

# CSR REPORT

■ TOSHIBA TEC GROUP CSR REPORT 2006



A hand holding a child's hand against a background of a blue sky with clouds, a globe, and modern buildings.

“Monozukuri”: creating our products with pride and passion.  
Keeping our customers in mind all the time and everywhere.

## Corporate Profile

- Firm Name: TOSHIBA TEC CORPORATION
- Head Office: Oval Court Ohsaki Mark East 2-17-2,  
Higashi Gotanda, Shinagawa-ku, Tokyo 141-8664 Japan
- President and Chief Executive Officer:  
Yoshihiro Maeda
- Established: February 21, 1950
- Paid-in Capital: 39.9 billion yen  
(listed on the First Section of the Tokyo Stock Exchange)
- Net Sales: 443.4 billion yen (consolidated in fiscal 2005)
- Number of Employees: 19,601 (consolidated as of the end of March 2006)

## Regarding the issue of “TOSHIBA TEC GROUP CSR REPORT 2006”

Since the first issue of “TOSHIBA TEC Environmental Report 2000,” TOSHIBA TEC Corporation has been annually reporting its commitments toward environmental protection. In addition to the commitments toward environmental protection, TOSHIBA TEC Corporation has also been reporting its commitments toward society since 2004.

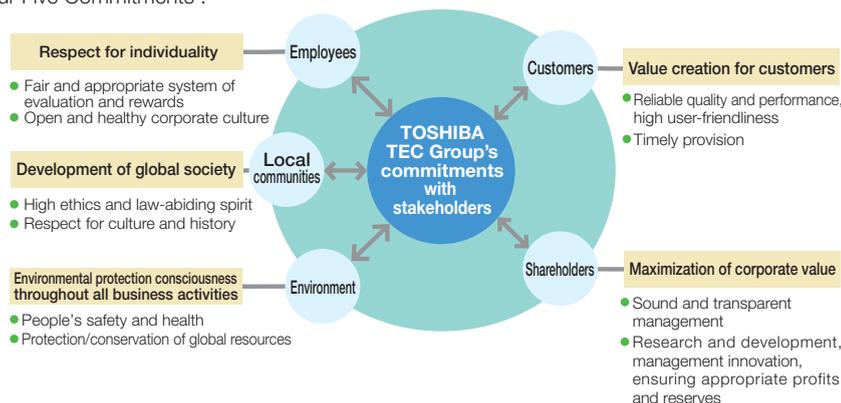
Under a string of corporate misconducts, stakeholders have a renewed interest in the CSR (Corporate Social Responsibility). The TOSHIBA TEC Group formed the CSR Promotion Center in April 2005, and established the CSR promotion structure based on the recognition that business management must consider all stakeholders in the TOSHIBA TEC Group including shareholders, customers, employees, local communities and environment to provide sound business activities. The TOSHIBA TEC Group has determined to issue “TOSHIBA TEC GROUP CSR REPORT 2006” expanding the reporting range to fulfill accountability regarding the CSR.

This Report emphasizes the CSR activities from 3 points of view: “MANAGEMENT,” “PEOPLE & TOSHIBA TEC” and “ENVIRONMENT & TOSHIBA TEC,” to allow our stakeholders to further understand the TOSHIBA TEC Group, as well as to easily comprehend our concepts and systems regarding various activities.

The TOSHIBA TEC Group strives to improve the content of this Report, to encompass a large number of stakeholders to understand the CSR activities of the TOSHIBA TEC Group.

### [Relations with Stakeholders]

We aim to develop our corporation together with stakeholders while recognizing being supported by stakeholders all over the world, along with meeting the “Corporate Philosophy ‘Our Five Commitments’.”



### [Scope of This Report]

- Reporting Period: Fiscal 2005 (from April 1, 2005 to March 31, 2006)
- Report Scope: In principle, TOSHIBA TEC Group  
(including TOSHIBA TEC Corporation and its consolidated affiliates)
- Environmental Data: TOSHIBA TEC Corporation and its 28 consolidated affiliates

### [Release Timing]

- Previous Version: June 2005
- Next Version: Scheduled for June 2007

### [Reference Guidelines]

- GRI (Global Reporting Initiative) “Sustainability Reporting Guideline 2002”
- Ministry of the Environment “Environmental Report Guidelines” (Fiscal 2003 Version)
- Ministry of the Environment “Guidelines for Environmental Performance Indicators for Businesses” (Fiscal 2003 Version)

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Yoshihiro Maeda  
 President and Chief Executive Officer,  
**TOSHIBA TEC CORPORATION**  
 June 2006



### Philosophy

The TOSHIBA TEC Group expands its business activities based on the philosophy of pursuing mutual prosperity with all stakeholders including customers, employees, society and environment, while creating new values and contributing to society throughout its operations, toward a better natural environment.

It is essential for the TOSHIBA TEC Group which is expanding operations worldwide, to gain public trust, while meeting the expectations and needs of all stakeholders in various countries and regions, in order to achieve sustainable growth as a corporate group.

This philosophy is clearly defined in “Our Five Commitments (Corporate Philosophy)” and “Standards of Conduct (SOC)” by the TOSHIBA TEC Group, which are shared and practiced by its executives and employees all over the world.

### To Gain “Trust”

Currently, it is vital for corporations to fulfill their CSR and the quality of the CSR is as viable and valuable.

The TOSHIBA TEC Group believes CSR activities are to be trusted by stakeholders while adhering to the Corporate Philosophy and Standards of Conduct with integrity.

Positioning the CSR as an important pillar for management, the TOSHIBA TEC Group is advancing CSR activities, while organizing a variety of CSR-related activities such as Legal Compliance, Customer Satisfaction, Respect for Human Rights, Contribution to Society, in conjunction with Environmental Protection. Fair corporate operations are required to win stakeholders’ trust. The TOSHIBA TEC Group’s policy is to assign top priority to “Human Life/Safety” and “Legal Compliance” throughout all business activities. Taking action based on this policy, every executive and employee is striving to make the TOSHIBA TEC Group be a “Corporation Respecting People” and a “Fair and Faithful Corporation,” along with assuming accountability

is also important. The TOSHIBA TEC Group hopes to develop as a trusted global corporation, while deepening communications with its stakeholders and accepting the voice of customers with sincerity

### To Achieve “Sustainable Growth”

The TOSHIBA TEC Group engages “Monozukuri”: creating our products with pride and passion. Keeping our customers in mind all the time and everywhere. in its Corporate Philosophy. This reflects the “ideal stance” of the TOSHIBA TEC Group, which has been inherited since its foundation in 1950.

To pursue this “ideal stance” and to gain trust from the stakeholders, the TOSHIBA TEC Group hopes to achieve sustainable growth with its stakeholders, while expanding business activities including the CSR.

### CSR Activity Policies (2005)

1. **Top priority on “human life & safety” and “legal compliance”**  
 The TOSHIBA TEC Group shall assign top priority to human life, safety and legal compliance through all business activities.
2. **Initiation to quest for a better natural environment**  
 The TOSHIBA TEC Group shall thoroughly attain its goal, committed to the Environmental Vision 2010 and Fourth Voluntary Plan for Environmental Protection in the group companies including consolidated affiliates in and outside Japan.
3. **Active contribution to society**  
 The group companies and their employees in and outside Japan shall advance activities contributing to society in accordance with actual conditions in each region.
4. **Global expansion of CSR activities**  
 The TOSHIBA TEC Group shall gain public trust through CSR activities while sharing global and universal values, as well as respecting national and regional cultures and customs.
5. **Disclosure & active provision of information**  
 The TOSHIBA TEC Group shall fulfill accountability through proper disclosure and actively publicize its CSR activities to gain public understanding and improve its image.

## Our Five Commitments

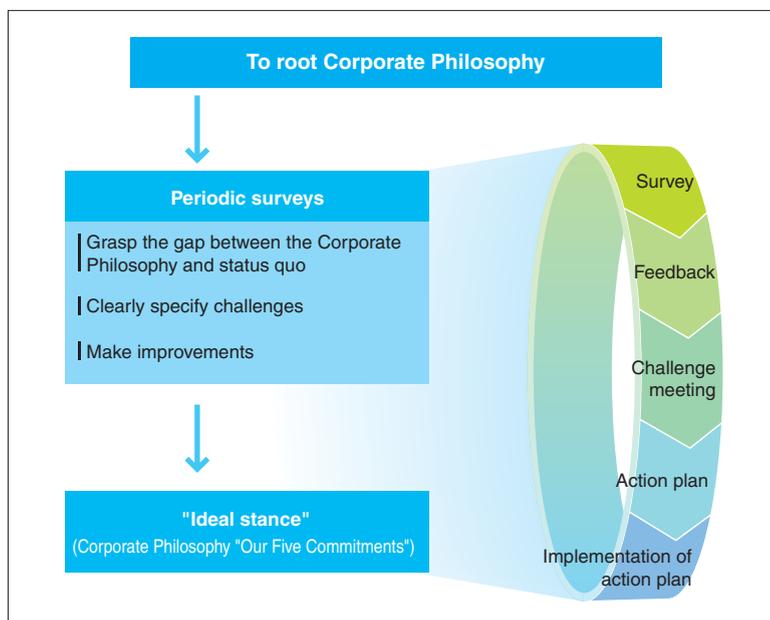
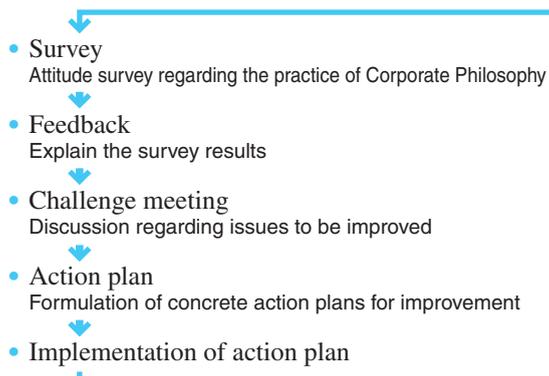
- Corporate Philosophy of the TOSHIBA TEC Group -

**“Monozukuri” : creating our products with pride and passion.  
Keeping our customers in mind all the time and everywhere.**

1. We aim to provide timely products and services with reliable quality and functions as well as high user-friendliness, creating value with our customer in mind through our superior proprietary technology and in collaboration with the world’s best partners.
2. We want to foster an open and healthy corporate culture in which a strong professional team may tirelessly seek new challenges, by respecting the individuality of each employee, striving to enhance each one’s abilities, and implementing a fair and appropriate system of evaluation and rewards.
3. We seek to contribute toward the development of a global society as a good corporate citizen, law-abiding and ethical, by fulfilling our responsibilities toward each country and community in which we operate and respecting local culture and history.
4. We put concern for the environment as a priority in all our business activities so as to protect people’s safety and health as well as the world’s natural resources.
5. We endeavor to maximize our corporate value, and on the basis of sound and transparent management, we strive to achieve appropriate profits and reserves, constantly seek to implement management innovation and energetically invest in research and development, among others, in order to meet the expectations of our shareholders.

### Rooting of Corporate Philosophy

The TOSHIBA TEC Group considers its Corporate Philosophy “Our Five Commitments” as the foundation of its business management, and as the “Common Sense of Value” for every employee to possess. Thus, the Group has been striving to infiltrate and thoroughly make every employee conscious about the Corporate Philosophy, in accordance with the following “PDCA Cycle” (management cycle).



The TOSHIBA TEC Group products are utilized in various fields such as in stores, offices and homes. Keeping in mind support from our stakeholders all over the world, we foster our business activities.

# Contribution to the world through “Monozukuri” is our mission as a global corporation

## Business Expansion of the TOSHIBA TEC Group

The TOSHIBA TEC Group expands its operations on a global basis under the following three business groups: Retail Information Systems, Document Processing & Telecommunication Systems and Home Electric Appliances.

### Business Expansion sharing Strengths and Sales Channels among Operating Fields

#### Offices

#### Document Processing & Telecommunication Systems

- Digital Multi-function Peripherals
- Copiers
- Facsimile machines
- Special terminals
- Inkjet print heads



Digital multi-function peripherals for stores



#### Stores

#### Retail Information Systems

- POS systems
- Electronic cash registers
- Bar code system products
- Digital computing scales
- Office equipment



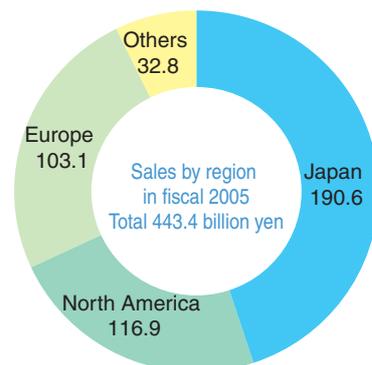
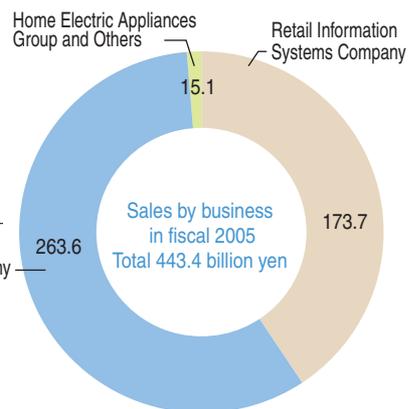
#### Homes

#### Home Electric Appliances

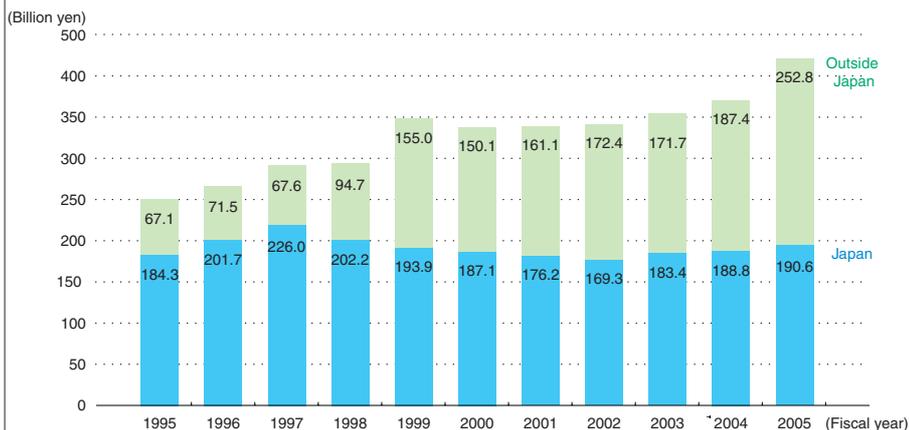
- Vacuum cleaners
- Health equipment
- Motors



Vacuum cleaners for business use



### Net Sales (consolidated)



The TOSHIBA TEC Group took measures based on the mid-term management plan. As a result, in fiscal 2005, 4 consecutive year increases in sales and profits, and 3 consecutive year record highs in net sales and operating profits are a leading measure of success. Setting fiscal 2008 as the final year for further development, the TOSHIBA TEC Group advances business operations based on the following new mid-term management plan.

# Mid-term Management Plan

## Basic Policies

### Key Points

- Realization of Sustainable Profitable Growth
- Establishment of a Well-balanced Global Corporation

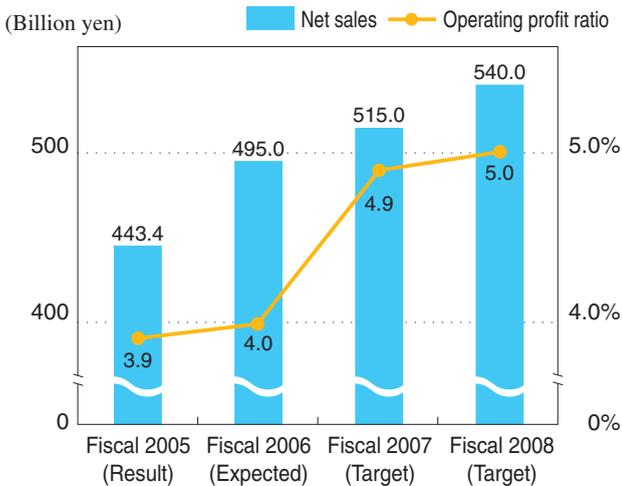
### Major Strategies

- 1) Improvement in merchantability (Developing and introducing growing engines, reinforcing cost competitiveness)
- 2) Improvement in marketability (Enhancing marketing quality, improving marketing efficiency, entering into surrounding fields and promising markets)
- 3) Reinforcement of management structure (Improving management quality, accelerating structural reform, increasing the efficiency of assets)

### Target Achievements

Target values in fiscal 2008 (Unit: billion yen)

<b>Net sales</b>	<b>540</b>
<b>Operating profits (%)</b>	<b>27 (5%)</b>



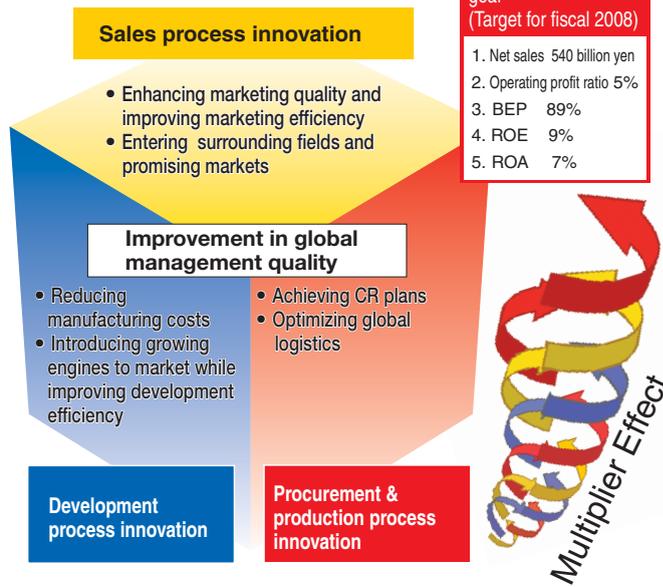
### Promotion of Innovation (i cube)

Reinforcement of global competitiveness through development, production and sales process innovations



**i cube multiplier effect goal (Target for fiscal 2008)**

1. Net sales 540 billion yen
2. Operating profit ratio 5%
3. BEP 89%
4. ROE 9%
5. ROA 7%



### Retail Information Systems

**Maintenance and expansion of the top shares in Japanese markets**  
 ➡ **Stable growth operation**

1. Introducing new products and systems ahead of the distribution industry needs
2. Further enhancing marketability and ability for proposals
3. Enhancing and expanding Automatic Identification operations
4. Reinforcing operations outside Japan
5. Cost structural reform through development, production and sales

### Document Processing & Telecommunication Systems

**Expansion of scale for MFP operations**  
 ➡ **High growth operation**

1. Expanding the lineup of Net-Ready MFP products
2. Improving direct marketability
3. Reinforcing cost competitiveness
4. Reducing inventory assets through commercial distribution and logistics reform
5. Enhancing special equipment / inkjet print head operations

### Home Electric Appliances

**Consecutive introduction of attractive new products**  
 ➡ **Improvement in profitability**

1. Reinforcing competitiveness of vacuum cleaners
2. Reinforcing cost competitiveness through production and procurement reforms
3. Expanding operations outside Japan

TOSHIBA TEC Corporation makes efforts to ensure thorough transparency of sustainability, reinforce management monitoring and internal control functions.

# Structuring Corporate Governance as the foundation of business activities

## Aiming to Continuously Improve Corporate Value

TOSHIBA TEC Corporation is committed to taking measures related to corporate governance while ensuring thorough transparency of sustainability and reinforcing the functions for the board of directors and corporate auditors.

In terms of the corporate body, when introducing the executive officer system and in-house company system under the corporate auditor system, with the intention of separating “functions related to supervision and decision making” from “functions related to task enforcement,” as well as rightsizing the number of directors, TOSHIBA TEC Corporation focuses on improvements in promptness along with mobility. In addition, an outside director and two outside corporate auditors are assigned, and the two-year director’s term is reduced to a year. With regard to the internal control systems, they are created and operated respectively for environmental protection, information security, security export control, and protection of personal data.

Regarding risk management and compliance, a “Risk Compliance Committee” is formed. The Group works together to thoroughly ensure comprehensive risk management and compliance under the control of this Committee.

For management monitoring, directors supervise task enforcement, corporate auditors audit tasks, and accounting auditors perform accounting audits, while the “Corporate Audit Division” under the direct control of the president is established to perform internal audits. In fiscal 2005, a variety of measures were conducted with emphasis on improving the internal control systems and systems related to risk management and compliance. The measures included advancing acquisition of environment-related standards (ISO14001) and information security-related standards (ISO15408) regarding products at TOSHIBA TEC Corporation and its affiliates, reinforcing the personal data protection system, and enhancing the compliance structure at the affiliates.

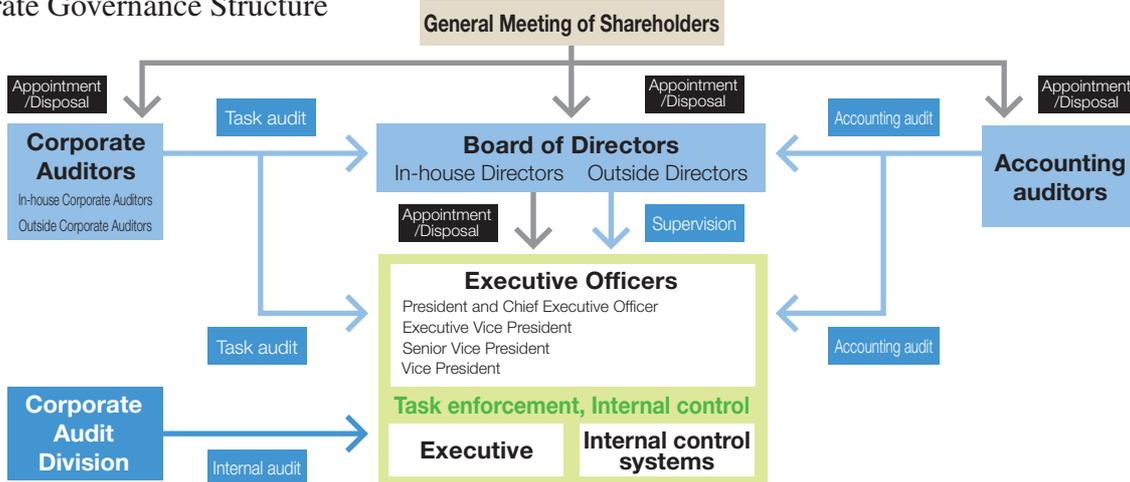
## Internal Audit

The internal Corporate Audit Division performs audits, evaluations and makes proposals on the effectiveness of the Risk Compliance Structure and internal control systems. Each Control Division performs audits on environmental management, information security and security export control, in cooperation with the Corporate Audit Division.

## Major Divisions Responsible for Internal Audit and Descriptions

Responsible Divisions	Descriptions
Corporate Audit Division	Management audit, task audit, compliance audit, etc.
Production Division, Environmental Protection & Safety Group	Environmental management and control results
Production Division, Information Systems Department	Management structure for information security and system
Export Control Division	Security export control

## Corporate Governance Structure



Business activities are carried out with CSR is positioned as the core for management.

# CSR Promotion Structure

## CSR Management

TOSHIBA TEC Corporation believes CSR is the foundation for a corporation to gain public trust and develop in a sustainable manner, which meets the expectations and needs of every stakeholder, while actively contributing to society, beyond the range of corporate duty and responsibility.

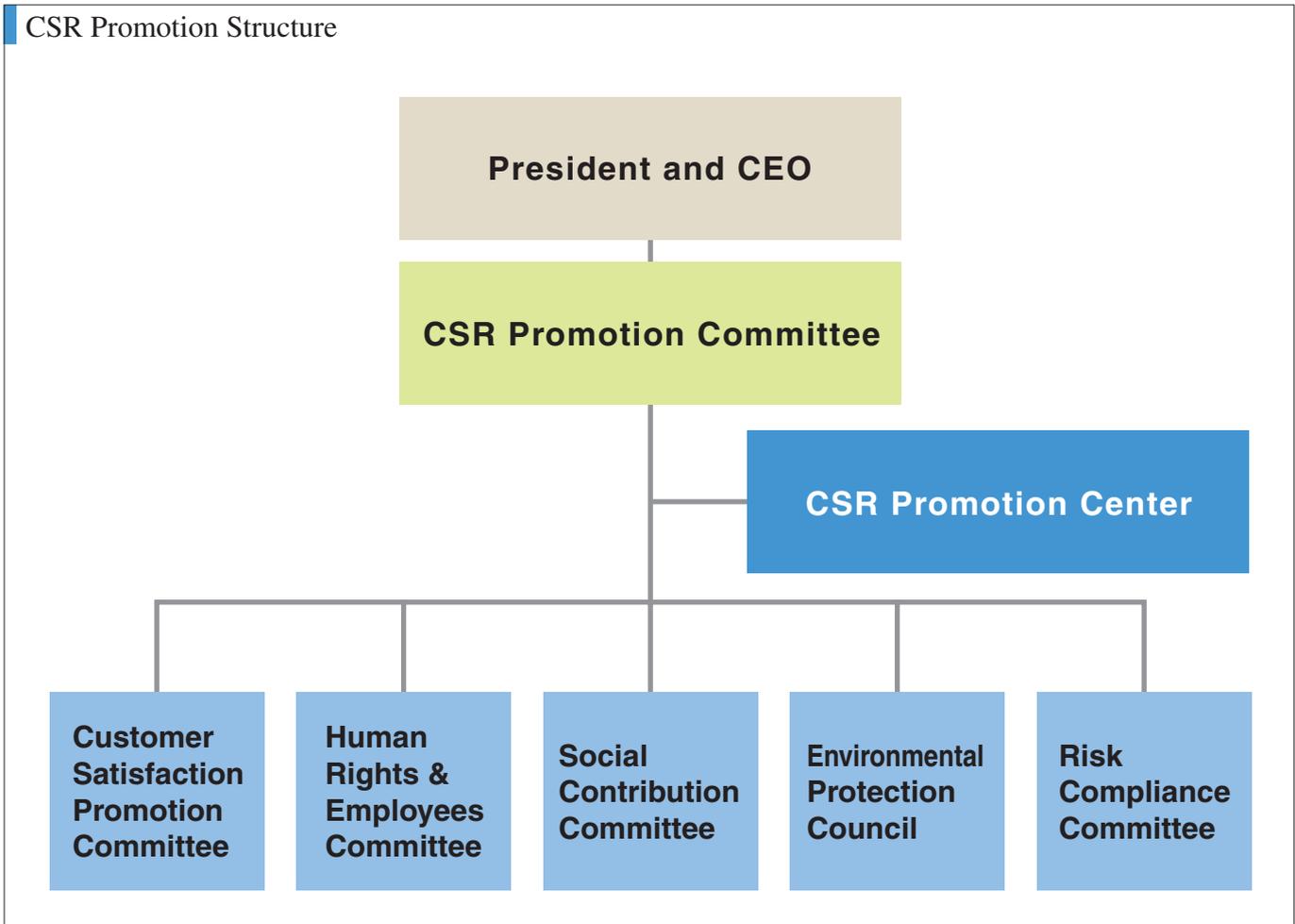
The CSR Promotion Center is established to thoroughly position the CSR in corporate management. On the premise of “Compliance” to abide by corporate ethics, laws and regulations, TOSHIBA TEC Corporation organizes the CSR-related activities including “Customer Satisfaction,” “Human Rights & Employees,” “Contribution to Society” and “Environmental Protection” to maintain the promotion structure.

In particular, assigning the president and CEO as the

leader and organizer, the CSR Promotion Committee is formed. The Committee devises and provides direction for important issues regarding the basic policies and plans for CSR promotion activities. Various action committees such as Customer Satisfaction, Human Rights & Employees, Social Contribution, Environmental Protection and Risk Compliance are allocated under the umbrella of the CSR Promotion Committee. Each committee devises and implements activity policies and plans.

As the premise of corporate sustainable development, it is essential to comply with corporate ethics, laws and regulations, and conduct faithful and transparent management, while taking the global environment into account, along with contributing to local communities.

## CSR Promotion Structure



Employees are encouraged to thoroughly ensure high ethics and law-abiding spirit to prevent misconducts. In the case of misconduct, proper and prompt action is taken.

# Compliance

## Risk Compliance Management

Assigning CRO\*<sup>1</sup> at each Company in order to infiltrate and thoroughly implement the “TOSHIBA TEC Group Standards of Conduct” while promoting the measures of Risk Compliance Management, the TOSHIBA TEC Group devises and promotes various measures, and takes action against emergency situations. Appointing CRO as the leader and organizer, TOSHIBA TEC Corporation organizes the Risk Compliance Committee\*<sup>2</sup>, to maintain the Group-wide structure, devise and promote measures toward the advancement of Risk Compliance as well as TOSHIBA TEC measures.

The system, which encourages every employee to directly report risk compliance-related issues to “CRO” or “outside attorneys,” is introduced and implemented.

The system, which encourages suppliers to report such issues, is also introduced.

\*1 CRO: Chief Risk-Compliance Management Officer

\*2 Risk Compliance Committee: It devises corporate-wide measures and controls measures regarding Risk Compliance, reinforces and promotes maintenance of the Risk Compliance Structure.

## Compliance Education

To thoroughly ensure a law-abiding spirit and awareness about compliance, the TOSHIBA TEC Group provides the following educational seminars to employees every year. Employees who work outside Japan also receive education to manage global business expansion. For Group companies outside Japan, materials reflecting regional characteristics are prepared to provide compliance education.

In addition, seminars regarding “information security,” “protection of personal data,” “export control program” and “environmental education” are provided to each employee.

- Education on TOSHIBA TEC Group Standards of Conduct (SOC)
- Copyright education
- International legal services for employees assigned abroad
- Class action lawsuits in the United States
- Legal services in China



## TOSHIBA TEC Group Standards of Conduct

The TOSHIBA TEC Group basic policy requires the TOSHIBA TEC Group companies to conduct business activities on a global basis, in compliance with all applicable laws and regulations, and the highest standards of ethical business conduct, in order to fulfill all their corporate social responsibilities in respect of concerns such as protection of the global environment, contributions to the local community, and respect for human rights. In order to promote the achievement of this basic policy, the TOSHIBA TEC Group also defines these “TOSHIBA TEC Group Standards of Conduct (SOC),” which specify a sense of values and a guide to general standards of behavior, which all TOSHIBA TEC Group company directors and employees should share.

SOC has been repeatedly revised since its institution in October 1990. In January 2004, SOC was clearly specified as the group-wide standard, several items from a CSR’s point of view were added, and was instituted as the “TOSHIBA TEC Group Standards of Conduct.” SOC is defined as the action policy for the TOSHIBA TEC Group to contribute to society, as well as gain public trust and respect. It is exercised on a daily basis throughout the TOSHIBA TEC Group.

The “TOSHIBA TEC Group Standards of Conduct” is translated into 7 languages (English, German, French, Chinese, Dutch,

Spanish and Portuguese). It has also been adopted by approximately 30 TOSHIBA TEC Group companies and exercised as SOC in each company outside Japan.

\* We provide the full text for the TOSHIBA TEC Group SOC on the following website:  
URL: <http://www.toshibatec.co.jp/company/action.htm>

## TOSHIBA TEC Group Standards of Conduct

### Chapter 1 SOC for Business Activities

- 1) Customer Satisfaction
- 2) Production and Technology, Quality Assurance and Product Safety
- 3) Marketing and Sales
- 4) Procurement
- 5) Environmental Protection
- 6) Export Control
- 7) Competition Law
- 8) Improper Payments
- 9) Government Transactions
- 10) Intellectual Property Rights
- 11) Accounting

### Chapter 2 SOC for Corporate and Individual Relationships

- 12) Human Resources
- 13) Corporate Information and Company Assets

### Chapter 3 SOC for Information Disclosure

- 14) Corporate Communications
- 15) Advertising

### Chapter 4 SOC for Community Relations

- 16) Community Relations
- 17) Political Contributions

## Information Security

### 1) Information Security Management System

The “Information Security Basic Policy” and “Information Security Standard” were established in February 2003, to protect and improve information assets including electronic data and information systems. The Information Security Committee was set up as a Group-wide structure. As a part of Risk Compliance Management, the Information Security Committee deliberates rules and measures required to ensure information security. In addition, the Committee, in cooperation with related departments, works on activities to improve the management level of information security such as information security data sharing and self-development activities.

### 2) Security measures

A firewall is set up between the Internet and the corporate intranet, to prevent unauthorized access from the Internet into the corporate intranet, as well as protect information leaks. When an employee needs to access the corporate intranet from outside the office, employee authentication is performed through the security system, to prevent unauthorized access.

Regarding anti-virus measures, a system is introduced, which initially detects viruses contained in Internet email. All possible measures are taken to ensure client computers receive updates of viruses by incorporating anti-virus software, to prevent virus infections. 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.

### 3) Education activity

e-Learning is used to learn rules to prevent accidents and ensure information security while handling information. Education is provided to directors, employees, dispatched employees and employees stationed from cooperation companies. System administrators who manage department computer equipment receive technical explanations regarding information security. All employees including affiliates, share information using the electronic bulletin board, moving us forward with improvements and enlightenment of information security technologies.

## Protection of Personal Data

The TOSHIBA TEC Group provides a variety of in-house specifications which define the management system and proper handling of personal data in order to comply with related laws and regulations as well as to take all possible measures to prevent personal data leaks. The TOSHIBA TEC Group strives to thoroughly protect personal data, while providing education to employees and improving measures to physically control portable electronic devices. In particular, “Privacy Policy” is posted on the website,

along with the “Personal Data Protection Program” which defines the handling of personal data and in-house management structure.

In addition, handbooks are distributed to all employees giving clear explanations of this program, while education is provided to allow every employee to enhance sensitivity for the protection of personal data. Thus, all employees are required to thoroughly protect personal data in expansion of business activities.

## Security Export Control

Today, the nonproliferation of conventional weapons and weapons of mass destruction in countries, regions or to terrorists, which threaten security, is a critical issue in an international society.

In terms of exports or export-related transactions, the TOSHIBA TEC Group as a global corporation which is expanding business activities all over the world, defines compliance with laws and regulations, as well as conduct of operations based on legislative intent, as one of the crucial policies. These laws and regulations include the “Japanese Foreign Exchange and Foreign Trade Law” and “Export Administration Regulations (EAR),” which

govern refraining from any transactions that may undermine the “maintenance of global peace and security.”

To achieve such policies, the “Export Control Program” and “TOSHIBA TEC EMCP\*” are established as a part of Risk Compliance Management. Accordingly, all directors and employees of the TOSHIBA TEC Group comply with these regulations, and implement strict export control to refrain from any transactions that may undermine the maintenance of global peace and security.

\* EMCP: Export Management and Compliance Program in the United States

The TOSHIBA TEC Group strives to provide high-quality and safe products imbued with the spirit of putting the customer first.

# Quality Management

## Providing Products Appreciated and Trusted by Customers

Customer trust is built by responding to the fundamental questions: Do products provide functions desired by customers? Do products possess performance that satisfies customers? Do products have quality required to maintain their performance?

Throughout the development, manufacturing, sales, maintenance and service stages, we provide satisfaction

to our customers in cooperation with truly outstanding partners, while materializing quality products and services that exceed customer expectations into new value by applying superior proprietary technology and knowledge nurtured over long years, to realize our ideal stance.

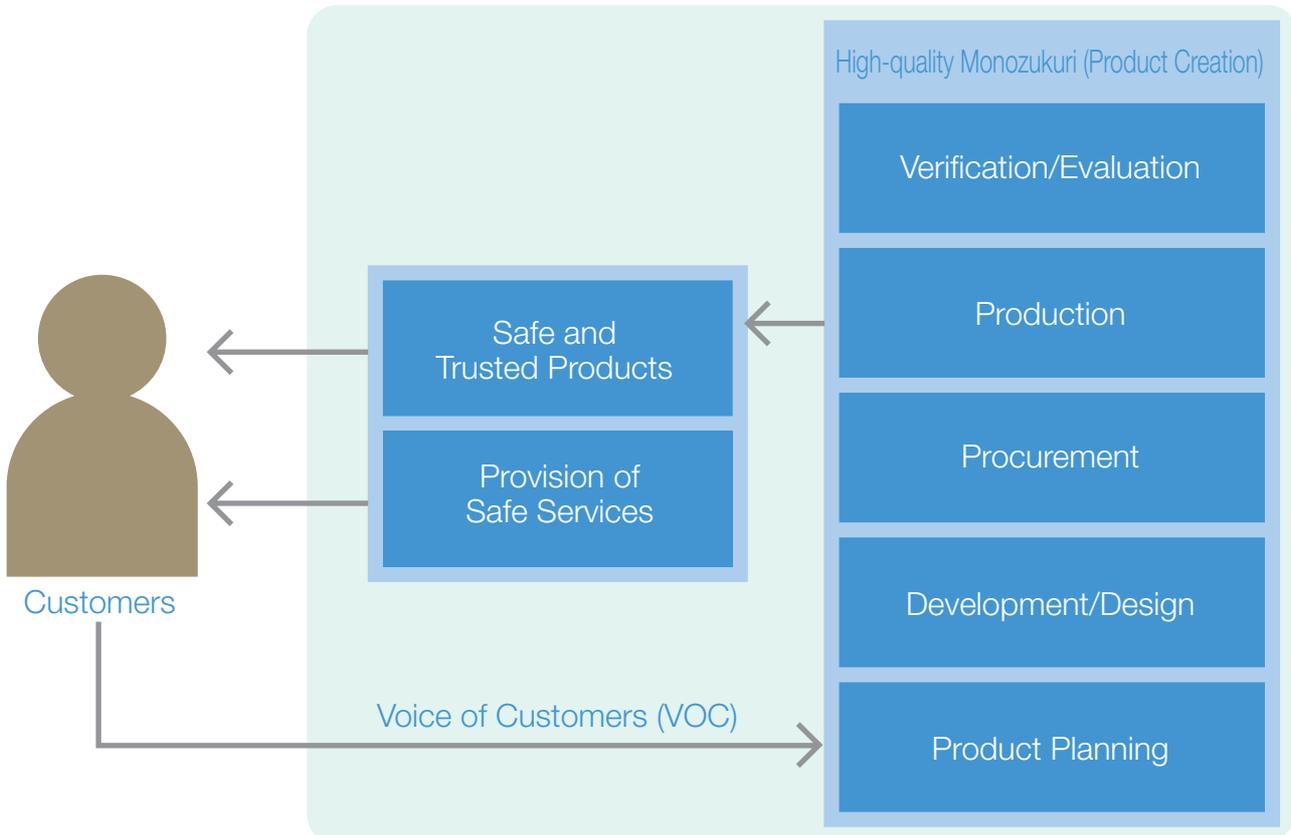
## Policy for Quality Control

In accordance with the Quality Control Policy, the TOSHIBA TEC Group observes all relevant laws and regulations and provides high-quality, safe products, systems and services imbued with the spirit of putting the customer first. We have put in place at each business site quality management systems including acquisition of ISO9001 quality management system certification.

### TOSHIBA Group Quality Control Policy

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

## TOSHIBA TEC Group Quality Management

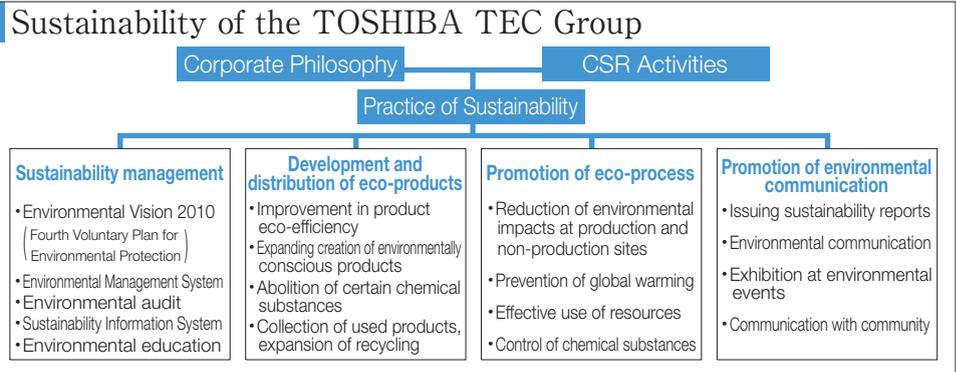


As the pillars of sustainability, the management system is set up, environmentally conscious products and services (eco-products), environmentally conscious production process (eco-process) and environmental communication are promoted. Environmental improvements are continually performed based on the Basic Policy for Environmental Protection.

# Practicing sustainability based on the Corporate Philosophy and CSR activities

## Practice of Sustainability

The TOSHIBA TEC Group practices sustainability based on the Corporate Philosophy and CSR activities. Given "sustainability management," "development and distribution of eco-products," "promotion of eco-process" and "promotion of environmental communication" as the important pillars of sustainability, the TOSHIBA TEC Group actively forges ahead with its commitments toward environmental protection.



## Sustainability Management

In September 2005, the TOSHIBA TEC Group set up "Environmental Vision 2010." The Group aims to double "Comprehensive Eco-efficiency," which integrates "Product eco-efficiency" and "Business process eco-efficiency," by fiscal 2010 compared with fiscal 2000. The Fourth Voluntary Plan for Environmental Protection was established as a concrete target toward achieving the "Environmental Vision 2010" and new activities started in fiscal 2005.

Acquisition of ISO14001 certification is advanced. In fiscal 2005, another three business sites including the TOSHIBA TEC head office acquired ISO14001. The Main Branches and Branches as the sales division are scheduled to acquire ISO14001 in fiscal 2006. Then, all TOSHIBA TEC business sites are to acquire ISO14001.

## Development and Distribution of Eco-Products

Since fiscal 2004, the TOSHIBA TEC Group has introduced an "Eco-efficiency" concept, in which the value of a product and the product's environmental impact are related, to develop and distribute environmentally conscious products. Environmentally conscious products, which have improved the eco-efficiency, are considered to be essential for the establishment of a sustainable society.

## Promotion of Eco-Process

There has been a growing interest in the prevention of global warming since the Kyoto Protocol came into effect in February 2005. The TOSHIBA TEC Group pursues building production sites with smaller environmental impacts, along with resource conservation and control of chemical substances. In addition, energy conservation and reduction of waste are facilitated at non-production sites. These activities will be expanded to other sites.

## Environmental Communication

Environmental communication is regarded as an important activity to properly provide stakeholders with environmental information, while listening to their opinions and requests.

## Environmental Communication

We, the TOSHIBA TEC Group, expand our operations on a global basis under the following three business groups: Retail Information Systems, Document Processing & Telecommunication Systems and Home Electric Appliances, while contributing to society through "Monozukuri" or by creating environmentally conscious products including POS systems, digital multi-function peripherals and vacuum cleaners. We assign top priority to considerations for the environment throughout all business activities, and practice global sustainability based on our Corporate Philosophy "Our Five Commitments" along with corporate social responsibility, in order to hand down to our next generation, our irreplaceable Earth in a sound state.

(1) Given "sustainability management," "development and distribution of eco-products," "promotion of eco-process" and "promotion of environmental communication" as the important pillars of sustainability, the TOSHIBA TEC Group actively forges ahead with the commitments toward environmental protection.

(2) "Sustainability Management"  
 • The TOSHIBA TEC Group specifies and promotes objectives and targets for its business activities, products and services to reduce environmental impacts and prevent pollution, and continually strives to improve the environment.  
 • The TOSHIBA TEC Group complies not only with laws and regulations applied in countries or regions all over the world, and also industry guidelines, which it has endorsed, for environmental protection.  
 • The TOSHIBA TEC Group educates all its employees to enhance their consciousness of the environment.

(3) "Development and Distribution of Eco-Products"  
 • The TOSHIBA TEC Group fosters procurement of environmentally conscious materials, green procurement of parts, resource and energy conservation, and abolition of certain chemical substances, in order to provide environmentally conscious products.  
 • The TOSHIBA TEC Group advances distribution of environmentally conscious products.  
 • The TOSHIBA TEC Group contributes to the establishment of a sustainable society, while collecting and recycling used products and reusing used parts.

(4) "Promotion of Eco-Process"  
 • The TOSHIBA TEC Group strives toward resource and energy conservation, as well as correct control of chemical substances, for environmentally conscious production  
 • The TOSHIBA TEC Group promotes green purchasing of environmentally conscious stationeries and office automation equipment.

(5) "Promotion of Environmental Communication"  
 • The TOSHIBA TEC Group actively and widely discloses its policy for the environment and activities inside and outside the Group.  
 • The TOSHIBA TEC Group participates in society-wide environmental activities in cooperation with administrations, communities and bodies concerned.

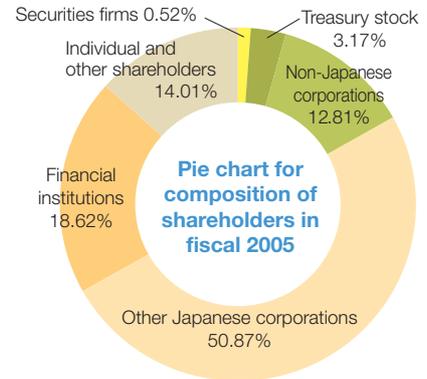
TOSHIBA TEC Corporation strives to gain trust while allowing shareholders and investors to properly understand TOSHIBA TEC Corporation through various opportunities.

# Shareholders/Investors & TOSHIBA TEC

## Composition of Shareholders

As of the end of March 2006, there were approximately 20,000 TOSHIBA TEC shareholders.

Individual and other shareholders accounted for 14.01% of shareholders with voting rights, financial institutions for 18.62%, other Japanese corporations for 50.87%, non-Japanese corporations for 12.81%, securities firms for 0.52% and treasury stock for 3.17%.



## Communication with Shareholders

TOSHIBA TEC Corporation recognizes the General Meeting of Shareholders as an important forum for direct communication with shareholders. Therefore, we take into account ease of understanding by providing visualized business reporting. Even after the General Meeting of Shareholders, TOSHIBA TEC Corporation allows shareholders to understand its products better through showroom tours and distribution of the CSR Reports. In addition, allowing shareholders who cannot

attend the General Meeting of Shareholders to understand TOSHIBA TEC Corporation as much as possible, we deliver Annual Reports to all shareholders and post the reports on the TOSHIBA TEC website. The Japanese editions of the Annual Reports including information such as mid-term management plans and CSR activities as well as overviews of marketing are prepared with diagrams and photos for easy understanding.



ANNUAL REPORT (Japanese Edition)

## Disclosure

TOSHIBA TEC Corporation makes efforts to promptly disclose proper corporate information including its Corporate Philosophy, financial statements and financial information, to gain trust from its stakeholders including shareholders, investors and local communities to ensure a deeper understanding of the Corporation.

In particular, information is promptly, properly and fairly disclosed based on in-house specifications, laws and regulations when important corporate information arises. The results briefing for institutional investors and financial analysts is held twice a year. The mid-term management plan briefing is held by President & CEO once a year. Easy-to-understand disclosure information regarding business operations is immediately posted on the TOSHIBA TEC website.

In addition, TOSHIBA TEC Corporation consistently complies with disclosure rules, to strictly prevent insider trading, as well as produce fair disclosures.



Results Briefing

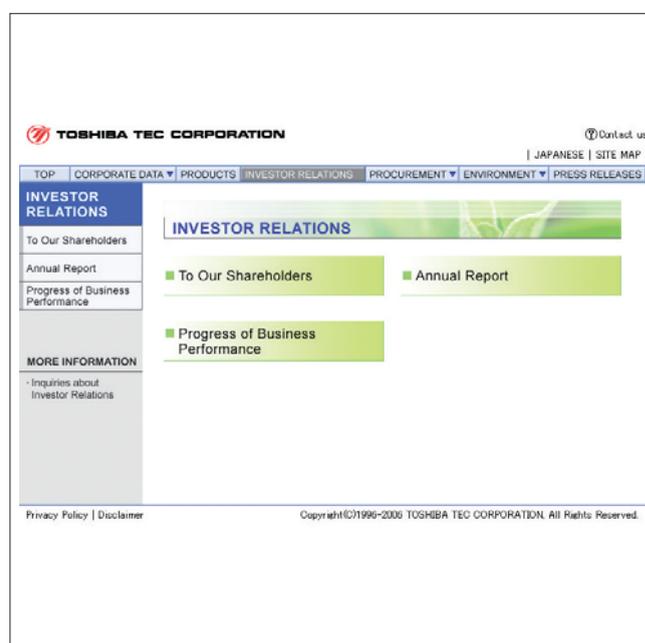


ANNUAL REPORT 2005

## Annual Communication Schedule

Month	Communication Description
April	Announcement of financial results (Disclosure of summary of financial results) Results briefing
May	Mid-term management plan briefing
June	Dispatch of convening notice for the General Meeting of Shareholders Distribution of Annual Report Dispatch of notice for resolution Posting of financial results Disclosure of financial statements Distribution of CSR Report
July	Disclosure of achievements for the first quarter term
October	Announcement of interim financial results (Disclosure of summary of interim financial results) Interim results briefing
December	Distribution of interim Annual Report
January	Disclosure of achievements for the third quarter term

\* The above schedule may be subject to change without prior notice.



\* TOSHIBA TEC website (INVESTOR RELATIONS):  
URL <http://www.toshibatec.co.jp/investor/index.htm>

The TOSHIBA TEC Group exercises its business activities, while giving top priority to providing products and services, which satisfy and please customers from the customers' point of view.

# Customers & TOSHIBA TEC

## Customers in the First Place

“We aim to provide timely products and services with reliable quality and functions as well as high user-friendliness, creating value with our customer in mind through our superior proprietary technology and in collaboration with the world's best partners.” is the TOSHIBA TEC Group’s Corporate Philosophy. The TOSHIBA TEC Group exercises its business

activities, while giving top priority to providing products and services, which satisfy and please customers. For that purpose, each employee needs to think and behave from the customers’ point of view, by asking himself or herself what customers want and what value is important for customers, to realize this ideal stance.

## Customer Satisfaction Policy

The TOSHIBA TEC Group aims to deliver maximum customer satisfaction (CS) in terms of products, systems and services and communication with customers based on the “TOSHIBA Group CS Promotion Policy” established in 2003.

## TOSHIBA Group Customer Satisfaction Promotion Policy

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

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

## Initiatives to Enhance Customer Satisfaction



## TE Contact Center™

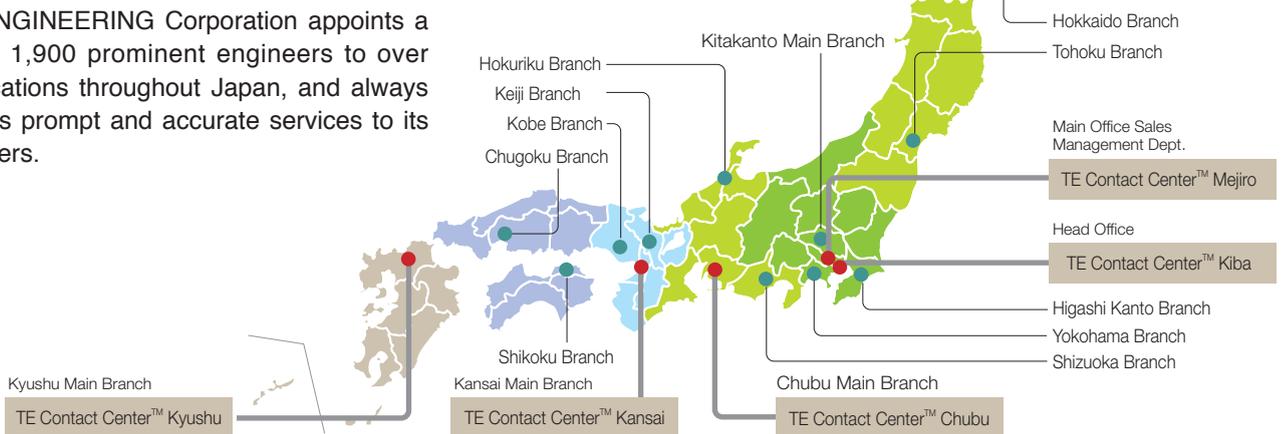
TEC Engineering TE Contact Center™ is set up as the service point of TEC Engineering Corporation to promptly provide solution support regarding POS systems through network computing, allowing the customers to be constantly in contact with TEC Engineering Corporation. Conventional help desk operations and one-stop services, where network technologies are integrated and IT technologies are utilized, provide face-to-face solution support best suited for customers.



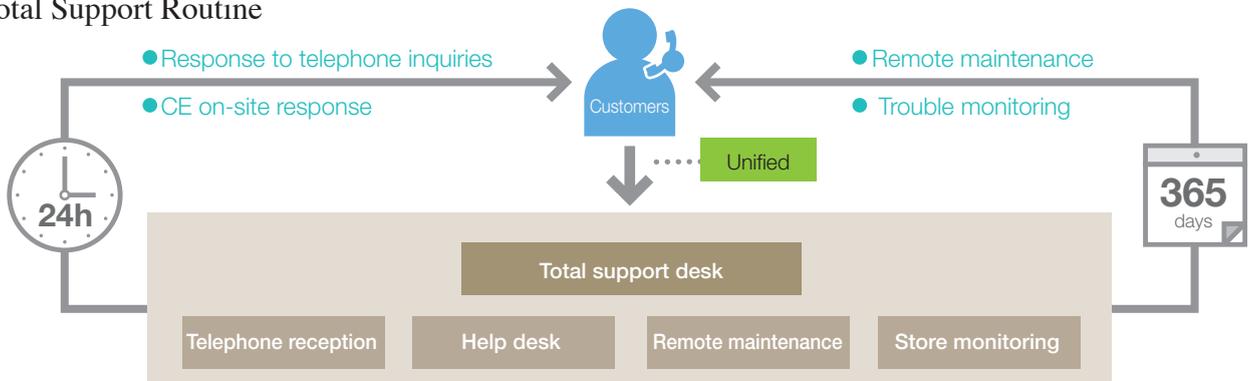
The operating condition of customers' systems is monitored and analyzed on a large monitoring screen, and displayed on multi screens.

## Service Network

TEC ENGINEERING Corporation appoints a total of 1,900 prominent engineers to over 150 locations throughout Japan, and always provides prompt and accurate services to its customers.



## Total Support Routine



### Help desk zone

Full-time staff intensively receives inquiries from customers, regarding operations and management of POS systems and equipment.

### Centralized monitoring zone

Full-time staff continuously monitors customer networks 24 hours, 365 days a year.

Every employee is respected, while proper evaluations and rewards are practiced. Safety control and healthcare are positioned at the heart of management.

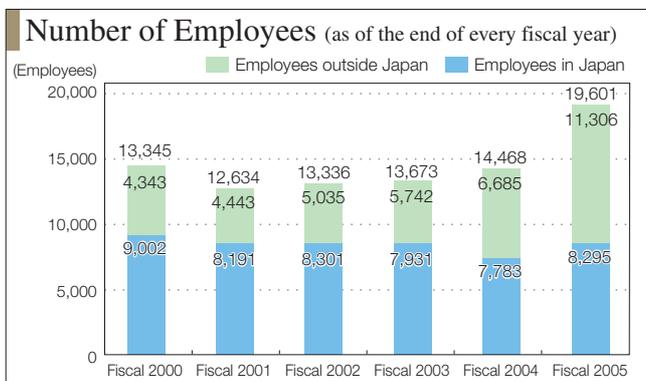
# Employees & TOSHIBA TEC

## Basic Policy on Human Resources

The TOSHIBA TEC Group respects every employee and strives to improve each employee's capabilities. The TOSHIBA TEC Group practices fair and proper evaluations and rewards, as well as creates a free, broad-minded and sound organizational culture. In addition, by providing a working environment where motivated personnel can bring their capabilities into full play, while striking a balance between work and family, the Group establishes a reward system for all human resources as an essential support system for its employees to form a powerful professional group who keeps challenging.

## Number of Employees

Through expansion of direct sales channels including subsidiaries of TOSHIBA AMERICA BUSINESS SOLUTIONS, INC., reinforcement of the Retail Information Systems, accelerated production shift to Shenzhen in China, the total number of employees increased by 5,133 compared with fiscal 2004, and reached 19,601 at the end of fiscal 2005.



## Voice of Employees

TOSHIBA TEC Corporation has been conducting the survey to ensure its Corporate Philosophy is sufficiently practiced at each workplace since fiscal 2004. The findings are reflected in measures to improve workplaces in ways that enhance communication, vitalize organizations and promote development of human resources, and are used to create a free, broad-minded and sound organizational culture. In fiscal 2005, the survey was also conducted at affiliates in Japan. Starting fiscal 2006, the survey will be conducted at affiliates outside Japan whenever necessary.

## Employment of People with Disabilities

TOSHIBA TEC Corporation is endeavoring to create working environments where people with disabilities and those without disabilities can work together as equals. Employees with disabilities are involved in a variety of operations. Job opportunities for people with disabilities are expanded and working environments are improved to bring their capabilities into full play, through Internet recruitment and various other types of forums.



Sign language class

### TOPICS

- Communication seminar with people with disabilities
- TEC Sign Club (sign language class)

## Personnel System

The human resources system is designed to ensure all employees realize "job satisfaction" and "challenge" to achieve self-fulfillment through their tasks, as well as to practice proper rewards, by linking individual outcomes with organizational outcomes.

TOSHIBA TEC Corporation is devoting its energies to creating a free, broad-minded and sound organizational culture to form a professional group, who can accentuate its organizational strengths, while having each of its employees acquire more advanced capabilities to become independent.

## Human Resource Utilization/Development System

1) Target Attribution System	The corporate goal is broken down and each employee's target is set. Rewards are based on results, by linking the achievement of each employee's target with the realization of the corporate goal.
2) Expertise Development Evaluation System	The expertise of each employee is evaluated. Rewards are based on manifest advances in skills applied to the task performed.
3) Role Assignment System	The role assignment is designed depending on variations in capability. Rewards are based on variations in the degree of role-based responsibility and complexity of work.
4) Utilization of In-house Job Posting	Providing opportunities to allocate human resources to business priority areas, and fulfilling employees' initiatives and hopes encourage the utilization of human resources.
5) Employment extension system	To strengthen and further actively utilize senior expertise, the employment extension system was introduced in fiscal 2002. The rich experience and knowledge of senior employees are incorporated into the system based on projected low birth rates and an aging population.



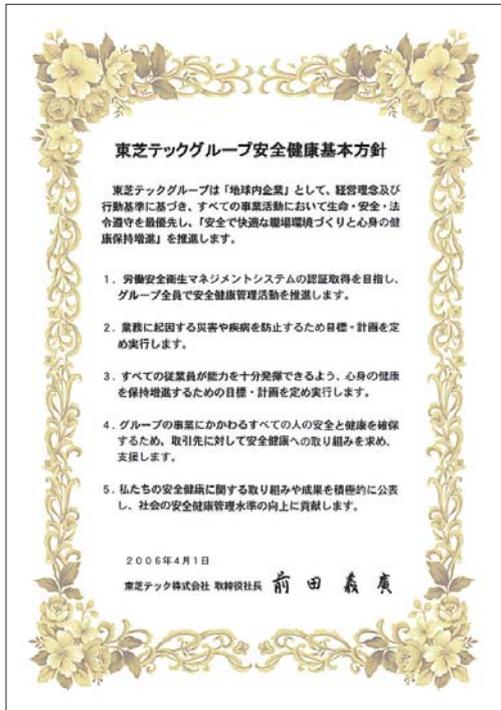
### Labor-Management Relations

The labor contract governing laws for labor-management relations has been concluded between TOSHIBA TEC Corporation and its labor union, to foster the policy of coexistence, i.e. “corporate development encourages the economic status of its labor union members, while improvements in the economic status of its labor union members lead to corporate development.” Under this policy, labor and management merge their energies to improve productivity, while openly discussing management issues and reviewing directions to deepen mutual understanding.

### Safety and Health Management

#### Management’s Declaration regarding the Basic Policy on Safety and Health Management

The TOSHIBA TEC Group is committed to thoroughly achieving the Basic Policy on Safety and Health Management throughout its Group, giving top priority to life, safety and compliance with laws and regulations.

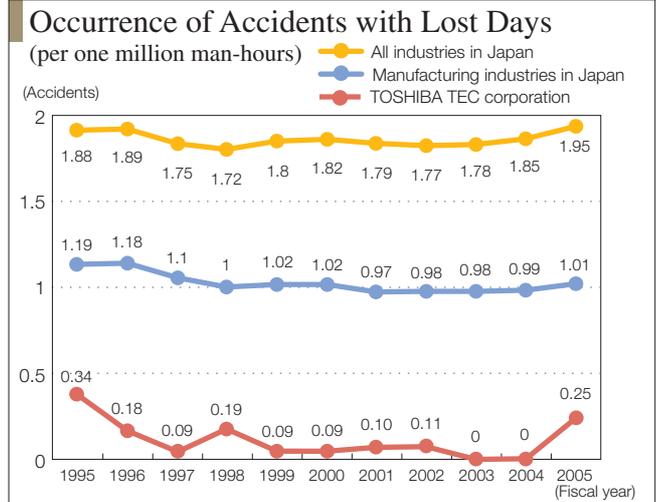


#### Occupational Safety and Health Management System

To ensure dynamic, forward-looking safety and health management activities, the TOSHIBA TEC Group conducts assessment of its activities using a safety and health management checklist.

#### Prevention of Industrial Accidents

Top management conducts safety and health patrols, and Health and Safety Committee members periodically conduct workplace safety and health patrols. In fiscal 2005, the Mishima Works achieved the Class 4 Zero Accident Record (23.7 million man-hours). The TOSHIBA TEC Group is advancing safety activities to eliminate accidents. Our ultimate goal is to eliminate risks.



#### Health Care

Guidance on supporting prevention and amelioration of lifestyle-related diseases is provided for employees through periodic medical check-ups. Employees who have worked for an extended period of time are required to have an interview with medical professionals. Regarding mental health, the TOSHIBA TEC Group strives to maintain and promote the “mental health” of employees through workshops, telephone hotlines to seek advice from healthcare professionals, and healthy walking.

For employees who have taken long-term leave due to metal illness, the well-thought-out “Back-to-Work Program” eases readjustment into the working environment.

The TOSHIBA TEC Group contributes and cooperates with society.

# Activities Contributing to Society

## TOSHIBA TEC Group Corporate Policy

The TOSHIBA TEC Group defines the Corporate Policy regarding "Community Relations" in its Standards of Conduct (SOC), to expand activities contributing to society based on this Policy.

### Corporate Policy

TOSHIBA TEC Group Companies shall:

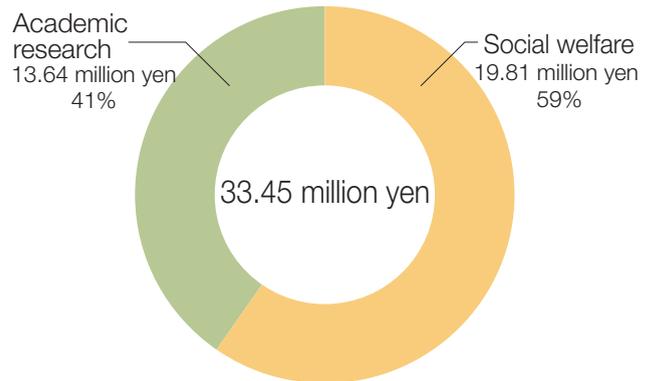
- (1) contribute to and cooperate with all local communities in which TOSHIBA TEC Group operate, in order to promote good relations and mutual respect and understanding;
- (2) support directors and employees in undertaking voluntary activities and give full consideration to each individual's desire to exercise his or her civil rights; and
- (3) contribute to the development and improvement of each country and region in which TOSHIBA TEC Group operates, and make appropriate contributions to the community, after consideration of the good of the community, the nature of the requests and the reasons for making contributions.

## TOSHIBA TEC Group Donation Campaign

The TOSHIBA TEC Group makes prompt and proper donations after considering the good of the community, nature of the requests and reasons for making contributions.

TOSHIBA TEC Corporation makes donations with a focus on social welfare organizations and academic organization. The results in the past four years are shown on the right.

### Donation Results (Fiscal 2002 to 2005)

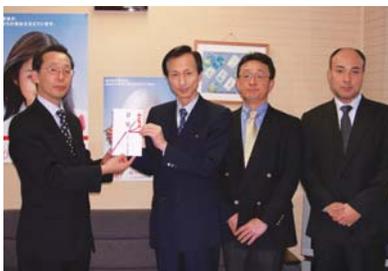
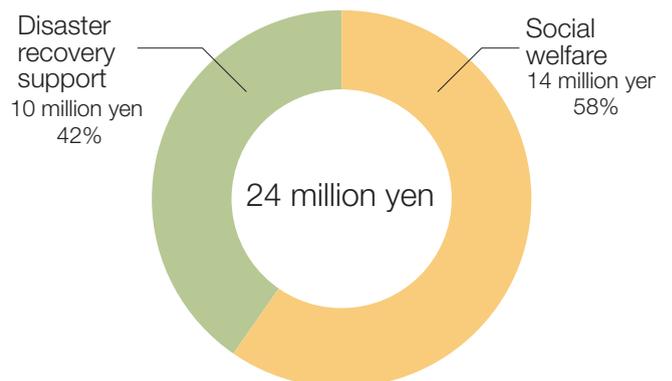


## TOSHIBA TEC Philanthropy Fund

TOSHIBA TEC Corporation established the "TOSHIBA TEC Philanthropy Fund" in 1992, with the aim of contributing to social welfare, as a good corporate citizen.

This Fund consists of the accumulated donations from employee salaries. The donations from this Fund, accompanied by matching contributions from the Corporation are given to local and nationwide social welfare and disaster recovery support groups. The results in the past four years are as follows:

### Philanthropy Fund Results (Fiscal 2002 to 2005)



Fund donations to the Central Community Chest of Japan

(The above shows the total of donations from the Fund and Corporation)

## TOSHIBA TEC Activities Contributing to Society

TOSHIBA TEC Corporation performs a variety of activities contributing to society such as blood donations, cleanup, groundwater protection, charity concerts, internship programs, plant tours for elementary school students, and business site tours for employees' children.

### • Blood Donation Campaign

Each business site forges ahead with the periodic blood donation campaign.

The blood donation campaign has been conducted since 1969. In 2004, TOSHIBA TEC Corporation was honored with the Minister of Health, Labor and Welfare Award, which acknowledged its substantial achievements.



Blood donation campaign at Ohsaki Office

### • Cleanup Activities

Each business site performs the activities to clean the surroundings of the site and nearby rivers.



Cleaning surroundings of the business site

### • Forest Conservation Activities

Forest thinning and cleanup activities are performed to ensure groundwater safety and contribute to natural environment conservation.



Forest maintenance activities for groundwater conservation

### • Communication with Local Communities

Communication and cleanup activities are performed at a local nursing home or vocational aid center. A variety of activities are performed such as holding charity concerts and donating their proceeds, hosting summer festivals together with invited local residents, opening facilities to local communities, and participating in road safety campaigns.



Cleanup activities at a special nursing home for the elderly

### • Communication with Employees

Customer satisfaction is enhanced and an environment is maintained for each employee to perform activities contributing to society through business site tours for employees' children, sign language classes, and the holiday system for volunteer activities.



Business site tour at Ohsaki Office

## TOSHIBA TEC Group Activities Contributing to Society

The TOSHIBA TEC Group companies in and outside Japan perform a variety of activities contributing to society, in order to strengthen solidarity and cooperation with countries and local communities in which the Group companies operate.

### • TEC ENGINEERING CORPORATION

TEC ENGINEERING Corporation supports the environmental education program “Kids’ ISO” to promote energy conservation at home.

Employees certified as international instructors conduct assessments and provide guidance for elementary school students throughout Japan. Five of the employees’ children participating in this program have been awarded the International Certificate.



Children awarded the International Certificate

### • TOSHIBA AMERICA BUSINESS SOLUTIONS, INC. (TABS)

TABS conducts various programs including “Tall Ships Festival” with the Ocean Institute in Southern California, to support oceanography, science and environmental education.



Ocean Institute Tour for elementary school students

### • Support for Disaster Recovery from Hurricane Katrina

In August 2005, Hurricane Katrina violently swept through Louisiana, Mississippi and Alabama in the United States, inflicting significant casualties and enormous damage. TABS where its base is located in the United States was engaged in disaster recovery support, while making relief donations amounting to US \$26,000 in total to the American National Red Cross, with the purpose of providing aid supplies including food and shelter.

### • TOSHIBA Copying Machine (Shenzhen) Co., Ltd. (TCOS)

TCOS is supporting the “Hope Elementary Schools” project, to provide a place for educating children in poverty-stricken areas, jointly with other TOSHIBA Group companies in China. TCOS provides children with educational opportunities and contributes to the friendship between Japan and China.



Inauguration ceremony of TOSHIBA Hope Elementary School

### • TOSHIBA TEC Retail Information Systems (SHENZHEN) Co., Ltd.

Volunteer employees participated in the tree-planting campaign in Shenzhen.



Employees participating in the tree-planting campaign

The Corporate Environmental Protection Council is established to discuss and determine policies regarding group-wide commitments toward environmental protection. The Environmental Protection Department is designed in each Company and business site, to advance integrated-group activities toward environmental protection, in conformity with individual products and regions.

# Practicing sustainability as an integrated-group system

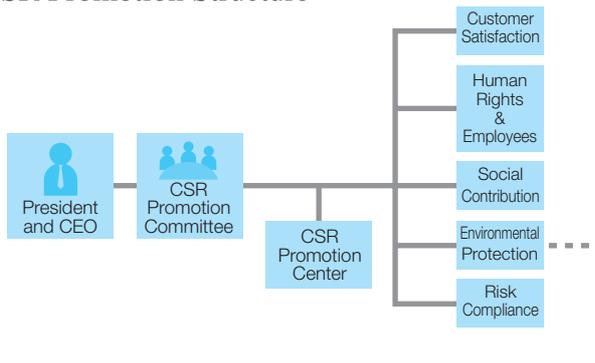
## Environmental Promotion Structure

Chaired by an executive officer responsible for environmental protection, the Corporate Environmental Protection Council is designed to discuss and determine policies and directions regarding corporate-wide sustainability. The Council is considered to be one of the commitments of the CSR Promotion Committee. The Environmental Protection Promotion Committee as a subordinate organization controls the Environmental Promotion Committee and ECP (Environmentally Conscious Products) Promotion Committee. Their responsibility is to review concrete measures encompassing all products manufactured at business sites and plants.

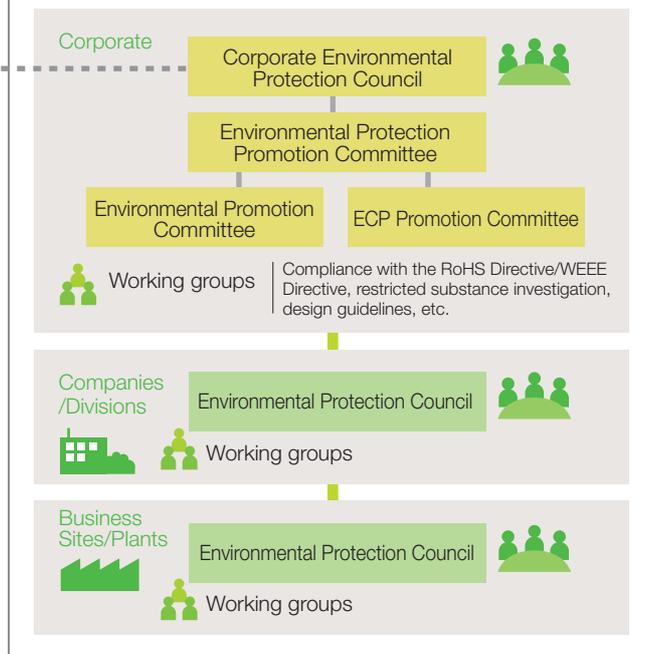
## Environmental Promotion Organization

The Environmental Protection & Safety Group is organized in the Production Division, to control corporate-wide sustainability and operate as the management office for the Corporate Environmental Protection Council. The Environmental Protection Department is also set up in each Company and Division, to handle environmental issues at governing business sites, plants, and affiliates in and outside Japan.

### CSR Promotion Structure

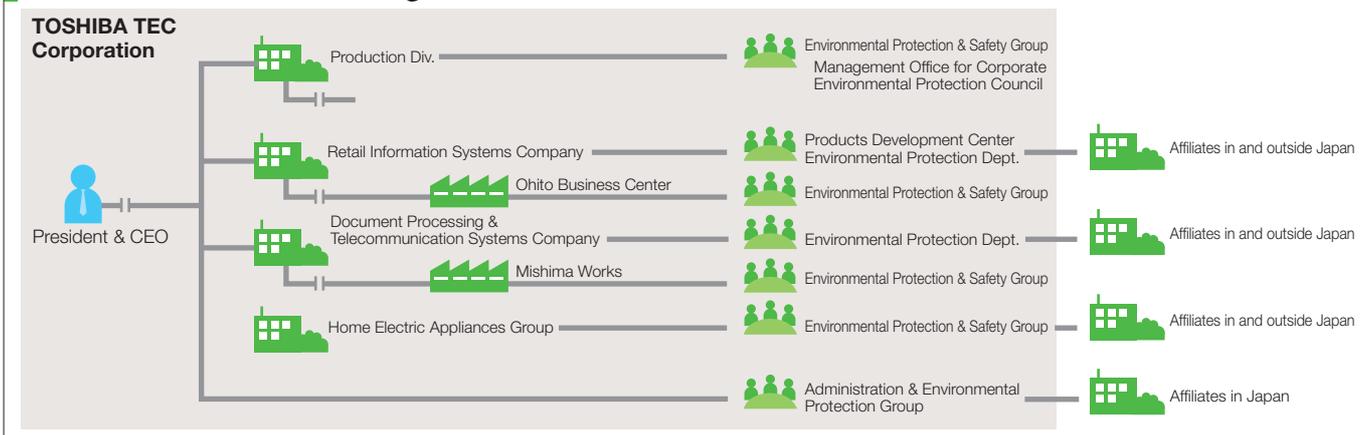


### Environmental Promotion Structure



Corporate Environmental Protection Council

## Environmental Promotion Organization



On one hand, the TOSHIBA TEC Group minimizes absorptions from global resources, and emissions of pollutants into the global environment. On the other hand, the Group maximizes environmentally conscious activities such as the development of environmentally conscious products.

# Minimizing environmental impacts and maximizing environmentally conscious activities

## Relations between Business Activities and Environmental Protection

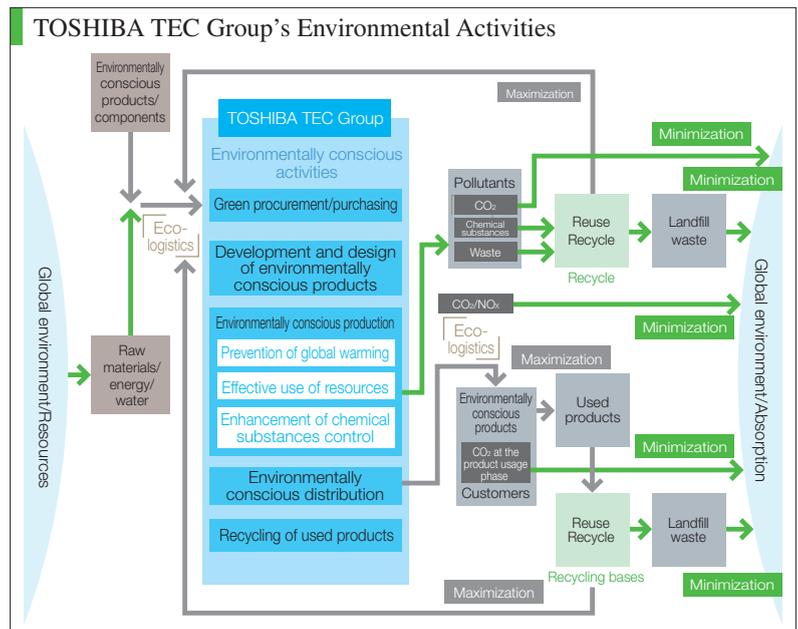
The TOSHIBA TEC Group actively performs environmentally conscious activities at each stage of procurement of raw materials and components, design of products, production and sales.

## Minimizing Environmental Impacts

It is inevitable to extract raw materials and energy from global resources and consume them in order to manufacture products. As a result, pollutants such as CO<sub>2</sub> (carbon dioxide), chemical substances and wastes are emitted and absorbed in the global environment. CO<sub>2</sub> and NO<sub>x</sub> (nitrogen oxides) are also emitted during product procurement and transportation through vehicle fuel consumption. Customers also indirectly generate CO<sub>2</sub> through electricity consumption, while using the products. The TOSHIBA TEC Group continually endeavors to minimize these environmental impacts.

## Maximizing Environmentally Conscious Activities

The TOSHIBA TEC Group makes further efforts to maximize environmentally conscious activities such as the development and distribution of environmentally conscious products, recycling of wastes and used products, and green procurement.

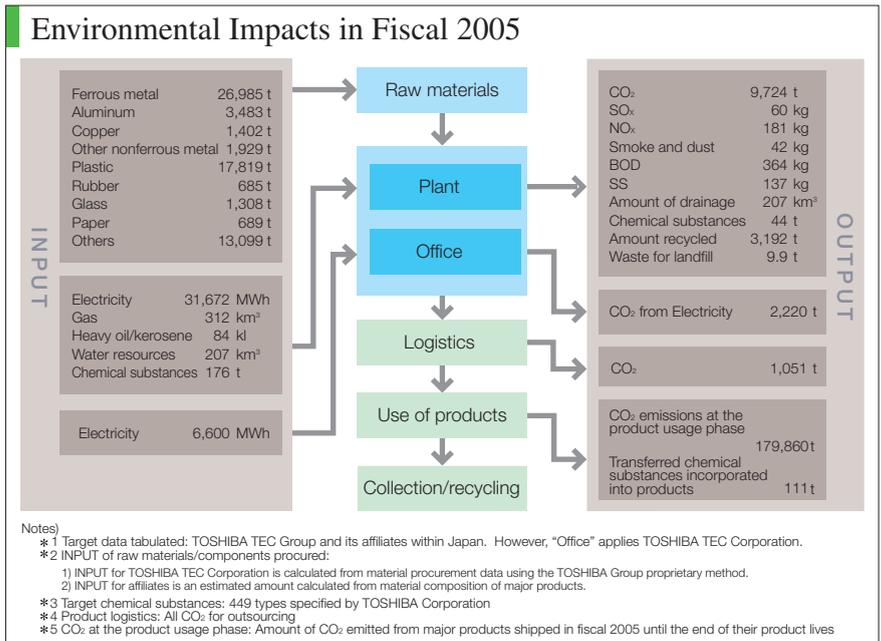


## Environmental Impacts in Fiscal 2005

The TOSHIBA TEC Group performs the following:

- 1) Procuring raw materials and components from suppliers.
- 2) Processing and assembling raw materials and components to build products.
- 3) Shipping finished products. The finished products are transported to distributors or warehouses by outsourced forwarding agents.
- 4) Collecting used products from customers where possible for reuse and recycling.

The diagram on the right shows environmental impacts at each stage of a product life cycle: The environmental impacts at the production stage contain the following amounts:



- 9,700 tons of CO<sub>2</sub> emitted from plants due to consumption of all energies
- 1,000 tons of CO<sub>2</sub> emitted from offices due to consumption of all energies
- 44 tons of chemical substances (449

- types of target substances specified by the TOSHIBA Group) discharged into the atmosphere and water
- 9.9 tons of waste for landfill disposal
- 3,190 tons of waste recycled The amount

of CO<sub>2</sub> emitted from major products shipped in fiscal 2005 until the end of their product lives is approximately 180,000 tons. Therefore, it is important to take energy-saving measures for products.

In fiscal 2005, the TOSHIBA TEC Group started the Fourth Voluntary Plan for Environmental Protection targeted for fiscal 2010, with the aim of further advancing sustainability.

# Mid-term & Long-term Environmental Strategies

## TOSHIBA Group New Mid-term & Long-term Environmental Strategies

The TOSHIBA Group sets business process eco-efficiency in addition to product eco-efficiency. The “Comprehensive Eco-efficiency” integrated throughout the TOSHIBA Group is defined as the “Environmental Vision 2010.” The Fourth Voluntary Environmental Action Plan was established to provide concrete targets along the trajectory toward achievement of “Environmental Vision 2010” in March 2005.



## TOSHIBA Group Fourth Voluntary Environmental Action Plan

R&D Design	Manufacture			Use	Reuse & Recycle	Indicator	Target for fiscal 2010
	Procurement	Manufacturing	Sales	Usage by customers	Take-back Recycling		
	Logistics			Maintenance and services			
<b>Enhancement of product eco-efficiency</b> We aim to enhance product eco-efficiency, taking the product life cycle into account. $\text{Product eco-efficiency} = \frac{\text{Value of a product}}{\text{Environmental impact of a product}}$ <b>Factor T</b> Product eco-efficiency by fiscal 2010 to be 2.2 times that in fiscal 2000	Provision of environmentally conscious products			It is essential to develop and provide excellent “environmentally conscious products (ECPs)” for the establishment of a sustainable society. The criteria for ECPs have been revised and a new target has been set based on the revised criteria. <b>Principal voluntary criteria</b> <ul style="list-style-type: none"> <li>Reduction of power consumption</li> <li>Use of recycled parts and materials</li> <li>Easy-to-recycle design</li> <li>Useable for a long period of time, etc.</li> </ul>		Ratio of ECPs (based on new criteria) to net sales	60%
	Abolition of use of certain chemical substances			Although it is one of the criteria for ECPs, we have set a target for reduction of chemical substances contained in products. The scope of our activities is wider than the regulatory framework. ©15 substances group subject to restriction: bis (tributyl tin) oxide (TBTO), tributyl tins (TBTs) compounds, and 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) <small>* Detailed definitions and specific applications to be excluded are specified separately.</small>		15 certain substances groups contained in products	Complete abolition
<b>Business process innovation</b> Prevention of global warming, efficient utilization of resources and control of chemical substances will be promoted throughout business processes so as to improve their eco-efficiency. $\text{Business process eco-efficiency} = \frac{\text{Sales}}{\text{Environmental impact of a business process}}$ <b>Factor T for Process</b> Business process eco-efficiency by fiscal 2010 to be 1.2 times that in fiscal 2000	Prevention of global warming	Reduction of energy-originated CO <sub>2</sub> emissions			We reduce CO <sub>2</sub> emissions by applying the optimum mix of three approaches (administrative improvement, energy-saving investment and saving of energy at clean rooms) throughout business activities globally, including at labs and offices. We adhere to the targets of the electrical and electronics manufacturing industry at production sites throughout Japan.	Energy-originated CO <sub>2</sub> emission rate *1 (Manufacturing sites in Japan)	25% reduction (25% reduction)
		Reduction of greenhouse gas emissions (other than CO <sub>2</sub> )			We reduce the use of CFC substitutes and expand the use of alternatives to those substitutes. Also, we implement measures to recover exhaust gases and remove toxic substances from the exhaust gases.	Total emissions of greenhouse gases (other than CO <sub>2</sub> )	35% reduction
		Reduction of CO <sub>2</sub> emissions associated with product logistics			We implement measures to reduce CO <sub>2</sub> emissions through modal shift, improvement of the load efficiency and introduction of low-pollution vehicles in cooperation with transportation companies.	CO <sub>2</sub> emission rate associated with product logistics in Japan	25% reduction
	Efficient utilization of resources	Reduction in the total quantity of waste generated			For efficient utilization of resources, we aim to create and provide products and services that are efficient both in terms of reduction and reuse so as to reduce the quantity of waste generated.	Rate of the total quantity of waste generated	20% reduction
		Reduction in the quantity of waste for final disposal			We reduce the quantity of waste for final disposal based on thorough disassembly and separation for discharge and by promoting waste separation and treatment in accordance with local characteristics in Japan and overseas.	Zero emissions of waste *2	Achievement of zero emissions at all sites
Control of chemical substances	Reuse and recycling of products			We promote reuse and recycling of waste products globally and endeavor to increase the amount of products recycled, in order to contribute to the establishment of a recycling-based society.	Amount of recycling of used products *3	Increase to 160%	
	Reduction of total emissions			Many chemical substances are useful things indispensable to present-day social life. However, on the other hand, while using it, managing appropriately, it is important to reduce the chemical substance discharge to environment as much as possible. For this reason, we promoted measures, such as process changes, use of alternatives, and recovery and removal, have reduced discharge of chemical substances, and will continue promotion. This time, we increase the number of substances to reduce their emission and implement such measures globally, and aim at future chemical substance zero emission realization.	Emissions of chemical substances to air and water	50% reduction	

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).  
 \*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)

## TOSHIBA TEC Group Fourth Voluntary Plan for Environmental Protection

### • Activity Results in Fiscal 2005

In fiscal 2005, the TOSHIBA TEC Group started the Fourth Voluntary Plan for Environmental Protection targeted for fiscal 2010, in accordance with the TOSHIBA Group Fourth Voluntary Environmental Action Plan.

In fiscal 2005, products including POS terminals, digital multi-function peripherals and vacuum cleaners, which have complied with the New Voluntary Environmental Standards, were introduced on the market. As a result, the ratio of products to net sales reached 20%.

The ratio of CO<sub>2</sub> emissions to production output and rate of total quantity of waste generated reached their targets at production

sites in Japan. However, emissions of chemical substances could not reach its target due to an increase in the amount of IPA (isopropyl alcohol) used for cleaning parts.

The large-scale increase in production of parts, which require cleaning with IPA is a major factor, relative to the target setting.

The increase in production output resulted in reductions in both the ratio of CO<sub>2</sub> emissions to production output and rate of total quantity of waste generated at four out of eight production sites outside Japan.

In regard to non-production sites in and outside Japan, the TOSHIBA TEC Group further developed the improvement-based structure to obtain data.

### • Future Challenges

For expansion of environmentally conscious products, the TOSHIBA TEC Group is having all new products comply with the New Voluntary Environmental Standards, to improve the ratio of products to net sales.

Regarding reduction of chemical substances at production sites in Japan, more production of parts, which require cleaning with IPA may cause an increase in the amount of IPA used. Therefore, the TOSHIBA TEC group is improving the cleaning equipment and

method to reduce emissions of chemical substances to air.

Regarding all eight production sites outside Japan, the TOSHIBA TEC Group is obtaining data to reduce environmental impacts.

In terms of non-production sites in and outside Japan, the TOSHIBA TEC Group is cataloging problems by site to reduce emissions of CO<sub>2</sub> and the total amount of waste discharged, while further obtaining data at major sites.

### • Results of the Fourth Voluntary Plan for Environmental Protection in Fiscal 2005

#### • Product-related Objectives

Note: "YES" indicates the goal for fiscal 2005 has been achieved, "NO" indicates it has not been achieved, and "-" (hyphen) will be evaluated in the target year.

Item	Indicator/Objective	Goal for fiscal 2005	Result in fiscal 2005	Evaluation
1) Provision of environmentally conscious products	60% ratio of products to net sales for products (environmentally conscious products) in compliance with the New Voluntary Environmental Standards defined in fiscal 2005, by fiscal 2010	—	20%	—
2) Abolition of use of certain chemical substances	Abolition of use of 15 certain substances <sup>1</sup> contained in products by fiscal 2010	—	—	—

#### • Business Process-related Objectives

Item	Indicator/Objective	Goal for fiscal 2005	Result in fiscal 2005	Evaluation		
1) Prevention of global warming	Production sites in Japan	• 45% reduction in the ratio of CO <sub>2</sub> emissions to net production output <sup>2</sup> by fiscal 2010 relative to fiscal 1990	43% reduction	44% reduction	YES	
	Production sites outside Japan	• 6% reduction in the ratio of CO <sub>2</sub> emissions to production output by fiscal 2010 relative to fiscal 2004	1% reduction	<sup>3</sup> 14% reduction to be expected	YES	
	Non-production sites in Japan	• TOSHIBA TEC Head Office (Osaka Office): 10% reduction of CO <sub>2</sub> emissions by fiscal 2010 relative to fiscal 2005 • Other major sites: 8% reduction of CO <sub>2</sub> emissions by fiscal 2010 relative to fiscal 2006	—	—	—	
	Non-production sites outside Japan	• Major sites: 4% reduction of CO <sub>2</sub> emissions by fiscal 2010 relative to fiscal 2006	—	—	—	
(2) Reduction of CO <sub>2</sub> emissions associated with product logistics	• 18% reduction in the ratio of CO <sub>2</sub> emissions to net production output, associated with TOSHIBA TEC product logistics in Japan by fiscal 2010 relative to fiscal 2004	3% reduction	41% reduction	YES		
2) Efficient utilization of resources	Production sites in Japan	• 30% reduction in the rate of total quantity of waste generated by fiscal 2010 relative to fiscal 2000	10% reduction	30% reduction	YES	
	Production sites outside Japan	• 9% reduction in the rate of total quantity of waste generated by fiscal 2010 relative to fiscal 2004	1.5% reduction	<sup>3</sup> 23% reduction to be expected	YES	
	Non-production sites in Japan	• TOSHIBA TEC Head Office (Osaka Office): 10% reduction of quantity of waste generated per person by fiscal 2010 relative to fiscal 2005 • Other major sites: 8% reduction of quantity of waste generated per person by fiscal 2010 relative to fiscal 2006	—	—	—	
	Non-production sites outside Japan	• Major sites: 4% reduction of quantity of waste generated per person by fiscal 2010 relative to fiscal 2006	—	—	—	
	(2) Reduction in the quantity of waste for final disposal	Production sites in Japan	• Achievement of 0.7% rate of quantity of waste for final disposal by fiscal 2010	1% or less at all sites	1% or less at all sites	YES
	Production sites outside Japan Non-production sites in and outside Japan	• Achievement of 1% rate of quantity of waste for final disposal by fiscal 2010	—	—	—	
(3) Reuse and recycling of products	• 5% improvement in the rate of collection and recycling of used products by fiscal 2010 relative to fiscal 2004	Up 1%	Up 1%	YES		
3) Control of chemical substances	Reduction in emissions of chemical substances to air and water <sup>4</sup>	• 50% reduction in emissions of chemical substances to air and water by fiscal 2010 relative to fiscal 2000	47% reduction in Japan	44% reduction in Japan	NO	

<sup>1</sup>: 15 substances specified by the TOSHIBA Group <sup>2</sup>: [Net Production Output] = [Nominal Production Output] / [Bank of Japan's Enterprise Price Index in Japan (Electrical Equipment): Yearly ratio relative to fiscal 1990]

<sup>3</sup>: Results on 4 out of all 8 sites <sup>4</sup>: 449 substances specified by the TOSHIBA Group

The TOSHIBA TEC Group introduced environmental accounting, in order to quantitatively grasp the costs and benefits of environmental protection and utilize the quantitative data as guidelines for business activities.

## Environmental Accounting

### Concepts regarding Environmental Accounting

The TOSHIBA TEC Group introduced environmental accounting\*, in order to quantitatively grasp the costs and benefits of environmental protection and utilize the quantitative data as guidelines for business activities.

Classification of environmental costs and the calculation criteria are in accordance with the "Environmental Accounting Guidelines (Fiscal 2005 Version)" issued by the Ministry of Environment in Japan. Regarding benefits, since no unified standards have been established, environmental impact reduction benefits are indicated quantitatively and also calculated in monetary value in TOSHIBA TEC's environmental accounting.

\* The TOSHIBA TEC Group conforms to TOSHIBA Group's environmental accounting.

### Aggregated Results in Fiscal 2005

For environmental protection costs, capital investments of approximately 180 million yen and expenses of approximately 1.44 billion yen were made on a consolidated basis. Active investments were made in the prevention of global warming and energy-saving measures.

Expenses increased by approximately 110 million yen compared with fiscal 2004. The expenses increased through R&D activities on environmentally conscious products and doubled on a non-consolidated basis compared with fiscal 2004.

Benefits in fiscal 2005 were approximately 1.1 billion yen. Greater benefits arose from the reduction of environmental impacts at the product usage stage, for actual benefits and risk reduction benefits. The TOSHIBA TEC Group is further improving the precision of aggregation including costs and benefits.

### Costs and Benefits

Aggregated: TOSHIBA TEC four production sites, Head Office, four production affiliates in Japan and eight production affiliates outside Japan  
 Period: April 1, 2005 - March 31, 2006

Note: Some estimated values are included in the aggregated results on production affiliates outside Japan. Regarding assumed benefits for the reduction of emissions of chemical substances to air and water, the reduction of uncertain amounts discharged into public sewers is excluded.

#### • Environmental Costs

Unit: million yen

Classification	Content	Expenditure		Costs		Change in costs from fiscal 2004	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
(1) Business area costs	Reduction of environmental impacts 1)~3)	176.3	129.7	229.5	166.3	41.1	31.7
1) Pollution prevention costs	Prevention of pollution of atmosphere, water, soil, etc.	55.8	42.0	56.9	37.2	11.1	13.1
2) Global environmental protection costs	Prevention of global warming, protection of the ozone layer, etc.	113.5	80.7	92.8	73.1	-4.8	-4.2
3) Resource circulation costs	Recycling of waste, etc.	7.0	7.0	79.8	56.0	34.8	22.8
(2) Upstream/downstream costs	Green procurement, collection and recycling of products, etc.	0.0	0.0	123.9	112.8	-83.4	-76.9
(3) Administration costs	Construction of EMS, environmental education, tree-planting/clean-up campaigns, etc.	0.3	0.0	462.3	409.2	-141.9	-135.1
(4) R&D costs	Technical development for ECP	0.0	0.0	615.3	517.9	296.2	257.0
(5) Social activity costs	Contribution and support to groups/organizations, etc.	0.0	0.0	5.7	4.6	-3.6	-3.5
(6) Environmental remediation costs	Recovery from soil pollution, etc.	0.0	0.0	0.7	0.7	-0.2	-0.2
Total		176.6	129.7	1,437.4	1,211.5	108.2	73.0

#### • Environmental Benefits

Unit: million yen

Classification	Content	TOSHIBA TEC	Affiliates	Total
Actual benefits	Benefits that can be directly converted into monetary value, such as reduced charges for electricity, water, etc.	59.7	-16.2	43.5
Assumed benefits	Benefits concerning reduction of environmental impacts in monetary value	7.8	-6.2	1.6
Customer benefits	Reduction of environmental impacts at the usage phase expressed in monetary value	1,032.1	0.0	1,032.1
Risk prevention benefits	The extent to which risks are reduced after the investment compared with before the investment is calculated	23.6	3.5	27.1
Total		1,123.2	-18.8	1,104.4

## ● Breakdown of Actual Benefits

Unit: million yen

Item		Amount of reduction in environmental impacts*	Monetary value of benefits
Energy	TOSHIBA TEC	24,117GJ	29.0
	Affiliates	-8,759GJ	-51.0
	Total	15,358GJ	-22.0
Final disposal of waste	TOSHIBA TEC	-7.1t	29.5
	Affiliates	14.1t	35.0
	Total	7.0t	64.5
Water	TOSHIBA TEC	9.6 thousand m <sup>3</sup>	1.2
	Affiliates	15.3 thousand m <sup>3</sup>	-0.2
	Total	24.9 thousand m <sup>3</sup>	1.0
Grand total			43.5

## ● Breakdown of Assumed Benefits

Unit: million yen

Item		Amount of reduction in environmental impacts*	Monetary value of benefits
Chemical substance discharge reduction benefits	TOSHIBA TEC	0.1t	7.8
	Affiliates	0.4t	-6.2
Total		0.5t	1.6

## ● Customer Benefits

Unit: million yen

Item		Amount of reduction in environmental impacts*	Monetary value of benefits
Environmental impact reduction benefits at the usage phase	Electricity	7.43 million kWh	171.0
	Roll paper	1,460t	861.1

\* Indicated in the above table are differences in volumes of environmental impacts between fiscal 2004 and fiscal 2005.

\* Minus figures indicate that increase in environmental impacts exceeded reduction benefits due to increased production, etc.

### ● Basis for calculation of assumed benefits

Monetary values were calculated by giving each substance, calculated in terms of cadmium, a weighting based on environmental standards and ACGIH-TLV (allowable concentration of each substance as determined by the American Conference of Governmental Industrial Hygienists) and multiplying the result by the amount of compensation in the case of cadmium pollution. Reduction in environmental impacts on atmosphere, water and soil is indicated quantitatively and the environmental impact reduction volumes are compared with the previous year's results, and reduction of environmental impacts is calculated in terms of monetary value to enable comparisons of various environmental impacts on the same basis.

### ● Basis for calculation of customer benefits

Benefits of reduction in environmental impacts of products throughout their life cycles are calculated in terms of physical quantity units and monetary units. A life cycle comprises several phases: 1) procurement of raw materials, 2) manufacturing, 3) transport, 4) usage, 5) collection, 6) recycling and 7) appropriate processing. TOSHIBA TEC's environmental accounting focuses on the benefits of reduction in environmental impacts at the usage phase. Energy-saving benefits are calculated using the following formula:

Benefits (yen) =  $\sum$  [(electricity consumption per year of the former model - electricity consumption per year of the new model) x number of units sold per year x benchmark unit price of electricity charge]

### ● Basis for calculation of risk prevention benefits

Benefits of investment in environmental structures, such as dikes, for the purpose of preventing pollution of soil and groundwater are evaluated as benefits to prevent risks that might otherwise occur in the future. Risk prevention benefits for each capital investment item are calculated according to the following formula:

Risk prevention benefits = Quantity of chemical substances stored x Standard amount (monetary value) required for purification and restoration x Impact coefficient x Occurrence coefficient where the standard amount required for purification and restoration and the occurrence coefficient are values unique to TOSHIBA TEC. Risk of occurrence of leakage of chemical substances etc. is evaluated.

ISO14001 certification is widely being acquired at affiliates in and outside Japan. The TOSHIBA Group's unique environmental audit system leads to the reduction of environmental risks at business sites and improves workplaces.

# Environmental Management at Business Sites

## Operation of Environmental Management System

The TOSHIBA TEC Group is promoting the acquisition of ISO14001 certification at production and sales affiliates in and outside Japan. In fiscal 2005, FUJIKEN Co., Ltd., TEC INFORMATION SYSTEMS Corporation and TOSHIBA TEC Head Office (Ohsaki Office) acquired ISO14001 certification. Currently, all 16 production affiliates in and outside Japan have acquired ISO14001. The TOSHIBA TEC's 53 sites including its Main Branches, Branches and Sales Offices are scheduled to acquire ISO14001 by June 2006.



FUJIKEN Co., Ltd.



TEC INFORMATION SYSTEMS Corporation



TOSHIBA TEC Head Office (Ohsaki Office)

## Business Sites that acquired ISO14001 Certification

Business site <sup>1</sup>	Date acquired
Japan	
Ohito Business Center	June 1997
Mishima Works	March 1997
Key Components Business Div. <sup>2</sup>	June 1997
Hadano Plant	March 1997
TOSEI DENKI CO., LTD.	August 2004
FUJIKEN CO., LTD.	June 2005
TEC KASHIYA DENKI CO., LTD. <sup>2</sup>	March 2003
TEC PRECISION, INC. <sup>2</sup>	June 1997
TEC ENGINEERING CORPORATION	October 2004
TER CO., LTD. <sup>3</sup>	October 2004
TEC INFORMATION SYSTEMS CORPORATION	November 2005
TOSHIBA TEC Head Office (Ohsaki Office)	June 2005
TOSHIBA TEC Main Branches, Branches, Sales Offices	(Scheduled) June 2006
North America	
TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.	April 1999
Europe	
TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.	February 1997
TOSHIBA TEC U. K. IMAGING SYSTEMS LTD.	December 2004
TOSHIBA TEC NORDIC AB	July 2004
Asia	
TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.	May 1999
TEC SINGAPORE ELECTRONICS PTE. LTD.	April 1998
P.T. TEC INDONESIA	August 1998
TIM ELECTRONICS SDN. BHD.	April 1998
TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD.	March 2005
TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD.	March 2005

\*1: Corporate and business site names as of March 1, 2006.  
 \*2: Key Components Business Div., TEC PRECISION, INC. and TEC KASHIYA DENKI CO., LTD. belong to Mishima Works.  
 \*3: TER CO., LTD. belongs to TEC ENGINEERING CORPORATION.

## TOSHIBA Group Environmental Audit (EASTER)

EASTER is the environmental audit system developed by TOSHIBA CORPORATION and has been annually conducted at each production affiliate of the TOSHIBA Group since fiscal 1993. The features of EASTER are workplace principles and evaluations at each level. Environmental risks at workplaces should be strongly recognized. 17 environmental facilities and training for accidents and emergency situations are targets for auditing. In addition to workplace audits, the operation progress of the Environmental Management System and level of completion regarding the Voluntary Plan for Environmental Protection are verified, as well as audits regarding product development/engineering departments are performed. In fiscal 2005, 2 sites in China and 3 sites in Southeast Asia started EASTER.

\* EASTER: Environmental Audit System in TOSHIBA on basis of Eco-Responsibility

## EASTER Audit Results

Region	Date audited	Target site	Audit result*1				
			Workplace control	VPE progress*2	Engineering EMS*3	ECP engineering*4	
Japan	September 2005	Ohito Business Center	Fiscal 2004	A-	A+	A+	A-
			Fiscal 2005	A	A+	A+	A+
	July 2005	Key Components Business Div.	Fiscal 2004	B+	A-	Out of target	Out of target
			Fiscal 2005	A-	B+	Out of target	Out of target
	September 2005	FUJIKEN CO., LTD.	Fiscal 2004	B+	C+	Out of target	Out of target
			Fiscal 2005	A-	B+	E	D
	December 2005	TOSEI DENKI CO., LTD.	Fiscal 2004	B	C+	C	D+
			Fiscal 2005	B+	B-	C	D
	February 2006	Mishima Works	Fiscal 2004	A	A-	A+	A-
			Fiscal 2005	A	B+	A+	A-
	March 2006	Home Electric Appliances Group	Fiscal 2004	A	B+	A	B
			Fiscal 2005	A	A-	A+	A-
China	December 2005	TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.	Fiscal 2004	A	B+	Out of target	Out of target
			Fiscal 2005	A	A-	Out of target	Out of target
	December 2005	TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD.*5	Fiscal 2004	A-	To be evaluated in fiscal 2007	Out of target	Out of target
			Fiscal 2005	B-	To be evaluated in fiscal 2007	Out of target	Out of target
	December 2005	TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD.*5	Fiscal 2004	A	B+	Out of target	Out of target
			Fiscal 2005	A	A-	Out of target	Out of target
Malaysia	October 2005	TIM ELECTRONICS SDN. BHD.*6	A-	C+	Out of target	Out of target	
Singapore	October 2005	TEC SINGAPORE ELECTRONICS PTE. LTD.*6	A-	B-	Out of target	Out of target	
Indonesia	October 2005	P.T. TEC INDONESIA*6	B+	A-	Out of target	Out of target	

\*1: Audit result: A (81 to 100%), B (61 to 80%), C (41 to 60%), the values in parentheses are the degree of achievement based on the criteria.

\*2: VPE progress: Degree of achievement on the Voluntary Plan for Environmental Protection

\*3: Engineering EMS: Progress of planning control for development/engineering departments

\*4: ECP engineering: Outcomes of ECP and engineering

\*5: First implementation in fiscal 2005

## Risk Management

### • Response to Emergency Situations

Each business site and plant establishes the criteria in response to emergency situations at environmental facilities, organizes the system to take proper action and periodically provides training. Training is provided in the presence of the audit group even during the implementation of EASTER. The following are verified through training; if activities conform to the procedures, and if communication and measures are promptly and thoroughly performed.

By ensuring the environmental structures are in compliance with the guidelines for soil investigation through observation wells, along with prevention of chemicals and oil from scattering, flowing out or

penetrating into underground, as well as monitoring water quality at the final drain outlet and installing the emergency shutoff valves, thorough prevention is achieved.



Training for accidents and emergency situations at TOSEI DENKI Co., Ltd.

## Environmental Education

In order to recognize and implement the importance of environmental protection for daily operations and lives, TOSHIBA TEC Group personnel, from new employees to senior management, are encouraged to receive practical environmental education according to position and specialty.

### • Education according to Position

TOSHIBA TEC Group managerial and non-managerial personnel along with new employees receive education on commitments to sustainability. Environmental education is provided according to position, to deepen all employees' understanding of environmental knowledge, basic policies for environmental protection, environment-related laws and regulations, the Voluntary Plan for Environmental Protection (VPE), Environmental Management System (EMS) and environmental audit.

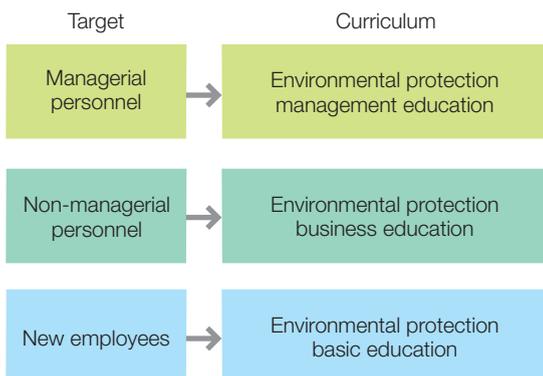
Not only TOSHIBA TEC personnel but also personnel from group companies and affiliates stationed in business sites in and outside Japan receive environmental education. e-Learning is used to increase the efficiency according to the curriculum and target personnel.

### • Education according to Specialty

TOSHIBA TEC Group internal auditors, specific employees, inspectors and development/design engineers receive education in order to learn specific knowledge to fulfill their responsibilities and roles.

## Education according to Position and Education according to Specialty

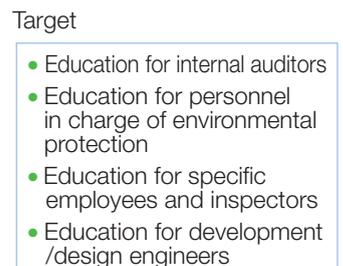
### • Education according to Position



(Education level according position)

- Commitments to sustainability
- Environment-related laws and regulations in and outside Japan
- Environmental policy, VPE
- EMS
- Environmental audit
- Green procurement
- Creation of ECP
- Reduction of environmental impacts
- Environmental communication
- General environmental knowledge

### • Education according to Specialty



TOSHIBA TEC Corporation develops environmentally conscious products, where environmental impacts are reduced throughout their product life cycles, and accelerates its activities under the TOSHIBA Group's eco-efficiency indicator "Factor T."

# Contributing to the reduction of environmental impacts on society while providing environmentally conscious products

## Concepts regarding Development of Environmentally Conscious Products

TOSHIBA TEC Corporation creates "Environmentally Conscious Products (ECP)," where environmental impacts are reduced throughout their product life cycles\*. Most of the environmental impacts generated throughout a product life cycle are determined at the product planning and design stages, thus, TOSHIBA TEC Corporation focuses on the efforts at the upper product development stage.

In addition to the reduction of environmental impacts, the eco-efficiency indicator "Factor T," which incorporates customer usability and satisfaction toward TOSHIBA

TEC products as "product value," has been operated to accumulate data since fiscal 2004.

TOSHIBA TEC Corporation is committed to creating products that further satisfy customers, as well as reducing more environmental impacts.

\* Product life cycle: All stages from materials procurement, manufacturing and transportation, through to usage, recycling and disposal

## Activities to Develop Environmentally Conscious Products

Our mission is to provide customers with ECPs. The "Voluntary Environmental Standards for Each Product" are established to prescribe the industry's top-level requirements for environmental considerations for each product, to create ECPs, and are considered one of the goals for product development. The "Voluntary Environmental Standards for Each Product" define environmental considerations at each stage of a product life cycle, based on the need for reducing environmental impacts throughout a product life cycle. TOSHIBA TEC Corporation has been performing these activities since fiscal 2001. However, we have reviewed the previous Standards and established new Standards with high inhibition at the commencement of the Fourth Voluntary Plan for Environmental Protection (See p.25) in fiscal 2005.

Products in compliance with the Voluntary Environmental Standards debuted in 6 product groups including copier and MFP in fiscal 2005. The target ratio of products to net sales for ECPs in compliance with the New Voluntary Environmental Standards by fiscal 2010 is 60%, and 20% has been achieved in fiscal 2005.

### Products in compliance with the Voluntary Environmental Standards (New Standards)

Copier and MFP	Bar code printer	Electronic cash register
POS terminal	POS peripheral equipment	Vacuum cleaner

TOSHIBA TEC Corporation discloses information on products in compliance with the Voluntary Environmental Standards, while showing the TOSHIBA Group Earth Protection Mark in the product brochure.

The following shows an example of products in compliance with the Voluntary Environmental Standards in fiscal 2005.



Color MFP  
e-STUDIO451c



Monochrome MFP  
e-STUDIO163



Bar code printer  
B-SA4TP



Electronic cash  
register MA-600



POS terminal  
ST-700



Handy terminal  
HTL-100

## Eco-efficiency “Factor T”

In fiscal 2004, TOSHIBA TEC Corporation introduced an “eco-efficiency” concept, in which the value of a product and the product's environmental impact are related, and has been implementing “Factor T,” comparing the eco-efficiency of a product in the year subject to assessment to the eco-efficiency of a product in the benchmark year. Eco-efficiency is calculated by dividing the “value” of a product by the product’s “environmental impact”. The smaller the environmental impact and the higher the value of the product, the greater is the eco-efficiency. The value of a product is calculated based on QFD (Quality Function Deployment), taking the voice of customers into consideration including usability and customer satisfaction toward TOSHIBA TEC products. The environmental impact of a product is calculated based on LCA (Life Cycle Assessment), taking into consideration various environmental impacts throughout its life cycle. For integrating environmental impact, TOSHIBA TEC Corporation uses the Life Cycle Impact Assessment Method Based on Endpoint Modeling

(LIME), which was developed by the Research Center for Life Cycle Assessment (LCA) of the National Institute of Advanced Industrial Science and Technology (AIST) in collaboration with the Japanese government's LCA project. The factor indicates how many times the eco-efficiency of the benchmark product is to the eco-efficiency of a product subject to assessment. The higher the eco-efficiency of the product, the larger the factor becomes. In terms of the Fourth Voluntary Plan for Environmental Protection, TOSHIBA TEC Corporation aims to attain 2.2 as the factor by 2010 relative to fiscal 2000, and has reached 1.76 in fiscal 2005. The following shows an example of factors for major products. (Benchmark: products in fiscal 2000)

Definition of “Eco-efficiency”	Eco-efficiency = $\frac{\text{Value of a product}}{\text{Environmental impact of a product}}$
Definition of “Factor”	Factor = $\frac{\text{Eco-efficiency of a product subject to assessment}}{\text{Eco-efficiency of the benchmark product}}$

## • Factors for Major Products and Improvements

	Factor 1.82 (in fiscal 2005 relative to fiscal 2000)	Factor 1.76 (in fiscal 2004 relative to fiscal 2000)	Factor 1.71 (in fiscal 2005 relative to fiscal 2000)
Product name/model name	 <b>MFP e-STUDIO850</b>	 <b>POS terminal M-7000</b>	 <b>Vacuum cleaner VC-75TC</b>
Main improvements in value	<ul style="list-style-type: none"> <li>•High productivity</li> <li>•Support for security</li> <li>•Document control</li> </ul>	<ul style="list-style-type: none"> <li>•High-speed printing</li> <li>•High expandability</li> <li>•Easy-to-see screen</li> </ul>	<ul style="list-style-type: none"> <li>•Waste separation</li> <li>•Automatic cleaning</li> <li>•Thorough cleaning</li> </ul>
Main improvements in environment	<ul style="list-style-type: none"> <li>•Energy conservation</li> <li>•Use of recycled materials</li> <li>•Reduction of hazardous substances</li> </ul>	<ul style="list-style-type: none"> <li>•Reduction of hazardous substances</li> <li>•Long operating life</li> <li>•Easy maintenance</li> </ul>	<ul style="list-style-type: none"> <li>•Electricity conservation</li> <li>•Prevention of global warming</li> <li>•Reduction of hazardous substances</li> </ul>

## ECP Promotion Committee

In the Environmental Promotion Structure (See p.23), the “ECP Promotion Committee” and its working groups promote the creation of environmentally conscious products (ECPs). The “ECP Promotion Committee” has been operating since 1997. Furthermore, the Committee including production affiliates with R&D function in Japan, became members in fiscal 2004 and has been advancing the following:

- Development of draft compliance with laws and regulations in and outside Japan
- Further disclosure of environmental information
- Implementation of the Voluntary Plan for Environmental Protection (product-related items)
- Promotion of activities to educate employees
- Preparation for technical materials

Especially in fiscal 2005, the Committee centering on the RoHS Directive working group focused on compliance with the RoHS Directive. (See p.36)

The following design manuals and collection of examples are issued and used to provide education to the ECP design engineers:

- Trends in Laws, regulations, and environmental labels
- 3R\* Design Manual (3rd edition)
- Environmental impact substance reduction design manual
- Collection of examples of ECP improvement (1st to 7th editions)

\* 3R: Reduce, Reuse and Recycle

The LCP is used to devise concepts regarding environmentally conscious products (ECPs) at the planning stage. The ECP development system is structured and focuses on 3R conscious design, energy-saving design and design for reducing environmental impact substances.

# Reducing environmental impacts on products at the planning and design stages

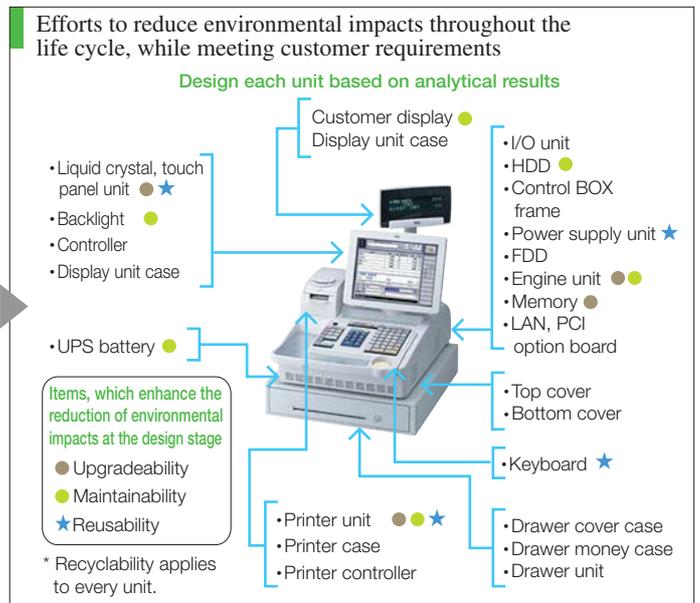
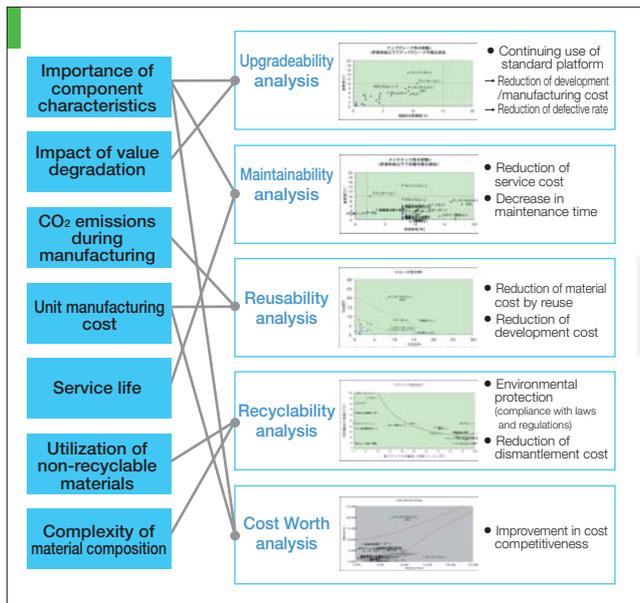
## LCP (Life Cycle Planning)

LCP is a technique for formulating a concept of ECP at the planning stage that satisfies the quality and cost requirements, while at the same time decisively reducing environmental impacts throughout the life cycle. Effective utilization of data obtained by LCA (Life Cycle Assessment) and QFD (Quality Function Development) contributes to the determination of environmental specifications, taking the product life cycle into consideration, and identification of ideas for improving

upgradeability, maintainability, reusability and recyclability at the parts level.

TOSHIBA TEC Corporation has further advanced the LCP method in the planning of an environmentally conscious vacuum cleaner, and applied the LCP method to POS terminals. The POS terminal M-7000 has been optimized while being comprised from the 3R points of view based on LCP analytical results.

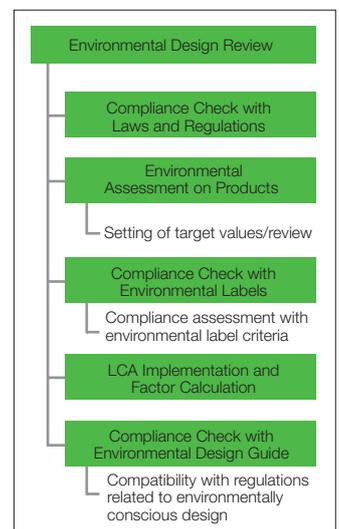
### • Example of the Environmentally Conscious Design Concept formulated by LCP (POS Terminal M-7000)



## Environmental Design Review

At the product-planning stage, the Design Review is conducted from all angles. The in-house standards make it obligatory for related departments to conduct the Environmental Design Review at the planning stage.

The Environmental Design Review includes "Compliance with laws and regulations," "Environmental Assessment on Products," "Response to environmental labels," "LCA implementation and Factor calculation" and "Response to Environmental Design Guide" shown in the diagram. The "Environmental Assessment on Products" is used to assess the degree of achievement on the Voluntary Plan for Environmental Protection, responses to the 3Rs (Reduce, Reuse and Recycle) and energy conservation, progress regarding reduction in environment-related substances, and confirmation of compliance with the Voluntary Environmental Standards. The Environmental Design Review is conducted at each stage of planning, design, prototype production and mass production trial. For instance, basic environmental design specifications are reviewed, compliance with laws and regulations and response to various environmental labels are specifically defined at the planning stage. Compliance and compatibility with target values and confirmation of compliance are verified at the design stage or later. The environmental specifications of updated products are examined at the development stage, to set higher target values.



## Concepts regarding Design of ECPs

TOSHIBA TEC Corporation is devoting its energies to the reduction of environmental impacts on products, because most environmental impacts are exerted on society at the stages of “procurement of raw materials and components” and “product usage.”

At the stage of “procurement of raw materials and components,” reduction of environmental impacts is required in terms of resource consumption. In terms of prevention of global warming, reduction of environmental impacts is required at the stage of “product usage,” because electricity consumption is a major factor of environmental impacts. In addition, certain chemical substances that may cause environmental pollution need to be avoided or reduced in terms of environmental pollution. TOSHIBA TEC Corporation enhances the design of ECPs while taking into account 3R conscious design, energy-saving design and design for reducing environmental impact substances.

## 3R Conscious Design

3R conscious design is intended to effectively use resources, and minimize the amount of resources consumed for products, while circulating resources through reuse and recycling. Reduce design, reuse design and recycling design are defined in order of priority. The 3R conscious design is implemented on packing other than products.

## • Design Views and Outcome Examples

Item		Design view	Outcome example
3R conscious design	Reduce design	<ul style="list-style-type: none"> <li>Resource conservation (reduction in size and weight, electronic functions)</li> <li>Long operating life (parts, maintainability, upgradeability)</li> <li>Reduction of consumables at the usage phase</li> </ul>	<ul style="list-style-type: none"> <li>Electronic journal system in POS terminal (from 1999 onward)</li> <li>Cyclone (without dust bag) vacuum cleaner (from 2000 onward)</li> <li>Example of the Environmentally Conscious Design Concept formulated by LCP (2004)</li> <li>Net-Ready MFP “e-STUDIO350EB” in response to the erasable toner “e-blue” (2004)</li> </ul>
	Reuse design	<ul style="list-style-type: none"> <li>Reuse of parts (target parts, parts life)</li> </ul>	<ul style="list-style-type: none"> <li>Reuse of parts for MFP (from 2001 onward)</li> <li>Reuse system for MFP process unit (from 2001 onward)</li> </ul>
	Recycling design	<ul style="list-style-type: none"> <li>Materials (unified materials, recyclability)</li> <li>Structure (basic structure, degradability, wiring)</li> </ul>	<ul style="list-style-type: none"> <li>Unified materials, improvement in degradability, introduction of halogen-free plastic materials and recycled plastic materials in product fields (from 1995 onward)</li> </ul>
	Packing design	<ul style="list-style-type: none"> <li>3R (Reduce, Reuse and Recycle)</li> </ul>	<ul style="list-style-type: none"> <li>Package-less transportation for POS terminal (from 1999 onward)</li> <li>Use of e-Starpac for POS terminal (from 2004 onward)</li> </ul>
Energy-saving design		<ul style="list-style-type: none"> <li>Reduction of electricity consumption during operation</li> <li>Reduction of electricity consumption on standby</li> <li>Energy-saving technologies specific for product</li> </ul>	<ul style="list-style-type: none"> <li>Integration of IH (induction heating) fusing technology into MFP (from 2000 onward)</li> <li>Typhoon Robo system-integrated vacuum cleaner (2005)</li> <li>Energy conservation achieved on high-speed MFP (85CPM) (2005)</li> </ul>
Design for reducing environmental impact substances		<ul style="list-style-type: none"> <li>Compliance with laws and regulations (including the RoHS Directive)</li> <li>Response to environmental labels (Eco Mark, Blue Angel)</li> <li>Green procurement/Voluntary Plan for Environmental Protection</li> </ul>	<ul style="list-style-type: none"> <li>Use of lead-free solder and halogen-free printed circuit board for MFP (from 2002 onward)</li> <li>Compliance with the EU RoHS Directive (from April 2006 onward)</li> </ul>

## Energy-saving Design

Energy-saving design is intended to reduce electricity consumption at the product usage phase, and develop energy-saving technologies specific for each product as well as common-saving technologies among all products. In particular, a typical example of outcomes includes high-efficiency IH (induction heating) fusing technology integrated into an MFP and Typhoon Robo system where a clean-free filter is incorporated into the vacuum cleaner.

## Design for Reducing Environmental Impact Substances

The RoHS Directive, which became effective on July 1, 2006, prohibits to contain certain hazardous substances such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) in electrical and electronic equipment. The TOSHIBA TEC Group has completely had all products marketed for the EU to be shipped on or after April 1, 2006, comply with the RoHS Directive. In principle, products marketed for other than the EU are handled in the same manner as for the EU. Halogen-free materials are used for plastic cases and printed circuit boards. The use of polyvinyl chlorides is reduced for power cords.

The environmental protection assessment on suppliers and the environmental performance survey on procured products are conducted. The environmental performance information data is utilized in the design, production and procurement departments. Compliance with the EU WEEE Directive and RoHS Directive is ensured.

# Promoting environmental considerations toward suppliers and procured products, to provide environmentally conscious products

## Efforts toward Green Procurement

To provide environmentally conscious products, TOSHIBA TEC Corporation moves forward with green procurement of raw materials related to products. It aims to procure environmentally conscious raw materials from suppliers, who are actively undertaking environmental protection measures. The “Green Procurement Guidelines for Materials” have been formulated to conduct the “environmental protection assessment on supplies” and “environmental performance survey on procured products.”

## Environmental Protection Assessment on Suppliers

The environmental protection assessment on suppliers is used to assess the criteria as shown on the right, to rank suppliers. TOSHIBA TEC Corporation requests lower-ranked suppliers to improve their operations, and provides them with instructions and assistance, while giving priority to procurement from high-ranked suppliers.

## Environmental Assessment Criteria on Suppliers

- (1) Acquisition of ISO14001 external certification
- (2) Implementation of green procurement
- (3) Environmental protection measures (22 items)

## Environmental Performance Survey on Procured Products

The environmental performance survey on procured products is conducted according to the criteria as shown on the right, and its results are managed in a database.

## Environmental Performance Survey Criteria on Procured Products

- (1) Resource conservation
- (2) Reusability
- (3) Recyclability
- (4) Use of recycled materials
- (5) Ease of disposal
- (6) Environment-related substance content

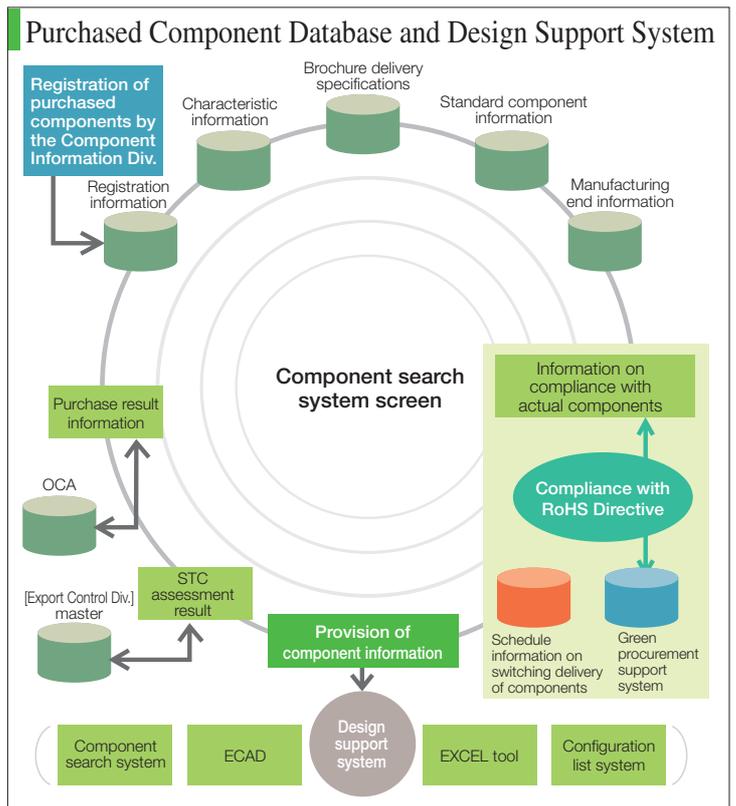
## Data Utilization

Environmental performance information data is provided from the green procurement support system to various in-house systems via the global component database, and utilized at the design, production and procurement departments.

## Purchased Component Database and Design Support System



Component search system screen



### Efforts toward EU WEEE Directive

In February 2003, the European Union (EU) adopted “the Waste Electrical and Electronic Equipment (WEEE) Directive” (2002/96/EC). This Directive facilitates the legislation within the Member States. Consequently, duty is imposed on manufacturers to recycle electrical and electronic equipment on and after August 13, 2005. Manufacturers are required to achieve a target-recycling

### Efforts toward RoHS Directive

In February 2003, the European Union (EU) adopted “the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS)” Directive (2002/95/EC). This Directive facilitates the legislation within the Member States. Consequently, electrical and electronic equipment, which contains certain hazardous substances such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE), will not be marketed in the EU countries on or after July 1, 2006. The TOSHIBA TEC Group has had all products marketed for the EU to be shipped on or after April 1,

ratio per category by December 31, 2006.

The TOSHIBA TEC Group is in compliance with the WEEE Directive while registering manufacturers and taking part in the recycling scheme through its affiliates outside Japan.

2006, comply with the RoHS Directive. In principle, products marketed for other than EU are handled in the same manner as for the EU.

The system has been built to further ensure no certain hazardous substances are contained in products. In terms of components and raw materials, the TOSHIBA TEC Group voluntarily performs inspections, as well as obtains pledge forms from its suppliers.

The X-ray Fluorescence Spectrometer needed for inspection has been introduced to production sites in Japan and also in China.



Instruction for analysis using the X-ray Fluorescence Spectrometer at the production site in China



An example of concrete outcomes for environmentally conscious products is introduced.

# Outcomes of Environmentally Conscious Products

## Environmental Considerations in POS Terminal

• POS Terminal for Specialty Shops “WILLPOS-Mini ST-700” (released in July 2005)

### • Resource Conservation

• Reduction of screws

The design based on the LCP method has reduced the number of screws used by approximately 23% compared with conventional models.

• Space savings

The simplified internal structure and optimal layout design have reduced the installation area by approximately 20% compared with conventional models.

• Reduction of packing material

The folding display screen has reduced the volume by approximately 20% compared with conventional models. In addition, the amount of packing materials used has been reduced and transportation efficiency has been improved.



Left: Conventional packing material  
Right: Packing material for ST-700

POS Terminal ST-700  
Factor 1.17 (in fiscal 2005 relative to fiscal 2000)

### • Reduction of Environmental Impact Substances

Halogen-free materials are used for plastic cases and printed circuit boards.

## Environmental Considerations in Vacuum Cleaner

• Cyclone Vacuum Cleaner “Typhoon Robo VC-75TC” (released in November 2005)

### • Energy Conservation

The “Typhoon Robo” System\* maintains strong suction power through the clean-free filter for approximately 7.5 years. The “clogged filter” problem within the cyclone vacuum cleaner has been reduced. As a result, efficient motor performance has successfully achieved approximately 25% energy savings compared with conventional models.

\* “Typhoon Robo” System: The world’s first system, which integrates the “Typhoon Separation System” where efficiency to separate between dust and air with centrifugal force has been improved, and “Filter Cleaning Robo” which automatically rotates the filter to remove adhering dust through a built-in sensor to detect a filter dirt level.

### • Resource Conservation

The cyclone system requiring no dust bag has reduced CO<sub>2</sub> emissions by approximately 8% compared with conventional models.

### • Reduction of Environmental Impact Substances

This model is in compliance with the EU RoHS Directive.



Vacuum Cleaner VC-75TC  
Factor 1.71 (in fiscal 2005 relative to fiscal 2000)

## Environmental Considerations in MFP

- High-speed Monochrome MFP “e-STUDIO850” (released in May 2005)

- **Energy Conservation**

The first twin IH fusing unit in the industry has realized 336 Wh/h, top-class energy consumption efficiency.

- **Reduction of Environmental Impact Substances**

In addition to compliance with the EU RoHS Directive, halogen-free materials are used for plastic cases and printed circuit boards.

- **Other Environmental Considerations**

A variety of environmental labels including the Type I, II and III have been acquired. This MFP also complies with the criteria for the Green Purchasing Law.



e-STUDIO850  
Factor 1.82 (in fiscal 2005 relative to fiscal 2000)

- Middle-speed Monochrome MFP “e-STUDIO232 and e-STUDIO282” (released in January 2006)

- **Resource Conservation**

Simple packing has reduced the amount of packing materials by approximately 50% compared with conventional models.



Conventional packing



Simple packing



e-STUDIO232 or e-STUDIO282  
Factor 2.02 (in fiscal 2005 relative to fiscal 2000)

- **Reduction of Environmental Impact Substances**

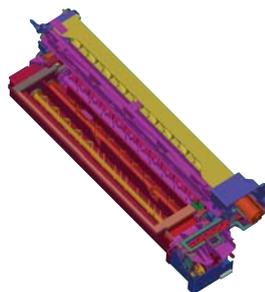
In addition to compliance with the EU RoHS Directive, PVC-free electric wires are used for power cables.

- Desktop Monochrome MFP “e-STUDIO163” (released in February 2006)

- **Resource Conservation**

- Integration of the external cover and structural frame has realized 30 kg, the most lightweight class in the industry.
- The toner recycling system completely recycles 15% of the amount of toner previously disposed of as waste toner.
- Recycled plastic materials are used for 55% of total plastics.0

### Toner recycling system



e-STUDIO163  
Factor 2.09  
(in fiscal 2005 relative to fiscal 2000)

- **Reduction of Environmental Impact Substances**

In addition to compliance with the EU RoHS Directive, PVC-free electric wires are used for power cables.

TOSHIBA TEC Main Branches and Branches are responsible for collecting used retail information systems equipment. Copiers are collected and recycled at 9 bases in Japan.

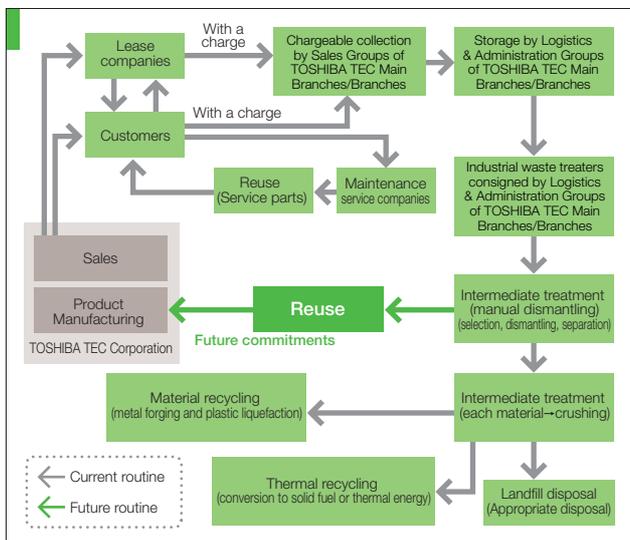
# Collection/Recycling of Used Products, Reuse of Used Parts

## Collection/Recycling System for Retail Information Systems Equipment

As a responsible top runner of POS systems, TOSHIBA TEC Corporation collects and recycles used products from its customers. The collection/recycling system started in the Kanto, Chubu, Kansai and Hokkaido Districts of Japan during a trial period in April 2002, and has expanded to Hokkaido, Tohoku, Kanto, Chubu, Kansai, Chugoku/Shikoku and Kyushu Districts, conducting full-scale operations in each district since October 2002.

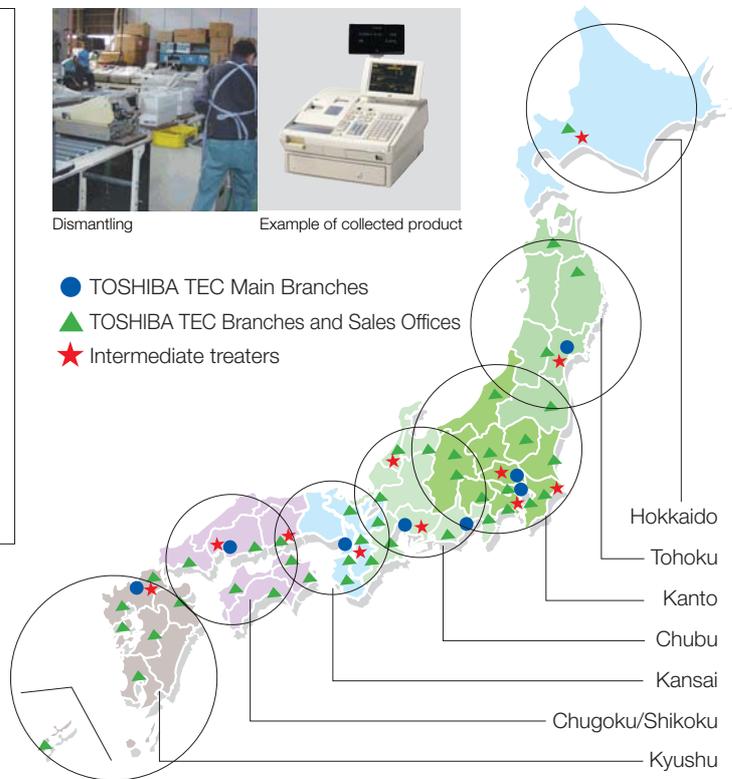
Recycling is implemented, with the aim of manually dismantling collected equipment, separating the equipment into each element and expanding recycling materials.

### Collection/Recycling System



Dismantling

Example of collected product



### Features of Collection/Recycling System

- TOSHIBA TEC Main Branches/Branches in 52 areas are responsible for collecting products from customers.
- Any used retail information systems equipment is collected, regardless of manufacturer.
- Disposal consignment at the request of customers is fostered with a charge.
- Thorough manual dismantling and separation achieves high recycling efficiency and reduction of waste.

## Collection/Recycling of Copiers

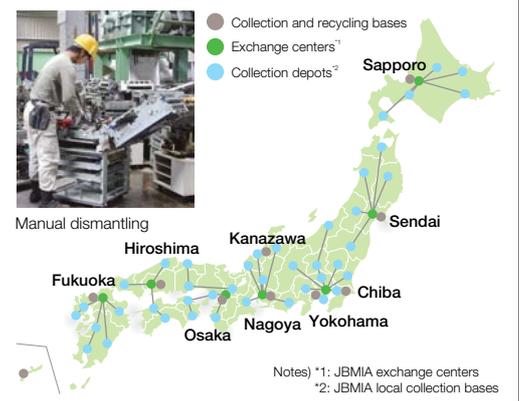
TOSHIBA TEC Corporation collects and recycles used copiers in cooperation with its customers, TOSHIBA TEC Business Solution Corporation as its distribution source, and TERM CORP. as its recycling firm.

In 1998, collection and recycling of used products started in the Tokyo and Kanagawa areas, and expanded its geographic coverage to nine bases throughout Japan.

Collected products are manually dismantled into each element, in order to facilitate the recycling process. As a result, over 98% of collected products are recycled.

In addition, by participating in the Recycled Equipment Exchange System within the Japan Business Machine and Information System Industries Association (JBMA), to increase its product collection efficiency, TOSHIBA TEC Corporation recovers its own used products, which other companies have collected.

### Collection and Recycling Bases for Copiers



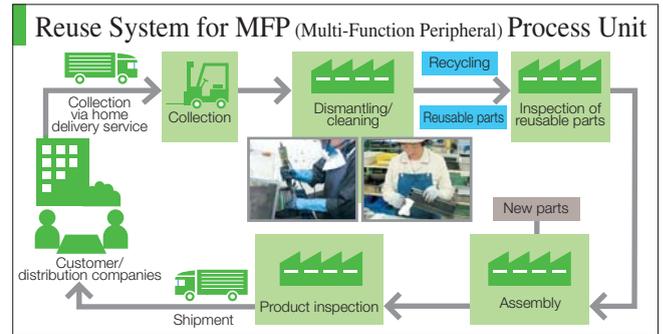
Notes) \*1: JBMA exchange centers  
\*2: JBMA local collection bases

- Reuse of Parts

In addition to the process units for facsimile machines, reuse and recycling operations started on consumable process units for MFPs within the Japanese market in October 2003.

A circulation system has been established, where used process units are recovered, serviceable and reusable parts are extracted from the collected units for reuse, and recycled parts are supplied to the market again.

The quality of recycled parts is strictly controlled to ensure it is equivalent to new parts and meet customer needs.



In particular, collected models are manually dismantled and serviceable parts are extracted, in cooperation with recycling companies. The extracted parts are cleaned, inspected for quality, and incorporated into current models.

- Reuse of Parts between Generation Models

Operations to extract serviceable parts from used old-type models and reuse them for current models have been advanced since fiscal 2003, in compliance with considerations for the Green Purchasing Law.

## European Sales Affiliates in Compliance with EU WEEE Directive

- Promotion of Compliance with EU Waste Electrical and Electronic Equipment (WEEE) Directive

The EU WEEE Directive came into force on February 13, 2003, and is being transposed by each of the 25 EU Member States into national law.

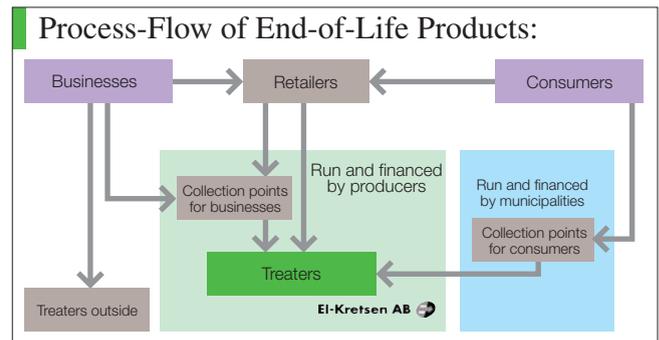
The Directive requires producers (importers) to take over responsibility for collection and recycling of Waste Electrical and Electronic Equipment (WEEE).

- Current Status

All European affiliates of the Document Processing & Telecommunication Systems Company will assume the responsibility in order to contribute to environmental protection either by participating in collection/recycling system in each country or by setting up an individual system in order to collect and recycle the End-of-Life products.

- Example: Collection/Recycling System in Sweden

TOSHIBA TEC Nordic AB in Sweden is a member of the collective collection/recycle system called EL-KRETSEN. Because of its membership, EL-KRETSEN is responsible for the proper collection and recycling of all End-of-Life products in Sweden which TOSHIBA TEC Nordic AB puts into the market and which must be recycled.

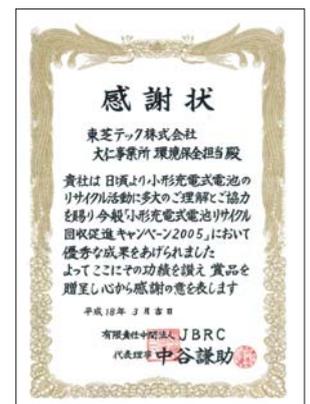


## Recycling of Portable Secondary Batteries

Rechargeable batteries are used in some products, such as POS terminals, portable printers and cordless vacuum cleaners. They include nickel-cadmium batteries, nickel-hydrogen batteries and lithium-ion batteries, which use scarce resources including nickel, cadmium or cobalt. To make effective use of precious resources, they need to be collected and recycled.

TOSHIBA TEC Corporation has joined the "Japan Battery Recycling Center (JBRC)" as a corporate member, to collect and recycle these batteries.

Approximately 9 tons of portable secondary batteries were collected for recycling in fiscal 2005. The TOSHIBA TEC Ohito Business Center won the gold prize at the "Campaign for Collection and Recycling Portable Rechargeable Batteries 2005" conducted by JBRC, and awarded by its representative director.



TOSHIBA TEC Corporation discloses information regarding many of its products, which comply with the criteria for environmental labels and the Green Purchasing Law.

# Environmental Label and Green Purchasing Law

## Type I Environmental Label Labeling requiring certification by a third party organization

### • International ENERGY STAR® Program

Standby electricity makes up most electricity consumed by OA equipment (personal computers, displays, printers, copiers and facsimile machines). The ENERGY STAR label can be attached to OA equipment whose standby electricity consumption is less than the prescribed criteria. This program has been implemented as an optional registration system certified by both the Japanese and US governments, since October 1995. TOSHIBA TEC Corporation participates in the International ENERGY STAR Program, and presently 139 models of the copiers, MFPs and bar code printers comply with the criteria.



### • Environmental Labeling outside Japan

11 models of the TOSHIBA TEC copiers and MFPs comply with the German Blue Angel Mark, 46 models comply with the Chinese Environmental Label, and 26 models comply with the Canadian EcoLogo™ Symbol.

### • Eco Mark

The Eco Mark is a Japanese environmental label established by the Japan Environment Association in 1989.

It is attached to products, which are judged to generate less environmental impacts from the production to disposal stages and to be useful for environmental protection. 26 models of the TOSHIBA TEC copiers and MFPs are certified.



Blue Angel Mark



Chinese Environmental Label



EcoLogo™ Symbol

## Type II

Labeling based on criteria that a company voluntarily sets up

### • TOSHIBA Group Earth Protection Mark

TOSHIBA TEC Corporation sets up the “Voluntary Environmental Standards for Each Product,” which prescribes the industry’s top-level requirements for environmental considerations, and this mark appears in catalogs and on websites for the products in compliance with the Standards.

8 models of the POS terminals, 8 models of the POS peripheral equipment, 3 models of the electronic cash registers, 2 models of the JIMCOM (office computer), 5 models of the bar code printers, 4 models of the electronic meeting boards, and 12 models of the copiers and MFPs are certified at present.



## Type III

Labeling based on consumers’ judgment after disclosing environmental impact information through LCA

### • ECO LEAF labeling

The ECO LEAF labeling program started in June 2002. According to this program, the environmental impacts from every stage covering resource procurement, manufacturing, transportation, usage, disposal and recycling, are calculated with LCA (Life Cycle Assessment) method. This label indicates the calculated environmental impacts as quantitative data. 9 models of the TOSHIBA TEC copiers are verified and certified.

The environmental impact data for the certified products are available on the Japan Environmental Management Association for Industry (JEMAI)’s website.

URL <http://www.jemai.or.jp/english/index.cfm>



## Green Purchasing Law

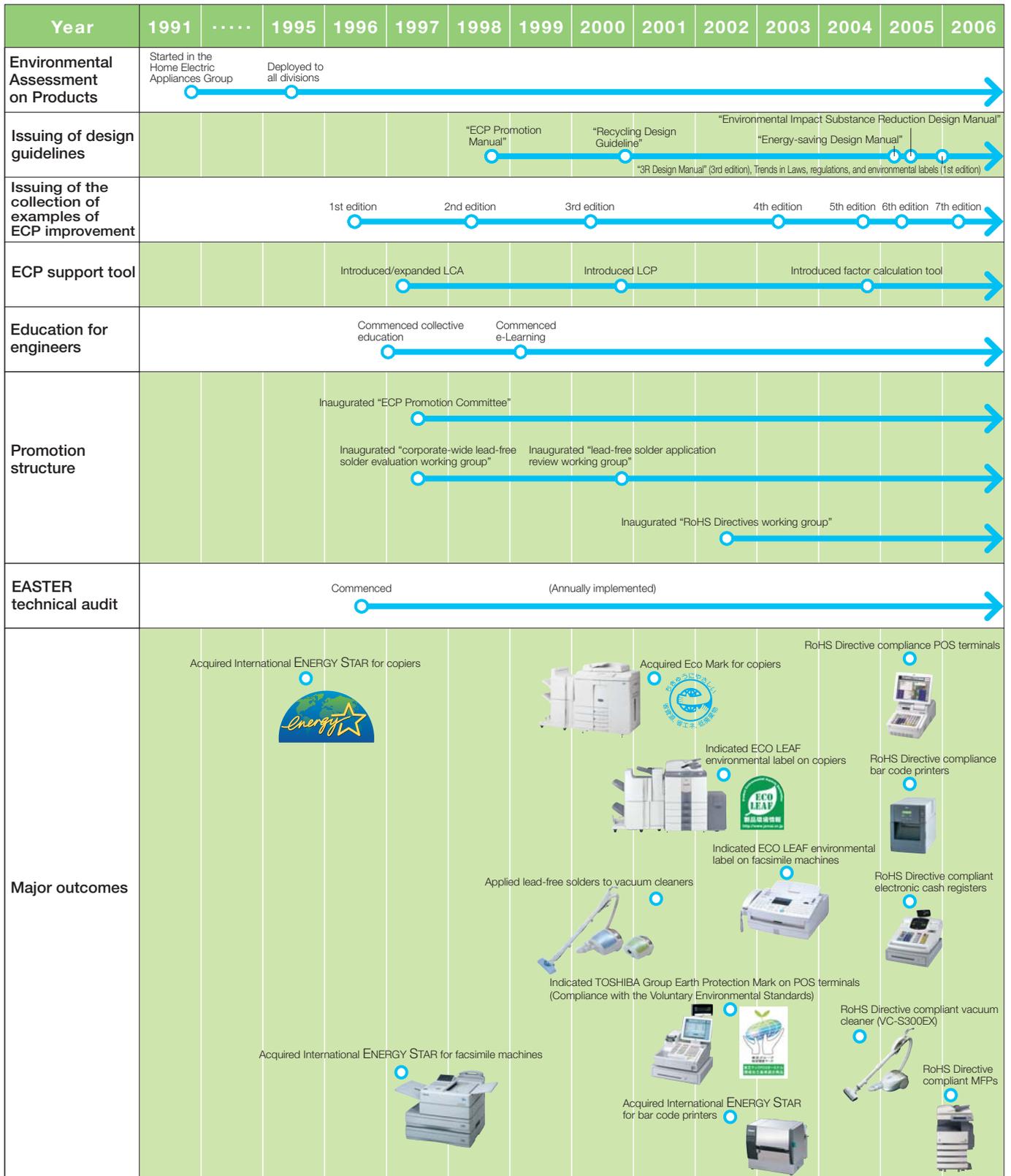
Law Concerning the Promotion of Procurement of Eco-friendly Goods and Services by the State and Other Entities

### • Green Purchasing Law

The Green Purchasing Law enacted in April 2001 throughout Japan makes it obligatory for national, prefectural and local public bodies, enterprises, citizens and manufacturers to devise procurement policies and procure Eco-friendly Goods and Services. The State and Other Entities take the initiative in implementing Green Purchasing. The TOSHIBA TEC products

such as 4 models of the electronic meeting boards and 21 models of the copiers and MFPs comply with the evaluation criteria for the designated procurement items, and the information is disclosed in catalogs and on websites.

## ECP Activity Results and Outcomes



Business sites work toward the reduction of CO<sub>2</sub> emissions while performing a variety of energy-saving activities, to prevent global warming.

# Prevention of Global Warming and Energy Conservation

## Progress of the Fourth Voluntary Plan for Environmental Protection

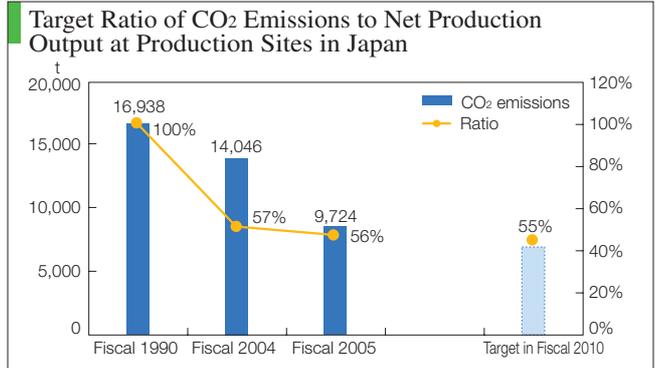
- Target Sites: TOSHIBA TEC Group Production Sites in Japan

Target	Result in fiscal 2005
45% improvement in the ratio of CO <sub>2</sub> emissions to net production output by fiscal 2010 relative to fiscal 1990	44% improvement

The ratio of CO<sub>2</sub> emissions to net production output\*<sup>1</sup> in fiscal 2005 improved by 1% compared with fiscal 2004 and 44% over fiscal 1990.

In fiscal 2005, shift of production to outside Japan reduced CO<sub>2</sub> emissions and production output by approximately 3% compared with fiscal 2004.

\*1: Net Production Output is determined when Nominal Production Output is divided by the Bank of Japan's Enterprise Price Index in Japan (Electrical Equipment): Yearly ratio relative to fiscal 1990. It is also introduced in the voluntary action plan in the electrical and electronics industry.  
 \* The values declared by Nippon Keidanren are applied to electricity CO<sub>2</sub> emission rate, 3.365t-CO<sub>2</sub>/10 thousand kWh has been determined for fiscal 2005 based on the results of 3.74t-CO<sub>2</sub>/10 thousand kWh for fiscal 1990, 3.76t-CO<sub>2</sub>/10 thousand kWh for fiscal 2004, and in consideration of 2.99t-CO<sub>2</sub>/10 thousand kWh for fiscal 2010.  
 \* The Home Electric Appliances Group is excluded due to a shift of production to outside Japan.



## Energy-saving Activities

At the Ohito Business Center, the central air conditioning system in the entire engineering building with conventional large outdoor equipment has been replaced with individual air conditioning system in each room. Reception rooms and meeting rooms, which are not frequently used, can be air-conditioned according to the use of the room. As a result, CO<sub>2</sub> emissions have been reduced by 14 tons on an annual basis.

## • Previous Main Energy-Saving Measures

Business site	Energy-saving measures	Reduction in CO <sub>2</sub> emissions (t)
Mishima Works	Introduction of ice thermal storage air conditioning system	160
	Air conditioning inverter control in the clean room	95
	Introduction of air conditioner demand controller	40
	Automatic volume control of air conditioning compressor	50
	Introduction of gas engine compressor	21
Ohito Business Center	Replacement with energy-saving lighting fixtures	15
	Replacement with energy-saving lighting fixtures	67
	Introduction of Eco Ice	19
	Individual air conditioning	14

## Energy Consumptions at TOSHIBA TEC Group in Fiscal 2005

- Production Sites

Business site		Electricity (MWh)	Heavy oil/Kerosene (kL)	Town gas (km <sup>3</sup> )	LPG (t)	Water consumed (t)
TOSHIBA TEC Corporation	Ohito Business Center	5,238	0.5	0	12	24,633
	Mishima Works	13,310	0	277	0	144,547
	Key Components Business Div.* <sup>1</sup>	5,306	0	0	5.9	11,447
	Home Electric Appliances Group	5,080	71	0	3.4	15,736
Affiliate	Japan					
	TOSEI DENKI CO., LTD.	1,679	11	0	13	8,903
	FUJIKEN CO., LTD.	831	1.4	0	0.3	1,410
	TECKASHIYA DENKI CO., LTD.	228	0	0	0	984
	TEC PRECISION, INC.* <sup>1</sup>	-	-	-	-	-
	Outside Japan					
	TEC SINGAPORE ELECTRONICS PTE. LTD.	4,370	1.5	0	0	18,552
	TIM ELECTRONICS SDN. BHD..	2,880	0	0	5	27,681
	TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.	1,190	0	148	0	19,150
	TOSHIBA COPYING MACHINE (SHENZHEN) CO., LTD.	5,500	0	0	0	312,924
	P.T. TEC INDONESIA	5,670	0	0	0	22,137
	TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.	1,625	0	0	0	12,909
TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD.	1,893	0	0	7.5	24,629	
TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD.	3,312	16	0	5.1	32,853	

\*1: TEC PRECISION, INC. belongs to the Key Components Business Div.

- Non-production Sites

Business site		Electricity (MWh)
TOSHIBA TEC Corporation	Japan	
	Head Office (Ohsaki Office)	3,700
	Main Branches, Branches, Sales Offices	2,900

## Greenhouse Gases other than CO<sub>2</sub>

The TOSHIBA TEC Group does not emit any greenhouse gases other than CO<sub>2</sub>.

## “COOL BIZ”

(No Tie, No Jacket Campaign during the Summer)

Starting the summer in 2005, employees are encouraged to participate in “Team Minus 6%” by setting the room temperature at 28 degrees Celsius in the Ohsaki Office. Therefore, the new style business attire without a tie or jacket called “COOL BIZ” is being implemented for the employees to work comfortably.

Business sites work toward the reduction in the quantity of waste discharged as well as expansion of recycling and reduction in the quantity of waste for final disposal, to effectively use resources.

# Reduction of Waste and Resource Conservation

## Progress of the Fourth Voluntary Plan for Environmental Protection

- Target Sites: TOSHIBA TEC Group Production Sites in Japan

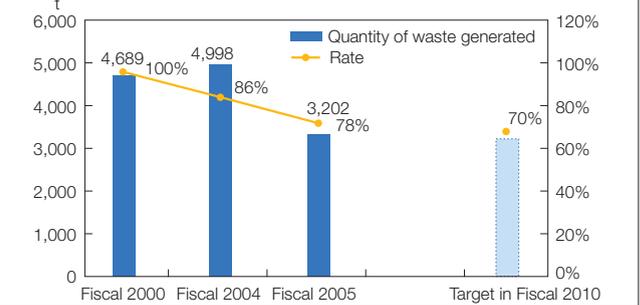
Target	Result in fiscal 2005
<ul style="list-style-type: none"> <li>Rate of total quantity of waste generated 30% reduction in the rate of total quantity of waste generated by fiscal 2010 relative to fiscal 2000</li> </ul>	22% reduction
<ul style="list-style-type: none"> <li>Rate of quantity of waste for final disposal Rate 0.7% or less of quantity of waste for final disposal by fiscal 2010</li> </ul>	0.3%

The rate of total quantity of waste generated in fiscal 2005 improved by 8% compared with fiscal 2004 and 22% over fiscal 2000. In fiscal 2005, the shift of production to outside Japan significantly reduced the rate of total quantity of waste generated compared with fiscal 2004. Simple packing materials and returnable containers are used to reduce the quantity of waste generated.

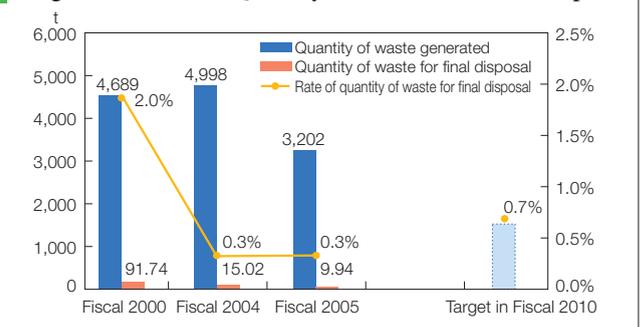
However, the quantity of waste for final disposal was 9.9 tons, which indicates a decrease of 34% compared with fiscal 2004. The rate of quantity of waste for final disposal resulted in 0.3% equivalent to fiscal 2004.

\* The Home Electric Appliances Group is excluded due to the shift of production to outside Japan.

Progress of Rate of Total Quantity of Waste Generated at TOSHIBA TEC Group Production Sites in Japan



Progress of Rate of Quantity of Waste for Final Disposal



## Emissions of Waste at TOSHIBA TEC Group

- Emissions at Production Sites in Japan

Business site	Total emissions (t)	Quantity of waste for final disposal (t)	
TOSHIBA TEC Corporation	Ohito Business Center	545	0.44
	Mishima Works	1,474	3.10
	Key Components Business Div.*1	573	4.00
	Home Electric Appliances Group	881	8.00
	<b>TOSHIBA TEC Total</b>	<b>3,473</b>	<b>15.54</b>
Affiliate	TOSEI DENKI CO., LTD.	527	0.17
	FUJIKEN CO., LTD.	41	2.20
	TEC KASHIYA DENKI CO., LTD.	42	0.04
	TEC PRECISION, INC.	-	-
	<b>Affiliate Total</b>	<b>610</b>	<b>2.41</b>
<b>Total</b>	<b>4,083</b>	<b>17.95</b>	

\*1: TEC PRECISION, INC. belongs to the Key Components Business Div.

- Emissions at Production Sites outside Japan

Business site	Region	Total emissions (t)
TEC SINGAPORE ELECTRONICS PTE. LTD.	Singapore	97
P.T. TEC INDONESIA	Indonesia	419
TIM ELECTRONICS SDN. BHD.	Malaysia	86
TOSHIBA COPYING MACHINE (SHENZHEN) CO., LTD.	China	342
TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD.	China	49
TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD.	China	39
TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.	France	1,354
TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.	U.S.A.	377
<b>Total</b>		<b>2,763</b>

- Emissions at Head Office (Ohsaki Office)

Disposal	Type of waste	Description	Emissions (kg)
Material recycling	Paper	OA paper	3,856
		Newspaper, magazine	15,080
		Corrugated cardboard, etc.	8,660
		Others	30,584
	Waste plastic	Styrofoam	195
		PET (polyethylene terephthalate) bottles	459
	Metal	Cans	431
Glass	Glass bottles	351	
	Others	3,023	
Thermal recycling	Combustible waste, waste plastic (meal trays, etc.)		19,267
<b>Total</b>			<b>82,257</b>

Business sites work toward the reduction of emissions of chemical substances to air and water as well as proper control in using chemical substances.

# Control of Chemical Substances

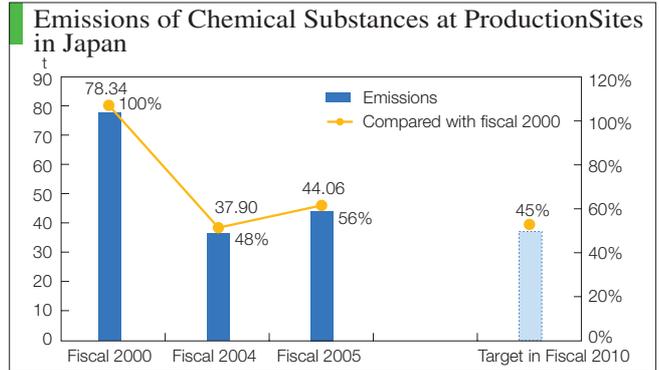
## Progress of the Fourth Voluntary Plan for Environmental Protection

- Target Sites: TOSHIBA TEC Group Production Sites in and outside Japan

Target	Result in fiscal 2005
• 50% reduction in emissions of chemical substances to air and water by fiscal 2010 relative to fiscal 2000	44% reduction in Japan

The TOSHIBA Group is expanding the target range to 449 chemical substances, while taking into account the limited emissions of VOCs (volatile organic compounds). Emissions in fiscal 2005 were 44 tons, which indicate an increase of 16% compared with fiscal 2004 and 44% reduction over fiscal 2000.

Emissions of IPA (isopropyl alcohol), which was not targeted until fiscal 2004, increased. IPA is used to clean parts. Therefore, the TOSHIBA TEC group is reviewing the use of alternatives to IPA and its collection, while improving the cleaning equipment to reduce emissions of chemical substances to air.



## Emissions of Chemical Substances in Fiscal 2005 at Production Sites in Japan

\* The list contains substances whose amounts handled are 1kg or more per year, out of 449 substances targeted for the Voluntary Environmental Action Plan specified by the TOSHIBA Group. (Unit: t)

No.	Substance number*	Chemical substance name	Amount handled	Emissions to air	Amount transferred as waste	Amount consumed	Amount recycled
1	3	acrylic acid	0.001	0.000	0.000	0.001	0.000
2	25	antimony and its compounds	1.755	0.000	0.000	1.755	0.000
3	29	4,4'-isopropylidenediphenol	2.682	0.013	0.000	2.454	0.215
4	30	polycondensation of 4,4'-isopropylidenediphenol and 1-chloro-2,3-epoxypropane (liquid)	11.229	0.009	0.214	11.006	0.000
5	40	ethylbenzene	1.031	1.031	0.000	0.000	0.000
6	43	ethylene glycol	0.022	0.014	0.000	0.008	0.000
7	44	ethylene glycol monoethyl ether	1.688	1.688	0.000	0.000	0.000
8	60	cadmium and its compounds	0.013	0.000	0.000	0.013	0.000
9	63	xylene	2.540	2.540	0.000	0.000	0.000
10	64	silver and its water-soluble compounds	0.140	0.000	0.000	0.056	0.084
11	68	chromium and chromium(III) compounds	0.050	0.000	0.000	0.050	0.000
12	85	chlorodifluoromethane	0.000	0.000	0.000	0.000	0.000
13	177	styrene	0.029	0.029	0.000	0.000	0.000
14	202	tetrahydromethylphthalic anhydride	9.000	0.000	0.143	8.857	0.000
15	224	1,3,5-trimethylbenzene	0.079	0.079	0.000	0.000	0.000
16	227	toluene	6.299	6.297	0.002	0.000	0.000
17	230	lead and its compounds	5.367	0.000	1.613	1.782	1.972
18	231	nickel	0.023	0.000	0.000	0.023	0.000
19	232	nickel compound	0.052	0.000	0.000	0.052	0.000
20	251	bis(hydrogenated tallow) dimethylammonium chloride	0.013	0.000	0.000	0.013	0.000
21	254	hydroquinone	0.001	0.000	0.000	0.001	0.000
22	266	phenol	0.369	0.000	0.000	0.350	0.018
23	270	di-n-butyl phthalate	0.013	0.013	0.000	0.000	0.000
24	272	bis(2-ethylhexyl) phthalate	0.007	0.000	0.000	0.007	0.000
25	283	hydrogen fluoride and its water-soluble salts	0.004	0.004	0.000	0.000	0.000
26	304	boron and its compounds	0.298	0.000	0.000	0.274	0.024
27	307	poly(oxyethylene)-alkyl ether (alkyl C=12-15 and its mixture)	0.125	0.063	0.000	0.062	0.000
28	310	formaldehyde	0.003	0.003	0.000	0.000	0.000
29	311	manganese and its compounds	84.638	0.000	0.118	84.520	0.000
30	360	isobutyl alcohol	0.142	0.142	0.000	0.000	0.000
31	361	isopropyl alcohol	43.326	27.890	15.435	0.000	0.000
32	366	ethyl alcohol	1.961	1.522	0.341	0.098	0.000
33	369	ethylene glycol monobutyl ether	0.070	0.070	0.000	0.000	0.000
34	381	ethyl acetate	0.378	0.378	0.000	0.000	0.000
35	382	butyl acetate	0.417	0.417	0.000	0.000	0.000
36	392	cyclohexanone	0.198	0.198	0.000	0.000	0.000
37	407	1,2,4-trimethylbenzene	0.061	0.061	0.000	0.000	0.000
38	409	2,2,4-trimethylpentane	0.037	0.037	0.000	0.000	0.000
39	411	naphthalene	0.001	0.001	0.000	0.000	0.000
40	415	1-butanol	0.178	0.178	0.000	0.000	0.000
41	425	propylene glycol monomethyl ether	0.050	0.050	0.000	0.000	0.000
42	426	propylene glycol monomethyl ether acetate	0.044	0.044	0.000	0.000	0.000
43	436	methyl alcohol	0.109	0.107	0.000	0.002	0.000
44	437	methyl isobutyl ketone	1.059	1.059	0.000	0.000	0.000
45	439	methyl ethyl ketone	0.134	0.134	0.000	0.000	0.000
Total			175.634	44.071	17.866	111.384	2.312

\* Substance numbers specified by the TOSHIBA Group.

Notes: No emissions to public water systems or soil, and no landfill in applicable sites. No transfer to sewers or removal treatment.

## Emissions to Air and Water in Fiscal 2005

(TOSHIBA TEC Group Production Sites in Japan)

	Emissions
Flyash	42.1
NOx	181.4
SOx	59.5

	Emissions
COD	24.1
BOD	364.4
SS	137.0
N-hexane (animal and vegetable fats)	1.2
Phenols	9.0
Copper	3.6
Zinc	5.9
Dissolved iron	7.2
Dissolved manganese	7.2
Total chromium	3.6
Fluorine	4.5

<sup>1</sup>: Emissions to air = Annual average value of measured concentration x annual total emissions of gases

<sup>2</sup>: Emissions to water = Annual average value of measured concentration x annual total drainage, except drainage to sewers

The TOSHIBA TEC Group has abolished the use of Ozone-Depleting Substances.

There were no oil spill incidents or contraventions to the laws in fiscal 2005.

Improvement in load efficiency, modal shift, reductions in transport vehicles and distances are implemented in order to reduce environmental impacts on logistics..

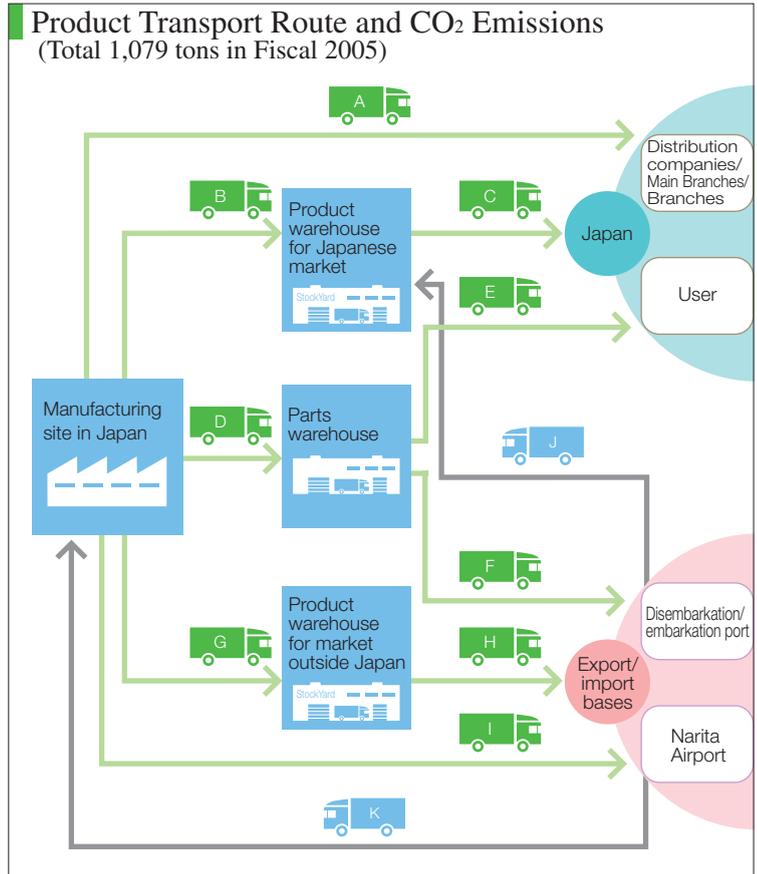
# Efforts toward Reduction of Environmental Impacts on Logistics

## Reduction of CO<sub>2</sub> Emissions

CO<sub>2</sub> emissions at TOSHIBA TEC Corporation during transport/delivery were 1,079 tons in fiscal 2005. Transport results are collected and compiled in a database in cooperation with forwarding agents and warehouse companies. To reduce CO<sub>2</sub> emissions, improvement in the load efficiency contributed to reducing the number of trucks for transport/delivery in Japan. Reduction of CO<sub>2</sub> emissions through modal shift, review of logistics bases, and direct transport from vendors have been facilitating the reduction of transport distances since fiscal 2005. Route delivery has also contributed to reducing the number of transport vehicles and distances.

Route	CO <sub>2</sub> Emissions (t-CO <sub>2</sub> )	
	Fiscal 2004	Fiscal 2005
A	394	324
B	18	11
C	486	375
D	49	47
E	35	20
F	6	8
G	8	6
H	7	5
I	144	116
J	134	130
K	69	37
Total	1,350	1,079

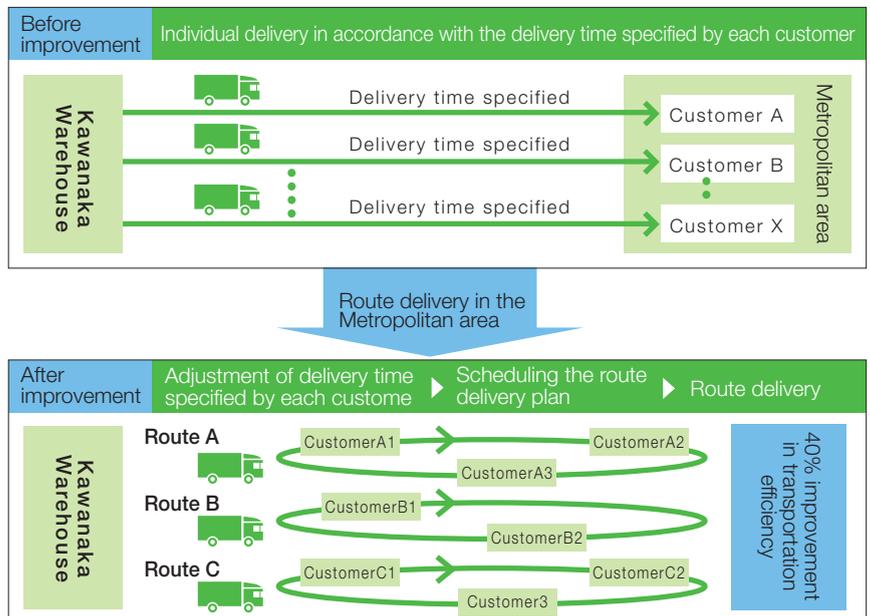
\* CO<sub>2</sub> emissions are calculated in accordance with the formula for truck transportation provided by the Ministry of Land, Infrastructure and Transport. (CO<sub>2</sub> = Distance x Weight x 174g-CO<sub>2</sub>/t-km)



## Example of Route Delivery

Regarding delivery of MFPs (digital multi-function peripherals) for the Japanese market in the metropolitan area, route delivery according to direction is performed to improve transportation efficiency. Previously, assignment of vehicles in accordance with the delivery date specified by customers, resulted in lower efficiency. However, when devising the delivery plan, distribution companies check for unoccupied hours beforehand and schedule the plan to improve the transportation efficiency. Delivery according to 3 separate routes in Tokyo and 3 routes in Yokohama and Kawasaki in Kanagawa Prefecture improves the transportation efficiency by approximately an average of 40%.

## Route Delivery of MFPs for Japanese Market



Communication is being enhanced throughout various media, for people in different stances to understand the TOSHIBA TEC Group's efforts toward environmental protection, and collectively advance environmental activities.

# Collective Environmental Activities

## Concepts regarding Communication

The TOSHIBA TEC Group states in its Corporate Philosophy; "We put concern for the environment as a priority in all our business activities so as to protect people's safety and health as well as the world's natural resources." Therefore, the TOSHIBA TEC Group is committed to addressing environmental issues with a sincere attitude, to build a sustainable society.

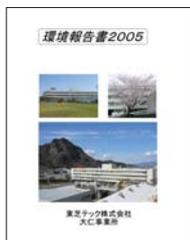
However, it is important not only for the TOSHIBA TEC Group but also for people in different circumstances, to recognize such a commitment, in order to handle environmental issues in society and collectively advance environmental activities. Thus, the TOSHIBA TEC Group is improving communications throughout various media, for people to understand its stance and activities toward environmental protection.

## Environmental Public Relations

### • Environmental Report

TOSHIBA TEC Corporation has been issuing English and Japanese editions of the Environmental Report since fiscal 2000.

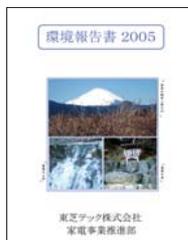
The Ohito Business Center, Mishima Works and Home Electric Appliances Group have been issuing the Japanese edition of their Environmental Reports, to disclose information to local communities and administrations.



Ohito Business Center



Mishima Works



Home Electric Appliances Group

### • Public Relations on the Website

The updated information regarding provisions of the Environmental Reports, commitments of each Company and Division toward environmental protection, along with the introduction of environmentally conscious products are posted on the website:

URL <http://www.toshibatec.co.jp/csr/index.htm>

The inquiry contact for environmental protection and contribution to society is provided. (See the back page.):

e-mail [environment@toshibatec.co.jp](mailto:environment@toshibatec.co.jp)



Top page of ENVIRONMENT



Environmental Protection and Contribution to Society



Inquiries about Environmental Protection and Social Contribution Activities

### • In-house Public Relations

In-house public relations are conducted through various means including an electronic bulletin board. Here are a couple of examples:

### • Environmental News at Ohito Business Center

In addition to "Environmental Month," "3R Promotion Month" and "Global Warming Prevention Month," study series including elaborate monthly promotion items are introduced every month. Environmental news is used as a means of in-house public relations through the "environment area" bulletin board or electronic bulletin board.



### • ECP Display Area at Home Electric Appliances Group

The ECP display area is located in the environmental section of the engineering department. Examples regarding the design of environmentally conscious products are displayed with photos. In addition, improved products are displayed as cut models to attract interest from employees, while showing the structure of the mechanical section.



Environmental display area in the engineering department



Display of VC-75TC

### • Environment Display Area and Electronic Bulletin Board at Mishima Works

The environmental policy, organization, progress of the plan and environmental news are posted on the in-house display area near the main gate.

In addition, textual information is also provided with the use of an electric bulletin board. Electricity used for this electric bulletin board is furnished by in-house wind power generation.



Environment display area and electric bulletin board

## Participation in Environment-related Organizations and Committees

The TOSHIBA TEC Group participates in industries and organizations related to environmental protection, in order to cooperate with the communities.

### Major Participations in Industries and Organizations related to Environmental Protection in Fiscal 2005

Organization name	Committee name	Remarks
Japan Business Machine and Information System Industries Association (JBMA)	Environment Committee	Vice Chairman
Communications and Information Network Association of Japan (CIAJ)	Environment Policy Committee (EPOC) for Facsimile Machines	General Manager
Japan Environmental Management Association for Industry (JEMAI)	-	Regular Member
Green Purchasing Network (GPN)	-	Member
Hadano Industrial Wastes Conference	-	Vice President
Shizuoka Association for Environmental Protection	-	Corporate Member
Shizuoka Industrial Wastes Management Association	-	Corporate Member
Water Quality Control Council regarding the Kano River System	-	Vice President
Kise River Groundwater Conservation Advisory Council	-	Member
Mishima Environmental Protection Promotion Conference	-	Member

## Exhibiting products and equipment in events

By considering participation in various environmental events as a setting for communication with stakeholders, the TOSHIBA TEC Group actively participates in relevant events.

### Eco-Products 2005 (at Tokyo Big Sight in December 2005)

Eco-products were presented in the TOSHIBA Group booth, and particular environmental considerations for each product were emphasized.



MFP "e-STUDIO850"



Vacuum Cleaner "VC-75TC"

### 15th TOSHIBA Group Environment Exhibition (at TOSHIBA Head Office Building in February 2006)

These products were on display in the environmentally conscious product area.



POS Terminal "ST-700"



MFP "e-STUDIO850"



Vacuum Cleaner "VC-75TC"

## Third-Party Opinion

### Dr. Takeshi Shinoda

Professor of College of Social Sciences  
Ritsumeikan University, Japan



Dr. Shinoda received a doctorate of Economics from the Graduate School of Economics, Nagoya University.

His field of specialization is socioeconomics.

Dr. Shinoda is a member of the Japan Society of Political Economy, Japan Association for Evolutionary Economics, and Japan Association for Northern European Studies (JANES).

His current research themes include new economic and social governance in globalization, and comparative research on work-life balance. His target regions include North Europe and Latin America.

Corporate social contribution activities have been shifting to a stage where new activities are required as CSR, from philanthropic activities in 1980s to corporate misconducts and development of globalization in 1990s, through changes in social environment surrounding corporations such as evident global environmental issues. Especially, with an emphasis on environmental initiatives, widespread corporate compliance, contribution and responsibility to stakeholders including customers, shareholders and employees are increasingly essential for corporations. CSR is not a theme. Particular goals, structures to promote these goals, and evaluations on results are required. When focusing on these points and reading through the “CSR REPORT 2006,” I am impressed with TOSHIBA TEC’s enthusiasm and efforts toward CSR. The following include a couple of points I render important.

First, very noticeable is the fact that the name has been changed from “Sustainability Report” to “CSR REPORT.” I believe this Report can possess value because it clearly defines responsibilities to society and stakeholders. In addition, dividing the contents into three main topics such as “MANAGEMENT,” “PEOPLE & TOSHIBA TEC” and “ENVIRONMENT & TOSHIBA TEC,” TOSHIBA TEC Corporation intends to thoroughly inform readers of its responsibilities. Although TOSHIBA TEC Corporation has been placing importance on economy, society and natural environment, its efforts in various fields may not fully have been recognized. The clearly defined overview of its commitments makes the entire “Report” much easier to understand. I have a particular interest in

“ENVIRONMENT” as one of the stakeholders and the conventional concept regarding stakeholders including <NATURE/ENVIRONMENT>.

Turning to respective topics, first, regarding “PEOPLE,” employees are one of the major stakeholders and their growth can serve corporate interests. The aforementioned specific goals are needed for CSR. Therefore, I advise you to set concrete goals for the human resource utilization/development as well as leave program in the same manner as in the environmental field, and to include the results in the Report.

Not many corporations address environmental accounting, but it is essential. Thus, such efforts are appreciated because TOSHIBA TEC Corporation as a global corporation includes business sites outside Japan in the target range of aggregation. In this era of globalization, responsibilities both in and outside Japan become more significant. In this regard, separate goals for production sites outside Japan regarding the prevention of global warming may be required in the future. In terms of individual goals, concrete goals for green procurement and green purchasing may also need to be considered.

In conclusion, this Report is easy to read and understand. Ease of reading is one of the essential factors for information disclosure, and thus makes the Report a valuable source of information.

# GRI Content Index

(GRI: Global Reporting Initiative)

GRI Guidelines and appropriate pages in TOSHIBA TEC GROUP CSR REPORT 2006 are as follows:

<p><b>1 Vision and Strategy</b></p> <p>Statement of the organisation's vision and strategy: P4-12</p> <p>1.1 Statement from the CEO: P3</p> <p>1.2 Statement from the CEO: P3</p> <p><b>2 Profile</b></p> <p><b>• Organisational Profile</b></p> <p>2.1 Name of reporting organisation: P2</p> <p>2.2 (Major products and/or services): P5</p> <p>2.3 Operational structure of the organisation: P5-8</p> <p>2.4 Description of major divisions, operating companies and subsidiaries: P5-6</p> <p>2.5 Countries in which the organisation's operations are located: P2</p> <p>2.6 Nature of ownership; legal form: P5</p> <p>2.7 Nature of market served: P5-6</p> <p>2.8 Scale of the reporting organisation: P2</p> <p>2.9 List of stakeholders, key attributes of each, and relationship to the reporting organisation: P2</p> <p><b>• Report Scope</b></p> <p>2.10 Contact person(s) for the report: Back cover</p> <p>2.11 Reporting period for information provided: P2</p> <p>2.12 Date of most recent previous report: P2</p> <p>2.13 Boundaries of report and any specific limitations on the scope: P2</p> <p>2.14 Significant changes that have occurred since the previous report: Omitted</p> <p>2.15 Basis for reporting on joint ventures, partially owned subsidiaries: P2</p> <p>2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports: No major changes</p> <p><b>• Report Profile</b></p> <p>2.17 Decisions not to apply GRI principles or protocols in the preparation of the report: Used as reference</p> <p>2.18 Criteria/definitions used in any accounting costs and benefits: P24-30</p> <p>2.19 Significant changes from previous years in the measurement methods: No major changes</p> <p>2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability: P7-12,23-26,29</p> <p>2.21 Policy and current practice with regard to providing independent assurance for the full report: P49</p> <p>2.22 Means by which report users can obtain additional information: Back cover</p> <p><b>3 Governance Structure and Management Systems</b></p> <p><b>• Structure and Governance</b></p> <p>3.1 Governance structure of the organisation: P4,7-8,23</p> <p>3.2 Percentage of the board of directors that are independent, non-executive directors: P7</p> <p>3.3 Process for selecting directors: Omitted</p> <p>3.4 Board-level process for overseeing the organisation: P4,7-10,23</p> <p>3.5 Correlation between compensation for presidents and degree of achievement: Omitted</p> <p>3.6 Organisational structure and key individuals: P7-8</p> <p>3.7 Mission and value statements (codes of conduct, principles, policies, performance, etc.): P4,9-10,12</p> <p>3.8 Shareholders recommendation and instruction mechanism: P7</p> <p><b>• Stakeholder Engagement</b></p> <p>3.9 Basis for identification of major stakeholders: P2</p> <p>3.10-12 Approaches to stakeholder consultation: P4,7,9,15-17,19-22,47,48</p> <p><b>• Overarching Policies and Management Systems</b></p> <p>3.13 Precautionary approach or principle: P4,9,11,23,29-30</p> <p>3.14 Charters, sets of principles, or other initiatives subscribed or endorsed: Omitted</p> <p>3.15 Participation in industry and/or proposal groups: P21,48</p> <p>3.16 Policies and/or systems for managing upstream and downstream impacts: 1) Supply chain management, 2) Products/services: P35-36,46 2) P15-16,31-34,39-40</p> <p>3.17 Approach to managing indirect environmental impacts: P10,48</p> <p>3.18 Changes in locations and business areas during reporting period: No changes</p> <p>3.19 Programmes and procedures pertaining to performance: • Priority and target setting: P3-6,12,23-38 • Major programmes to improve performance: P4,7-10,13-23,29-36,39-40,46-48 • Internal communication and training: P4,7-9,17-18 • Performance monitoring: P25-29,31-38,41-45 • Internal and external auditing: P4,7-10,23,29 • Senior management review: P4,7,9-10,23,25-26</p> <p>3.20 Status of certification pertaining to management systems: P29</p>	<p><b>4 GRI Content Index</b></p> <p>4.1 GRI Report Content: P50</p> <p><b>5 Performance Indicators</b></p> <p><b>• Integrated Indicators</b> P25-26</p> <p><b>• Economic Performance Indicators</b></p> <p>• Customers EC1,EC2: P5</p> <p>• Providers of Capital EC6,EC7: P5</p> <p>• Public Sectors EC8: P5</p> <p><b>• Environmental Performance Indicators</b></p> <p>• Materials</p> <p>• EN1: P24 (Amount of substances charged by type of substance)</p> <p>• EN2: Omitted</p> <p>• Energy</p> <p>• EN3-4: P24,43</p> <p>• Water</p> <p>• EN5: P24,43</p> <p><b>• Emissions, Effluents and Waste</b></p> <p>• EN8: P43</p> <p>• EN9-10: P45</p> <p>• EN11: P44</p> <p>• EN13: P45</p> <p>• EN30: P24</p> <p><b>• Products and Services</b></p> <p>• EN14: P24,31-42</p> <p>• EN15: P40</p> <p>• EN34: P24,46</p> <p><b>• Social Performance Indicators</b></p> <p><b>• Labor Practices and Decent Work</b></p> <p>• Employment LA1 P17-18</p> <p><b>• Labor/Management Relations</b></p> <p>• LA3: P19</p> <p>• LA4: P19</p> <p><b>• Health and Safety</b></p> <p>• LA5: P19</p> <p><b>• Training and Education</b></p> <p>• LA9: P18,30</p> <p><b>• Diversity and Opportunity</b></p> <p>• LA10: P17</p>	<p><b>• Human Rights</b></p> <p><b>• Strategy and Management</b></p> <p>• HR1: P17</p> <p><b>• Non-discrimination</b></p> <p>• HR4: P17</p> <p><b>• Society</b></p> <p><b>• Communities</b></p> <p>• SO1: P29</p> <p>• SO4: P19-22</p> <p><b>• Customer Health and Safety</b></p> <p>• PR1: P10,15-16</p> <p>• PR6: P41-42</p> <p>• PR2,8: P5,15-16</p> <p><b>• Respect for Privacy</b></p> <p>• PR3: P10</p>
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# TOSHIBA TEC CORPORATION



TOSHIBA Group Earth Protection Mark

## CSR Promotion Center General Affairs & Administration Div.

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