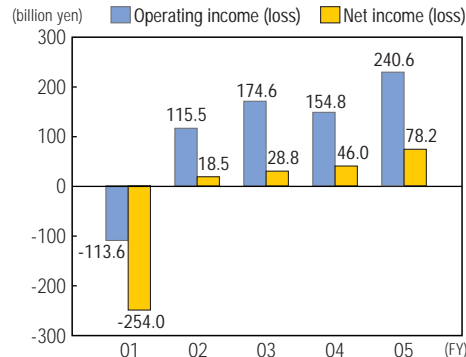
Company name:	Toshiba Corporation	Number of shareholders:	454,849
Headquarters address:	1-1, Shibaura 1-chome, Minato-ku, Tokyo	Number of shares issued:	3,219,027,165 shares
Founded:	July 1875	Number of consolidated subsidiaries:	368 (210 in Japan, 158 overseas)
Paid-in capital:	274.9 billion yen	Number of companies affiliated by the equity method:	111
Consolidated net sales:	6,343.5 billion yen	Stock exchange listings:	Tokyo, Osaka, Nagoya, London (as of May 31, 2006)
Number of employees (consolidated):	171,989	CSR-related organization of which Toshiba is a member:	•Business for Social Responsibility (BSR)
CSR-related international charters/guidelines Toshiba endorses:	<ul style="list-style-type: none"> •United Nations Global Compact •Global Reporting Initiative (GRI) 		

Major Performance Indicators (consolidated)

● Net Sales

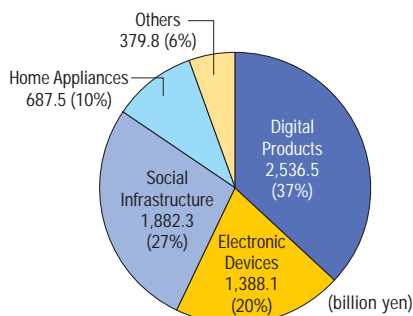


● Operating Income (Loss) & Net Income (Loss)

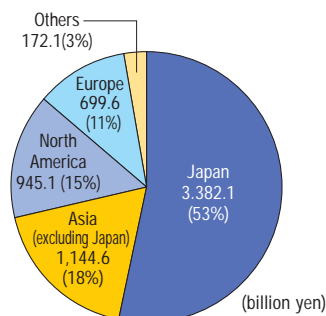


Composition of Sales and Employees (Fiscal 2005, Consolidated)

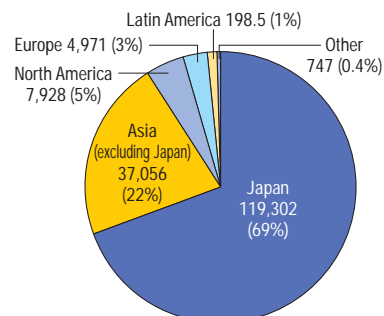
● Composition of Sales by Business Segment



● Composition of Sales by Region



● Composition of Employees by Region



Please refer to Toshiba Annual Report 2006 for details of Toshiba's business and financial information. This information is also available at the following website: (<http://www.toshiba.co.jp/about/ir/index.htm>)

Distribution of Economic Value to Stakeholders (Fiscal 2005)

Toshiba Group conducts business in relationship with various stakeholders and creates economic value. The table below shows the amounts of economic value distributed to


stakeholders. To ensure objectivity, the amounts are based on the statement of income. However, the amounts concerning society and the environment are based on calculation.

Stakeholder	Amount distributed (billion yen)		Calculation method
	2005	2004	
Suppliers and Partners	4,868.5	4,497.9	Cost of sales (excluding labor costs) Selling, general and administrative costs (excluding labor costs)
Employees	1,234.4	1,183.3	Labor costs included in the cost of sales and selling, general and administrative expenses
Shareholders	22.8	17.1	"Dividends paid" on the cash flow statement
Creditors	24.6	21.7	"Interest" included in costs and expenses on the income statement
Government/Authorities	90.1	55.9	Income taxes
Society	3.0	2.5	Expenditure for corporate citizenship activities* For details, see p.33.
Environment	49.5	38.9	Environment-related expenditure* Equals environmental costs in environmental accounting For details, see the following website: (http://www.toshiba.co.jp/env/en/management/account/)
Within company	58.9	28.9	Amount of net income minus dividends paid

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

Business Overview

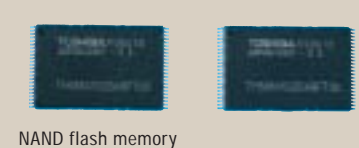
Digital Products



Digital high-definition LCD TV


HDD & DVD recorder

Electronic Devices & Components




NAND flash memory

Home Appliances



Refrigerator

Social Infrastructure Systems



Medical X-ray CT system

	Digital Products	Electronic Devices & Components	Social Infrastructure Systems	Home Appliances	Others
Principal products / services	<ul style="list-style-type: none"> • PCs • TVs • DVD video players/recorders • Mobile phones • Hard disk drives • Copiers 	<ul style="list-style-type: none"> • Semiconductors (system LSIs, memories, discrete devices) • LCD displays 	<ul style="list-style-type: none"> • Nuclear, thermal and hydroelectric power generation systems • Water purification and sewage treatment systems • Aviation security and control systems • Automatic gate machines • Elevators • Medical systems 	<ul style="list-style-type: none"> • Washing machines • Refrigerators • Room air conditioners • Lighting equipment 	<ul style="list-style-type: none"> • Internet services • Software/content • Satellite broadcasting services
In-house companies, divisions and affiliated companies constituting business groups	<ul style="list-style-type: none"> • Mobile Communications Company* • Digital Media Network Company* • Personal Computer & Network Company* • Toshiba TEC Corp. 	<ul style="list-style-type: none"> • Semiconductor Company* • Display Devices & Components Control Center* • Toshiba Matsushita Display Technology Co., Ltd. 	<ul style="list-style-type: none"> • Power Systems Company* • Industrial Systems Company* • Social Infrastructure Systems Company* • Toshiba Elevator and Building Systems Corp. • Toshiba Solutions Corp. • Toshiba Medical Systems Corp. 	<ul style="list-style-type: none"> • Toshiba Consumer Marketing Corp. • Toshiba HA Products Co., Ltd. • Toshiba Lighting & Technology Corp. • Toshiba Carrier Corp. • Toshiba Battery Co., Ltd. 	<ul style="list-style-type: none"> • Network Services & Content Control Center* • Mobile Broadcasting Corp.

In-house companies and divisions of Toshiba Corp. are marked with*.

Top Commitment

Unleashing Toshiba's Dynamism Through CSR-Oriented Management

CSR at the Heart of Management

Since I assumed the presidency of Toshiba a year ago, I have positioned the principles of CSR at the heart of management, alongside sustained growth with profit and maximization of the multiplier effect of innovations*. CSR-oriented management is a core theme of Toshiba's business plan for fiscal 2006 to 2008 which was announced in May 2006.

Based on the fundamental principles of according the highest priority to human life and safety and legal compliance in all business activities, Toshiba Group is addressing human rights, environmental management, enhancement of customer satisfaction and corporate citizenship. We strive to make CSR an integral part of daily business operations for each and every business division and employee, and in doing so we hope to earn the trust of all our stakeholders and the business community.

* Maximization of the multiplier effect of innovations

This means unleashing a multiplier effect in business process through innovations in three key areas: development, production, and sales and marketing.

Giving the Highest Priority to Human Life & Safety and Legal Compliance

Although I have been urging all Toshiba Group companies to ensure total legal compliance as a prerequisite for doing business, there have regrettably been two incidents of compliance failure. The first concerned bid rigging for installation of electrical equipment for Narita International Airport Corporation while the second involved the falsification of flow rate test data for nuclear reactor and thermal power generator flow meters. As president and

CEO, I view these problems with the utmost concern. I have taken the initiative in formulating and implementing fundamental measures to prevent their recurrence. We are doing our utmost to cultivate a corporate culture that accords the highest priority to human life, to safety and to legal compliance throughout Toshiba Group.

Earning Global Trust

Since taking the helm, I have made it my mission to ensure that Toshiba Group is richly deserving of global society's trust. For the CSR perspective, there are two essential aspects to being a global enterprise. One involves taking a leading role in the environment by contributing to the sustainable development of society. To this end, Toshiba established its Environmental Vision, with the aim of doubling Toshiba Group's overall eco-efficiency by fiscal 2010 and implementing the company's voluntary environmental action plan. Prevention of global warming is a particularly pressing issue. In addition to offering environmentally-conscious products and promoting energy-saving at factories, we recognize our responsibilities as a leading supplier of energy equipment. We intend to prevent global warming through the enhancement of thermal power generation efficiency, the expansion of nuclear power and the development of renewable energy sources.

The other aspect of being a global enterprise involves respecting the cultures and customs of the communities where we do business. Toshiba Group companies actively do this. For example, in 2005 Toshiba established a new initiative of presidential awards, the Toshiba "ASHITA" Awards, which are presented each year to individuals or



groups whose corporate citizenship activities achieve outstanding results. This is just one of the ways in which Toshiba Group companies proactively seek to gain knowledge and cultural awareness and to encourage and champion exemplary corporate citizenship.

Driving Innovation to add Value to Society

As stated in the management vision, we have been a source of products and services attuned to people's aspirations and beneficial to society since 1875. I have added "Meeting Challenges with Innovation" to the management vision that we revised in April 2006. Toshiba is making a concerted Group-wide effort to maximize the multiplier effect of innovations at each phase of development, production and sales and marketing. Toshiba will continue to lead the market and is committed to being at the forefront of technology convergence.

Everyone at Toshiba Group is encouraged to be passionate about their work, to adopt a broad perspective and to cultivate strong determination. These individual capabilities fuse into an organizational ability that emboldens us

to achieve growth, fuel innovation and unleash our dynamism.

Respecting Stakeholders and Enhancing CSR Activities

The links between a company and its stakeholders are many and various. We value the relationships we have with our customers, investors, employees, local communities and suppliers, and respect each of these stakeholders' interests and needs. Mindful of this, we emphasize communication and engagement with our stakeholders.

As CSR activities come to the fore, their quality is becoming an issue. We pledge to attain a level of excellence in our CSR activities that is worthy of a dynamic Toshiba.

Atsutoshi Nishida
President and CEO
Toshiba Corporation

The Mind of Toshiba Group

Toshiba Group CSR

CSR Fulfillment Synonymous with Implementing Corporate Philosophy

The Basic Commitment of Toshiba Group is the corporate philosophy shared throughout the Group, and moreover, at the heart of all CSR activities.

While the Group slogan—"Committed to People, Committed to the Future. TOSHIBA."—expresses the thrust of CSR at Toshiba and the management vision articulates the values we share, Toshiba Group Standards of Conduct and the United Nations Global Compact embody principles guiding us in our daily conduct of business.

Mindful that Toshiba Group's business involve relationships with various stakeholders, we are stressing communication with all of them. As well as appropriate dissemination of information, we are endeavoring to listen to the opinions and requests of our stakeholders in various ways and reflecting them in management objectives.

The highest priority on
"human life & safety" and
"legal compliance"

Respect stakeholders

Promote technological innovation and
create new value

Contribute to a better global environment
Contribute to the development of
society as a good corporate citizen

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.

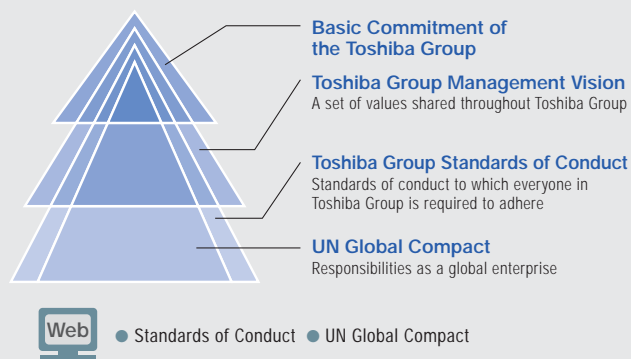
Commitment to People

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.

Framework of Toshiba Group's Management Philosophy



■ Relationships with Stakeholders

Customers

Taking our cue from the voice of customer, whether received at call centers, solicited through customer satisfaction surveys or gathered in other ways, we are doing our utmost to enhance customer satisfaction. We concentrate on offering products, systems and services that are safe, reliable and beneficial, respond to customers sincerely, provide necessary information and promote universal design.

Shareholders and Investors

As of March 31, 2006, Toshiba shareholders numbered 450,000, of which 35% are individuals. We endeavor to secure profits in order to appropriately return profits to our shareholders. Information about Toshiba, including management policies and financial data, is disclosed in a timely manner at IR briefings and at the Toshiba website.

Employees

As of March 31, 2006, more than 170,000 people were working for Toshiba worldwide. We respect the human rights of every individual and draw strength from the diversity of our workforce. We endeavor to provide a safe working environment where employees can bring their expertise into full play, take pride in their work and experience job satisfaction, and work to establish a corporate culture conducive to the nurturing of those values. We are working to enhance communication at workplaces and vitalize organizations in various ways, for example, by conducting a survey of employees' values and attitudes, offering counseling services and initiating dialogue.

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

Suppliers

As of March 31, 2006, Toshiba was doing business with 4,700 suppliers. We are endeavoring to establish fruitful partnerships with suppliers based on fair and open transactions and mutual trust. In accordance with Toshiba Group's CSR-oriented procurement policy, we are championing CSR throughout the entire supply chain.

Local Communities

We give careful consideration to the impact of business activities on local communities and strive to contribute to society while respecting their cultures and customs. As a good corporate citizen with a distinctive personality, we are eager to communicate with people in local communities through the arrangement of factory visits, initiation of dialogue, etc. More than 20,000 employees from 96 Toshiba Group companies participated in Toshiba's global corporate citizenship campaign in fiscal 2005.

Government / Authorities

We do our utmost to ensure compliance with laws and regulations throughout Toshiba Group by all employees. At the same time, we endeavor to secure profits and fulfill our obligations regarding the payment of taxes. We participate in industry associations etc. and make policy recommendations.

NPOs / NGOs

We cultivate 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.

► Highlights

A Multi-faceted Approach to Preventing Global Warming

► Corporate Environmental Officer's Perspective



Toshio Yonezawa

Corporate Senior Executive Vice President
Toshiba Corporation

Q: What is Toshiba's basic stance toward global warming?

Our slogan, "Committed to People. Committed to the Future," goes to the heart of everything we are doing at Toshiba Group to protect and improve the environment. Above all, we are striving to prevent global warming by reducing CO₂ emissions.

When we consider the phenomenon of global warming, a substantial body of evidence points to CO₂ as the villain of the piece. Given the scale of CO₂ emissions worldwide, it's no wonder that CO₂ is constantly in the spotlight. In accordance with the Kyoto Protocol, Japan has undertaken to achieve a 6% reduction in CO₂ emissions in the 2008-2012 timeframe. But the sobering fact is that emissions have been on the rise in every sector other than industry.

Our commitment to preventing global warming is crystal clear. A key target of the new Environmental Vision that we announced in March 2005 is a 25% reduction in Toshiba Group's CO₂ emissions. We intend to accomplish this by doubling the Group's overall eco-efficiency by fiscal 2010, with fiscal 2000 as our benchmark. We are involved in a host of activities, which are moving us forward, step by step, toward the achievement of our target.

For the general public, Toshiba is probably best known as a producer of TVs, air conditioners, notebook PCs and other items used every day by millions of people. But that is only one aspect of Toshiba Group. Drawing on our broad and deep capabilities, we develop and provide products and systems designed to reduce CO₂ emissions from the

perspective of both energy demand and energy supply, since we are also a leading source of power generation systems. Moreover, in terms of manufacturing, we have set tough energy-saving targets for our semiconductor plants as a top priority, because such plants tend to have a tremendous appetite for energy. The measures we are implementing have already produced substantial progress.

Q: What do you stress in developing and manufacturing power generation systems?

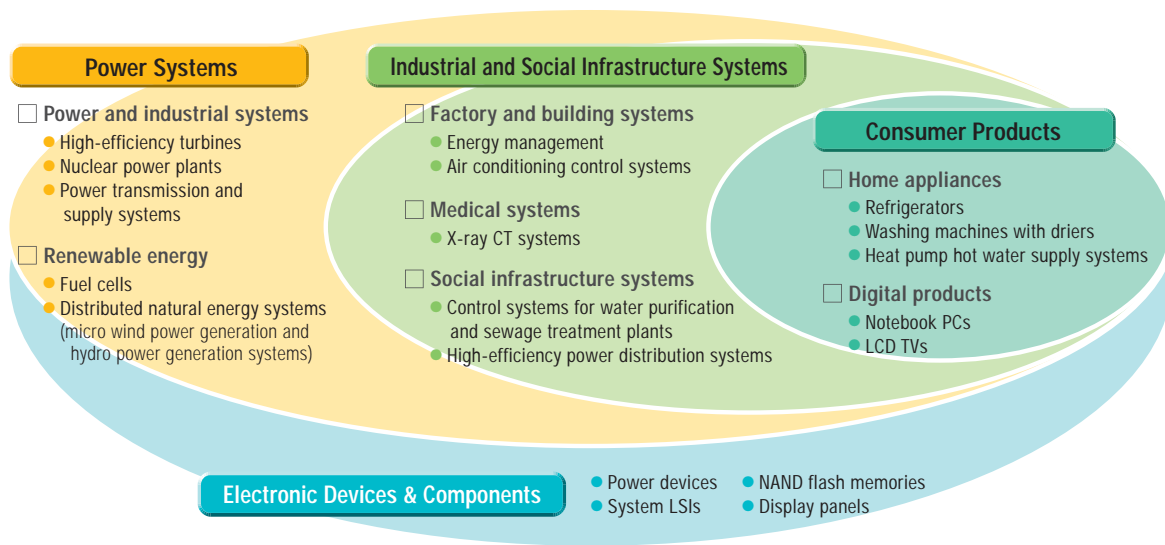
As a developer and manufacturer of thermal power, hydro power and nuclear power generating equipment, Toshiba Group is active across the entire power engineering field. By providing high-performance systems for power stations in Japan and around the world, we have been underpinning the stable supply of electricity for several decades.

Since energy demand keeps on rising, it's only natural that nuclear power generation, a source of clean energy free of the drawback of CO₂ emissions, seems certain to play a greater role in the future. All around the world, nuclear power plant construction plans are being dusted off for review. In light of the soaring global demand for electricity and the evolving energy policies of numerous countries, we are working to enhance our international presence by offering nuclear power generation systems that achieve both reliability and economic operation. Also, while contributing to stable power supply, we are also stepping up our efforts to prevent global warming.

Likewise, in the thermal power and hydro power generation fields, we are striving to reduce CO₂ emissions by raising power generation efficiency. For thermal power generation systems, the greatest advance in recent years has been the enhancement of thermal efficiency by increasing gas turbine temperatures. In addition to technology that raises gas temperature to 1,500°C while maintaining stability by cooling the high-temperature portion of the turbine with steam, Toshiba has developed technology for thermal recovery of cooling steam, resulting in a great reduction of CO₂ emissions. We are looking to achieve even higher efficiency through development of an advanced ultra-high-temperature steam turbine system.

Meanwhile, we are also working on virtually every type of renewable-energy system you can think of—fuel cells for applications in factories, hospitals and homes, ultra-compact fuel cells for mobile devices, and facilities for producing hydrogen, which is a promising source of clean energy.

● Wide-Ranging Eco-Products for Prevention of Global Warming



Q: What is Toshiba doing in the realm of consumer products?

We already have a great deal of experience in developing and commercializing environmentally conscious products. Since 1996 we have set energy saving targets for our refrigerators, air conditioners and other home appliances. And I'm pleased to be able to tell you that our achievements to date have greatly surpassed our targets.

For example, the *Daiseikai* GDR series of room air conditioners that we introduced in 2006 automatically cleans filters and suppresses mold generation. As a result, power consumption resulting from clogged filters and a build-up of dirt and mold can be cut by about 25%. Combine that with the various benefits of energy-saving technology, notably much more efficient inverters and compressors, and the result is a 2006 model whose total power consumption is 40% less than the 1995 model.

Q: What do you see as your outstanding achievements at Toshiba's factories?

In order to reduce CO₂ emissions by society as a whole, we must promote energy management and energy saving for our industrial and social infrastructure, including high-rise buildings, department stores and factories, all of which consume a lot of energy.

One of the outstanding achievements within Toshiba Group concerns Yokkaichi Operations. Since semiconductor manufacturing requires ultra-clean air, energy consumption related to air conditioning is a major item. At Yokkaichi Operations' new plant, which came on stream in 2005, we make maximum use of waste heat in the clean room. That approach allowed us, to dispense with boilers, resulting in a 33% reduction in CO₂ emissions compared with a conventional clean room. Great progress has also been made at Ishikawa Operations, an LCD production facility operated by Toshiba Matsushita Display Technology Co., Ltd., CO₂ emissions from the production line, which started operation in 2006, are 53% less than those of a conventional LCD line (see p.51).



Daiseikai GDR series air conditioner
40% reduction in power consumption compared with the 1995 model thanks to superior energy-saving technologies for inverters and compressors

High-temperature steam turbine for thermal power generation plants
CO₂ emissions drastically reduced by raising the turbine's combustion gas temperature to 1,500°C



Yokkaichi Operations flagship fab for NAND flash memories
The new clean room, which started operation in 2005, reduces CO₂ emissions by 33% compared with a conventional clean room

► Highlights

Providing Safe Notebook PCs Worldwide

► Reducing Hazardous Substances in Cooperation with Suppliers in China

Meeting the RoHS Directive*1 is a Must

Toshiba notebook PCs are sold throughout the world but most are manufactured in China. As the PC business, which is one of Toshiba's principal businesses, operates globally, satisfying the requirements of the EU's RoHS Directive which came into force in July 2006 is a must. This cannot be achieved without the cooperation of suppliers since the directive requires that parts and components do not contain any of six specified hazardous substances.

We are requesting our suppliers in Japan and overseas to implement the Toshiba Group Procurement Policy requiring suppliers to fulfill CSR, which, in addition to green procurement such as compliance with the RoHS Directive, includes legal compliance, prohibition of child labor and discrimination and provision of safe and clean working environments.

Here, we introduce the CSR activities of Toshiba's notebook PC business undertaken in cooperation with suppliers.

Comprehensive Systems and Procedures

Toshiba Information Equipment (Hangzhou) Co., Ltd. (TIH), which started operation in April 2003, in the Hangzhou Export Processing Zone, is the production base for Toshiba's high-end notebook PCs*2. Manufacturing products principally for Japan, North America and Europe, TIH's cumulative production exceeded 3 million units in December 2005.

"From day one, TIH introduced high-quality environmental facilities

comparable to those in Japan, gaining ISO 14001 certification in the second month of operation. In terms of our overall business, we have positioned environmental protection as a priority issue for management. As TIH is a frontrunner in China, a country where environmental issues are moving to the fore, we receive visitors from all over China," says Ippei Futaki, president of TIH since March 2005. "Since January 2006, TIH's entire output of PCs has been in compliance with the RoHS Directive, way in advance of the enforcement of the directive in July. We spent more than 18 months putting comprehensive systems and procedures in place." The Design Center opened in April 2004 has been upgraded with the introduction of fluorescent X-ray measuring instruments for periodic sampling tests of parts in addition to checking the database. In order to investigate any inclusion of hazardous substances, certain parts are disassembled and crushed and analyses are performed to determine the elements they contain.

Cooperation of Suppliers is Indispensable

A notebook PC contains more than one thousand parts, ranging from the plastic case, electronic circuits and cables to tiny screws. Steps must be taken to ensure that banned hazardous substances are not present in any component. Ome Complex in Japan, which is responsible for product development and design, specifies parts free of the hazardous substances and parts procurement is in accordance with the parts list it issues.

In May 2005 at a gathering of about 100 suppliers from China and elsewhere, TIH explained the outline of the RoHS Directive and Toshiba's policy, stressing that compliance is a prerequisite for eligibility as a supplier.

Wuxi Alps Electronics Co., Ltd. (Wuxi Alps), a supplier, was able to respond swiftly because its manufacturing processes were already environmentally friendly. Since the 1990s, Wuxi Alps has been



*1 **RoHS Directive:** Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment. It bans the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) and polybrominated diphenyl ethers (PBDE) in electrical and electronic equipment to be marketed in the EU from July 2006 onward. Similar regulations have been implemented around the world.

*2 **High-end notebook PCs:** Qosmio, dynabook and other sophisticated Toshiba notebook PC models for the global marketplace that are designed to be differentiated products providing new values to users.



The world's first AV notebook PC with HD DVD-ROM drive manufactured by TIH



To ensure strict control, barcodes are affixed to all subdivided packages containing parts.

Cui GuiYing, Line Leader
PCB Manufacturing Section



TIH Design Center performs on-site inspections to confirm no hazardous substances banned by the RoHS Directive are present in parts and components.

Junbo Li (left), Parts Verification
Technology Section Manager



The flow of parts control was comprehensively upgraded to respond to the RoHS Directive.

Liu Yan (left), Procurement
Administration Section Manager
Jiu Fan, Quality Assurance Section Manager

working to eliminate hazardous substances in order to meet the requirements of customers committed to green procurement. As well as a database on raw materials, Wuxi Alps has its own green procurement standards covering all regulations and revises the standards as necessary.

However, not all parts manufacturers were as advanced as Wuxi Alps at the outset. "TIH procures about 40% of its parts from manufacturers in China. Some are subsidiaries of Japanese manufacturers, some are local companies and others are based in other countries. Consequently, the affinity with the new way of doing business varied widely among manufacturers. It required perseverance to explain Toshiba's policy to each manufacturer, confirm that everything was clearly understood and conclude a contract," says Katsuhiro Gytoku, procurement manager.

Barcode Control of All Parts

As one element in the response to the RoHS Directive, TIH established a database of material compositions and historical information.

In parallel with the construction of the database in cooperation with the design team at Ome Complex, TIH held a second briefing for suppliers in September 2005, requesting them to introduce barcode labels for material compositions and lot numbers. Since this information is input to the database by swiping the barcodes upon delivery of parts and components, TIH can retrieve shipment information instantly in the event of any problem and implement countermeasures.

Also, the processes from receipt of parts at the site to supply of the parts to the production line are strictly controlled. For example, tens of thousands of screws are delivered in a single lot. Parts information is read from the barcode on the package and screws in a lot are subdivided into bags before they are transferred to the production line. A barcode label is affixed to each bag so that parts and parts information correspond accurately.

"Our production is high-mix low-volume. We produce about 20 models of PCs in 26 languages. This means we produce some 1,400 different types of PCs every month. So, in order to prevent any confusion, such as omission of a parts lot number, the layout of shelving and deployment of the workforce have been optimized based on careful consideration of the sorting of parts and the flow of parts acceptance and delivery. In addition, thorough on-site training and instructions are provided," explains Liu Xiaojun, PCB manufacturing Section Manager.

Contributing to China's Society through Ethical Manufacturing

"Eastern China is home to numerous suppliers and manufacturers. Indeed, it accounts for 80% of worldwide notebook PC production. Factor in the rapid expansion of the market in China, and it's clear why Hangzhou has such a pivotal role as a production and supply base for Toshiba's global operations," says Futaki.

He continues, "TIH aims to become the world's foremost notebook PC factory." Clearly, although much remains to be done, TIH is rising to challenge.

■ Efforts on the Part of Suppliers

Wuxi Alps Co., Ltd. established in 1995, one of the six Alps factories in China, is a large operation with some 7,500 employees. It manufactures parts for industrial equipment and multimedia devices. Having established its own original green procurement standards, Wuxi Alps is satisfying the requirements of the RoHS Directive. Its quality policy is to comply with all applicable rules and to ensure customers are kept free of trouble. The company supplies switches and connectors to TIH.

"We are stepping up our environmental protection efforts by emphasizing internal audits and education."

Mr. Cao Ming
Wuxi Alps Electronics Co., Ltd.



► Highlights

Symbiosis with Global Society Deepened through Dialog

► Stakeholder Dialog in Thailand

As a global enterprise, Toshiba aims to play a leading role to respect the cultures and customs of the countries and regions where it operates and protect the global environment. Here, we feature Toshiba's activities in Thailand, a country where Toshiba aims to continue developing its business together with local communities while cultivating fruitful linkage with society at large.

Business Development in Thailand

Toshiba opened an office in Thailand in 1963 and subsequently, in 1969, its first subsidiaries in the country: home appliance manufacturer Thai Toshiba Electric Industries Co., Ltd. and sales company Toshiba Thailand Co., Ltd. In more than four decades of successful development in Thailand, Toshiba has become deeply rooted in Thai society. At present, more than 10,000 employees are working at 14 Toshiba Group companies in Thailand, manufacturing home appliances, semiconductor devices and digital equipment for the Thai market and for customers worldwide.

Superior Working Environment

Putting the health and safety of employees first, Thai Toshiba Group is working to achieve and maintain a superior working environment that keeps getting better. Three companies have already gained OHSAS 18001 certification for occupational health and safety management systems and two have gained Thai Labor Standard (TLS) 8001-2003 certification. Concerning measures for HIV/AIDS, which is a serious social issue in the country, two companies have already been certified by AIDS-response Standard Organization (ASO) and the entire Thai Toshiba Group is striving to ensure workplaces are free from discrimination through education and efforts to raise awareness.

Environmental Protection Activities

Toshiba Semiconductor (Thailand) Co., Ltd. (TST), a semiconductor production plant, has won plaudits for its environmental activities, including an award from the prime minister of Thailand for being an excellent energy-saving factory. While organizing annual environmental events to raise the awareness of employees, TST is vigorously engaged in communication with the local community. For example, TST employees visit local elementary schools to give classes on environmental topics.

Tackling Social Issues

Thai Toshiba Group companies are working together on long-standing corporate citizenship activities involving employees and business partners.

For example, under the slogan "We love school with Toshiba," for the past 17 years Thai Toshiba Group companies have been donating TVs and other products to local schools and providing scholarships to students who excel academically.

Toshiba Thai Foundation established in 1991 provides scholarships to 60 science and engineering students every year. Also Toshiba Thai Group companies have introduced internships for trainees.



Giving a class on environmental topics at an elementary school



Donating a TV to a local school



Supporting education of engineers

► The First Stakeholder Dialog in Thailand

On April 25, 2006, Toshiba held a stakeholder dialog in Thailand, the first such event we have held outside Japan. Dr. Juree Vichit-Vadakkan, President, Center for Philanthropy and Civil Society, National Institute of Development Administration, facilitated the dialog. Also taking part were four specialists in the social contribution, culture, the environment and energy issues, respectively, as well as an entrepreneur. Participants from Toshiba included Yuji Kiyokawa, then general manager, Corporate Social Responsibility Division, and presidents of Thai Toshiba Group companies. Speakers expressed their high expectations of Toshiba Group.

► Participants



Thanpuying Sumalee Chartikavanij
President, Thai Women Watch
(Social contribution activist)



Khunying Dhipavadee Meksawan
Permanent Secretary,
Ministry of Culture



Dr. Piyasvasti Amaranand
President, Energy for
Environment Foundation
(Former Secretary-General,
National Energy Policy Office)



Mr. Chok Bulakul
Managing Director,
Farm Chokchai Group
(Entrepreneur)

► Facilitator



Dr. Juree Vichit-Vadakkan,
President, Center for Philanthropy
and Civil Society, National Institute
of Development Administration
(NIDA)



► Opinions

● Thanpuying Sumalee Chartikavanij

In CSR, it is crucial that leaders take the initiative with passion and conviction. I hope Toshiba will set an example to other companies and individuals. I think it is very good that Toshiba, as part of its social contribution effort, donates 0.5 baht for every fluorescent lamp purchased to a fund in preserving the local art & craft project to create additional income for the poor.

● Khunying Dhipavadee Meksawan

In everything a global enterprise does, it should embrace values that lead it to respect the cultures and perspectives of the countries where it operates. Alongside social contributions, it is crucial to contribute to employees and provide flexible working conditions. Activities in which employees can get involved are an important aspect of CSR.

● Dr. Piyasvasti Amaranand

I would like Toshiba to contribute to the world by making use of its technological capabilities in environmentally conscious products, in the energy field and by developing environmentally conscious production processes. There is certainly room for improvement in Thailand with regard to the treatment of waste and energy saving at offices. I hope to see Toshiba become a leader with a positive influence on society.

● Mr. Chok Bulakul

By embodying the values of CSR in every product concept, for example, by indicating the recycling rate, I want Toshiba to make sure every product consumers purchase communicates Toshiba's corporate stance. Over and above the pursuit of shareholder interests, I would like Toshiba to present a clear vision to future generations.



● More Information on the Dialog

■ Listening to Opinions

By listening carefully to the opinions expressed, we have been able to clearly recognize the values Toshiba Group should champion in society. From now on, we will endeavor more to contribute to the progress of society

through innovation while respecting Thai culture and its values, and thus enhance confidence in Toshiba.

Kobkarn Wattanavrangkul
Chairperson, Toshiba Thailand Co., Ltd.



■ We Value Dialog with Stakeholders

As an enterprise operating globally, we want our business to be a practical expression of our respect for the cultures and customs of the countries and regions in which operate, and, for that purpose, we are eager to engage in dialog with stakeholders. We are convinced that such an approach will lead to the sustainable development of

Toshiba and local communities. In addition to ongoing communication that arises between individuals, we would like to organize opportunities for dialog in order to enhance our business activities in the widest sense.

Yuji Kiyokawa, Then Corporate Executive Vice President and General Manager,
CSR Division, Toshiba Corporation





Management

- Corporate Governance
 - CSR Management
 - Targets and Results
 - Compliance and Risk Management
-

Management

Corporate Governance

In response to the revision of the Company Law of Japan in 2006, Toshiba Group has decided to establish internal control systems at every company within the Group, whether in Japan or overseas and regardless of the size of the company. In this way, Toshiba Group is strengthening corporate governance.

Achievement in Fiscal 2005

- Formulation of two sets of guidelines for companies within Toshiba Group: for designing a governing body and articles of incorporation and for establishing internal control systems

Toshiba Group's Corporate Governance Structure

Governance Structure

In June 2003 Toshiba adopted the Company with Committees System. Of 14 directors, seven directors are non-executive officers (four outside directors, the chairman of the board of directors and two full-time audit committee members). Majorities of the members of all three committees are outside directors. The Nominating Committee and the Compensation Committee are chaired by outside directors. According to the Company Law of Japan, at the company with committees, the nominating committee prepares proposals concerning appointment and dismissal of directors. At Toshiba the Nominating Committee has additional responsibilities: preparation of proposals for appointment and dismissal of the president and committee members.

Internal Control Systems

In December 2004 Toshiba established the Corporate Governance Committee to deliberate on the configuration of the governing body and principles of corporate governance. The Company Law of Japan,

which came into effect in May 2006, requires every large company to determine its framework of corporate governance and internal control systems by resolution of its board of directors. Further to the discussion at the Corporate Governance Committee, the board of directors of Toshiba Corp. passed a resolution in April 2006 concerning framework of corporate governance and internal control. All Toshiba Group companies in Japan and overseas, regardless of their size, will put in place internal control systems.



- Internal control systems

Compensation for Directors and Executive Officers

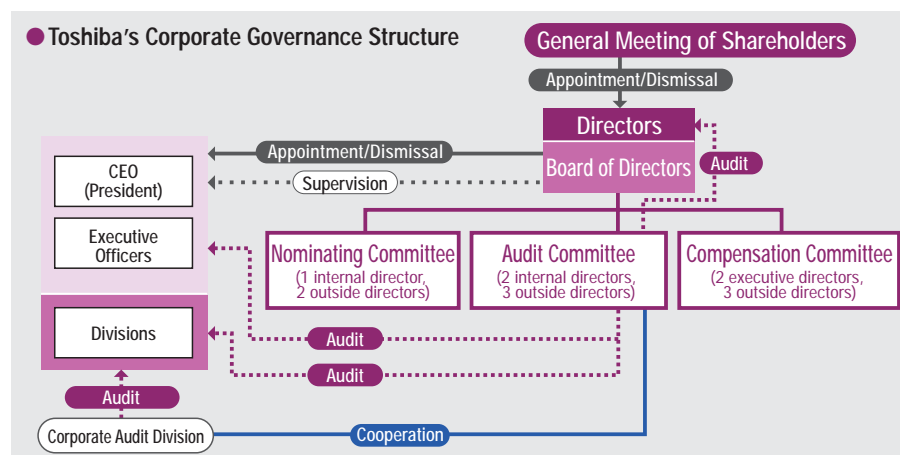
Directors who are not executive officers receive fixed amounts of compensation according to their duties and whether they are full-time or part-time directors.

Executive officers receive compensation according to their titles and duties. With regard to 35% of the compensation according to duties, payment varies from zero to twice the amount depending on the performance of Toshiba or the business for which the executive officer is responsible. From July 2006, the variable portion will be increased to 40 to 45% of the compensation according to duties.

In April 2006, the Compensation Committee decided to abolish the system for granting retirement benefits to directors and executive officers.



- Compensation paid to directors and executive officers



External Evaluation

Evaluation of Corporate Governance

Toshiba was ranked top two years running in the JCGIndex Survey conducted by the Japan Corporate Governance Research Institute, Inc.

Toshiba stock was selected for the Corporate Governance Fund of the Pension Fund Association.

Management

CSR Management

Fulfillment of CSR is positioned at the heart of Toshiba Group's management. In December 2005, the first Toshiba Group CSR Conference was held to spur CSR activities throughout the Group worldwide.

CSR at the Heart of Management

Upon assuming the presidency of Toshiba, Atsutoshi Nishida vowed to position fulfillment of CSR at the heart of Toshiba Group's management. The mid-term business plan announced in May 2006, covering the period from fiscal 2006 to 2008, stresses the importance of embracing CSR-oriented management.

Toshiba Group's CSR activity policies are:

- 1) Accord the highest priority to human life & safety and legal compliance throughout the business.
- 2) Play a leading role with regard to the environment as a global enterprise.
- 3) Penetrate CSR activities throughout Toshiba Group worldwide.
- 4) Strive to make CSR an integral part of the daily activities of every employee.
- 5) Disclose and proactively disseminate information.

Mid-term CSR Plan

At the 6th CSR Governance Committee held in March 2006 the CSR action plan for fiscal 2006 and the mid-term CSR plan covering the period through to fiscal 2008 were determined.

In fiscal 2006 our paramount task is to ensure that the highest

priority is accorded to human life & safety and legal compliance throughout the business as we strive to earn the trust of society.

In the mid-term CSR plan, annual targets are set for the principal CSR themes, such as ensuring all employees comply with the Toshiba Group Standards of Conduct and the yearly targets of Fourth Voluntary Environmental Plan (see p.42-43.)

Toshiba Group's CSR Management

The Corporate Social Responsibility Division, which directly reports to the president, is spearheading Toshiba's CSR activities in cooperation with other organizations concerned.

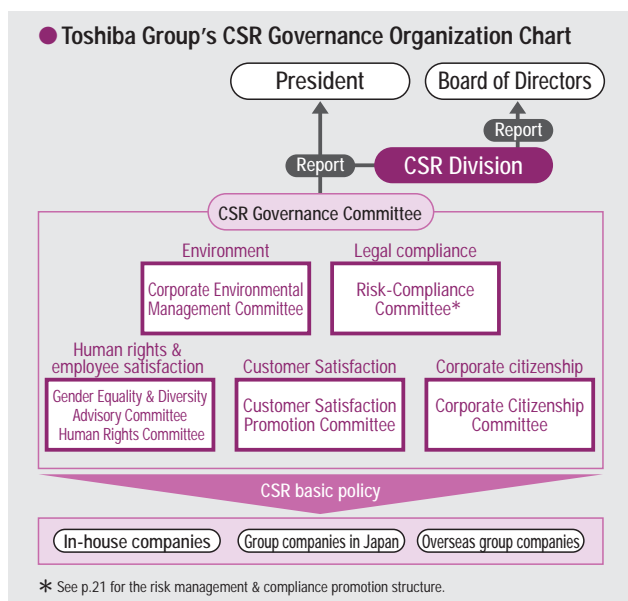
The CSR Governance Committee, consisting of the corporate executive vice president who heads the CSR Division and the officers concerned, is responsible for decision-making on the Group-wide CSR activity policies. The Corporate Citizenship Committee, the Risk-Compliance Committee, the Corporate Environmental Management Committee and other CSR-related committees formulate action plans covering the themes they are responsible for in accordance with the basic policies determined by the CSR Governance Committee. The CSR basic policies and the CSR activity policies are applied to in-house companies and Toshiba Group companies and they formulate and implement their own action plans.

The head of the CSR Division reports periodically to the board of directors.

The First Toshiba Group CSR Conference

In December 2005, senior executives and CSR managers of Toshiba Corp. and Group companies and leaders of the labor union participated in the first Toshiba Group CSR Conference, which was held with the objective of penetrating and spurring CSR activities throughout the Group worldwide. Toshiba Corp. president Atsutoshi Nishida stressed Toshiba Group's CSR basic policy, namely, to accord the highest priority to human life & safety and legal compliance throughout the business. He also urged the participants to promote environmental management and vitalize corporate citizenship activities worldwide, bearing in mind that Toshiba is a global enterprise.

At the conference, a presentation ceremony of the first Toshiba



"ASHITA" Award for social contribution was held. (see p.33)

The participants resolved to embrace the management philosophy and thoroughly implement the Toshiba Group Standards of Conduct. <Photo 1>

Making CSR an Integral Part of Everyone's Daily Activities

Since it is important for leaders to take the initiative in ensuring CSR becomes rooted in the workplace, we created the CSR Handbook for Leaders and distributed it to managers in Japan. This handbook explains the significance of CSR, presents Toshiba Group's activity policies and clarifies the role of leaders. It provides managers with a thorough grounding in CSR and supports them in their efforts to exercise leadership in the execution of CSR activities at their workplaces.

Periodic Assessment and Audit of CSR Promotion Situations

A self-assessment program included in corporate audits was used to assess the situation regarding compliance of Toshiba Group companies. From fiscal 2006 onward, the scope of the assessment will be expanded to cover CSR as well as compliance for Toshiba Group companies in Japan.

The Legal Affairs Division, the Corporate Environment Management Division and other organizations assess and audit Toshiba Group companies in terms of compliance, environmental activities and other CSR-related activities. Regarding environmental management, internal environmental audits emphasizing a workplace-oriented approach are conducted using EASTER (Environmental Audit System in Toshiba on the basis of ECO Responsibility) (see p.40) to enhance the quality of management. The Corporate Audit Division periodically conducts corporate audits, including auditing of compliance, of in-house companies and Toshiba Group companies in Japan and overseas.

At the end of each fiscal year, a CSR survey of Toshiba Group overseas subsidiaries and affiliates within the scope of consolidation is conducted to clarify the situation of CSR promotion. Feedback of the survey results gives added impetus to Toshiba Group's commitment to CSR worldwide.



■ The first Toshiba Group CSR Conference <Photo 1>

History of Toshiba Group's CSR Activities

1971	Consumers Department is established.
1973	Toshiba Management Philosophy is established.
1975	Toshiba Group Health and Safety Convention is introduced.
1988	Environmental Protection Center is established.*
1989	Basic Policy for Environmental Protection is established.* Environmental auditing is introduced.* Toshiba International Foundation is established.
1990	Basic Commitment of the Toshiba Group and the slogan are established. Toshiba Standards of Business Conduct and Toshiba International Standards of Conduct are established. Toshiba America Foundation is established.
1991	Corporate Environmental Protection Council is established.* Toshiba Group Environmental Exhibition is started.* Toshiba Thai Foundation is established.
1992	ExploraVision Award is started in the U.S. Family-care leave, child-care leave and short-time working hours systems are introduced.
1993	1st voluntary environmental plan is introduced.*
1995	ISO 14001 certification is obtained.*
1996	2nd voluntary environmental plan is introduced.
1998	Executive officer system is introduced.
1999	In-house company system is introduced. Environmental report is issued.* Environmental Protection & Recycling Planning Center is established.* Toshiba Customer Information Center is established.
2000	Corporate risk management system is established. Environmental accounting is introduced.* 3rd voluntary environmental plan is introduced.* Green procurement is introduced.*
2001	Japanese version and international version of the Standards of Business Conduct are integrated.
2002	Internal free agent system is introduced. Zero emissions of waste is achieved.*
2003	Company with committees system is adopted. CSR Division is established. CSR Website is opened. Factor T, an eco-efficiency indicator, is introduced.* Joins Business for Social Responsibility (BSR), an international CSR association based in the U.S. Health and safety management system is introduced. Toshiba Group Standards of Conduct is revised. Joins UN Global Compact
2004	Toshiba Group Standards of Conduct is applied throughout the Group. CSR report is issued. An organization dedicated to promotion of equal opportunity is established. Toshiba Group Procurement Policy based on CSR is established. Toshiba Group Environmental Vision 2010 is announced.* 4th voluntary environmental plan is introduced.*
2005	Toshiba With Co., Ltd., a special subsidiary for employment of the disabled, is established. Toshiba Group CSR Conference is held. Toshiba "ASHITA" Award is established. The philosophy, policies and criteria for universal design are established. Standards of Conduct concerning Sales to Government and Authorities are established and thoroughly implemented. Participates in the Eco-Products International Fair*

*Concerned with environmental issues

Management

Targets and Results

● Major Achievements in Fiscal 2005 and Targets & Plans for Fiscal 2006

Item		Major achievements in fiscal 2005
Management	Corporate Governance	Formulation of two sets of guidelines for companies within Toshiba Group: for designing a governing body and articles of incorporation and for establishing internal control systems
	Compliance and Risk Management	Strengthening of information security throughout Toshiba Group, including protection of personal information Opening of the Risk-Compliance site on the intranet to provide more case studies Production of an educational DVD on the Toshiba Group Standards of Conduct for Group companies in Southeast Asia All Group companies in Japan introduced the whistle-blower system and its introduction to Group companies overseas is underway. Establishment of a whistle-blower system for suppliers
Social Performance	Customers	Activities to ensure customers receive full and accurate product information and all necessary advice concerning safe usage "Toshiba Calendar" posted on the Toshiba website Strengthening of Call Center functions through training of Call Center staff and establishment of guidelines for operation of Call Centers Introduction of CALL, a system for analyzing the Voice of Customers Establishment of Toshiba Group's Universal Design Philosophy and Standards
	Shareholders and Investors	Strengthening of disclosure for individual investors (Renewal of the pages for individual investors, holding of a presentation meeting for individual investors)
	Employees	Smooth start of operation of Toshiba With, a special subsidiary for employment of the disabled Expansion of employment of the disabled by Toshiba Group companies. Holding of Toshiba Group recruitment fair for the disabled Support for career development of female employees (leadership training, career development training, etc.) Enhancement of systems to facilitate achieving a balance between work and private life (childcare leave, short-time shift, etc.) Development of values and corporate culture concerning gender equality (issuing of a leaflet to raise awareness, holding of a forum, etc.) Enhancement of quality of safety management through promotion of the occupational safety and health management system (OSHMS)
	Suppliers	Requesting some 4,700 suppliers worldwide to promote CSR
	Corporate Citizenship	Worldwide corporate citizenship campaign (involving 20,000 employees at 96 Toshiba Group companies) Activities throughout Toshiba Group companies in Japan to mark Toshiba's 130th anniversary (130-yen charity donations, clean-ups, blood drives, etc.) Establishment of the Toshiba "ASHITA" Award Opening of Toshiba Forest Holding of a training program for people wishing to become Nature Conservation Educators in collaboration with an NPO
Environmental Performance	Environmental Management System	Implementation of the Environmental Vision 2010 and the Fourth Voluntary Environmental Plan Establishment of the Regional Supervisory Environment Division for North America at Toshiba America, Inc.
	Environmentally Conscious Products and Services	Expansion of product development based on the Factor T concept; increase of the ratio of environmentally conscious products (ECPs) to net sales / Response to the RoHS (restriction of the use of six hazardous substances in Europe)
	Environmentally Conscious Production and Sales Processes	Promotion of measures to prevent global warming at all sites and processes Response to the WEEE Directive (recycling of waste products in Europe) Reduction of the ratio of waste for final disposal Reduction of releases of chemical substances to water and air
	Communication	Enhancement of the environmental pages of the website (opening of eco-web) Participation in the Eco-Products International Fair 2005 (Thailand)
Disclosure / Communication		Issuing of a CSR report (in Japanese, English and Chinese); enrichment of the CSR pages of the website Holding of dialog with stakeholders

Promoting CSR Activities throughout the Group Worldwide

In accordance with the mid-term CSR plan covering the period through to fiscal 2008, positioning fulfillment of CSR at the heart of management, Toshiba Group is working to inculcate the principle of CSR in every employee. Specifically, this means according the highest priority to human life & safety and legal compliance throughout the business. On the environmental front, in line with our

determination to play a leading role in the creation of a sustainable society as a global enterprise, we are implementing the voluntary environmental plan. Also, we are actively involved in corporate citizenship activities based on respect for cultures and customs of local communities around the world. Furthermore, we are vigorously disseminating information and engaging with our stakeholders.

In fiscal 2006, while redoubling our efforts to ensure compliance, we will step up penetration and inculcation of CSR activities throughout Toshiba Group worldwide.

Achievement level*	Page number	Targets and plans for fiscal 2006
○	P.15	Establish internal control systems, including those at Toshiba Group companies
△ ○ △ ○ ○	P.20~23	Revise the Toshiba Group Standards of Conduct and achieve thorough implementation Expand the application of the whistle-blower systems (Risk Hotline and Clean Partner Line)
○ ○ ○ ○ ○	P.25~27	Implement measures to enhance CS based on VOC (Toshiba Group CS survey etc.) Strengthen customer support skills and increase the number of Call Center staff; strengthen the systems and structures for repair based on the review of parts supply Utilize CALL, a system for making use of VOC and knowledge in house and improve product quality Create universal design standards by products and fields and incorporate them in the development process Provide easier-to-understand product information via the website Improve catalogs and owners' manuals
○	P.28	Publish the Shareholder Newsletter quarterly
○ ○ ○ ○ ○ △	P.30~32	Promote employment of the disabled by Toshiba Group companies Create organizations rich in diversity (gender, age, nationality, etc.) Enhance systems to facilitate achieving a balance between work and private life (support various working styles, implement measures to improve operational efficiency) Promote measures concerning mental health (Enhance the quality of mental health education and staff)
○	P.29	Improve the system for monitoring suppliers' CSR situations
○ ○ ○ ○ ○	P.33~35	Increase the number of corporate citizenship programs Promote activities unique to Toshiba Promote Toshiba Forest
○ ○	P.37~45	Thoroughly implement the Environmental Vision 2010 and the Fourth Voluntary Plan Establish the Regional Supervisory Environment Division for Southeast Asia at Toshiba Asia Pacific Pte., Ltd.
○ ○	P.46~49	Expand the application of ECP creation activities to new fields Thoroughly manage chemical substances contained in products
○ ○ ○ ○	P.50~55	Upgrade measures to prevent global warming Expand recycling of end-of-use products Promote zero emissions at all sites Reduce releases of chemical substances to water and air
○ ○	P.41	Introduce environmental activities through mass media Increase the presence at exhibitions in Japan and overseas
○ ○	P.13, P.56	Issue a CSR report (in Japanese, English and Chinese); enrich the CSR pages of the website Expand dialog with stakeholders; enhance communication with consumers and shareholders

*Achievement level: ○Achieved, △partially achieved, ×no progress has been made

Management

Compliance and Risk Management

By integrating risk management with compliance covering laws and regulations, social standards and corporate ethics, Toshiba Group is stepping up efforts to ensure the fairness and transparency of its management system.

□ Achievements in Fiscal 2005

- Strengthening of information security throughout Toshiba Group, including protection of personal information
- Opening of the Risk-Compliance website on the intranet to provide more case studies
- Production of an educational DVD on the Toshiba Group Standards of Conduct for Group companies in Southeast Asia
- All Group companies in Japan introduced the whistle-blower system and its introduction to Group companies overseas is underway.
- Establishment of a whistle-blower system for suppliers

■ Compliance at Toshiba Group

Inculcation of the Toshiba Group Standards of Conduct

In order to inculcate the Toshiba Group Standards of Conduct, which has been adopted by some 400 Toshiba Group companies worldwide, we improved the intranet site and enhanced education by preparing new materials.

As well as responding to the Personal Information Protection Law, the revised Unfair Competition Prevention Law, the revised Antitrust Law and other major laws that came into effect in Japan, we redoubled our efforts to ensure compliance with laws and regulations in the light of the compliance problems experienced in fiscal 2005, namely, bid rigging concerning electric equipment construction for Narita International Airport Corporation (former New Tokyo International Airport Authority) and flow-rate test data falsification for nuclear reactor and thermal power generator flow meters. Based on a thorough review of these breaches, the Toshiba Group Standards of Conduct is revised.

Also, in order to enhance security of technical information and sales & marketing information in addition to personal information, systems, procedures and rules regarding information security have been revised, including a drastic revision of the Basic Rules concerning Management of Company Information.

Moreover, the intranet was improved with the addition of the Risk-Compliance site introducing specific examples.

Adhering to the Toshiba Group Compliance Policy, we are making our best efforts to inculcate the Toshiba Group Standards of Conduct in order to ensure the fairness and transparency of the management system.

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 consciousness concerning compliance through continuous education and audits, ensuring that compliance becomes a part of our corporate culture.

Toshiba Group Standards of Conduct (SOC)

Chapter 1 SOC for Business Activities

1. Customer Satisfaction
2. Production and Technology, Quality Assurance
3. Marketing and Sales
4. Procurement
5. Environment
6. Export Control
7. Competition Law
8. Government Transactions
9. Improper Payments
10. Engineering Ethics
11. Intellectual Property Rights
12. Accounting
13. Corporate Communications
14. Advertising

Chapter 2 SOC for Corporate and Individual Relationships

15. Human Resources
16. Corporate Information and Company Assets

Chapter 3 SOC for Community Relations

17. Community Relations
18. Political Contributions

* The full text of Toshiba Group Standards of Conduct is available at the following website.

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

Risk Management & Compliance Promotion Structure

Toshiba has appointed an Executive Officer as the Chief Risk-Compliance Management Officer (CRO). The CRO leads Toshiba's efforts to ensure compliance with Toshiba Group Standards of Conduct and promote risk management. The Risk-Compliance Committee chaired by the CRO determines measures and promotes their implementation in cooperation with the organizations concerned. In-house companies have adopted similar organizational structures.

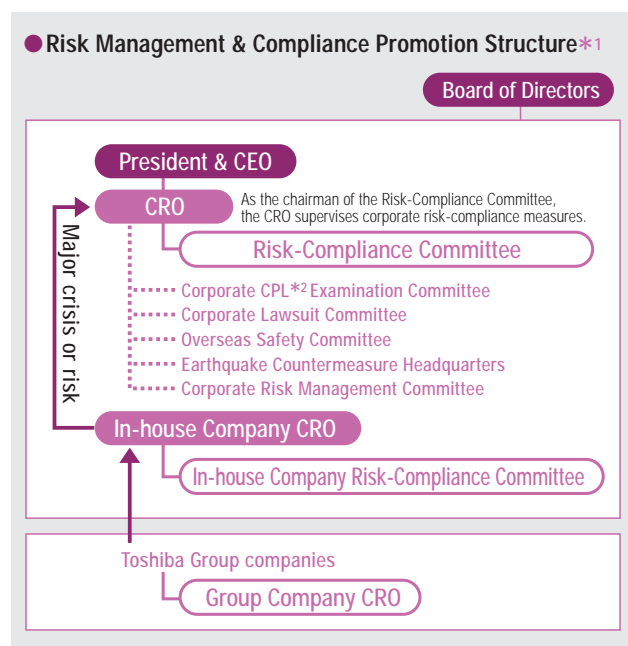
In the event of an emergency, the CRO takes the initiative in swift and appropriate risk management in cooperation with the organizations concerned.

The five subcommittees, including the Corporate Risk Management Committee and the Corporate Lawsuit Committee, deal with specific risk issues such as quality, overseas safety, major earthquakes.

The board of directors supervises implementation and promotion of internal control systems concerning risk management and compliance with laws and regulations. Organizations concerned conduct assessment and audits on compliance with laws and regulations as well.*1

In June 2006 Toshiba set up an organization responsible for establishing a system of internal controls to ensure reliability of financial reporting.

*1 Refer to p.17 "Periodic Assessment and Audit of CSR Promotion Situation".



*1 For the positioning of the risk management & compliance promotion structure within the framework of CSR management, refer to p.16 "Toshiba Group's CSR Governance Organization Chart".

*2 CPL is an abbreviation combining CL (contract liability) and PL (product liability).

Improper Practice and Preventive Steps

1) Bid Rigging

In December 2005, an employee of Toshiba Corp. was ordered by Tokyo Summery Court to pay a fine as a sanction for obstructing competitive bidding about electric equipment construction by the Narita International Airport Corporation (formerly New Tokyo International Airport Authority). In March 2006, the Company received notice that it had been served with an order by the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure and Transport obliging it to suspend business for 30 days (Sales of electrical equipment work related to public construction and private construction supported by subsidy of government and other public offices, to be conducted in the prefectures including Ibaragi, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Yamanashi, and Nagano). In response to this, the Company is working to eradicate illegal activities in connection with bidding and regain trust by establishing sales compliance departments and employ compliance tools including standards of conducts in the business related to government and public offices.

2) Inappropriate Processing of Flow-meter Data

Toshiba Corp. received a warning from the Nuclear and Industrial Safety Agency of the Ministry of Economy, Trade and Industry following the discovery of flow-rate test data falsification for nuclear reactor and thermal power generator flow meters. In order to prevent a reoccurrence of this problem, Toshiba Corp. has established a compliance promotion departments and is in the process of strengthening the entire quality control system by reinforcing the quality control department and establishing a quality audit department.

We apologize deeply for any concern and inconvenience that we have caused shareholders through these incidents.



All personnel engaged in sales to government and authorities were assembled and thoroughly briefed on the recurrence prevention measures. At the outset, President Atsutoshi Nishida urged everyone to root out any breach of compliance. He stressed the gravity of the incidents and the importance of a shared determination to act with complete integrity from now on.

Compliance Education

Toshiba Group considers compliance with laws and regulations to be a vital issue, since compliance is a prerequisite for a company's continued existence and prosperity. Based on the recognition that ensuring thorough adherence to the Toshiba Group Standards of Conduct is the key to raising awareness of the importance of compliance, education on the Toshiba Group Standards of Conduct was vigorously executed in fiscal 2005, including e-learning for all employees.

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 held seminars for directors and executive officers to which attorneys and other specialists were invited as speakers.

Also, the education for sales staff concerning various legal risks associated with sales & marketing are conducted. In addition, sales staff received special education on sales to government and

authorities, in response to the above-mentioned occurrence of bid rigging.

Moreover, education was provided on specific themes, such as information security (including protection of personal information) and intellectual property rights.

In response to employees' requests gathered through a questionnaire survey, more case studies are now available on the intranet in order to enlighten employees and heighten their awareness of the issues involved.

In Japan, Toshiba Group companies promotes e-learning. Meanwhile, overseas, educational materials reflecting regional characteristics and needs were used in compliance education programs. For example, Toshiba produced an educational DVD in six languages for Group companies in Southeast Asia. <Photos 1 and 2>



■ Learning about the Toshiba Group Standards of Conduct at Toshiba China Co., Ltd. <Photo 1>
Education on the Toshiba Group Standards of Conduct is provided at Group companies throughout the world.



■ Educational DVDs on the Toshiba Group Standards of Conduct for Group companies in Southeast Asia and China <Photo 2>
Available in six languages, including Bahasa Indonesia, Chinese, Thai, and Malay

Employee Questionnaire Survey concerning the Toshiba Group Standards of Conduct

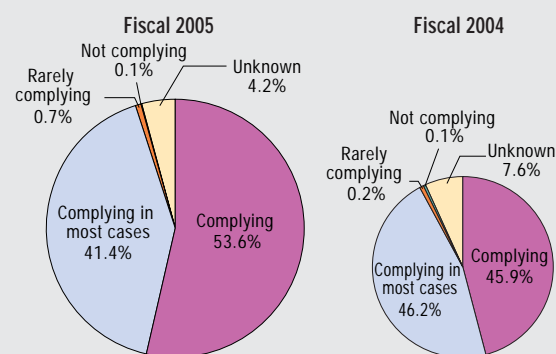
Every year Toshiba conducts an intranet-based survey of employees concerning the Toshiba Group Standards of Conduct. The results are utilized in formulating tools to promote compliance with laws and regulations in the following year.

The fiscal 2005 survey included a question asking respondents whether they complied with the Toshiba Group Standards of Conduct: 95% answered "Yes" and 0.8% answered "No."

The survey results revealed that Toshiba employees' awareness of compliance is high, similar to the results in fiscal 2004. Nevertheless, we continually endeavor to enhance awareness.

● Results of the Employee Questionnaire Survey concerning the Toshiba Group Standards of Conduct

Q. Are you complying with the Toshiba Group Standards of Conduct?



Enhanced Whistleblower System

Toshiba introduced the Risk Hotline, a whistle-blower system, in January 2000. Using the system, employees can report their concerns or seek advice via the intranet so that Toshiba can find risks in advance and preclude breach of compliance.

Further improvements have been made to the whistle-blower system. Since January 2005 it has been possible to contact an outside attorney in addition to the Legal Affairs Division, thereby strengthening the reliability and the transparency of the system and its convenience for whistle-blowers.

In response to the Whistle-blower Protection Act of Japan effective came into force in April 2006, all Toshiba Group companies in Japan have implemented whistle-blower systems and a growing number of Group companies overseas have adopted such systems. Similar to Toshiba Corporation, major Group companies in Japan have enhanced their whistle-blower systems by setting up direct links to outside attorneys.

Pursuant to the Whistleblower Protection Act of Japan, whistle-blowers among employees of suppliers/partners who report concerns about a company are also granted protection from disadvantageous treatment. Therefore, Toshiba introduced the Clean Partner Line in Japan, a whistle-blower system for suppliers/partners. <Photo 3>

Thorough Compliance with Antitrust Law

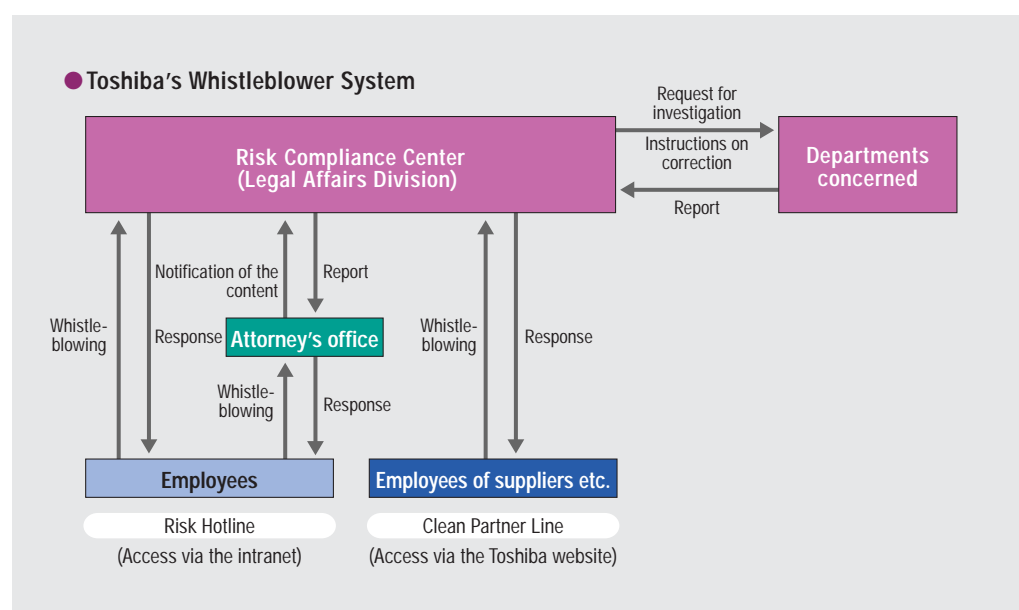
In all the countries and regions in which we operate, we are making a Group-wide effort to comply with all applicable antitrust laws and other regulations concerning fair competition. Our Antitrust Law Compliance Program is designed to ensure compliance with the antitrust law and related laws and regulations throughout our business, including sales & marketing, procurement and engineering.

In regard to government projects, we formulated the Basic Rule for Compliance concerning Government Projects and the Standards of Conduct for Sales to Government to clarify the basic policy and the standards of conduct. In addition, we have introduced a system that sales compliance promotion departments scrutinize sales processes of all government and bid projects.

Export Control System

Toshiba Group's basic policy on export control is to refrain from any transactions that could undermine the international peace and security.

To ensure compliance with all applicable export control laws and regulations of Japan and other countries/regions, Toshiba Group companies implement strict controls based on their export compliance programs. Education programs and audits are also carried out to ensure that their export controls are appropriately implemented.





Social Performance

- Customers
 - Shareholders and Investors
 - Suppliers
 - Employees
 - Corporate Citizenship
-

Social Performance

Customers

“Make the Voice of Customers (VOC) the starting point for all ideas and provide products, systems, and services that deliver customer satisfaction.” That’s our customer satisfaction concept throughout Toshiba Group. Guided by this concept, each day we engage in countless activities to improve customer satisfaction.

Achievements in Fiscal 2005

- Activities to ensure customers receive full and accurate product information and all necessary advice concerning safe usage
- “Toshiba Calendar” posted on the Toshiba website
- Strengthening of Call Center functions through training of Call Center staff and establishment of guidelines for operation of Call Centers
- Introduction of CALL, a system for analyzing the Voice of Customers
- Establishment of Toshiba Group’s Universal Design Philosophy and Standards

Customer Satisfaction

With the aim of enhancing customer satisfaction (CS^{*1}), we are implementing a PDCA (Plan-Do-Check Act) cycle in accordance with the Toshiba Group CS Promotion Policy. Whereas CS surveys were conducted previously by individual business operations, in fiscal 2005 we began conducting a regular corporate CS survey to clarify customers’ opinions and requests concerning sales & marketing, products and services of Toshiba Group as a whole. The survey results are communicated to senior executives, shared throughout Toshiba Group and reflected in activities to enhance CS.

*1 CS---Customer Satisfaction



- CS Promotion Policy
- CS Promotion Structure

Quality Control

In accordance with the Toshiba Group Quality Control Policy, we are endeavoring to adhere to all relevant laws and regulations and provide safe and reliable products, systems and services delivering CS.

In the case of social infrastructure systems, it is vital to deal with quality problems swiftly and effectively. In order to prevent recurrence of quality problems and improve quality, Toshiba Group companies handling industrial equipment and social infrastructure systems have introduced a market quality information system for sharing information on post-delivery quality issues among all parties concerned, including senior executives, and to ensure any

problems are swiftly resolved.

In fiscal 2005 Toshiba held Manufacturing Techno Forum to share quality improvement measures throughout Toshiba Group and the Knowledge Inheritance Forum to ensure that veterans’ expertise is inherited by Toshiba Group. We intend to continue providing such opportunities for education and training in pursuit of excellent quality.



- Quality Control Policy
- Situation concerning ISO 9000 Certification
- Safety Considerations concerning Electromagnetic Waves

Information for Customers

We strive to provide accurate product information. In the event of any serious product defect, we will notify the fact to customers without delay and perform inspection, repair and/or recovery in accordance with our basic policy. In fiscal 2005 we prepared a new manual on the handling of defects, stressing swift notification to customers and reporting to the authorities.

Toshiba dispatches employees to serve as instructors at seminars for consumers held by consumer affairs bureaus to communicate accurate product information and advice on safe usage. In fiscal 2005 Toshiba dispatched instructors 96 times. <Photo 1>



- Accurate Product Information and Appropriate Advertising
- Provision of Information on Home Appliances



■ Seminar for Consumers <Photo 1>

To give customers at-a-glance information on Toshiba Group, "Toshiba Calendar" has been a feature of the Toshiba website in Japan since June 2005. Information on product releases, shows and exhibitions, cultural and sports events, corporate citizenship, environmental activities, etc. is provided in a convenient monthly calendar.

Interface with Customers

Enhancing the Quality of Call Centers

Toshiba Group's call centers, organized according to products and services, receive over six million calls a year (as of October 2005). In fiscal 2005, training for call center staff was held five times and guidelines for operation of call centers were established in Japan. We will continue to implement measures to ensure that our customers receive consistent, high-quality service whenever they contact a Toshiba Group call center.

Customer Support

We are working to enhance customer support so that people can use Toshiba Group products safely for a long time.

In Japan, for Toshiba personal computers, the contact for customer support and the contact for repairs, which used to be separate with different telephone numbers, have been integrated into a support center since January 2006. As a result, cases in which customers are requested to call a different number or a call has to be transferred have been reduced by 35%. In addition, a telephone-support booking service and a remote support service via the website have been launched.



■ Elevator Service Information Center <Photo 1>

Toshiba Elevator and Building Systems Corp. integrated its Service Information Centers, previously dispersed at 16 locations throughout Japan, into two centers in October 2005 to facilitate efficient recovery work in the event of a large-scale disaster. Moreover, online inventory control enables swift supply of parts from a nationwide network of 15 parts centers. With the new structure, we are ready to deal promptly with any trouble that may arise. <Photo 1>

In Europe, North America and Asia, we carry out CS surveys of corporate customers engaged in TV sales and repair services, covering Toshiba's parts supply and product quality, as well as CS surveys of customers who have received repair services. Survey results are fully utilized in designing measures to improve support services.

Protection of Personal Data and Information Security

Toshiba Group was quick to recognize the importance of personal data protection. Having established the Toshiba Personal Data Protection Program, internal regulations compliant with JIS Q15001, we have put in place systems to swiftly deal with any eventuality. Also, we conduct annual education and audits and implement a PDCA cycle to achieve continuous improvement. Regarding the risk of data leakage due to computer viruses, in addition to strict application of antivirus software, thorough adherence to comprehensive data handling rules is mandatory.

In 2004 Toshiba established the Information Security Center, an organization dedicated to strengthening information security and protection of personal data. In 2005 Toshiba's Privacy Mark certification awarded by Japan Information Processing Development Corporation (JIPDEC) was renewed for the second time.

● Privacy Mark



- Breakdown of Inquiries Received by Toshiba Customer Care Center, Home Appliances
- Personal Data Protection Policy

TOPICS

Enhancing CS in China

As well as responding to calls from customers requesting repair or installation of TVs, or who wish to make a complaint, my job includes conducting a CS survey by calling back customers who requested repairs. Managers and other people concerned can refer to the survey results stored in the database. In light of the survey results, we request repairers etc. to improve the service they provide. Customers in China tend not to be shy about voicing their

complaints and I relish the opportunity to solve any problems they are experiencing. Appreciative of the prompt and effective assistance they receive, they often go on to recommend Toshiba products to their friends, which I find very encouraging.

Li Ying

Beijing Call Center
Dalian Toshiba Television Co., Ltd.

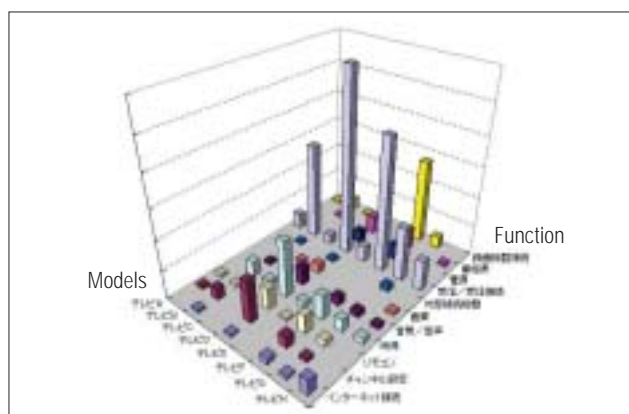


Voice of Customers (VOC)

System for Sharing and Utilizing VOC

The opinions and requests that flow into call centers and to our people in the field contain a wealth of valuable insights. Toshiba Group applies those insights in the development of new products and in measures to improve quality. A system for analyzing VOC "CALL*1" was introduced in May 2006. Toshiba can swiftly utilize VOC in marketing, product planning, product development, quality control, etc. <Photo 2>

*1 CALL...Customer Appeal Logical Linkage



■ Analysis of VOC by CALL <Photo 2>



● Case Study of Utilization of VOC

Case Study: Improvement of Operation Panel Usability from the Customers' Viewpoint

As many customers pointed out, the operation panel of a front-loading washing machine with a drier is more complicated than that of a traditional top-loading washing machine.

So, when developing a front-loading drum-type washing machine with drier (TW-130VB, a model for 2005), we emphasized ease of use in determining the button layout and pictographs based on VOC. The at-a-glance, easy-to-use operation panel was perfected through repeated testing involving members of the public.

Consequently, the number of customer inquiries received by Toshiba Customer Care Center, Home Appliances (a call center of Toshiba Service & Engineering Co., Ltd.), about the programming and operation of TW-130VB is about 30% less than for former model machines.



■ Operation panel of TW-130VB washing machine with drier

Universal Design

Easy-to-use Products for Everyone

Toshiba Group is promoting development of products that are easy to use for everyone in all fields, including digital equipment, home appliances, social infrastructure systems and industrial equipment. In fiscal 2005, we established Toshiba Group Universal Design Philosophy and Toshiba Group Universal Design Standards covering all product groups. We are convinced that adherence to the philosophy and the standards will enable us to do an even better job of providing our customers with products attuned to their aspirations.

Toshiba Group Universal Design Philosophy

We create products attuned to people's aspirations. Toshiba Group contributes to realization of a society where everyone can live at ease and in comfort regardless of age, gender and abilities.

Toshiba Group Universal Design Standards (Large items)

1. Simple and intuitive use
2. Perceptible information
3. Tolerance for error
4. Low physical effort
5. Size and space for approach and use
6. Flexibility in use
7. Equitable use

(The Standards consists of 74 items. It is based on Principles of Universal Design proposed by center for Universal Design, NC States University.)



● Case Study of Universal Design

Case Study: Patient-friendly Large-bore X-ray CT scanner

Toshiba's Aquilion LB TSX-201A X-ray CT scanner received the Good Design Award Gold Prize 2005. Universal design is applied to this system from the viewpoint of all users, including patients as well as physicians and technicians. The world's widest gantry aperture of 900 mm (as of November 2005) allows flexible patient positioning and responses to emergencies when the normal posture cannot be retained due to fracture etc., leading to reduced examination support workload and reduced time. The open design mitigates any feelings of intimidation and anxiety on the part of patients and facilitates smooth communication with physicians and technicians, providing a sense of confidence and comfort to both operators and patients.



■ Large-bore multislice X-ray CT scanner



■ Aquilion LB TSX-201A

Social Performance

Shareholders and Investors

Toshiba discloses management policies and corporate information in a timely manner. To earn the trust of shareholders and investors, we emphasize investor relations (IR) activities.

Achievements in Fiscal 2005

- Strengthening of disclosure for individual investors

Communication with Shareholders and Investors

Disclosure Policy

In the Toshiba Group Standards of Conduct, it is stated that Toshiba Group companies shall "endeavor to secure the understanding of stakeholders, including customers, shareholders, investors and the local community, through positive and timely corporate communications with respect to such matters as corporate strategy and financial data." Adhering to this policy, in addition to disclosure pursuant to the Securities and Exchange Law of Japan, other legislation and rules on timely disclosure of the stock exchanges on which Toshiba is listed, we disclose material information, the disclosure of which is not mandatory but that is deemed to have an impact on investment decisions, as promptly and equitably as possible. By enhancing management transparency, Toshiba aims to be an enterprise trusted by shareholders and investors.



● Disclosure Policy

Communication with Institutional Investors and Analysts

In fiscal 2005 Toshiba accepted some 790 visits of institutional investors and analysts from Japan and around the world. The president and other executive officers gave interviews and visited institutional investors in Japan and overseas (63 times). Three investor seminars were held during the year. Other activities designed to promote vigorous communication with institutional

investors and analysts included a tour of Yokkaichi Operations, Toshiba's principal semiconductor manufacturing plant, a tour of a PC factory in China, the IR team's visits to overseas institutional investors and briefings at seminars and exhibitions.

Communication with Individual Investors

As of March 31, 2006, whereas financial institutions and foreign corporations account for 37.7% and 22.3% of shareholders of Toshiba shares with voting rights, respectively, individual and other shareholders accounted for 35.9%. In view of the increasing ratio of individual and other shareholders, we recognize the growing importance of communication with individual investors.

In September 2005 we renewed our IR website, making the pages for individual investors easier to understand and enriching the content. Once the refurbished website was up and running, the number of accesses increased dramatically. Moreover, following a thorough review of the shareholder newsletter, we have decided to publish it quarterly from now on to ensure more timely disclosure. In May 2006, Toshiba held its first presentation meeting for individual investors. Organized by a securities firm, the meeting attracted some 400 people and was a great success. <Photo 1>

These IR activities for individual investors reflect the results of a questionnaire survey of shareholders and suggestions received via the website. Aiming to be an enterprise trusted by the investment community, we will continue to enhance two-way communication using measures such as conducting questionnaires.



● Investor Relations Website

Evaluation by Outside Parties

Evaluation by SRI rating agencies

Toshiba has been among the world's 300 leading companies for the sixth consecutive year according to the Dow Jones Sustainability Indexes (DJSI).

Toshiba has been one of 150 stocks composing the Morningstar Socially Responsible Investment Index (MS-SRI) since 2003.

Evaluation of Toshiba's disclosure

Toshiba received the Excellent Corporate Website Award 2005 of Nikko Investor Relations Co., Ltd.

Toshiba received the 2005 Internet IR Best Company Award of Daiwa Investor Relations Co., Ltd.

Toshiba was ranked top in the IR Site Total Ranking of Gomez Consulting Co., Ltd.



■ Toshiba's first presentation meeting for individual investors
<Photo 1>

Social Performance

Suppliers

While working to establish relationships with suppliers based on trust through fair and open trade, we require that our suppliers are in compliance with laws and regulations, and moreover, accord priority to those committed to upholding human rights and protecting the environment.

Achievements in Fiscal 2005

- Requesting some 4,700 suppliers worldwide to promote CSR

Expanding CSR-oriented Procurement

Procurement Policy in light of CSR

The Toshiba Group Procurement Policy is in accordance with the Toshiba Group Standards of Conduct and the UN Global Compact. In the procurement of goods and services required for the production and supply of products, while emphasizing legal compliance, human rights and the environment, our objective is to establish good partnerships with our suppliers based on fair and open transactions and mutual trust.

By inculcating the CSR concept not only in Toshiba Group but throughout the supply chain covering all manufacturing and supply processes, including suppliers, Toshiba endeavors to fulfill its responsibility as a global enterprise.



- Toshiba Group Procurement Policy
- CSR-oriented Procurement Promotion Structure

Supplier Expectations

- (1) Compliance with Laws, Regulations and Social Customs
 - Ensuring compliance with the laws and regulations in effect in the countries and regions in which they operate including, for example, anti-trust laws, commercial codes, subcontractor regulations, foreign exchange laws, personal privacy laws, copyright laws, etc.
 - Prohibition of child and forced labor
 - Prohibition against discrimination
 - Maintaining a safe and clean working environment
- (2) Environmental Considerations
 - Adoption of ISO 14001-based environmental management systems and promotion of third-party certification.
 - Utilization of Green Procurement
 - Reduction or elimination of use of potentially hazardous substances
 - Promotion of environmental protection activities
- (3) Maintaining of Sound Business Operations
- (4) Securing Excellent Product Quality
- (5) Offering Goods and/or Services at Appropriate Prices
- (6) Firm Delivery Commitment and Establishment
- (7) Enhancement of Technological Capabilities

Requesting Suppliers to Promote CSR

Suppliers play a vital role in support of Toshiba Group's production and services. In order to secure the understanding and cooperation of suppliers concerning our CSR-oriented procurement policy, we have published a notice addressed to our suppliers. In fiscal 2005 we requested all our established suppliers in Japan, the U.S., the EU, China, and elsewhere in Asia (4,700 companies as of March 31, 2006) to adhere to the Toshiba Group Procurement Policy.

In terms of environmental considerations of procurement items, we are requesting suppliers to manage toxic chemical substances and implement systematic environmental management in accordance with the Green Procurement Guidelines (see p.48.). Having introduced a system for monitoring suppliers' CSR situations based on the questionnaire survey, we are stepping up our commitment to CSR throughout the supply chain.

Clean Partner Line

To ensure compliance, Toshiba Group's procurement operations provide education on the Anti-monopoly Act, the Subcontract Act and other relevant laws and regulations.

In April 2006 Toshiba introduced the Clean Partner Line in Japan, a whistle-blower system for suppliers/partners, with the aim of enhancing the fairness and transparency of procurement activities. In the event of suspicion that a business transaction involves breach of law, contracts, the Toshiba Group Standards of Conduct, etc., suppliers are encouraged to report the matter via the Clean Partner Line. In this way, Toshiba is endeavoring to foster sound partnerships with suppliers based on mutual trust.

■ Briefing on green procurement for suppliers in China



Social Performance

Employees

Toshiba Group respects every individual, draws strength from the diversity of its workforce and provides a safe working environment. We are putting in place various systems and procedures designed to ensure that employees take the initiative and bring their expertise into full play.

▣ Achievements in Fiscal 2005

- Smooth start of operation of Toshiba With, a special subsidiary for employment of the disabled
- Expansion of employment of the disabled by Toshiba Group companies. Holding of Toshiba Group recruitment fair for the disabled
- Support for career development of female employees
- Enhancement of systems to facilitate achieving a balance between work and private life
- Development of values and corporate culture concerning gender equality
- Enhancement of quality of safety management through the occupational safety and health management system (OSHMS)

■ Human Rights

We strive to ensure compliance with internationally recognized principles and standards concerning human rights and labor, such as the UN Global Compact endorsed by Toshiba Group and SA8000*1 certification gained by Toshiba Information Equipment (Philippines), Inc. We respect human rights and will not engage in acts of discrimination.

The Toshiba Group Standards of Conduct requires us to accept and accommodate different values, respect the character and personality of each individual, observe the right to privacy and human rights, avoid any discriminatory actions based on race, religion, sex, national origin, physical disability, sexual orientation or age and avoid physical abuse, sexual harassment, power harassment or violation of the human rights of others. By conducting education and other activities to raise awareness, we are working to inculcate respect for human rights throughout Toshiba Group worldwide.

*1 SA8000: An international labor standard and certification for human rights



● Human Resources Management Policy

■ Diversity and Inclusiveness

Toshiba Group is creating a workplace environment where employees respect the individuality and values of one another and

bring their capabilities into full play. Toshiba Solutions Corp. has established the Diversity Program Promotion and Implementation Project, an organization spearheading the company's drive to enhance employee creativity by capitalizing on the diversity of the workforce. The project focuses on reforming the mindset and corporate culture by, for example, making full use of the intranet and holding forums.

In regard to recruitment and remuneration, Toshiba Group respects individuals' diverse values and personalities and evaluates each employee based on their capabilities and performance in a fair and equitable manner. In accordance with the recruitment policy for fiscal 2006, Toshiba is vigorously recruiting human resources, primarily in Asian countries other than Japan.

● Numbers of Regular Employees and Managers (as of March 31, 2006)

	Male	Female	Total
Regular employees	27,594	3,384	30,978
Managers	4,813	64	4,877
Non-managerial employees	22,781	3,320	26,101

(Scope of data: Toshiba Corp. in Japan)

Achieving a Balance between Work and Private Life

Toshiba Group is expanding systems, including childcare leave, family-care leave and short-time shift, which flexibly respond to employees' diverse needs, helping them achieve a balance between work and private life. In recognition of our progress in this area as well as the activities of the Gender Equality Office, Toshiba received the fiscal 2005 Family-friendly Company Award from the Minister of Health, Labor and Welfare. From now on, we intend to step up efforts to help employees achieve a healthy balance between work and private life.



■ Leadership training for female employees

Employment of People with Disabilities

At Toshiba some 400 employees with disabilities are engaged in various jobs. Toshiba With, a special subsidiary established in February 2005, employs 13 handicapped people. The scope of the business has expanded from cleaning services to include copying, book binding and printing, and healthkeeper services for employees. The employment ratio of people with disabilities was 1.91% as of April 1, 2006. In February 2006, we held Toshiba Group Recruitment Fair for the Disabled to increase employment of people with disabilities throughout Toshiba Group. Our target is that all consolidated subsidiaries in Japan will achieve the statutory rate for employment of the disabled by April 2008.

We intend to implement measures to increase opportunities for the disabled, enabling them to bring their capabilities into full play, including strengthening fostering of employment counselors for people with disabilities.



■ Toshiba Group Recruitment Fair for the Disabled

● Outline of Human Resources Systems and Usage Results (Toshiba)

Systems supporting achievement of a balance between work and private life		Results	
		2004	2005
Childcare leave	Until the end of the month in which the child becomes three years old. The spouse does not need to work.	M: 5 F: 349	M: 7 F: 329
Family-care leave	365 days per person requiring nursing	M: 9 F: 7	M: 6 F: 7
Short-time shift	For those caring For a child: Until the end of March of the year in which the child finishes his/her third grade of elementary school. For nursing care: Up to three years per person from the day the shift is applied.	M: 3 F: 277	M: 2 F: 297
HR systems that encourage individual initiative		Results	
		2004	2005
Open recruitment throughout Toshiba Group	Eligibility: Full-time employees of the eligible Toshiba Group companies who have been employed by the company for three years or more.	10	9
In-house free agent	Eligibility: Full-time employees who have been employed by the company for five years or more.	18	24

(M: Male, F: Female)

Employee Opinion Survey

Toshiba Group companies periodically conduct the TEAM survey, an in-depth survey of employees' values and attitudes (conducted by 28 Toshiba Group companies in Japan in fiscal 2005). The findings are shared with the employees and reflected in measures to improve workplaces in ways that enhance communication and vitalize organizations.

Also, for employees and temporary staff who wish to raise issues concerning workplaces, personnel matters, etc., counselors are available at workplaces.



● Summary of the TEAM Survey

Developing Capabilities

At Toshiba, developing the highest quality talent and maintaining their capabilities are the basis of human resources management. We are endeavoring to match the right person with the right assignment by clarifying the capabilities of employees and to enhance the capabilities of individual employees on the basis of fair and equitable evaluation of their performance through communication between their superiors and subordinates.

Various Education and Training

Toshiba Group provides various education and training courses to meet individuals' needs as well as business needs. Introduction of a system allowing individuals to put together an education program in accordance with their career development goals, promotion of e-learning, and open recruitment throughout Toshiba Group have encouraged employees to take control of their own career development. These programs are designed to enable employees to take the initiative and equip themselves with expertise.

Also, in "career design training" geared to the needs of particular age groups, employees have opportunities to shape their career development.

TOPICS

Engaged in the Global PC Business

I first heard about the Japanese government's scholarship system while I was at high school and it became my ambition to study at a university in Japan. Eventually, upon graduating from a Japanese university, I joined Toshiba since I wanted to work for a leading enterprise operating worldwide.

Working at headquarters, I am involved in the planning of PC marketing in 11 Asian countries, including Singapore and India. To make sure customers' orders are accurately fulfilled, I act as a coordinator between sales, the factory and the design department. Although I am very busy, I try to spend as much

quality time with my family as possible. For me, striking the right balance between work and family life is a top priority. Far from encountering any problem here as a foreigner, it gives me an interesting perspective on what is happening. I would like to get as much experience as possible and develop my capabilities so that I can work effectively in sales anywhere in the world.

Marketing & Coordination,
Asia Department, Personal Computer Division
Personal Computer & Network Company

Toure Cheikh Oumar (from Senegal)



Labor-Management Relations

The good relationship between Toshiba and the Toshiba Union, which represents employees, contributes to their fruitful negotiations on working conditions. At the Toshiba Group Labor-Management Congress held every six months, Toshiba discusses on Toshiba Group's business policies with representatives of the Association of Toshiba Group Unions.

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

Occupational Health and Safety

Health and Safety

Toshiba treats safety management and healthcare with the utmost seriousness. The Toshiba Group Occupational Health and Safety Policy is implemented throughout Toshiba Group.

In accordance with the basic policy, with the aim of gaining certification for the occupational health and safety management system, self-assessment of health and safety management activities throughout the Group is conducted for the purpose of continuous improvement.



● Toshiba Group Occupational Health and Safety Policy

Prevention of Accidents at Work

Toshiba Group's concerted efforts over many years to prevent accidents at work are reflected in the fact that Toshiba Group's accident rate has long been far below both the average for industry as a whole in Japan and the average for manufacturing industry. The annual Toshiba Group Health and Safety Congress contributes to enhancement of the management of health and safety throughout the Group. Overseas, Group companies are also working

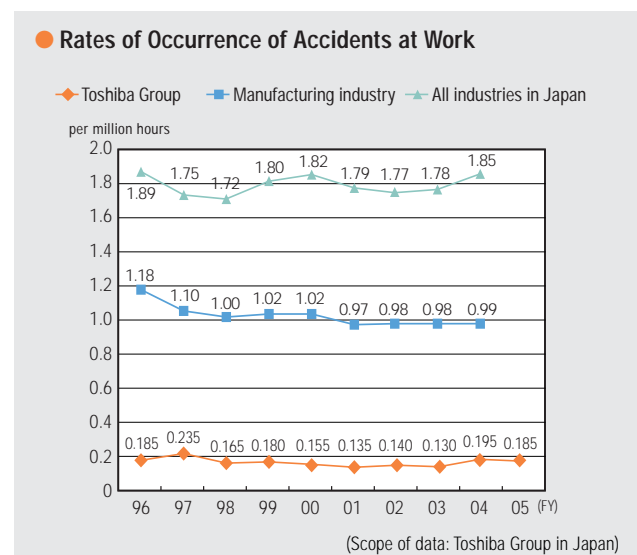
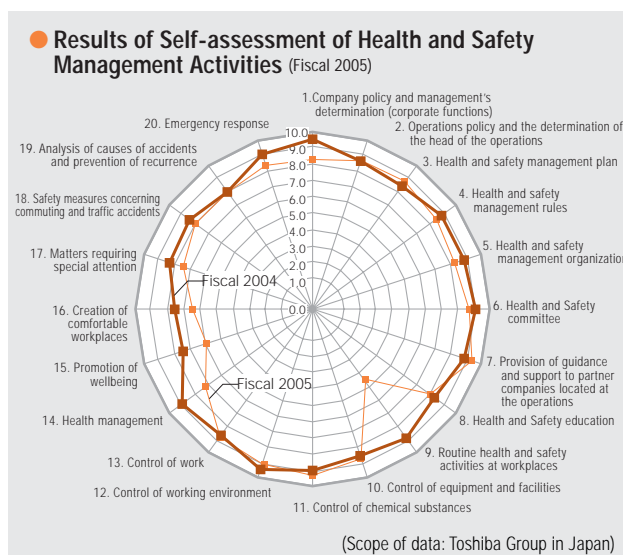
to enhance the quality of their health and safety management in accordance with the Toshiba Group Occupational Health and Safety Policy, in addition to ensuing adherence to laws and regulations and standards of the countries and regions where they operate.

Healthcare

Toshiba Group's emphasis on the management of physical and mental health helps employees maintain good health and give their best in healthy workplaces. In regard to mental health, in the education of managers we highlight the importance of detecting mental health issues at an early stage so that people can receive the support and treatment they need. Toshiba opened a telephone hotline in 2000 that is available not only for employees but also for members of their families who wish to seek advice from healthcare professionals. In 2003 a unique program for employees who have taken long-term leave was introduced to facilitate their readjustment to the working environment. Regarding lifestyle-related diseases, an Internet-based system to support behavior modification, such as taking regular exercise and stopping smoking, has been introduced. More than 10,000 people, including both employees and family members, are making use of this system as they endeavor to shift to healthier lifestyles.

Tackling the Issues

To deal with health issues associated with asbestos, in addition to monitoring the health of employees (including former employees) whose work in the past involved use of asbestos, Toshiba Group is hastening the pace of removal of materials containing asbestos from buildings. We recognize the importance of countermeasures for HIV/AIDS and infectious diseases such as new types of influenza. In addition to providing a contact within each company for employees seeking advice, we are striving to communicate accurate knowledge to employees and their families and to raise awareness so as to prevent infection and any discrimination.



Social Performance

Corporate Citizenship

Under the slogan, "Committed to People, Committed to the Future," Toshiba Group is contributing to society as a good corporate citizen and as a global enterprise, while respecting the cultures and traditions of local communities. Some 260 Social Contribution Coordinators appointed at Toshiba Group companies around the world are taking the lead in promoting corporate citizenship activities rooted in local communities.

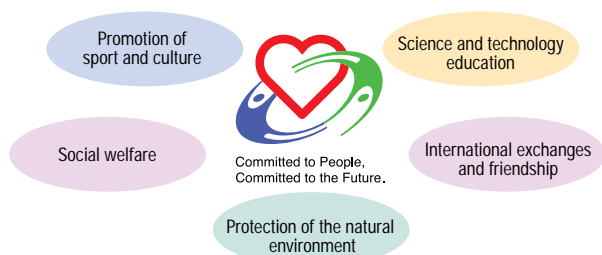
Achievements in Fiscal 2005

- Worldwide corporate citizenship campaign (involving 20,000 employees at 96 Toshiba Group companies)
- Activities throughout Toshiba Group companies in Japan to mark Toshiba's 130th anniversary
- Establishment of the Toshiba "ASHITA" Award
- Opening of Toshiba Forest
- Holding of a training program for people wishing to become Nature Conservation Educators in collaboration with an NPO

Corporate Citizenship Activities

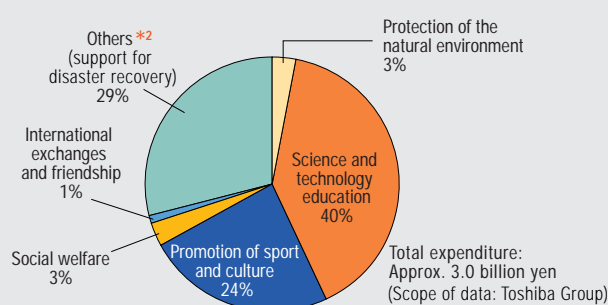
Basic Policy

In conducting corporate citizenship activities, Toshiba Group focuses on five fields, including protection of the natural environment and science and technology education.



● Basic Policy on Corporate Citizenship Activities

Breakdown of the Expenditure*1 for Corporate Citizenship Activities (Fiscal 2005)



*1 The expenditure includes: 1) cash contributions, 2) corporate initiated programs and 3) product donations.
 *2 Other includes support for disaster recovery and making facilities (gyms etc.) available for use by the public.

Activities Commemorating Toshiba's 130th Anniversary

To mark the 130th anniversary of the foundation of Toshiba, we conducted numerous activities to express our appreciation to local communities. More than 20,000 employees at 96 Toshiba Group companies took part in the worldwide corporate citizenship campaign held in June and July. Employees from all sites in Japan took part in such activities as clean-ups, blood drives, donations to charity and collecting of used books, stamps, etc. Toshiba invited local residents to the Minato Festival at its headquarters building. Exciting scientific experiments, live music and other programs organized by employees created a carnival atmosphere.

Launch of the Toshiba "ASHITA" Award

The Toshiba "ASHITA" Award has been established to vitalize Toshiba Group's corporate citizenship activities. President Awards are granted each year to individuals or groups whose corporate citizenship activities achieve outstanding results. The first awards ceremony was held in December 2005 at the Toshiba headquarters building. From among 547 applications from 164 Toshiba Group companies around the world, 16 groups received awards.



● Toshiba "ASHITA" Award Winners



■ The first Toshiba "ASHITA" Award ceremony

■ For the Future of Children

In Asia where Toshiba Group has many operations, insufficient educational opportunities for underprivileged children is a major social problem. We are supporting schools and children to help ensure a brighter future for youngsters.

Donating Textbooks (Philippines)

Due to insufficient funding of the educational system in the Philippines in recent years, the educational environment has deteriorated and an increasing number of children are unable to receive an adequate education. Toshiba Information Equipment (Philippines), Inc. and Toshiba donated 6,850 copies of math and science textbooks for fifth and sixth graders to four elementary schools in Santa Rosa in Laguna province. <Photo 1>

Supporting Local Schools (Indonesia)

P.T. Toshiba Consumer Products Indonesia (TJP) has been supporting local elementary schools since 2004. As well as funding improvement of school buildings, TJP has donated educational materials, stationery and uniforms to 63 children who would otherwise be unable to go to school. <Photo 2> Also, TJP provides financial support to teachers whose salaries are insufficient. This program is funded by the donations of 301 employees made through payroll deduction and by TJP's support. In addition to

financial support, volunteers from among TJP's employees work hard to provide a better school environment for children, including refurbishment and maintenance of a volleyball court, repair roofs, improvement of toilets, painting and tree planting.

Construction of Two Elementary Schools Every Year (China)

Since 2001 China Toshiba Group has been supporting the Hope Elementary Schools project whose purpose is to provide educational opportunities to underprivileged children. So far, 11 Toshiba Hope Elementary Schools have been established. They are providing good educational opportunities to over 2,800 children. The plan calls for construction of two schools every year from 2005 onward. After the schools have opened, China Toshiba Group continues to support them by donating stationery, sporting goods and PCs.

In 2006, the Hope Elementary School Excellent Teacher Award will be launched. Under this scheme awards will be granted to 100 excellent teachers selected from among Hope Elementary School teachers working in challenging conditions. <Photo 3>



■ Philippines: Children receive new textbooks
<Photo 1>



■ Indonesia: Wearing uniforms donated by TJP
<Photo 2>



■ China: Children celebrating the construction of their new school <Photo 3>

■ TOPICS

For Children and the Future of Our Country

Since the establishment in 2004 of the CSR Committee, many employees and myself at TJP are eager to set our salary aside to be given to underprivileged children in order to help them to continue their school.

We realize that education is important for our future generation. However, currently many of Indonesian children are unable to go to school, because of economic difficulties. They are unable to pay for their learning books, uniform and etc.

Vonny Diananto
P.T. Toshiba Consumer Products Indonesia (TJP)

We wish to provide educational opportunities to as many children as possible. Our monthly donations are used for improving school building and providing educational materials for children.

Being involved in these CSR activities makes us think about the challenges confronting our society. I hope that our contribution will not only support our children to be the best Indonesian generation in the future, but also help the future of our country.



Learn about Nature

We are providing opportunities to enjoy the beauties of nature and to learn about forests and other aspects of the natural environment respecting biodiversity.

Toshiba Forest Opens

Commemorating the 130th anniversary of Toshiba, we opened Toshiba Forest in Gotemba, Shizuoka prefecture, making use of the Company Forest System established by the Forestry Agency of Japan. At Toshiba Forest, fixed-point observation is conducted throughout the year and data on animals living in the forest is collected. Toshiba intends to hold events enabling youngsters from the city to experience forestry work and observe nature at Toshiba Forest, thus deepening their appreciation and understanding of the natural world.

Fostering Nature Conservation Educators in Collaboration with an NPO

In collaboration with the Nature Conservation Society of Japan, Toshiba held a three-day training program for people wishing to become Nature Conservation Educators. The program focused on how to plan and lead a nature walk. Through lectures and outdoor practice, participants learnt the fundamentals of nature conservation, ecology, dos and don'ts, and observation techniques. Several Toshiba Group employees participated in this training

program and they are eager to apply what they learnt at Toshiba Forest.

Support for Disaster Recovery

Supporting Victims of Hurricane Katrina

Toshiba Group contributed one million US dollars in cash and products to support victims after Hurricane Katrina struck the U.S. Gulf Coast. A part of the donations were contributed to the non-governmental organization First Book whose "Book Relief" distributed books to children who had lost virtually everything in the disaster. The rest has been donated to colleges, elementary and middle schools in the affected areas to speed their efforts to get up and running again. Further, donations from Toshiba Group employees in Japan amounting to 13 million yen were contributed to a hospital in New Orleans for children requiring care in the ravaged area.

Supporting Victims of the Landslide on Leyte, the Philippines

To support victims of the landslide on Leyte, the Philippines, Toshiba donated 150,000 US dollars to the Department of Social Welfare and Development of the Philippines.

TOPICS

Toshiba Forest is a Great Place to Learn about Nature

Ms. Hideyo Bando
Advisor to Toshiba Forest



Since being introduced to Toshiba by the Nature Conservation Society of Japan, I have been involved in Toshiba Forest from the initial planning phase when we were selecting the location.

Toshiba Forest is virgin forest. It is vital to preserve it as a place where people can enjoy nature, learning about the biodiversity of the forest and the threats to it. My role is that of a facilitator. Many people have few opportunities to enjoy nature. I help make it possible for them to experience the natural world. I would like to help people gain an understanding of the forest and develop a relationship with it. Encouraging employees to

become involved in nature conservancy and contribute to society through their appreciation of nature is an important aspect of CSR.



Toshiba Forest

TOPICS

Inviting Children to the Ocean Institute

Jeanie Kensler
Toshiba America Business
Solutions, Inc. (TABS)



TABS is very honored to be a recipient of one of the first annual Toshiba "ASHITA" Awards. Working with the Ocean Institute has been a very rewarding experience. The Institute is a state-of-the-art learning facility where children from grade school through high school can come to learn about the ocean and its environment. For some of the children, although they live close to the ocean, it is their first time to ever see the ocean.



Youngsters about to embark

Employees who volunteer to help run the programs get a tremendous amount of satisfaction.



Environmental Performance

- Environmental Management
 - Targets and Results
 - Environmental Impacts
 - Environmental Impacts of Products
 - Environmental Impacts of Business Activities
-

Environmental Performance

Environmental Management

Toshiba Group wishes to play a leading role in establishing a sustainable society. By minimizing the environmental impacts of our business activities while creating new values through products, we aim to double Toshiba Group's overall eco-efficiency by fiscal 2010 compared with fiscal 2000.

Basic Policy

Environmental management, as practiced by Toshiba Group, has two aspects: firstly, contributing to sustainable development of the Earth based on the creation of new values through products and, secondly, pursuing symbiosis with the Earth by reducing environmental impacts throughout business processes and products.

This concept informs our Environmental Vision 2010, which we are endeavoring to achieve by implementing the five-year Voluntary Environmental Plan encompassing concrete action plans and numerical targets for the entire Group.

These activities are in line with Toshiba Group's Basic Policy for the Environment established in 1991. This policy reflects our 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. The policy was completely revised in December 2005 to achieve consistency with the Environmental Vision 2010.

Environmental Vision 2010

The environmental management that Toshiba Group aims to have in fiscal 2010 is expressed in Environmental Vision 2010. With this vision, the eco-efficiency concept has been introduced for determining targets.

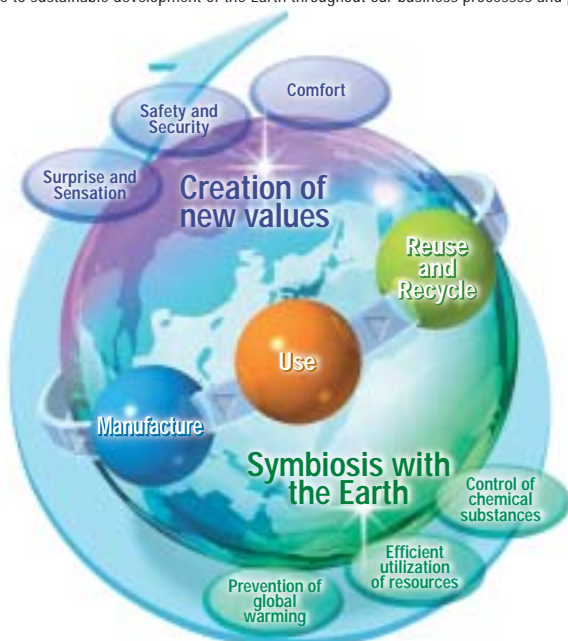
In general, eco-efficiency is calculated by comparing the amount of value created and the amount of environmental impacts. For example, if production of a certain product has a large impact on the environment, eco-efficiency of that product is low. The greater the value created with a given environmental impact, the higher the eco-efficiency.

The key target of Environmental Vision 2010 is for Toshiba Group to double its overall eco-efficiency by fiscal 2010 compared with fiscal 2000. We are advancing toward this goal by promoting environmental management focused on enhancement of product eco-efficiency and business process innovation.

Toshiba Group's Environmental Management

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

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



● Basic Policy for the Environment

Environmental Vision 2010

**Double overall eco-efficiency
FY2010/FY2000**



Degree of improvement of
Value of a product
Environmental impact of a
product throughout its lifecycle



Degree of improvement of
Sales
Environmental impact of
the entire business process



■ A Unique Eco-efficiency Indicator

Factor T

Toshiba Group has devised a unique eco-efficiency indicator, Factor T, named after the initial "T" of Toshiba. "Factor" is a term used for indicating the degree of improvement of eco-efficiency. For instance, Factor 10 is a well-known concept calling for a tenfold increase in resource productivity or, in the other words, a tenfold increase in eco-efficiency.

Factor T proposed by Toshiba consists of two elements: product eco-efficiency and business process eco-efficiency. Product eco-efficiency is calculated by dividing the value of a product by its environmental impact. Business process eco-efficiency is calculated by dividing the amount of sales by the environmental impact of the business process. Toshiba Group's objective is to double overall eco-efficiency, which is the combination of product eco-efficiency and business process eco-efficiency.

In order to double overall eco-efficiency, Toshiba aims to improve product eco-efficiency 2.2 times and business process eco-efficiency 1.2 times. Procurement and usage account for 80% of the total environmental impacts of Toshiba Group products, with production accounting for the remaining 20%. The weighted average of 2.2 times for product eco-efficiency and 1.2 times for business process eco-efficiency is 2 times for overall eco-efficiency. (2.2 times for product eco-efficiency x 80% + 1.2 times for business process eco-efficiency x 20% = 2 times for overall eco-efficiency)

Product Eco-efficiency and Product Value

With Factor T, Toshiba has introduced an eco-efficiency concept taking into account not only the environmental impact but also the value of a product. The value of a product is calculated by evaluating the product's functions and performance based on the voice of customer. The environmental impact of a product is calculated by summing all the environmental impacts attributable to the product throughout its life cycle from procurement of raw materials to manufacturing, distribution, consumption and final disposal. (The total amount of environmental impacts is calculated using the Life Cycle Impact Assessment Method based on Endpoint Modeling (LIME) developed by the Research Center for Life Cycle Assessment, National Institute of Advanced Industrial Science and Technology, in collaboration with the LCA national project.)

Since the introduction of the Factor T concept for products in fiscal 2003, Toshiba Group has been working to expand the range of environmentally conscious products (ECPs). At present, Factor T is available for 50 of Toshiba Group's 100 product groups. We intend to increase the coverage to 70 product groups by fiscal 2006.

Eco-efficiency of products whose Factor T is available is improving step by step. For example, eco-efficiency of refrigerators and air conditioners has improved thanks to their lower environmental impacts. In the case of mobile phones, the increase in environmental impacts as the component count rises in line with the trend toward multifunctionality has been more than offset by the increase in the value, resulting in higher eco-efficiency. For more information, please refer to the leaflet explaining Factor T.



● Explanation of Factor T

■ TOPICS

Dialog with *ecomom* Readers

In March 2006 Toshiba initiated a dialog with four readers of *Nikkei Business Publications* magazine "*ecomom*" on Toshiba's eco-efficiency indicator Factor T, home appliances and the environment.

Regarding Factor T, one of the participants commented that although the concept is a step in the right direction, it is difficult to understand. Another suggested it might be easier to grasp if the reduction in the environmental impact were expressed as a percentage or if CO₂ emissions were expressed as the number of logs one would have to burn to emit an equivalent amount of CO₂. Turning to environmentally conscious home

appliances, they voiced their concerns about power consumption during operation and standby, as well as their desire for easy-to-recycle products. Other comments included: "I always try to choose honest companies whenever I make a purchase." "Nowadays, a commitment to the environment is taken for granted. But it would be nice to include a statement of that commitment on leaflets or brochures." "Companies should be willing to take back what they sell. By accepting responsibility for products from cradle to grave they would inspire trust."

Since we intend to make Factor T a more readily understandable and useful indicator, we are paying careful attention to these comments.



The producer of *ecomom* (left) facilitated the dialog.



Participants with a keen interest in the environment offered plenty of ideas about products.

To Promote Environmental Management

Management System

Toshiba Group's environmental management comprises four principal items: 1) strengthening of the environmental management system, 2) creation of ECPs, 3) business activities designed to reduce environmental impacts and risks, and 4) vigorous environmental communication.

The Corporate Environmental Officer supervises Toshiba Group's environmental management. Toshiba Group's Environmental Management Promotion Organization, centering on the Corporate Environment Management Division which reports directly to the Corporate Environmental Officer, is responsible for formulating measures concerning environmental management.

The Corporate Environmental Management Committee is the supreme decision-making body on environmental management. Chaired by the Corporate Environmental Officer and consisting of executives, environmental management officers of in-house companies and overseas regional directors, the committee meets twice a year. It proposes solutions to problems concerning management, technology development, production and sales that are related to environmental issues, deliberates on how best to reflect the Environmental Vision in the voluntary environmental plan, determines the orientation of activities and reviews the progress made.

Its subordinate organizations such as ECP Promotion Committee formulate action plans and propose solutions. Under these committees, working groups tackle specific themes. In addition to the Regional Supervisory Environment Divisions covering

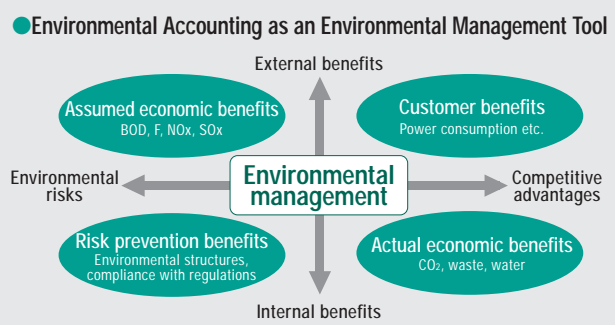
Europe, the Americas and China, a new Division was established in April 2006 to cover Southeast Asia and Oceania.

Environmental Accounting

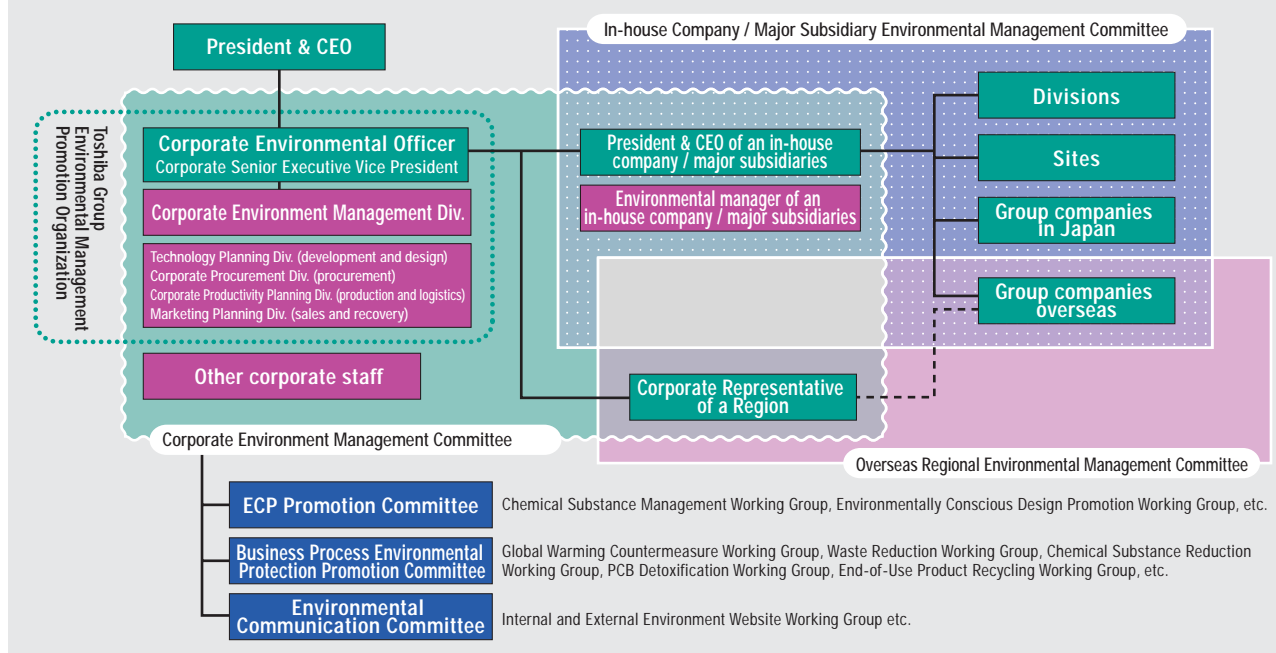
In 1999 Toshiba introduced environmental accounting, a powerful tool for promoting environmental management. In the initial year, we emphasized clarification of the actual economic benefits resulting from reductions in waste disposal and energy consumption and of the assumed economic benefits resulting from a reduction in air pollutants etc. By incorporating customer benefits resulting from reduced power consumption since fiscal 2000 and risk prevention benefits since fiscal 2001. We have been working to enhance the integrity of environmental accounting. We intend to use environmental accounting as a tool for quantitative evaluation of the benefits of environmental management.



● Environmental Accounting



Organizational Chart of Toshiba Group's Environmental Management Promotion System



Environmental Management System

Toshiba Group is implementing a Plan-Do-Check-Act (PDCA) cycle to achieve continuous improvement of its environmental activities. To attain the numerical targets of the five-year Voluntary Environmental Plan, annual targets for each in-house company and major subsidiary are set (Plan), activities are implemented throughout the Group (Do), environmental measures implemented are reviewed and performance data is aggregated and analyzed (Check) for the purpose of attaining annual targets (Act).

In promoting environmental management, we emphasize a workplace-oriented approach. By 1997 all 16 sites of Toshiba Corporation had gained ISO 14001 certification. Of the 99 sites of Toshiba Group companies in Japan and overseas, 93 sites have gained ISO 14001 certification and the rest of the sites are working to gain certification.

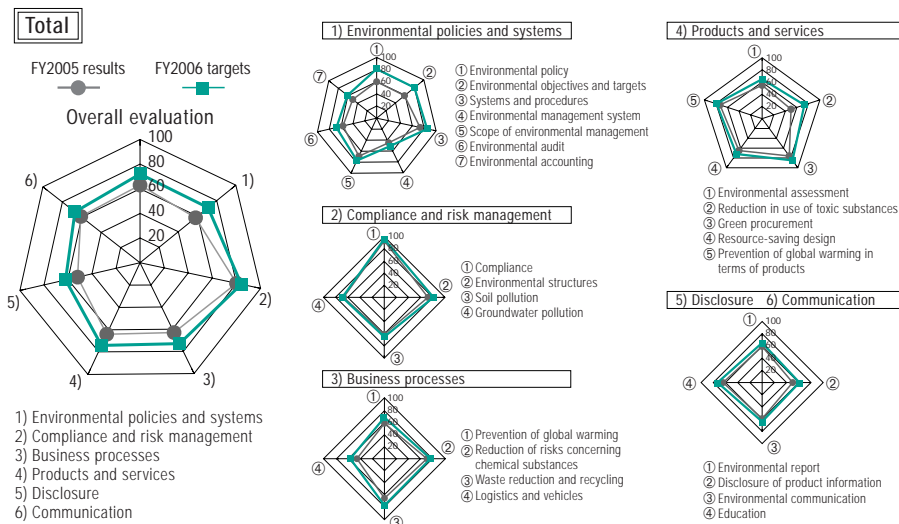


● List of ISO 14001-certified sites

Environmental Management Level Evaluation

We introduced the Environmental Management Level Evaluation System in fiscal 2004 to comprehensively assess and analyze the quality of environmental management of in-house companies and major subsidiaries. Strengths and weaknesses of each company are analyzed based on evaluation of 67 items in six fields: 1) environmental policies and systems, 2) compliance and risk management, 3) business processes, 4) products and services, 5) disclosure and 6) communication. The results, fed back to companies' senior executives and environmental management officers, are used in the design of measures to achieve continuous improvement. Toshiba intends to reflect this system, which is an aspect of the environmental auditing of in-house companies and major subsidiaries, in the evaluation of business performance.

● Results of Evaluation of the Environmental Management Level



■ Environmental Management Information System <Photo 1>

Proprietary Audit System

Since 1993 annual audits of sites of Toshiba Corporation and the Group companies have been conducted using Toshiba's unique audit system called EASTER (Environmental Audit System in Toshiba on the basis of ECO Responsibility). Each site receives a two-day EASTER audit coverings four aspects: 1) systems (environmental activity promotion systems), 2) workplaces (environmental facilities' compliance with internal criteria), 3) voluntary environmental plans (accomplishment of voluntary plans) and 4) technologies (environmental management system in terms of products, environmental performance, etc.). EASTER shares the workplace-oriented approach Toshiba has been emphasizing. In fiscal 2003 Toshiba began applying EASTER to major sites overseas. Application of EASTER has inculcated the concept of preventive maintenance at overseas sites, leading to prevention of accidents or breaches of law. In fiscal 2005, 77 sites in Japan and 48 sites overseas received EASTER audits.

Environmental Management Information System

Since environmental management is implemented throughout Toshiba Group worldwide, the Environmental Management Information System was established in fiscal 2004 to manage environmental performance data of Toshiba Corporation and 368 consolidated subsidiaries. Using this system, data is gathered on environmental impacts such as energy consumption and waste discharge. <Photo 1>

In fiscal 2005 data management using this system became a routine task and the system was made available in several languages to facilitate global application.

Compliance with Laws and Regulations

In fiscal 2005, Toshiba Group was neither in breach of any law nor subject to any fine or other penalty concerning the environment.

■ Communication with Stakeholders

Sharing of information on environmental activities and their results is not limited to Toshiba Group, since we consider it important to disseminate information to stakeholders. We are convinced that two-way communication leads to improvement of the quality of environmental management.

Environmental Education

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 1) education programs according to position, 2) general environmental education, 3) specialty education and 4) ISO 14001 education.

For corporate-wide general education, e-learning is utilized to eliminate travel time and improve the participation rate, enabling employees to take courses at remote branch offices and via mobile PCs during business trips.

Specialty education programs consist of ECP education and internal auditor education. The objective of ECP education is to ensure that engineers engaged in development and design fully understand the concept of ECP design. The program includes courses on environmentally conscious design and design techniques to facilitate recyclability. We intend to enhance the content of the general environmental education provided to all employees, while also enriching ECP education and expanding IT-based education.

As part of our efforts to raise employee awareness of matters environmental, we suggest they monitor the environmental impact of their own households.

Environmental Communication

At Toshiba Group, we stress environmental communication because we believe it is important to take the initiative in explaining to stakeholders what we are doing in the environmental field, and moreover, to welcome their requests, comments and suggestions. The 15th Toshiba Group Environment Technology

Exhibition, held in February 2006 at Toshiba HQ, was one of the ways in which we reached out to our stakeholders, including the general public. More than 3,300 visitors were able to view and experience the exhibition's 101 themes covering, for example, ECPs to which the Factor T concept is applied, prevention of global warming, and environmental communication efforts around the world. This annual exhibition is a golden opportunity to connect with people who share our passion for the environment. We intend to make the fullest possible use of the exhibition in the years ahead. <Photo 2>

Other influential venues where Toshiba showcased its environmental achievements and reached out to stakeholders were Eco-Products 2005 (Japan), Eco-Products International Fair 2005 (Thailand), CES (U.S.) and CeBIT (Germany). <Photo 3>

Toshiba uses TV, magazines, newspapers and the Internet to communicate its environmental activities to as many people as possible. In fiscal 2005 Toshiba opened eco-web in Japan, a gateway for information on what Toshiba is doing in the environmental sphere.

Disclosure using Eco-labeling

Toshiba Group Earth Protection Mark, introduced in 1999, is a potent symbol of our resolve to disclose our products' environmental performances. Only Products in conformity with our Voluntary Environmental Standards for Products bear this hallmark of environmental excellence. It indicates that the product satisfies stringent criteria regarding energy saving, no use of toxic substances, design facilitating recycling, recycling of end-of-life products, etc. Also, if a particular aspect of the environmental performance of a product bearing the mark is truly outstanding, data confirming that attribute is included with the product.

The Voluntary Environmental Standards for Products appear in product manuals.



■ The 15th Toshiba Group Environment Technology Exhibition <Photo 2>



■ Eco-Products International Fair 2005 in Thailand <Photo 3>

● Toshiba Group Earth Protection Mark



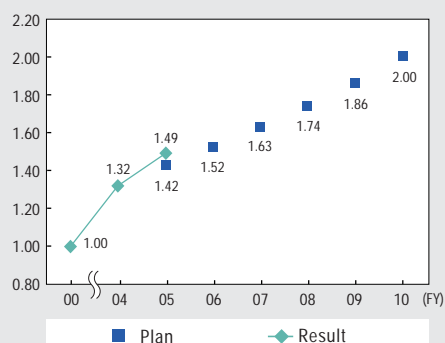
Toshiba Group Earth Protection Mark

Environmental Performance

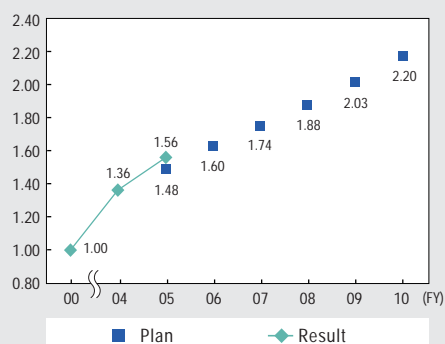
Targets and Results

In accordance with the Fourth Voluntary Environmental Plan launched in fiscal 2005, we are moving ahead to attain the goals of the Environmental Vision 2010.

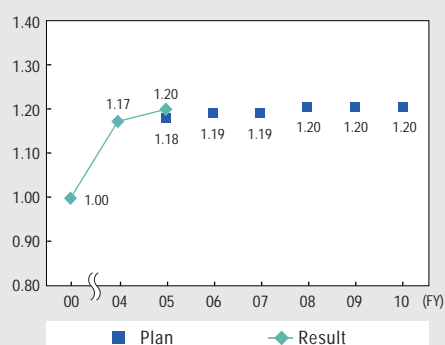
● Overall Eco-efficiency



● Product Eco-efficiency



● Business Process Eco-efficiency



The above figures are factors compared with fiscal 2000.

● Fourth Voluntary Environmental Plan

Enhancement of product eco-efficiency	Indicator
Provision of environmentally conscious products (ECPs)	Ratio of ECPs to net sales
Abolition of use of certain chemical substances	15 substance groups contained in products* <small>*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), polybrominated diphenyl ethers (PBDEs). *Detailed definitions and specific applications to be excluded are specified separately.</small>

Business process innovation	Indicator
Prevention of global warming	Reduction of energy-originated CO ₂ emissions
	Emission rate *1 Manufacturing sites in Japan
	Reduction of greenhouse gas emissions (other than CO ₂)
Management of chemical substances	Reduction of CO ₂ emissions associated with product logistics
	Emission rate
Efficient utilization of resource	Reduction of total emissions of chemical substances to air and water
	Total emissions
	Reduction in the total quantity of waste generated
	Rate of the total quantity of waste generated
	Reduction in the quantity of waste for final disposal
	Final disposal rate (Sites achieving zero emissions of waste*2)
	Reuse and recycling of products
	Amount of recycling of used products*3

Unless otherwise specified, the targets are based on comparison with fiscal 2000 and cover manufacturing and non-manufacturing sites in Japan and overseas. For the purpose of evaluating activities, rates used as indicators are based on physical quantity (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

Voluntary Action Plan

In fiscal 1993 Toshiba launched the First Voluntary Environmental Plan, our first mid-term action plan. Subsequently, with each successive plan up to the current Fourth Voluntary Environmental Plan, we have expanded the scope to include more sites and business processes while setting increasingly tough targets.

Fiscal 2005 Targets Achievement Level

The Fourth Voluntary Environmental Plan launched in fiscal 2005 provides concrete targets for the achievement of the Environmental Vision 2010. The plan covers 368 consolidated subsidiaries of Toshiba Corporation.

The fiscal 2005 targets for both product eco-efficiency and business process eco-efficiency were achieved and the factor improved to 1.49 compared with fiscal 2000.

Fiscal 2005			Summary of fiscal 2005	Target for fiscal 2006	Target for fiscal 2010
Target	Result	Evaluation			
10%	17%	7% greater than the target (achieved)	ECP ratios increased for home appliances and digital products as planned. Electronic devices and social infrastructure systems lagged. We will focus on increasing the ECP ratios for these fields.	20%	60%
Clarification of the overall situation	28%	Overall situation was clarified as planned	It was clarified which products contain the substances in question.	40%	Total abolished

Fiscal 2005			Summary of fiscal 2005	Target for fiscal 2006	Target for fiscal 2010
Target	Result	Evaluation			
31% reduction	33% reduction	2% greater (achieved)	Implementation of energy-saving measures such as introduction of highly energy-efficient clean rooms resulted in an excellent result.	29% reduction	25% reduction
31% reduction	37% reduction	6% greater (achieved)		31% reduction	25% reduction
27% reduction	32% reduction	5% greater (achieved)	Gas scrubbers were introduced for new production lines to suppress emissions. As a result, total emissions were reduced.	29% reduction	35% reduction
21% reduction	28% reduction	7% greater (achieved)	Energy saving was promoted by implementation of measures to enhance efficiency of logistics.	29% reduction	25% reduction
25% reduction	27% reduction	2% greater (achieved)	Although the quantity of chemical substances handled increased compared with fiscal 2004, emissions decreased thanks to technical measures and installation of equipment for recovery and removal of emissions.	30% reduction	50% reduction
7% reduction	12% reduction	5% greater (achieved)	The total quantity of waste generated was reduced 4,000 tons. Furthermore, the production output increased.	15% reduction	20% reduction
Sites achieving zero emissions of waste to account for 20%	Sites achieving zero emissions of waste to account for 25%	5% greater (achieved)	Although the target was achieved, overseas sites and non-manufacturing sites lagged. We will focus on reducing the final disposal rate at overseas sites and non-manufacturing sites.	40%	Achievement of zero emissions at all sites
Increase to 130%	Increase to 142%	12% greater (achieved)	Although reuse and recycling increased in Japan, we will make efforts to increase them overseas.	Increase to 145%	Increase to 160%

*1 : Compared with fiscal 1990

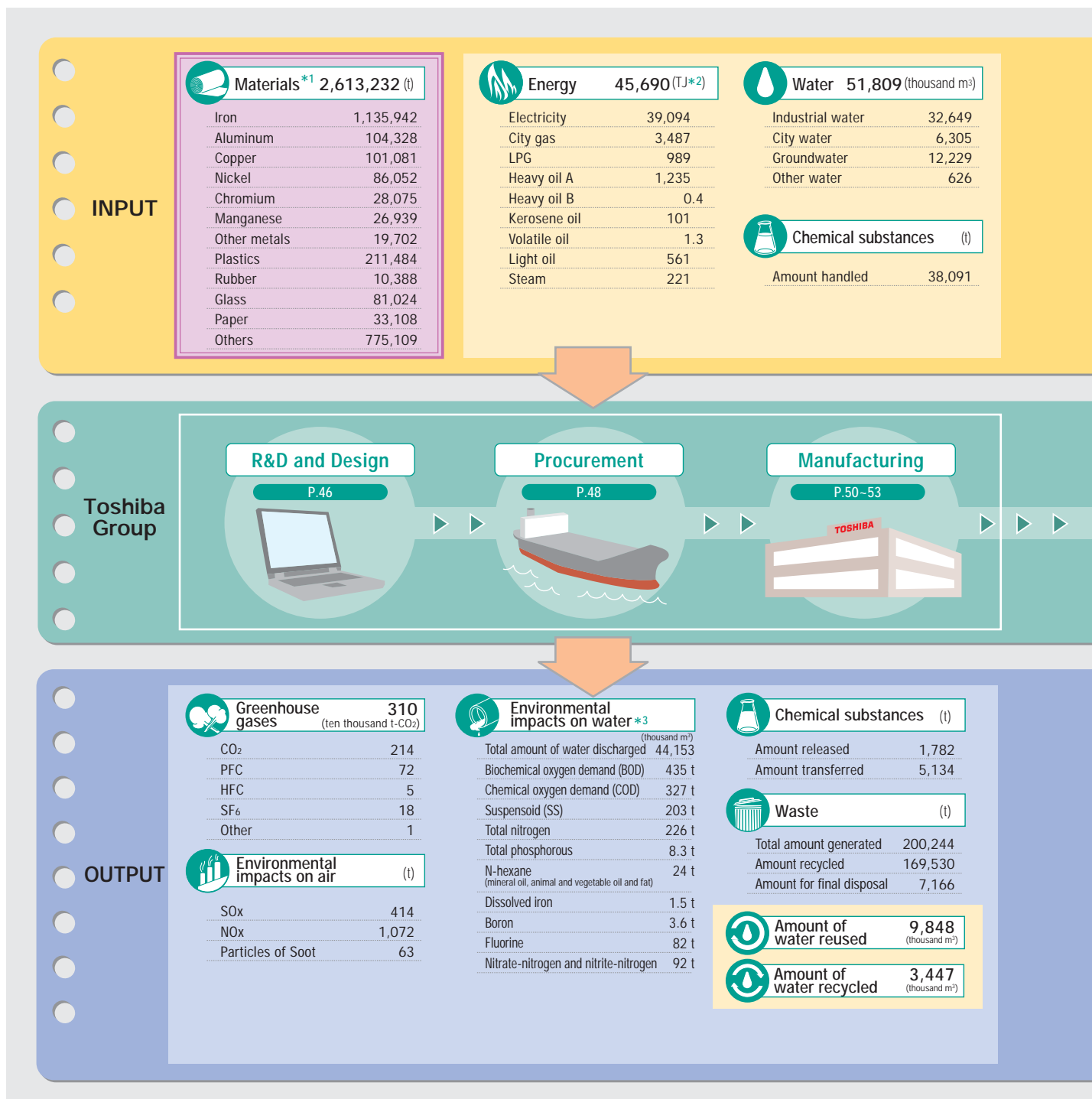
*2 : Quantity of waste for landfill after treatment is equivalent to 1% or less of the total quantity of by-products and other items generated (total amount of waste discharged) as a result of business activities.

*3 : Compared with fiscal 2001 (year in which the Home Appliance Recycling Law came into force)

Environmental Performance

Environmental Impacts

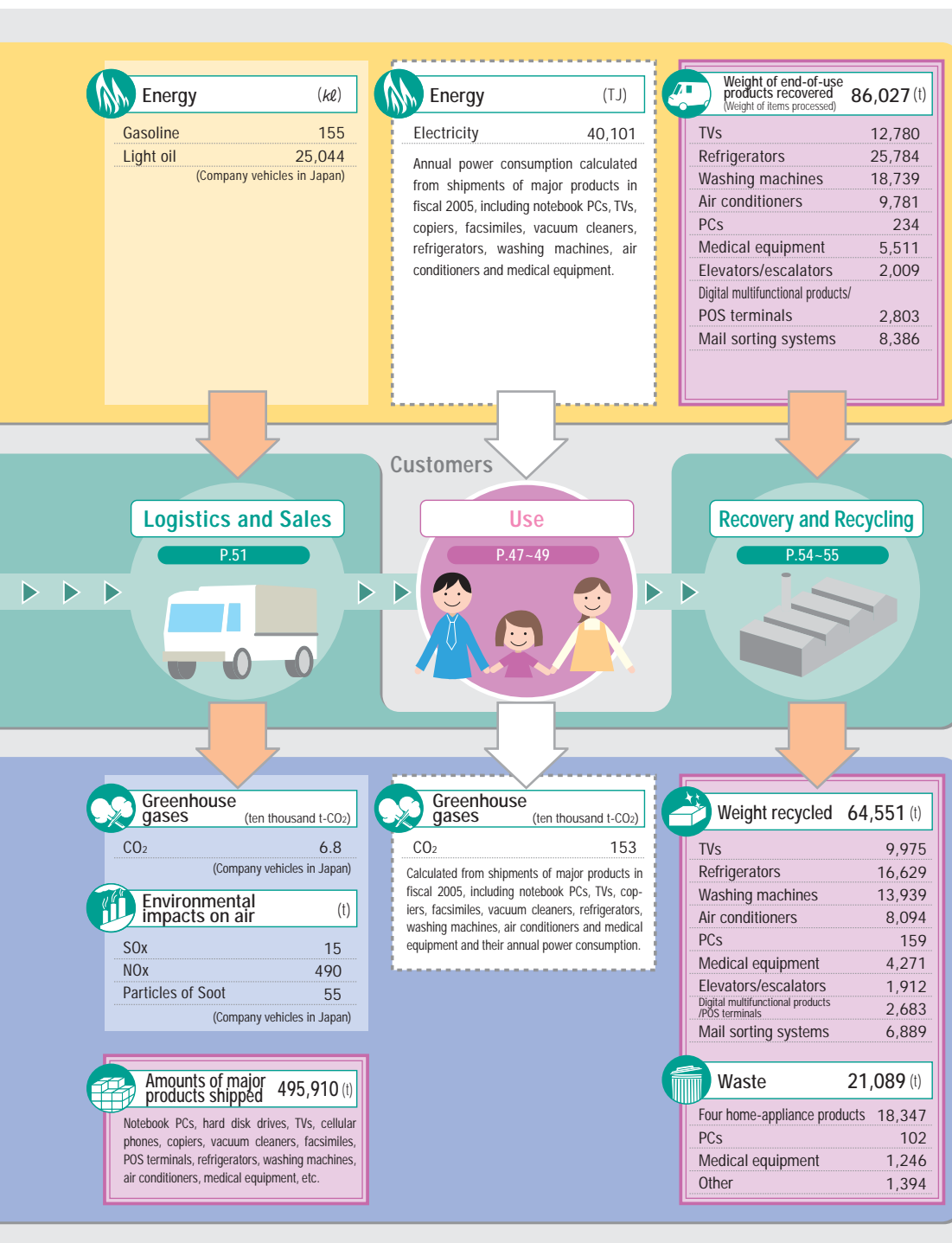
Since Toshiba Group's products and services range from home appliances and information and communications equipment to semiconductor devices, electronic components and heavy electrical apparatus, their environmental impacts vary. By clarifying and analyzing the environmental impacts throughout the Group, we are working to enhance eco-efficiency.



Material Flow Data

The figures below show inputs of energy, water and chemical substances, and outputs of environmental pollutants and waste discharged to water and air. Also shown are the material inputs and the amount of major products shipped. Whereas the data for fiscal 2004 covered 104 Toshiba Group companies, fiscal 2005 data covers Toshiba Corp. and 368 consolidated subsidiaries.

As to material inputs, we grasp the amount of rare metals like Nickel and Chromium. Recognizing that further improvement in data accuracy is desirable, we are addressing this issue. We intend to continue collection and analysis of data that can be of help to us in our efforts to reduce environmental impacts.



*1 Material inputs are calculated based on the Estimation method for Material Inputs using Input-Output Table (EMIOT), a method developed by Toshiba. EMIOT uses ratios of materials, which are prepared based on the input-output table, to calculate material inputs. A characteristic is that input-output analysis is applied only to the flow of resources from upstream to downstream and ratios of materials by industrial sector are entered in a database. Using this method, it is possible to calculate weights of input resources by resource type from the data on procurement (monetary value) by resource category, which is gathered by procurement organizations. So, data can be gathered not only on direct materials but also on indirect materials. Previously, it was difficult to clarify the amounts of resources in parts made of compound materials or the amounts of resources associated with services. EMIOT has enabled clarification of the amounts of resource inputs by resource type for such materials.

*2 TJ=10¹²J

*3 Environmental impacts on water are calculated as follows: annual average value of the measured concentration of a substance at the drain mouth multiplied by total drain discharge for the year. In the case that measured concentration is less than the lower detection limit, 1/2 of the lower detection limit is used as concentration for calculation. Substances whose discharged amounts are 1 ton or more are listed.



Indicates a flow of materials shipped as products, recycled and discharged as waste.

Environmental Performance

Environmental Impacts of Products

Toshiba Group is emphasizing creation of environmentally conscious products (ECPs) with minimal environmental impacts throughout their life cycles. In order to achieve the target of increasing product eco-efficiency 2.2 times by fiscal 2010, we are striving to reduce environmental impacts of products from three perspectives: prevention of global warming, management of chemical substances and efficient utilization of resources.

Results in Fiscal 2005

- Whereas the target for average factor compared with fiscal 2000 was 1.48, the result was 1.56. (Target achieved)
- Whereas the target for the ratio of products complying with the voluntary environmental standards to net sales was 10%, the result was 17%. (Target achieved)
- Whereas the target was to clarify the ratio of products that do not contain 15 substances groups other than for specific applications, the ratio was clarified and determined to be 28%. (Covering all products of Toshiba Corporation and its consolidated subsidiaries)

Promoting Development of ECPs*1

ECP Concept

Toshiba Group is promoting development of ECPs, which involves environmentally conscious product design, environmental assessment of products and disclosure of environmental performance of products. Products in compliance with the Voluntary Environmental Standards for Products established in 1999 are certified as ECPs. Having introduced Factor T, Toshiba's original eco-efficiency indicator, in fiscal 2003, we are also working to improve product eco-efficiency.

In accordance with the Environmental Vision 2010 announced in fiscal 2005, Toshiba Group aims to improve product eco-efficiency 2.2 times by fiscal 2010. We have been applying Factor T in ECP development since fiscal 2005, setting annual Factor T targets for

*1 ECP: Environmentally Conscious Products

all Toshiba Group products other than software and services.

Environmental Considerations at the Product Planning Phase

In the development of ECPs, numerous items, such as resource saving, reuse and recycling, energy saving and reduction in use of toxic substances, have to be taken into account from the product planning phase onward. Toshiba Group has developed and introduced a life cycle planning (LCP) technique for formulating a design concept at the planning stage that satisfies the quality and cost requirements while decisively reducing environmental impacts throughout the product life cycle. Effective utilization of data obtained by life cycle assessment (LCA) and quality function deployment (QFD*2) contributes to achievement of 3R (reduce, reuse, recycle).

*2 QFD: A systematic process for integrating product functions based on the degree of importance customers attach to them when selecting a product

Environmental Assessment of Products

Upon completion of product design, we conduct LCA to verify the appropriateness of the design from an environmental perspective. Assessment results are also utilized in the planning of subsequent products. Due to the introduction of the Factor T concept, not only environmental impacts but also product value is taken into account in determining eco-efficiency. As a result, it has become possible to clarify quantitatively the degree of improvement compared with previous models. From now on, Toshiba will create ECPs based on the Factor T concept.

Definition of Factor T

$$\text{Eco-efficiency} = \frac{\text{Value of a product}}{\text{Environmental impact of a product}}$$

$$\text{Factor} = \frac{\text{Eco-efficiency of a product subject to assessment}}{\text{Eco-efficiency of the benchmark product}}$$

Factor T Leaflets



Introduction of Factor T



Application of Factor T

Global Warming

Products and Global Warming

According to an investigation of CO₂ emissions of Toshiba Group products throughout their life cycles, emissions during the usage phase account for the greatest proportion. For example, in the case of digital products, 60% of CO₂ emissions occur during the usage phase, with the figure rising to 80% for home appliances and social infrastructure systems. So, in our efforts to create ECPs based on the Factor T concept, we are striving to reduce overall eco-efficiency, including energy consumption during the usage phase.



● Case Study: LCD TV, Refrigerator, Room Air Conditioner, Open Showcase, Fluorescent Light Bulb

Case Study: Washing Machine with Drier

Washing machines consume electricity, water, and detergent and are operated virtually every day. Reduction of power consumption during the usage phase substantially reduces environmental impacts throughout the product life cycle, for example, resulting in lower CO₂ emissions associated with power generation. Toshiba's The Front-in Drum TW-150VC washing machine with drier cuts power consumption thanks to two innovative features.

The newly developed S-DD engine enabling high-speed spinning at 1,500 rpm reduces the moisture content of laundry prior to drying to a level 30% less than that attainable with the previous model. As a result, power consumption during drying is reduced.

The optimum control of the heater output according to the progress of drying in the latter part of the drying process has slashed power consumption by about 20%.



■ The Front-in Drum TW-150VC washing machine with drier

Factor 1.52 (2005/2000)
(Value factor 1.35, 1/Environmental impact factor 1.12)

Development of Renewable Energy Systems

Toshiba Group is promoting development of environmentally conscious energy systems offering superior efficiency. We have commercialized micro wind power generation and micro hydro power generation that effectively utilizes natural energy.

Case Study: Micro Wind Power Generation

Toshiba Plant Systems & Services Corp. manufactures and sells Wind Flower, a hybrid micro wind power generation system combining wind power generation and solar batteries. Using an efficient vertical-axis windmill, Wind Flower operates so quietly that it is suitable for installation even in urban areas.

Case Study: Micro Hydro Power Generation

Toshiba Corp. and Toshiba Plant Systems & Services Corp. manufacture and sell Hydro-eKIDS, micro hydro power generation equipment for low head and small-scale hydroelectric power plants. This product with an output ranging from 1 kW to 200 kW enables efficient use of hydro-energy at a head as low as 2 m, which has not been possible previously. Three types of units and runners are available for Hydro-eKIDS, making it suitable for a wide range of applications, including for rivers, check dams, water and sewage facilities and canals for industrial wastewater and agricultural water. Units can be combined according to the effective head and the volume of water to maximize efficiency.



■ Hydro-eKIDS S3C micro hydro power generation equipment

Factor 5.21 (2004/2000)
(Value factor 1.46, 1/Environmental impact factor 3.57)

Chemicals

Management of Chemicals in Products

Our comprehensive management of chemical substances is designed to ensure customers can use Toshiba products with confidence and to prevent release of environmentally harmful substances.

Early Compliance with the RoHS Directive

Whereas the RoHS (Restriction of Hazardous Substances in electrical and electronic equipment) Directive of the European Union (EU) bans use of six substances, including lead, mercury and cadmium, in products released in the EU from July 2006 onward, Toshiba Group ceased use of the six substances specified by the RoHS Directive in all products introduced since April 2005.

Abolition of Use of Certain Chemical Substances

In accordance with the Fourth Voluntary Environmental Plan launched in fiscal 2005, we intend to abolish the use of 15 substance groups, including ozone-depleting substances, tributyl tins (TBTs) and polybrominated biphenyls (PBBs), by fiscal 2010. In fiscal 2005, the first year of the plan, we investigated the current situation and clarified that the ratio of products that do not contain these 15 substance groups to net sales was 28%.

Supply Chain Management

Promoting Green Procurement Worldwide

Toshiba Group has been championing green procurement worldwide in accordance with the Green Procurement Guidelines established in 1999 (revised in 2003). We require suppliers to evaluate their environmental activities using criteria determined by Toshiba. When selecting suppliers, we accord priority to suppliers with superior environmental credentials.



● Green Procurement Guidelines

Environmental Performance Survey of Parts and Materials

In cooperation with suppliers, Toshiba surveys the environmental performance of parts and materials manufacturers. Once ratios of environmentally harmful substances and scarce resources to the weight of a procurement item have been checked, Toshiba accords priority to parts and materials superior in terms of environmental impacts. In developing ECPs, we utilize a database containing the results of the environmental performance survey. In addition, chemical substance analysis is applied to detect chemical substances contained in products. Working in cooperation with parts manufacturers, parts containing chemical substances banned by the RoHS Directive etc. have been replaced by alternatives.



● Case Study: Notebook PCs, Elevators, LCD Modules

Case Study: Mobile Phones

For all mobile phones, regardless of whether they are destined for the Japanese market or overseas markets, we are endeavoring to abolish use of harmful substances, including the six substances specified by the RoHS Directive, from the initial development phase. Working in cooperation with parts manufacturers, Toshiba has dispensed with soldering and plating involving the use of harmful substances and now uses alternatives. In addition, environmental analysis of all parts and materials (including sub-materials) used in mobile phones has been conducted in collaboration with parts manufacturers to eliminate harmful substances. As a result, Toshiba is already shipping mobile phones in compliance with the RoHS Directive not only to Europe, but also in Japan and elsewhere in Asia.



■ Vodafone 803T mobile phone

Factor 3.34 (2005/2000)
(Value factor 5.78, 1/environmental impact factor 0.58)

Resource Utilization

Efficient Resource Utilization in terms of Products

Manufacturing involves the use of diverse resources and virtually all products consume resources during the usage phase. We are striving to minimize consumption of resources and discharge of resources as waste. To this end, we are promoting resource-saving design (design to reduce product weight and extend life, design facilitating repair by use of modules, design facilitating upgrading, etc.) and design to facilitate reuse and recycling.

Reflecting Recycling Information in Product Development

Term Corp. and Nishinihon Kaden Recycle Corp. operate recycling facilities used by Toshiba Group. Engineers from these companies who are engaged in decomposition work closely with product designers, feeding back information on decomposition obtained during the recycling phase directly to product designers so that they can reflect it in development of easy-to-recycle products.



● Case Study: Hard Disk Drive

Case Study: e-blue™* Decolorable toner

Having introduced e-blue™ decolorable toner developed in house, Toshiba is at the forefront of efforts to reduce paper consumption in offices.

As images printed in e-blue™ are erasable using a dedicated erasing machine, copier paper can be reused many times. Since its introduction in December 2003, e-blue™ has been eagerly taken up by businesses keen to reduce their impact on the environment. Toshiba organizations using e-blue™ cut their purchases of copy paper by about 40% in fiscal 2005. In fiscal 2006, more Toshiba organizations will shift to e-blue™.

At present, R&D of technology capable of completely erasing images printed in e-blue™ is underway to enhance quality.

*e-blue™ is a registered trademark of Toshiba Corp.

■ e-blue™ decolorable toner

Factor 3.46 (2005/2000)
(Value factor 0.98, 1/environmental impact factor 3.52)



e-blue™ decolorable toner



e-blue™ eraser equipment



e-blue™-ready multifunctional equipment



Equipment for completely erasing e-blue™ images (prototype)*

*The prototype is not included in the calculation of Factor T.

TOPICS

Making Sure Everyone Knows about e-blue™

I've been involved in the R&D of decolorable toner technology ever since Toshiba took up the theme nine years ago. After much trial and error, e-blue™, an environmental technology in which we take great pride, was commercialized. Everything came together in 2005 when Toshiba held a press conference to tell the world about the equipment for completely erasing e-blue™

images that we are currently developing and our decolorable toner technology won the Nihon Keizai Shimbun Environmental Technology Award.

Satoshi Takayama
Environmental Technology Laboratory
Corporate Research & Development Center
Toshiba Corp.



Environmental Performance

Environmental Impacts of Business Activities

Toshiba Group is fully aware of the impacts of its business activities on the environment and is striving to reduce those impacts. In this section Toshiba Group's efforts to reduce the environmental impacts of its business activities are reported from three perspectives: prevention of global warming, control of chemicals and efficient utilization of resources.

Global Warming

Results in Fiscal 2005

- Whereas the target was to reduce the energy-originated CO₂ emission rate 31% compared with fiscal 1990, the result was a 33% reduction. (Target achieved)
- Whereas the target was to reduce the greenhouse gas emissions (other than CO₂) 27% compared with fiscal 2000, the result was a 32% reduction. (Target achieved)
- Whereas the target was to reduce the CO₂ emission rate associated with product logistics in Japan 21% compared with fiscal 2000, the result was a 28% reduction. (Target achieved)

To prevent Global Warming in Business Activities

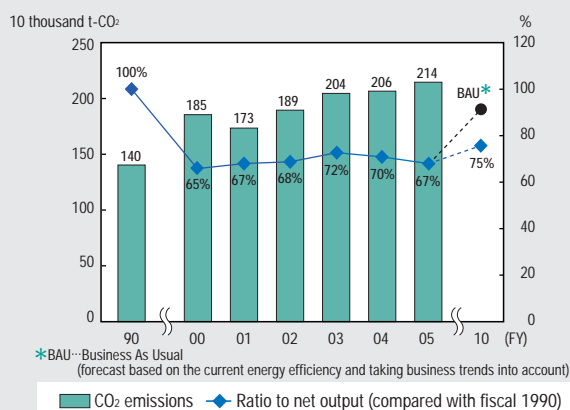
Greenhouse gases emitted in the course of business activities include not only energy-originated CO₂ emitted as a result of the use of electricity and fuels, but also CO₂ emissions associated with product logistics and gases other than CO₂ used in manufacturing processes. Having set reduction targets for all these greenhouse gas emissions attributable to business activities, we are implementing measures to achieve the targets.*1

Reducing Energy Consumption

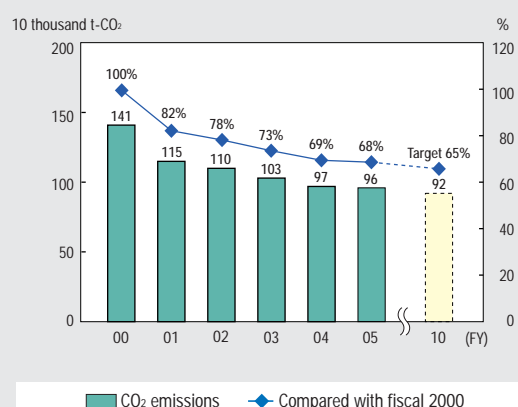
We are working to reduce energy consumption by promoting improved administration, energy-saving investment and saving of energy in clean rooms throughout business activities globally, including at laboratories and offices, so as to reduce energy-originated CO₂ emissions. Regarding production sites, we are focusing on energy saving at semiconductor factories, since these facilities are notable for their large appetite for energy. Energy-originated CO₂ emissions (Toshiba worldwide) increased 4% in fiscal 2005 compared with fiscal 2004 because of the opening of new clean rooms. However, the impact was minimized by introduction of energy-saving clean rooms. Although expansion of the semiconductor and LCD businesses is expected to result higher energy consumption, we intend to achieve the target for fiscal 2010 by implementing energy-saving measures.

*1 Calculation of greenhouse gas emissions is in accordance with the "Guideline for Investigation of Greenhouse Gases Emitted by Businesses (tentative)" issued by the Ministry of the Environment. For electricity, the coefficient announced by The Federation of Electric Power Companies of Japan (average of all power sources at generating ends) had been used until fiscal 2004 and the coefficient for fiscal 2004 was used for calculation of the amount in fiscal 2005.

Energy-originated CO₂ Emissions and Ratio



Greenhouse Gas Emissions (Other than CO₂)



Reducing Emissions of Greenhouse Gases other than CO₂

Besides energy-originated CO₂, we are also working to reduce emissions of other greenhouse gases subject to the Kyoto Protocol through reduction of the use of CFC substitutes and replacement with alternatives as well as through recovery of emitted greenhouse gases and introduction of gas scrubbers.

In fiscal 2005 we reduced emissions of greenhouse gases other than CO₂ 32% compared with fiscal 2000, installing gas scrubbers at all new production lines. However, emissions are trending upward in the semiconductor business in line with the expansion of output. From fiscal 2006 onward, we intend to introduce gas scrubbers at existing lines and shift to use of alternative gases to achieve the target for fiscal 2010.

Reducing CO₂ Emissions Attributable to Logistics

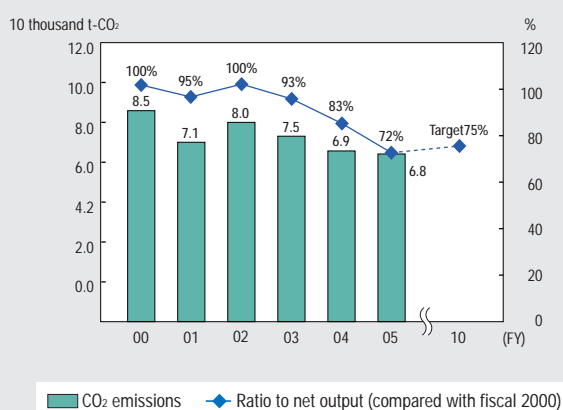
We are collaborating with Toshiba Logistics Corp. to save energy during transportation of products. Efforts to reduce CO₂ emissions associated with logistics include modal shift to rail transport, optimization of transport based on a flexible vehicle assignment system attuned to daily variations in freight volumes and destinations, and joint delivery with logistics subsidiaries of other electronics and electrical companies through optimization of freight and use of vehicles. CO₂ emissions in fiscal 2005 were reduced 20% compared with fiscal 2000. We intend to reduce the number of vans and trucks used for transportation by improving load efficiency so as to further reduce emissions.

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 to be fulfilled by biomass power generation until December 2008.

*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.

CO₂ Emissions Attributable to Logistics and the Ratio



Measures to Prevent Global Warming at New LCD Production Line

At the new LCD production line of Ishikawa Works, a facility of Toshiba Matsushita Display Technology Co., Ltd., three measures to combat global warming have been implemented. Firstly, thanks to a clean room with a ballroom structure, the floor to which circulating air is returned can be used for processes, thereby reducing the required floor area 44% and the power consumption for air conditioning. Secondly, while the use of two systems (6°C and 14°C) of cooling water for air conditioning improves efficiency, a free cooling system allowing use of the naturally low temperature in the winter has been introduced, so that energy is saved throughout the year. Thirdly, due to the installation of a gas scrubber, more than 95% of PFC gas emissions, which are thought to be a cause of global warming, are eliminated.

TOPICS

New Environmentally Conscious Clean Room Lowers Costs

Toshiba Matsushita Display Technology Co., Ltd.

Masaki Yasuda (left)
Facilities Management Group
Product Control Department
Ishikawa Works

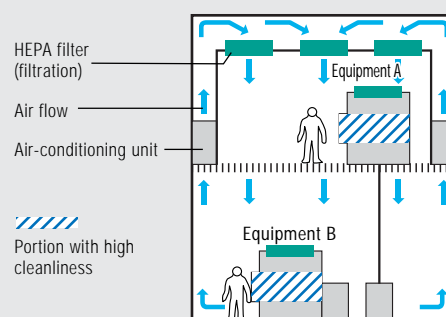
Kazuhiko Tomita (right)
Integration Engineering Group
Process & Manufacturing Engineering Center



"From now on we need to sharpen our focus on safety and maintenance so that we can look back in five or 10 years time and see that this investment was successful. The effectiveness of what we are doing here will be revealed as time passes." (Masaki Yasuda)

"What we have achieved at the new production line is not attributable to a single organization. It is the fruit of collaboration among people from various organizations across the business." (Kazuhiko Tomita)

Ballroom air-conditioning system



The need for air conditioning is minimized by enhancing the cleanliness of a limited area, not of the entire clean room.



Case Study: Inverter Freezer

Chemicals

Results in Fiscal 2005

- Whereas the target was to reduce total emissions of chemical substances to the air and water 25% compared with fiscal 2000, the result was a 27% reduction. (Target achieved)

Management of Chemicals in Business Activities

Toshiba's use of chemical substances 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.

Some 2,000 substances covered by the PRTR Law*1 of Japan and other environment-related laws and regulations are classified into three ranks based on the control level set by laws and regulations and the hazard. Control classifications (prohibition of use, reduction in use, control of release) for substances are determined based on the risk associated with the substance. For determining the risk, a risk assessment approach is adopted in which the risk posed by a substance is expressed as the product of the hazard and the level of exposure.

*1 PRTR Law: Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management. PRTR is the abbreviation of Pollutant Release and Transfer Register.



● Substance Ranking and Control Classifications

Reducing Release of Chemicals

We have been implementing measures to reduce release of substances whose use is to be reduced in accordance with Toshiba's criteria. Measures applied, such as substitution of materials, process changes, and installation of recovery/removal equipment, have

yielded good results. In the Fourth Voluntary Environmental Plan launched in fiscal 2005, the scope of substances whose use is to be reduced has been increased from 24 to 100 types.

The amount of release in fiscal 2005 was 1,782 tons, which is 73% of that in the benchmark year (2,439 tons). The figures show the amounts of chemical substances whose use is to be reduced that were handled and released by Toshiba Group.

Regarding substances covered by the PRTR Law, whereas the amount of substances handled by Toshiba decreased 1,728 tons, the amount released increased 0.8 tons. The reduction in the amount handled was primarily attributable to the switch to lead-free soldering. Although releases of paints and solvents to the air have been reduced, an increase in the wastewater from acid treatment of semiconductors resulted in a slight increase in the amount of substances released.



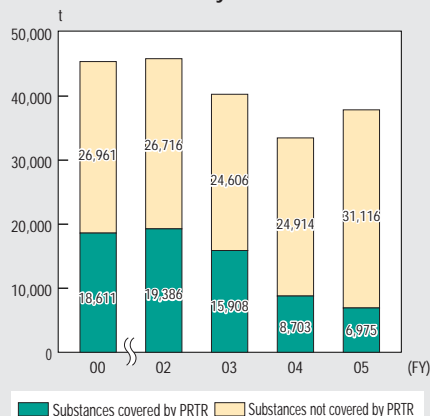
- Substances covered by PRTR
- Toshiba Group's PRTR data for individual business sites

Management of Ozone-depleting Substances

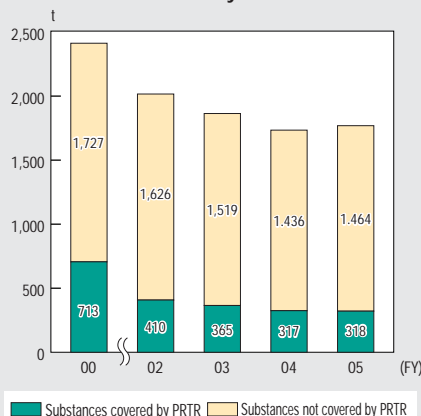
In the past, we used chlorofluorocarbons (CFCs), trichloroethane and other ozone-depleting substances for parts cleaning and dry etching for semiconductors, and as refrigerant for refrigerators and blowing agent for insulation materials. Regarding specified CFCs, we ceased use of those for cleaning in 1993 and those contained in products in 1995.

Meanwhile, 1,629 air-conditioning systems containing 25 tons of CFCs and 2,078 fire extinguishing systems containing 47 tons of halon are still in use. Every facility containing CFCs/halon bears a sticker indicating the fact. When such a facility is withdrawn from use, the CFCs/halon are recovered and appropriately treated. In fiscal 2005, 1.2 tons of CFCs and 10 tons of halon were recovered and treated.

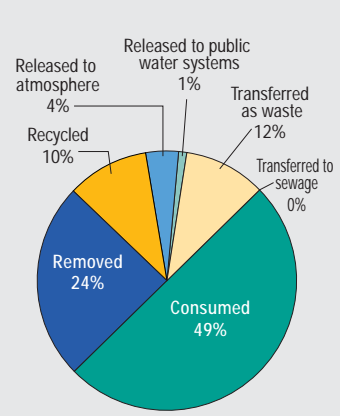
Amount Handled by Toshiba



Amount Released by Toshiba



PRTR Breakdown (Fiscal 2005)



PCB Storage and Control

Since 1972 when manufacturing of products using polychlorinated biphenyl (PCB) ceased in Japan, some Toshiba operations in Japan have retained PCB and products containing PCB in storage under strict control in accordance with the Waste Management and Public Cleansing Law and the Law Concerning Special Measures Against PCB Waste. In addition to the mandatory storage rules, installation of dikes and double containers (receiver tanks) ensures safety. For the purpose of treating PCB and products containing PCB as soon as possible, Toshiba has completed early registration of products containing PCB in storage with Japan Environmental Safety Corporation, a special company wholly owned by the government engaged in treatment of PCB. Toshiba has registered about 7,600 units of transformers and condensers for systematic treatment from now on, including those of affiliated companies.

Preventing Air and Water Pollution

We are working to apply appropriate control based on the data on environmental impacts due to sulfur oxides (SOx) and nitrogen oxides (NOx), which are the main causes of air pollution, and wastewater. All operations have set voluntary standards to ensure compliance with the regulatory environmental standards. The total amount changes according to fluctuations in production.

Measures to Prevent Pollution and Achieve Purification

Preventing Pollution and Purifying Soil and Groundwater

As well as monitoring soil and groundwater pollution at factory sites and executing purification, Toshiba Group is implementing fail-safe measures for facilities to prevent pollution by chemical substances and reduce risk. Toshiba Group is conducting purification and monitoring of pollution caused by volatile organic compounds (VOCs) at 16 sites where pollution was detected during an investigation covering all sites. Toshiba has guidelines for eight types of structural design, including waste water treatment facilities. These guidelines are also applied to overseas

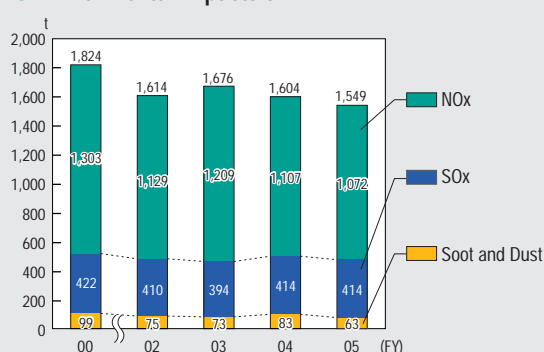
sites. In fiscal 2005 the conformity ratio with these Structural Design Guidelines at all Toshiba sites in Japan was 96%.

Toshiba Group is conducting pollution risk assessment of overseas sites based on the history of the use of the land and environmental assessment when purchasing new sites or changing the use of existing sites. Our policy is to ensure compliance with the laws and regulations of the country in which the site is located. In countries where a regulatory framework is not established, we apply stringent voluntary standards.

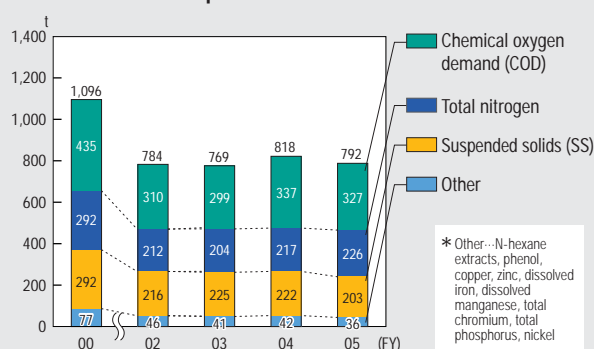


- Amount of Volatile Organic Compounds Recovered from Soil and Groundwater
- Conformity Ratios of Structural Design Guidelines

Environmental Impacts on Air



Environmental Impacts on Water



* Other...N-hexane extracts, phenol, copper, zinc, dissolved iron, dissolved manganese, total chromium, total phosphorus, nickel

Purification of Volatile Organic Compounds in Soil and Groundwater

Site	Location	Progress	Purification method*1	Amount recovered*2 (kg)
Fukaya Operations	Fukaya, Saitama prefecture	Transition to monitoring	A	—
Toshiba Electric Appliances Co., Ltd.	Maebashi, Gunma prefecture	Transition to monitoring	D, F	—
Site of the former Yokohama Operations, Asia Electronics Inc.	Yokohama, Kanagawa prefecture	Transition to monitoring	A, E, G	—
Komukai Operations	Kawasaki, Kanagawa prefecture	Purification in progress	A	44.8
Microelectronics Center	Kawasaki, Kanagawa prefecture	Purification in progress	A	8.9
Taishi Area of Himeji Operations	Taishi-cho, Ibo-gun, Hyogo	Work in progress (North area)	D, F, G	—
		Purification in progress	A	458.7
Oita Operations	Oita, Oita prefecture	Purification in progress	A	3.2
Fuji Operations, Toshiba Carrier Corp.	Fuji, Shizuoka prefecture	Purification in progress	A, B	314.2
Tsuyama Operations, Toyo Carrier Engineering Co., Ltd.	Tsuyama, Okayama prefecture	Purification in progress	A, B	5.6
Osaka Works, Toshiba HA Products Co., Ltd.	Ibaraki, Osaka	Purification in progress	A	0.2
Site of the former Yokohama Works, Toshiba Components Co., Ltd.	Yokohama, Kanagawa prefecture	Purification in progress	A	53.6
Kawamata Seiki Co., Ltd.	Kawamata-machi, Date-gun, Fukushima prefecture	Purification in progress	A	0.1
Kitashiba Electric Co., Ltd.	Fukushima, Fukushima prefecture	Purification in progress	A	0.6
Site of the former Kawasaki Works, Toshiba Shomei Precision Co., Ltd.	Kawasaki, Kanagawa prefecture	Purification in progress	A, B, F	6.9
Kimitsu Operations, Toshiba Components Co., Ltd.	Kimitsu, Chiba prefecture	Purification in progress	A, B	148.5
Yanagicho Complex	Kawasaki, Kanagawa prefecture	Work in progress	C, F	—

- *1 Purification method: A: Groundwater pumping
B: Soil gas suction method
C: Reduction decomposition method (fine iron permeation piles)
D: Oxidation decomposition method
E: Interception containment method
F: Removal by excavating soil
G: Bio-active method
- *2 Amount recovered... Amount recovered during the period from April 2005 to March 2006



Resource Utilization

Results in Fiscal 2005

- Whereas the target was to reduce the ratio of total quantity of waste generated 7% compared with fiscal 2000, the result was a 12% reduction. (Target achieved)
- Whereas the target for the ratio of sites achieving zero emissions of waste to all sites was 20%, the result was 25%. (Target achieved)
- Whereas the target was to increase the amount of recycling of used products 130% compared with fiscal 2001, the result was a 142% increase. (Target achieved)

Efficient Utilization of Resources in Business Activities

In accordance with the Fourth Voluntary Environmental Plan, in order to use resources efficiently, we are implementing measures to 1) reduce the total quantity of waste generated, 2) reduce the quantity of waste for final disposal and 3) expand reuse and recycling of end-of-use products.

Governance concerning Waste and Recycling

Toshiba Group recognizes appropriate treatment of waste is an important management issue and responsibilities are clarified according to position, from management to waste control supervisors at workplaces. For example, general managers of sites are required to conduct an annual inspection of the situation regarding disposal of waste by the companies to which waste treatment is consigned and senior managers are required to inspect the situation regarding management of manifests twice a year. We are working to optimize the system involving the wide range of parties concerned in cooperation with waste treatment and recycling companies, affiliated companies, suppliers and distributors.

We also monitor the waste treatment route from intermediary treatment to final disposal. For thorough governance, we are

focusing on education and activities to raise awareness as well as the gathering and dissemination of information on a regular basis.

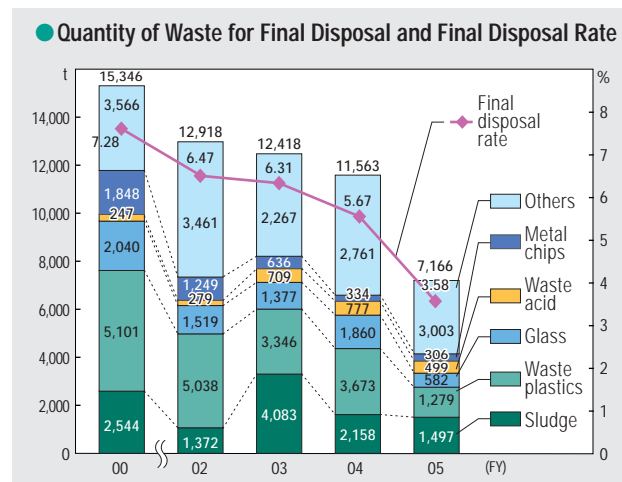
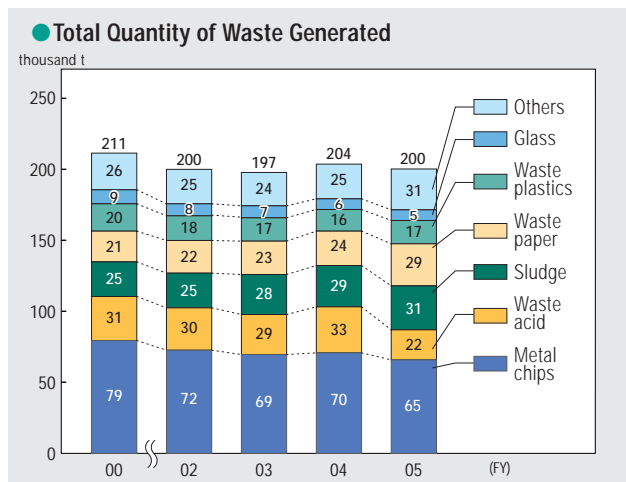
Reducing Waste Generated and Waste for Final Disposal

According to Toshiba's definition, zero emissions is achieved when the quantity of waste for landfill after treatment is equivalent to 1% or less of the total quantity of by-products and other items generated (total amount of waste discharged) as a result of business activities. Thanks to recycling of sludge as raw material for cement and reduction of the quantity of mixed waste through thorough sorting as well as an effort to develop channels for contracting recycling of sorted plastic and glass, 36 more sites achieved zero emissions.

The total quantity of waste for final disposal, including waste discharged by affiliated companies in Japan and overseas production sites, amounted to 200,000 tons and the final disposal rate was 3.6%. From now on, we aim to reduce the total quantity of waste and achieve zero emissions at all sites.

Increasing the Amount of End-of-Use Products Recycled

Vigorous promotion of recycling of end-of-use products is central to our efforts to utilize resources efficiently. For example, we are focusing on development of recycling technologies to facilitate use of resources recovered from end-of-use products. Plastic parts used for tubs of washing machines and refrigerators' vegetable containers and shelves are recovered and classified according to materials before crushing so that they can be recycled as materials for parts for new products. These recycled materials are mainly applied in base plates for washing machines/driers and dish washers/driers and fixtures for printed circuit boards for refrigerators. Other plastics are recycled as raw materials for items used in the construction industry and for sundry articles.



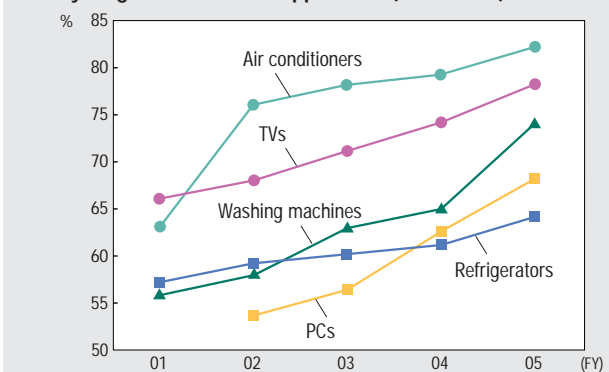
Recovery and recycling of individual products are performed in accordance with laws and regulations. Recovery, transportation and recycling of end-of-use home appliances in Japan are stipulated by the Home Appliance Recycling Law. In fiscal 2005 Toshiba collected 1.67 million units of end-of-use home appliances, accounting for 14% of the total number of units collected nationwide. We also recycle end-of-use personal computers discharged by businesses and homes. In fiscal 2005 Toshiba collected 30,000 end-of-use notebook PCs and recycled them.

Toshiba is promoting recovery and recycling of other products, including automatic ticket gates, automatic letter processing systems, elevators, X-ray CT systems and POS systems, in cooperation with customers. In fiscal 2005 some 16,000 tons of resources were recycled from such recovered products. We are working to expand the scope of products for recovery and to deploy recovery channels facilitating efficient recycling of resources for all products of Toshiba Group.

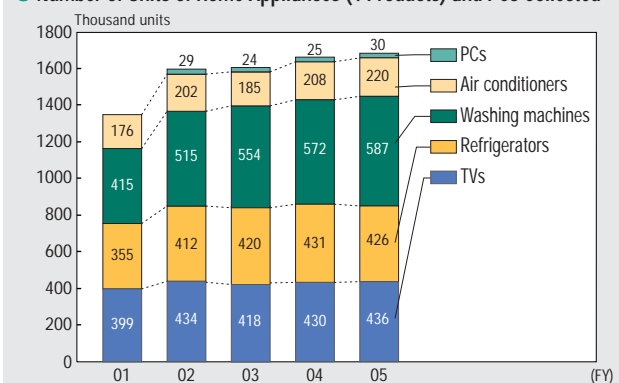
In view of the international trend toward mandatory recycling of products, Toshiba Group is establishing product recycling systems in the countries and regions where it operates to ensure legal compliance or based on a voluntary plan. Regarding product recycling in accordance with the directive on waste electrical and electronic equipment (WEEE Directive) in the EU from August 2005, Toshiba is ensuring fulfillment of producer responsibility by checking compliance in step with the legislative schedules of EU countries while at the same time promoting establishment of recycling systems. In line with the mandating of recovery and recycling in Germany from March 2006 onward, we have started recycling Toshiba products. <Photo 1>

In the United States, as well as promoting product recycling step by step in accordance with the implementation of legislation by individual states, Toshiba has started voluntary recycling of PCs and TVs. Recycling events have been held in collaboration with major retailers to facilitate recovery and recycling. <Photo 2> Also, for PCs, we have introduced a system to collect end-of-use PCs upon sales of new PCs.

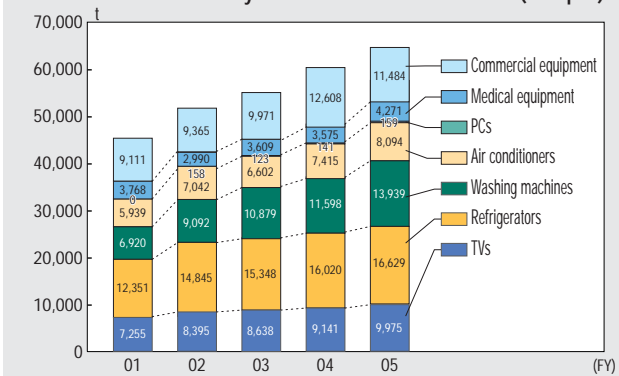
Recycling Rates of Home Appliances (4 Products) and PCs



Number of Units of Home Appliances (4 Products) and PCs Collected



Amount of Materials Recycled from End-of-use Products (in Japan)



■ Product collection point in Germany in compliance with the WEEE Directive <Photo 1>



■ Recycling events in the United States <Photo 2>

Communication

Communication with Stakeholders

In the course of its business activities worldwide, Toshiba Group is involved with people with diverse needs and values. We place importance on appropriately communicating information to various stakeholders and engaging in communications activities to ascertain stakeholder opinions and desires.

Minato Festival at Toshiba Headquarters Building

Marking the 130th anniversary, Toshiba invited local residents to the festival at the Toshiba headquarters building in Minato-ku, Tokyo. Almost 3,000 local residents, including many youngsters, enjoyed arts and crafts, a bazaar, and lots of entertainment amid the landscaped gardens that make the plaza of the Toshiba Building so pleasant. The festival was organized by volunteers from among Toshiba employees. (July 2005)



Home Appliance Disassembly Workshop

In collaboration with Setagaya Arts Foundation, Toshiba held a workshop for elementary school and junior high school students on disassembly of home appliances with the objective of showing the youngsters how the products work and how to use them safely. Volunteers from among Toshiba employees ran the workshop. (November 2005)



Factory Tour

To reach out to as many people as possible and show them what Toshiba Group is doing, communication with local residents is promoted through visits to the Toshiba Science Museum and factories and also by holding special classes at local schools. The photo shows a factory tour in progress at Changzhou Toshiba Transformer Co., Ltd. in China.



CSR Report and Website

In 2005 Toshiba published the Corporate Social Responsibility Report in Chinese for the first time, in addition to the Japanese and English editions. The CSR Report 2005 won the Award for Excellence of Toyo Keizai Inc.'s Ninth Environmental Report Awards in the sustainability report category.

Information on Toshiba Group's CSR activities is available on the Toshiba website. In April 2006 Toshiba America Group opened its own CSR site. (<http://www.csr.toshiba.com/>)



Copies printed
 Japanese: 35,000
 English: 10,000
 Chinese: 5,000

Third-party Assessment of the CSR Report

To enhance the reliability of the CSR Report, Toshiba requested Ernst & Young ShinNihon to conduct third-party findings of the report. The role of Ernst & Young ShinNihon was to assess whether the report is accountable to its stakeholders from the point of view of the AA1000* Principles (Materiality, Completeness, Responsiveness), and then to outline "Positive points" and "Issues to be addressed." Also, Toshiba requested that Ernst & Young ShinNihon assess whether the content of the report satisfy the requirement of the Global Reporting Initiatives (GRI) Guidelines.

Findings of Ernst & Young ShinNihon

Positive points

Toshiba communicates with the stakeholders, whom it has identified, and understands the stakeholders' concerns and interests to the extent possible. In determining the material issues to be included in the CSR Report, "five-part test of materiality" are conducted. Toshiba has established the CSR Governance Committee where the material issues are discussed and decided. The action plan related to the material issues are developed by the CSR Governance Committee and communicated via subcommittees to in-house companies and Toshiba Group companies, which formulate and implement specific objective and targets.

Issues to be addressed


Toshiba Group has formulated the fiscal 2006 action plan for Toshiba Group CSR activities covering the period from fiscal 2006 to 2008, which lays out a strategic roadmap for CSR. Toshiba should disclose the mid-term plan in the CSR Report. Although Toshiba is working to clarify the impacts of CSR activities of Toshiba Group companies in Japan and overseas, data is only available for Group companies in Japan in some cases. Toshiba should expand the scope to the maximum extent possible.

Responses to the Third-party Assessment


Toshiba Group is promoting CSR activities reflecting the expectations and interests of stakeholders. From now on, in accordance with our mid- to long-term targets, we intend to enhance the quality of our CSR activities while constantly reviewing their content. Although CSR activities

are promoted throughout Toshiba Group worldwide, we regret that detailed data is not available for certain activities. We are working on this issue. We are doing our utmost to include CSR in the daily activities of every employee.

- The full text to the third-party findings and the procedures, which Ernst & Young ShinNihon has performed on the basis of AA1000 Principle are available on the website.

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

- The GRI Content Index reviewed by Ernst & Young ShinNihon is available on the website.

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

* AA1000 Principles has been developed by The Institute of Social and Ethical Accountability (AccountAbility), an international NPO, as a framework for accountability supporting sustainable development of organizations.

For further information, please visit: <http://www.accountability.org.uk/>

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(about environmental activities)

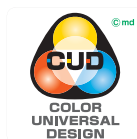
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■ Inquiry page on Toshiba website (general inquiries)

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/>



Color Universal Design Organization, an NPO, has certified this report as a color universal design whose colors and patterns are easy to distinguish regardless of the difference in color vision of individuals.



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