

# Fair Operating Practices

The TOSHIBA TEC Group views the promotion of compliance as an important component of CSR while implementing a variety of activities.

## Risk Compliance

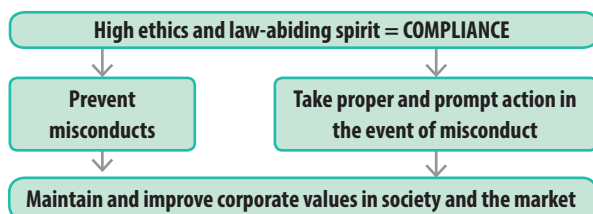
In the TOSHIBA TEC Group, the president and CEO of each group company is assigned as a CRO\* so that the "TOSHIBA TEC Group Standards Of Conduct" is deeply spread and thoroughly implemented within the group and the risk compliance measures are promoted. The top management exercises the initiative to devise and promote various measures, as well as respond to emergency situations.

TOSHIBA TEC Corporation organizes the Risk Compliance Committee under the chairmanship of the CRO, to maintain a Group-wide system, devise and promote measures for the advancement of risk compliance. Also, we have established the "Internal Reporting System" which enables employees to report risk compliance-related issues to the CRO or outside attorneys, and the "TOSHIBA TEC Partner Hotline" on the website which allows business partners to provide such information to them.

\* CRO: Chief Risk-Compliance Management Officer

## Compliance Education

To foster high ethics and a law-abiding awareness, the TOSHIBA TEC Group provides various educational seminars to employees. In the overseas group companies, compliance educations are also conducted taking regional characteristics into consideration, for responding to the global business development.



Education on business risk

## Promotion of CSR Procurement

While establishing relationships of mutual trust with suppliers through fair and open trade, we preferentially advance transactions with suppliers that are committed to compliance with laws and regulations, respect for human rights, and protection of the environment.

### • Procurement Policy

As a member of the TOSHIBA Group, which is globally developing the business of a wide range of products, TOSHIBA TEC Corporation strives to strictly follow the TOSHIBA Group Procurement Policy in order to fulfill its social responsibility through fair procurement activities.

### Procurement Policy (Abstract)

#### Basic Procurement Policy

TOSHIBA TEC Group Companies shall:

- 1) comply with all applicable laws and regulations and appropriate social practices governing our local and global businesses; and
- 2) promote procurement activities in a way that reduces the environmental impacts while selecting suppliers (hereinafter including prospective suppliers) and procurement items.
- 3) provide suppliers with equal opportunities for transactions with TOSHIBA TEC Group.
- 4) promote procurement activities based on mutual understanding and trust.

#### Policies for Selecting Suppliers

- 1) The company complies with laws, regulations and places emphasis on human rights and environmental consciousness.
- 2) The company has sound business operations.
- 3) The company shall have the ability to supply goods, products, software and/or services to the TOSHIBA TEC Group with emphasis on appropriate quality, price and delivery lead-time.
- 4) The company is capable of providing a stable and continuous supply of goods, products, software and/or services. Also the company must have the flexibility to respond quickly to supply/demand fluctuations.
- 5) The company possesses technology that contributes positively to TOSHIBA TEC Group products.
- 6) The company has a plan for providing a continuing supply of goods, products, software and/or services in times of unexpected circumstances that may affect the company and its supply chain.

#### Supplier Expectations

To contribute to the creation of a sustainable society through supply chains, requirements related to social responsibility are described in "Supplier Expectations" in the "TOSHIBA TEC Group Procurement Policy" for suppliers.



Procurement Policy  
<http://www.toshibatec.co.jp/en/procure/plan/>

## • Non-use of Conflict Minerals

For humanitarian reasons, the TOSHIBA TEC Group implements a policy prohibiting use of conflict minerals, such as gold, tantalum, tungsten and tin, which are mined in the Democratic Republic of Congo and adjoining countries, and/or that contribute to inhumane treatment, in accordance with the TOSHIBA Group Conflict Mineral Policy.

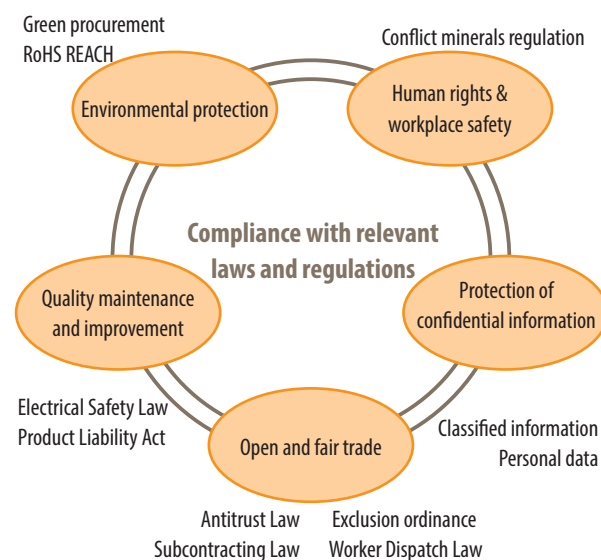
In June 2013, we started a survey with approximately 800 suppliers of overseas production subsidiaries and the Shizuoka Business Center, regarding the use of conflict minerals and the smelter verification using the Conflict Mineral Reporting Templates (EICC/GeSI format).

## Compliance in Procurement

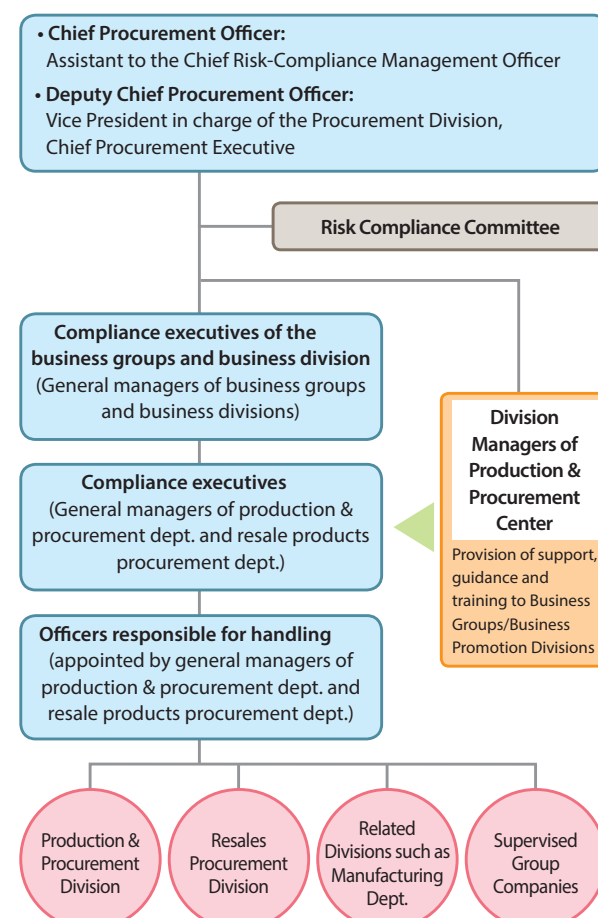
TOSHIBA TEC Corporation positions compliance as a top-priority item for "Business Continuation and Further Development" and ensures compliance in procurement transactions.

While communicating with suppliers on a daily basis, we ask them to foster a sense of compliance within their companies to enhance compliance through the supply chains.

## Compliance in procurement



## Compliant procurement control system



## TOSHIBA TEC Partner Hotline Operation

The TOSHIBA TEC Partner Hotline whistle-blower system for suppliers is set up on the external company website. TOSHIBA TEC Corporation gives top priority to compliance with laws, regulations, social customs and corporate ethics throughout its business activities. As part of the efforts, we have a whistle-blower system to encourage suppliers to report non-compliance by our employees involved in procurement transactions. Whistle-blowing from suppliers helps us establish open and clean relationships of mutual trust and build sound partnerships with suppliers.

WEB TOSHIBA TEC Partner Hotline  
<http://www.toshibatec.co.jp/contacts/partnerline/> in Japanese only

## Security Export Control

Export control is aimed at preventing the proliferation of weapons of mass destruction and other sensitive items to countries and regions of security concern or terrorist organizations. Export transactions of goods and technology that have potential weapons of mass-destruction (WMD)/conventional weapons applications are regulated under laws and regulations.

The TOSHIBA TEC Group maintains the basic policy, that, it will not engage in any transaction, which could potentially undermine international peace and security. Under this basic policy, the TOSHIBA TEC Group complies with all applicable export control laws and regulations in countries and regions where it operates (the Foreign Exchange and Foreign Trade Control Law in Japan). The Group also complies with U.S. export control laws and regulations with respect to transactions involving U.S. origin cargos and technologies.

Based on this basic policy, TOSHIBA TEC Corporation has established the "Export Control Program" and built an export control system. Accordingly, the company makes cargo/technology relevance judgments and strict transaction screenings for determining the need for export permission, conducts periodic export control audits, and provides education and support to its Group companies.

## Information Security

The TOSHIBA TEC Group recognizes all information, including sales and technical data handled while carrying out the tasks, as important property, and makes an effort to protect such information from improper disclosure, leakage or use. We established a system and rules for information security management, and review them in response to changes in the social environment. Each division is continuously making improvements by conducting self-audits regarding compliance with the internal rules.

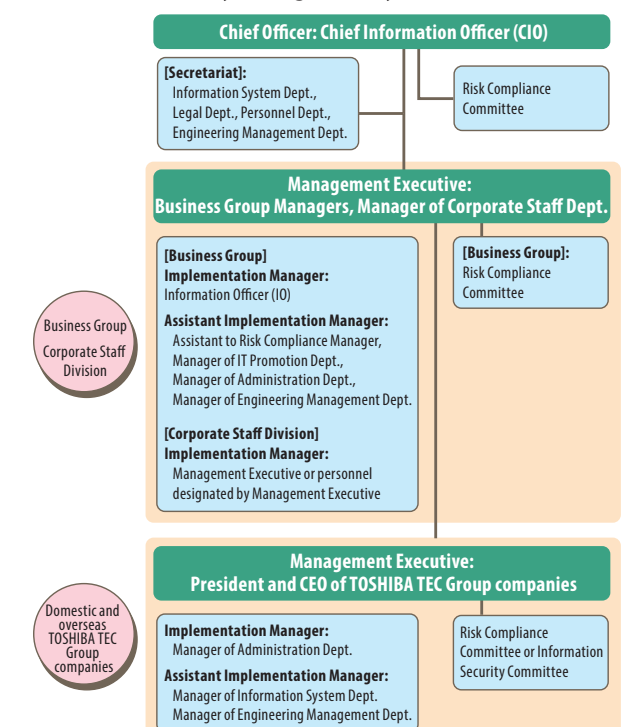
e-Learning is used to prevent accidents and make information security measures known while handling information. Education is provided to directors, employees, employees dispatched from cooperation companies.

The server is housed in a safe data center, to manage important information and information systems, and take anti-risk measures including disasters. Furthermore, by limiting available information, controlling usage of

records and encrypting confidential information including personal data, security is enhanced.

Similar measures are taken at each TOSHIBA TEC Group company, thus, the Group makes a concerted effort to maintain and improve information security.

## Information security management system



## Protection of Intellectual Property

The TOSHIBA TEC Group's policy for intellectual property rights states compliance with laws and regulations associated with those rights, protection of the results of intellectual activities with intellectual property rights and extensive use of those rights, and respect for the legitimate intellectual property rights of third parties. This policy is stipulated in the TOSHIBA TEC Group Standards Of Conduct.

As part of this policy, the TOSHIBA TEC Group is working with the regulatory authorities of each country to eliminate counterfeit products that damage the TOSHIBA brand and enhance its management system, including provision of training to executives and employees of TOSHIBA TEC and its domestic and overseas group companies, with the aim of preventing unauthorized use of other people's publications.