

TOSHIBA TEC GROUP

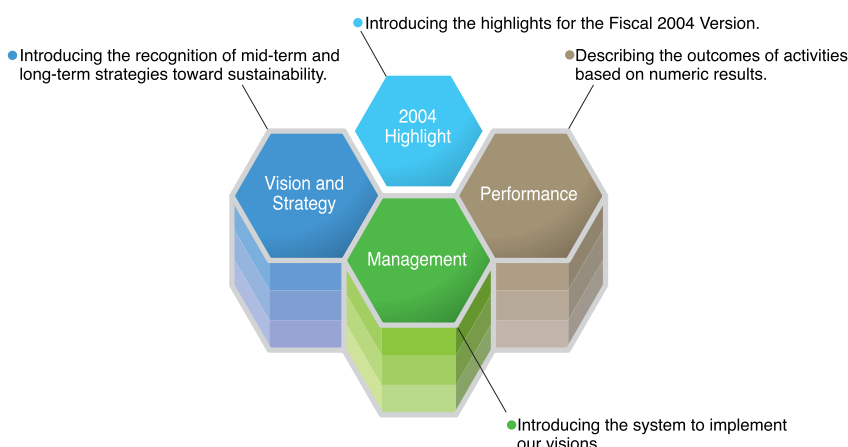
Sustainability Report 2005



TOSHIBA TEC CORPORATION



Technology Communication



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
Number of Employees:	14,468 (consolidated as of the end of March 2005)
Paid-in Capital:	39.9 billion yen (listed on the First Section of the Tokyo Stock Exchange)
Net Sales:	376.2 billion yen (consolidated)

Regarding the issue of “TOSHIBA TEC Group Sustainability Report 2005”

Since the first issue of “TOSHIBA TEC Environmental Report 2000,” TOSHIBA TEC Corporation has been issuing “TOSHIBA TEC GROUP Environmental Report” annually.

The title has been revised to the “TOSHIBA TEC GROUP Sustainability Report” since 2004, which aims to expand economic and social reports in addition to the previous environmental reports.

This Report explicitly emphasizes the “Vision and Strategy” definitions to allow our stakeholders to further understand the TOSHIBA TEC Group, as well as to easily comprehend our concepts and systems regarding various activities, in order to provide environmental considerations while exercising corporate social responsibility.

First, this Report clearly defines the “Vision and Strategy” through the business, environmental and social aspects.

Next, it introduces our major activities in fiscal 2004 along with the four highlights, to allow readers to understand the overview of our environmental and social activities.

Then, this Report explains “Management” realizing the vision, and “Performance” of the economy and environment based on the numeric results.

This report pursues sustainability. However, it is susceptible to improvements because it contains inadequacies of a substantial and sustainable report. However, we hope to thoroughly study

each item within the guidelines, such as GRI*, practice activities to meet the expectations of our stakeholders and provide reports to our stakeholders.

*GRI: Global Reporting Initiative

Scope of This Report

- Reporting Period:
From April 1, 2004 to March 31, 2005
- Report Scope:
TOSHIBA TEC Group as shown below
TOSHIBA TEC CORPORATION
(4 business sites)
Production affiliates in Japan
(4 business sites)
Sales or service affiliates in Japan
(6 business sites)
Production affiliates outside Japan
(8 business sites)
Sales or service affiliates outside Japan
(10 business sites)

Release Timing

- Previous version: June 2004
- Next version: June 2006

Reference Guidelines

- GRI Sustainability Reporting Guideline 2002
- The Ministry of the Environment,
Environmental Report Guidelines
(Fiscal 2003 Version)
- The Ministry of the Environment,
Guidelines for Environmental
Performance Indicators for Businesses
(Fiscal 2002 Version)

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We are committed to practicing sustainability as a good corporate citizen, while contributing to the establishment of a sustainable society.

To exercise corporate social responsibility

The TOSHIBA TEC Group is cultivating corporate activities by placing importance on respect for human beings and society, while expressing affection toward the natural environment. The New Management Policy “Our Five Commitments” was instituted in January 2004, to maintain these concepts as common standards of conduct among all our directors and employees. We have devised five commitments with our customers, employees (executives and staff), society, environment, and shareholders. The first commitment is to provide products and services, which create value with our customers in mind. Our business activities are based on the spirit of our customers come first, while providing quality products they are satisfied with and can rely on. The second is to foster an open and healthy corporate culture, by respecting the individuality of each employee. Directors and employees, who achieve satisfaction and fulfillment, provide a platform for the corporation to survive and develop. The third is to contribute to the development of a global society as a good corporate citizen. It does not suffice for a corporation to exercise economic responsibility. By achieving its social mission and playing an important role in society, the corporation wins the trust of society. The fourth is to provide considerations for a global environment. Concern for the environment is top priority throughout every aspect of our management, in order to hand down to our next

generation, “our irreplaceable Earth” in the sound state.

The fifth commitment is to pursue the maximization of our corporate value and meet the expectations of our shareholders. Corporate business will not be developed until a corporation has exercised its Corporate Social Responsibility (CSR) and won the trust of society.

Practice of sustainability based on Management Policy and CSR

Our mission is to win the trust of our customers and society, while contributing to the establishment of a sustainable society. The TOSHIBA TEC Group practices sustainability based on our Management Policy and CSR.

The TOSHIBA TEC Group is actively practicing sustainability by constructing pillars through a management system, environmentally conscious products and services (eco products), environmentally conscious production process (eco process) for the production process, and environmental communication.

Outcomes and challenges

A wide variety of outcomes were achieved in fiscal 2004, such as the resource-saving activities, reduction in environmental risks, and acquisition of ISO14001.

In terms of the resource-saving activities, MFPs (multi-function peripherals) were developed in response to erasable toner and are

Our Five Commitments -Management Policy of the TOSHIBA TEC Group-

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

“Monozukuri” is the ongoing process of creating new values realized in quality products and services that exceed customer expectations by applying superior proprietary technology and knowledge nurtured over long years.

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.

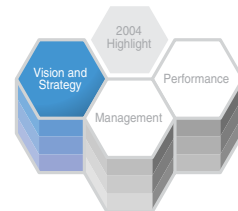
4 We put concern for the environment as a priority in all our business activities so as to protect people's safety and health as well as the world's natural resources.

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.



- We actively seek to protect a safe and healthy environment in order to hand over in sound condition the Earth's irreplaceable environment to the next generation.
- We strive to conduct research development, product engineering and other activities that help preserve the environment, and actively seek ways to protect the limited natural resources of the Earth.
- Now and in the future, we will make efforts to eliminate substances that may harm the Earth's environment. At the same time, we will incorporate resource saving, energy saving as well as product and parts recycling.

* “Environment” is positioned as one of the Management Policy “Our Five Commitments,” which presents strong intentions and posture of the TOSHIBA TEC Group toward reinforcing its commitment to environmental protection.



expected to reduce the amount of paper consumed. The improvements in packing POS terminals achieved zero emissions of packing waste.

The environmental audit gave impetus to improve the field environment and reduce risks of soil pollution and wastewater pollution at copier production affiliates in China.

In addition, the production and sales affiliates in and outside Japan have acquired ISO14001, thus, the TOSHIBA TEC Group strives toward group-integrated environmental improvements.

Commitments toward CSR will be further enhanced. Environmental improvements will be accelerated at affiliates outside Japan and non-production sites, to foster global sustainability.

For readers

This “Sustainability Report 2005” summarizes CSR activities and commitments toward sustainability of the TOSHIBA TEC Group. The Report focuses on the major activities in fiscal 2004 as highlights, which allow readers to understand the overview of our activities. We trust this Report will be used as a tool to communicate with customers and various stakeholders of the TOSHIBA TEC Group.

We welcome your trusted opinions in order to achieve commitments toward CSR and raise the sustainability level of the TOSHIBA TEC Group.

Our Five Commitments

TOSHIBA TEC CORPORATION was founded in 1950 and weathered many turbulent years up to the present. During that time, the Company has consistently adhered to the spirit of always thinking about customers first, and providing them with products they are happy with and can rely on, and the principle that strong products are born from proprietary technology. Our motto is “Without fear of failure, let’s always try to challenge new ideas!”

In the 21st century, the quest is for a better quality of life, a society with higher ethics, a better natural environment. It is the age in which people of all countries have become increasingly aware of the need to coexist and prosper together.

Against this background and as a corporate group active worldwide, the TOSHIBA TEC Group continues to challenge the creation of prosperous values. While contributing toward the development of a global society, it continues to grow as a group in tune with the times.



Yoshihiro Maeda
President and Executive Officer
TOSHIBA TEC CORPORATION

June 2005

The TOSHIBA TEC Group products are utilized in various fields such as in stores, offices and homes. We are aware of being supported by stakeholders all over the world, to foster our business activities.

Our mission as a global corporation is to contribute to the world through “Monozukuri.”

Relations between society and our business activities

For 55 years since its foundation TOSHIBA TEC Corporation has always listened to the opinions of its customers and put efforts into “Monozukuri,” which makes its products useful for customers. As a result, our products are widely utilized in various fields such as “stores” where the POS (Point of Sales) system is needed, “offices” where the digital MFP is essential, and “homes” where home electric appliances are in demand.

The mission of TOSHIBA TEC Corporation as a global corporation is to contribute to the world through “Monozukuri.” We contribute to the development of community while having respect for the culture and history of each region, as well as thoroughly striving for resource and energy conservation in every stage from product development through reuse/recycling.

Expanding business activities of the TOSHIBA TEC Group

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



Retail Information Systems

Along with progress in IT and the Internet has come a vast increase in the volume of data that must be handled.

This has brought increased demand for products and store design that meet the customer's needs. TOSHIBA TEC supports total solutions, working from our long-term success as a partner in the retail industry.



Document Processing & Telecommunication Systems

Diverse information is handled in offices in broadband Internet environment. Currently, new styles of office work are required, such as

converting paper documents into electronic files and extracting them at anytime and anywhere necessary. The Document Processing & Telecommunication Systems Company advances office solutions through Net-Ready MFP (Digital Multi-function Peripheral).



Home Electric Appliances

The electrical appliances around us play an important role in the workings of modern society. We pride ourselves in our wealth of

ideas that fulfill potential needs. This includes our health related machines using air, and environment friendly vacuum cleaners that are created in step with changes in living environment and with consideration to noise, exhaust and portability.

Retail Information Systems

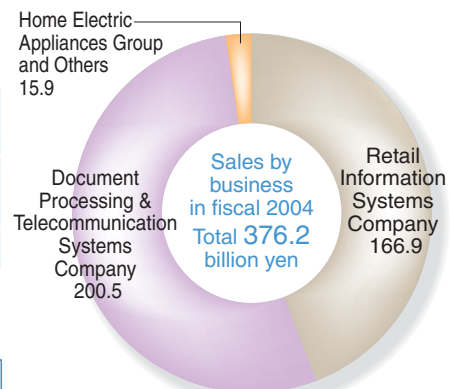
POS Systems, Electronic Cash Registers, Digital Computing Scales, Bar Code Products, Office Equipment, etc.

Document Processing & Telecommunication Systems

Document Processing Equipment, Special Terminals, Inkjet Heads, Printed Circuit Boards, Stamped Parts, etc.

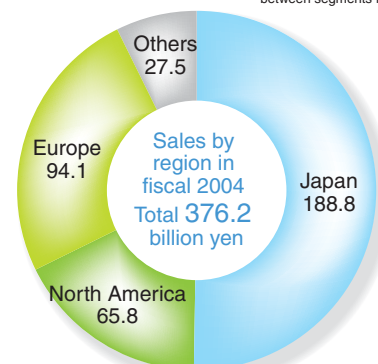
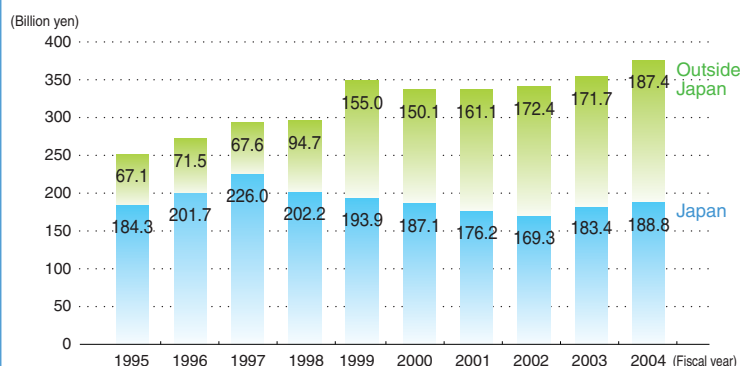
Home Electric Appliances

Vacuum Cleaners, Motors, Health Equipment, etc.



* The total sales by business are determined after the balance between segments is adjusted.

Net sales in fiscal 2004 (consolidated)



Mid-term Management Plan

TOSHIBA TEC Corporation has drawn up the mid-term management plan (from fiscal 2005 to 2007), by defining the “establishment of a well-balanced global corporation” as the main outline.

Basic Policy

Aiming to establish a well-balanced global corporation

Major Strategies

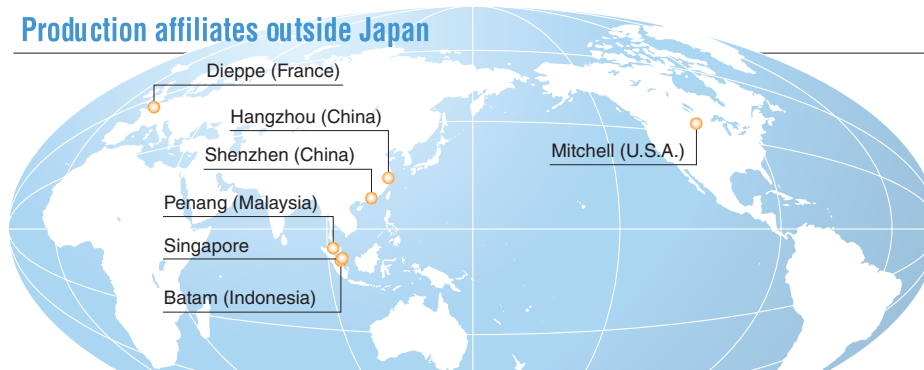
- 1 Reinforcement of product competitiveness
 - Developing and adopting the growing engine
 - Reinforcing cost competitiveness
- 2 Reinforcement of sales competitiveness
 - Expanding the direct sales channel
 - Penetrating into surrounding fields and potential businesses
- 3 Acceleration of management innovation
 - Realizing structural innovation
 - Increasing the efficiency of assets

Target values in fiscal 2007

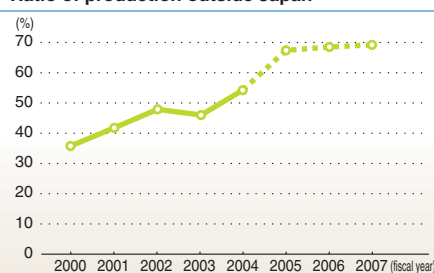
(billion yen)

Net sales	500
Sales profit (%)	25 (5.0%)
Ordinary profit (%)	20 (4.0%)

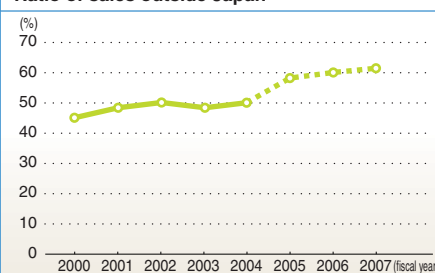
Production affiliates outside Japan



Ratio of production outside Japan

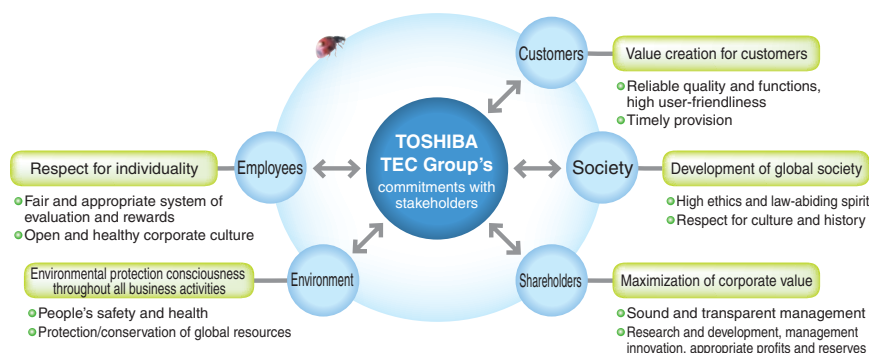


Ratio of sales outside Japan



Relations with stakeholders

The TOSHIBA TEC Group's basic business activities are the “Management Policy ‘Our Five Commitments’,” which are declared for its stakeholders (including customers, employees, society, environment and shareholders). We are aware of being supported by stakeholders all over the world to meet these “commitments,” and aim to develop our corporation together with stakeholders.



The TOSHIBA TEC Group develops and distributes environmentally conscious products and services (eco products), and facilitates environmentally conscious production process (eco process) and environmental communication, based on sustainability management, as well as institutes the Standards of Conduct and Basic Policy for Environmental Protection, to continually improve environmental protection activities.

Practicing sustainability while facilitating the Management Policy and CSR activities

Practice of sustainability

The TOSHIBA TEC Group practices sustainability while facilitating its Management Policy and CSR activities. ➔ p.58

The TOSHIBA TEC Group is actively practicing sustainability by constructing pillars through the management system, environmentally conscious products and services (eco products), and environmentally conscious production process (eco process) for the production process and environmental communication.



Standards of Conduct

The TOSHIBA TEC Group instituted the “Standards of Conduct (SOC)” as a group-wide “Common Standards of Conduct” which every employee should share, by reflecting the CSR attitude.

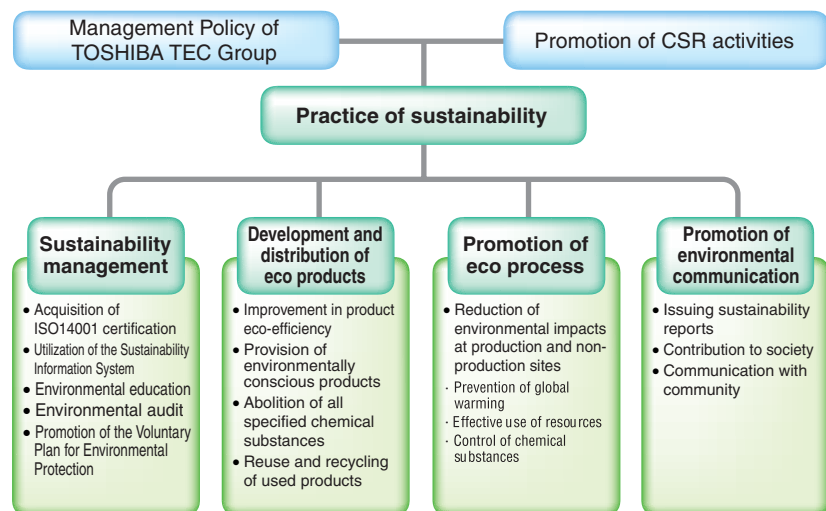
Basic Policy for Environmental Protection

The TOSHIBA TEC Group considers environmental protection to be one of management’s primary responsibilities. The Group also specifies environmental production including the reduction of environmental impacts, prevention of pollution, development of environmentally conscious products, and Reduce, Reuse and Recycle, as the Basic Policy for Environmental Protection, to continually strive to improve the environment.

Standards of Conduct and Basic Policy for Environmental Protection



Sustainability of the TOSHIBA TEC Group



Contents of the Standards of Conduct (SOC)

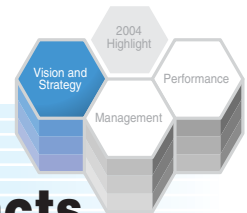
- SOC for Business Activities
 1. Customer Satisfaction
 2. Production and Technology, Quality Assurance and Product Safety
 3. Marketing and Sales
 4. Procurement
 5. **Environmental Protection**
 6. Export Control
 7. Competition Law
 8. Improper Payments
 9. Government Transactions
 10. Intellectual Property Rights
 11. Accounting
- SOC for Corporate and Individual Relationships
 12. Human Resources
 13. Corporate Information and Company Assets
- SOC for Information Disclosure
 14. Corporate Communications
 15. Advertising
- SOC for Community Relations
 16. Community Relations
 17. Political Contributions

Basic Policy for Environmental Protection

We, the TOSHIBA TEC Group companies, based on the recognition that the basic obligation of existing human beings is to hand down to our next generation, “our irreplaceable Earth” in the sound state.

- (1) TOSHIBA TEC Group considers environmental protection to be one of management's primary responsibilities.
- (2) TOSHIBA TEC Group specifies objectives and targets for its business activities, products and services to reduce environmental impacts and prevent pollution.
- (3) TOSHIBA TEC Group continually strives to improve the environment through vigorous implementation of environmental measures.
- (4) TOSHIBA TEC Group complies not only with laws and regulations, and industry guidelines, which it has endorsed, but also its own standards for environmental protection.
- (5) TOSHIBA TEC Group contributes to society through its environmental protection activities, which include the development and supply of excellent, environmentally conscious technologies and products in cooperation with the local community.
- (6) TOSHIBA TEC Group recognizes that natural resources are finite, and committed to reducing, reusing and recycling in each phase of production covering use of materials, manufacturing, distribution, consumption, collection, and recycling and reusing.
- (7) TOSHIBA TEC Group educates all its employees to enhance their consciousness of the environment.
- (8) TOSHIBA TEC Group instructs and supports subsidiary companies to advance environmental activities throughout the TOSHIBA TEC Group.
- (9) TOSHIBA TEC Group notifies those inside and outside of the group, of implementations of the environmental protection activities as needed.

TOSHIBA TEC Group
Revised in February 2004



On one hand, the TOSHIBA TEC Group tries to minimize absorptions from global resources, and emissions of pollutants into a global environment. On the other hand, the Group tries to maximize environmentally conscious activities such as the development of environmentally conscious products.

Minimizing environmental impacts and maximizing environmentally conscious activities

Relations between environmental protection and our business activities

The TOSHIBA TEC Group actively performs environmentally conscious activities in each stage such as the 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 CO₂ (carbon dioxide), chemical substances and wastes are emitted and absorbed into the global environment.

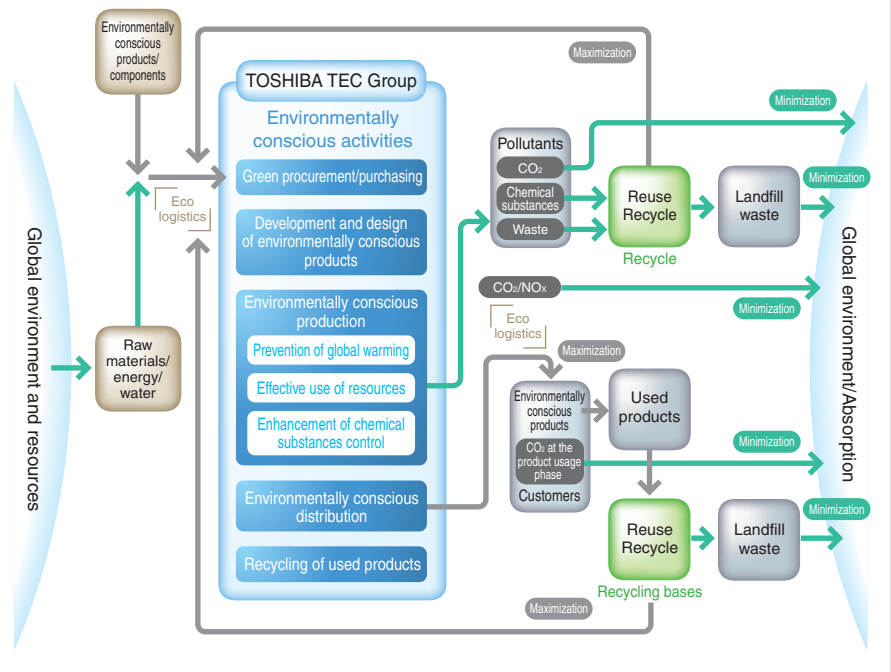
CO₂ and NO_x (nitrogen oxides) are also emitted during product procurement and transportation through vehicle fuel consumption. Customers also indirectly generate CO₂ through electricity consumption, while using products.

The TOSHIBA TEC Group advances 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. → p.58

Relationship between the TOSHIBA TEC Group's Business Activities and Environmental Protection



Environmental impacts in fiscal 2004

The TOSHIBA TEC Group performs the following:

- 1) Procuring raw materials and components.
- 2) Processing and assembling raw materials and components to build products.
- 3) Shipping finished products.

The finished products are transported to the distributors or warehouses by the outsourced forwarding agents.

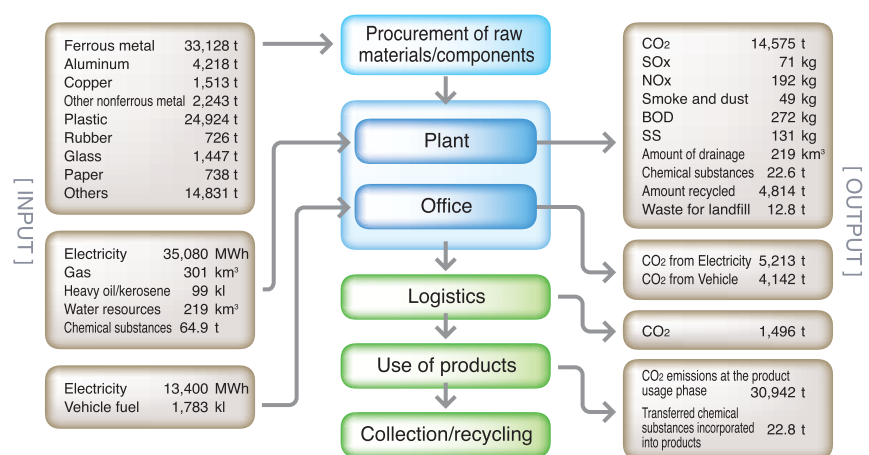
- 4) Collecting used products from customers where possible for reuse and recycling.

The diagram on the right shows environmental impacts in each stage of a product life cycle:

The environmental impacts in the production stage contain the following amounts:

- 15,000 tons of CO₂ emitted from plants due to consumption of all energies
- 5,000 tons of CO₂ emitted from offices due to consumption of all energies
- 22.6 tons of chemical substances (449 types of target substances specified by the TOSHIBA Group) discharged into the atmosphere and water
- 12.8 tons of waste for landfill disposal
- 4,800 tons of waste recycled

The amount of CO₂ emissions at the product usage phase is 30,000 tons (estimated value calculated from the major products), and it is approximately twice as much as in the production stage. Therefore, it is important to take energy-saving measures on products.



Notes:

*1: Target data tabulated: TOSHIBA TEC Group and its affiliates within Japan *2 INPUT of raw materials/components procured:

1) INPUT for TOSHIBA TEC Corporation is calculated from material procurement data using the TOSHIBA Group proprietary method.

2) INPUT for the affiliates is an estimated amount calculated from material composition of major products.

*3: Target chemical substances: 449 types specified by TOSHIBA Corporation *4: Product logistics: CO₂ for outsourcing

*5: CO₂ at the product usage phase: Amount of CO₂ emitted from major products shipped in fiscal 2004

The results and challenges in fiscal 2004 regarding the mid-term environmental goal, which started in fiscal 2001, are summarized. The TOSHIBA TEC Group has set a new goal to further promote sustainability.

Results and New Goal of the Third Voluntary Plan for Environmental Protection

Activity results in fiscal 2004

TOSHIBA TEC CORPORATION has started the Third Voluntary Plan for Environmental Protection targeted from fiscal 2001 to 2005. Regarding this Voluntary Plan for Environmental Protection as a mid-term environmental goal, TOSHIBA TEC CORPORATION is working toward achieving its corporate-wide objectives.

The goals of continuously achieving zero emissions of waste (→ p. 58), reducing emissions of chemical substances, and developing/distributing environmentally conscious products were attained in fiscal 2004. In terms of the total amount of waste discharged, when the amount of components procured outside Japan increased, the amount of corrugated cardboards and pallets discharged accordingly increased. In terms of reducing CO₂ emissions, production output decreased due to a shift in productions to outside Japan, and the quantities of products consuming a large amount of energy during manufacturing, such as vacuum cleaner motors and printer heads, increased in Japan. As a result, the rate deteriorated. In

addition, the CO₂ emission rate associated with electricity consumption, was affected due to suspension of nuclear energy. (→ p. 46 ~ 52)

* CO₂ emission rate associated with electricity consumption:
The values declared by Nippon Keidanren in August 2004 are as follows:
3.62 t/10 thousand kWh for fiscal 2002
3.89 t/10 thousand kWh for fiscal 2003 (both at the generating ends).
The value for fiscal 2004 has not been declared yet, however, the TOSHIBA TEC Group considers the value for fiscal 2003 as the one for fiscal 2004.

Future challenges

TOSHIBA TEC Corporation is downsizing packaging and uses returnable containers, in order to reduce the total amount of waste discharged.

In regards to reduction of CO₂ emissions, we are controlling the rate by manufacturing facility, to improve the usability of energy. We also facilitate energy-saving measures, while replacing central air conditioning with individual units and using energy-saving lighting fixtures in indirect departments.

Results of the Third Voluntary Plan for Environmental Protection in fiscal 2004

Note: YES indicates the goal for fiscal 2004 has been achieved, NO indicates it has not been achieved, and "- (hyphen)" will be evaluated in the target year.

Items	Objectives	Goals for fiscal 2004	Results in fiscal 2004	Evaluation
1 Effectively use resources	1) TOSHIBA TEC production sites: Started implementation in fiscal 2001 and the quantity for final disposal to be 1% or less of total emissions by the end of fiscal 2003 2) TOSHIBA TEC Group production sites in Japan: 20% reduction of total emissions by the end of fiscal 2010 relative to fiscal 2000	1) 1.0% continuously reduction 2) 8% reduced	1) 0.2% 2) 3% increased	YES NO
2 Control chemical substances	TOSHIBA TEC production sites: 30% reduction*1 of emissions of chemical substances to air and water by the end of fiscal 2005 relative to fiscal 2000	24% reduction	99.2% reduced	YES
3 Reduce CO ₂ emissions	1) TOSHIBA TEC production sites: 25% reduction of production output CO ₂ emission rate by the end of fiscal 2010 relative to fiscal 1990 2) TOSHIBA TEC Group production sites in Japan: 40% reduction of total CO ₂ emissions by the end of fiscal 2010 relative to fiscal 1990	1) 17.5% reduction 2) 28% reduction	1) 6.9% increased 2) 19.5% reduced	NO NO
4 Green procurement	TOSHIBA TEC Corporation: Achievement of 100% green ratio*2 by the end of fiscal 2005	—	92.8%	—
5 Provide product information	TOSHIBA TEC Corporation: 50% ratio*3 of products to be in compliance with the Voluntary Environmental Standards by the end of fiscal 2005	40%	48.1%	YES
6 Reduce electricity consumed per product function	30% reduction by the end of fiscal 2005 relative to fiscal 2000	•POS: 20% •Vacuum cleaner: 24% •Copier: 24%	•POS: 33% •Vacuum cleaner: 30% •Copier: 74%	YES YES YES
7 Apply lead-free solder	Application of lead-free solder to all products distributed in April 2003 or later	—	Lead-free solder has been applied to new products since April 2003.	YES
8 Abolish HCFCs	Abolition by the end of December 2004	—	Abolition completed	YES
9 Green purchasing (stationeries/ office automation equipment)	TOSHIBA TEC non-production sites: 50% or more purchase amount to be green purchase items by fiscal 2005	—	43.2%	—

*1: 24 substances specified by the TOSHIBA Group *2: Green ratio (→ p. 58) *3: Ratio by model

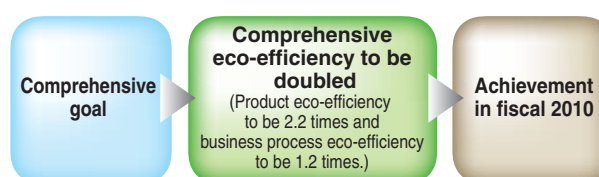
TOSHIBA Group new mid-term and long-term environmental strategies

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 has been established to provide concrete targets along the trajectory toward achievement of “Environmental Vision 2010.”

The TOSHIBA TEC Group will establish its unique Fourth Voluntary Plan for Environmental Protection along this goal, to improve environmental protection activities.

TOSHIBA Group Environmental Vision 2010



TOSHIBA Group Fourth Voluntary Environmental Action Plan



				Indicator	Target for fiscal 2010
Enhancement of product eco-efficiency We aim to enhance product eco-efficiency, taking the product life cycle into account. $\text{Product eco-efficiency} = \frac{\text{Value of a product}}{\text{Environmental impact of a product}}$ Factor T Product eco-efficiency in 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 the sustainable society. The criteria for ECPs have been revised and a new target has set based on the revised criteria.	Principal voluntary criteria <ul style="list-style-type: none"> Reduction of power consumption Use of recycled parts and materials Easy-to-recycle design Useable for a long period of time, etc. 	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 (tri-n-butyl tin) = oxide (TBTO), Tributyl tins (TBTs) 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) * Detailed definitions are specific applications to be excluded are specified separately.	15 certain substances group contained in products	Complete Abolition
Business process innovation 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. $\text{Business process eco-efficiency} = \frac{\text{Sales}}{\text{Environmental impact of a business process}}$ Factor T for Process Business process eco-efficiency in fiscal 2010 to be 1.2 times that in fiscal 2000	Prevention of global warming	Reduction of energy-originated CO ₂ emissions	We reduce CO ₂ 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 manufacturing sites throughout Japan.	Energy-originated CO ₂ emission rate*1 (Manufacturing sites in Japan)	25% reduction (25% reduction)
		Reduction of greenhouse gas emissions (other than CO ₂)	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 ₂)	35% reduction
		Reduction of CO ₂ emissions associated with product logistics	We implement measures to reduce CO ₂ emissions through modal shift, improvement of the load efficiency and introduction of low-pollution vehicles in cooperation with transportation companies.	CO ₂ 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 rules in Japan and overseas.	Zero emissions of waste*2	Achievement of zero emissions at all sites
		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 sound material-cycle society.	Amount of recycling of used products*3	Increase to 160%
	Control of chemical substances	Reduction of total emissions	Although chemical substances fulfill indispensable roles in contemporary industrialized society, it is necessary to implement appropriate control of their use and measures to reduce their use. Based on measures, such as process changes, use of alternatives, and recovery and removal, we increase the number of substances subject to control or whose use is to be reduced and implement such measures globally with the aim of achieving zero emissions of chemical substances in future.	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)

Achieving resource conservation in our main products such as POS terminals and MFPs

Using and collecting new reusable and recyclable packing materials improve the shipping pattern of POS terminals, which achieves zero emissions of packing waste generated by customers.

The MFPs in response to erasable toner contribute to the reduction of the amount of paper consumed.

■ For the first time in the industry Green Customer Service, which achieves zero emissions of packing waste generated by customers, has begun, through the improved shipping pattern of POS terminals.

"Green Customer Service" was introduced in April 2004. This is a new eco-friendly service for retail information systems equipment, by using the product-shipping pattern to minimize any trouble.

This service achieves zero emissions of packing waste generated by customers when conventional products are delivered, through the use of new reusable and recyclable packing materials. Thus, customers do not need to dispose of used packing materials. Instead they save time and money.

Background of Green Customer Service introduction

One of the TOSHIBA TEC main products, the POS terminals use a package-less transportation delivery network system, through the charter service (special vehicle). Compared with the charter service, the POS terminals are stringently packaged for shipping, in order to protect the products through the route. However, once corrugated cardboards or cushion materials are used for packaging the products, there will be waste. Since August 2004, Starway Co., Ltd., Seibu Transportation Co., Ltd. and TOSHIBA TEC Corporation have fused together to establish "Green Customer Service", with the intention of reducing time and money.

Features of Green Customer Service

1. Use of "e-Starpack"

"e-Starpack" is the core packing material for "Green Customer Service." This includes foldable cartons made from Pasco materials, which specially treats and compresses used paper, plus new packing packages made from upper and lower frames with special film cushioning. The "e-Starpack" features are as follows:

- 1) To provide product transportation services without generating waste.
- 2) A design based on the concept of reusability, and to be reused more than 100 times.
- 3) To reduce packing time to 1/4 of what is required for conventional packing, by using the simple system to secure products in the air with the upper and lower frames.



Appearance of e-Starpack



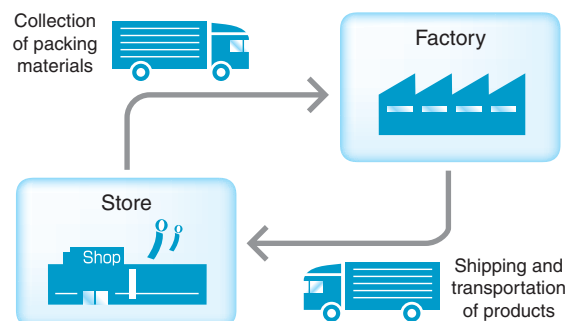
Condition of packing product

collecting the empty cartons. The foldable "e-Starpack" shown at right increases transportation efficiency when being collected.



e-Starpack when being collected

Shipping and Collection routine of e-Starpack



2. Collection of "e-Starpack"

"Green Customer Service" is convenient when customers need to dispose of packing materials, as well as reduce waste, by using "e-Starpack" to deliver products to customers and immediately

When delivering the POS terminals delivered to department stores, shopping centers, supermarket and convenience stores, this service is expected to see an annual reduction of approximately 168 tons of packing waste.

■ Launch of Net-Ready MFP “e-STUDIO350EB” in response to the erasable toner “e-blue” facilitates reusing large quantities of paper

In October 2004, the MFP*1 “e-STUDIO350EB” was launched in Japan. For the first time in the industry this MFP responds to the erasable toner “e-blue™” developed by TOSHIBA Corporation. The “e-blue™” is an erasable blue toner, which has the capabilities to erase text or images output from a MFP or printer, while helping to reuse OA paper by repeatedly performing and erasing text or images. Ahead of competitors, the “e-STUDIO350EB” supports the erasable toner “e-blue™.” A significant quantity of paper is reused during the printing and copying operations, thus, this MFP contributes to the reduction of paper consumed at offices, while contributing greatly to environmental protection.

Substantial reduction in the quantity of paper purchased and waste

Supporting the erasable toner “e-blue™” reuses a sheet of paper approximately five times. Large volumes of transient documents are consumed at offices when copies for communication documents are made, test prints are produced during data preparation, and email is printed, etc. Such used copies and outputs are repeatedly collected, erased and reused. The quantity of paper consumed is dramatically reduced.

The 35-ppm speed provides the same usability as conventional MFPs and enables printing with the erasable toner “e-blue™,” even when documents with a large number of pages are copied or many sets of sheets are printed. Therefore, further reduction in the quantity of paper consumed is expected, while individual awareness regarding effective use of resources is raised.

Environmentally conscious design including energy conservation

Products are developed based on the environmentally conscious design, including energy conservation and the reduction of environmentally impacting chemical substances, while the quantity of paper consumed is reduced to decrease environmental impacts. Energy conservation is implemented through the TOSHIBA TEC proprietary IH*2 fusing technology. This technology aims to achieve the target standard value for fiscal 2006 regarding energy consumption efficiency, defined in the Law Regarding the Rationalization of Energy*3. In addition, TOSHIBA TEC products comply with the International ENERGY STAR Program and Green Purchasing Law. → p.58 Lead-free solders and halogen free are actively applied to printed circuit boards, while hexavalent chromium-free steel plates and screws are used, to reduce environmental impact substances.



e-STUDIO350EB (incorporating optional units)



*1: MFP: Multi-Function Peripherals

*2: IH: Induction heating system, which improves energy conversion efficiency as a fuser heater.

*3: Law Regarding the Rationalization of Energy: Law to promote the effective use of energy.

Active acquisition of ISO14001 certification throughout TOSHIBA TEC Group companies in and outside Japan

Unique environmental activities are being performed at the Group companies, which install products, provide maintenance and services. Production affiliates newly established in China have acquired ISO14001 ahead of other affiliates, to facilitate environmental improvements.

TEC ENGINEERING CORPORATION

Established: November 1, 1973
Head Office: Tokyo Park Side Building
5-8-40 Kiba, Koto-ku, Tokyo, Japan
Number of Employees: 1,961 (as of the end of March 2005)
Capital: 200 million yen
Service stations: 114 locations throughout Japan
Description of Business:

- 1) Installation, startup and maintenance of POS system, electronic cash register, electronic scale, printer, office computer
- 2) Design and development of software, instructions
- 3) Solution services from construction through operation and support of systems and networks, in accordance with the solution of management issues



Process to acquire ISO certification

TEC ENGINEERING Corporation acquired ISO9001:2000 in Japan becoming a No.1 company, which always allots a highest priority to our customers. Giving impetus to the issue of ISO14001 (P.58): 2004DIS, we have aimed to be No.1 in acquiring ISO14001. Unlike the reduction of "paper, waste and electricity" other corporations aiming for advance acquisition, TEC ENGINEERING Corporation defines the reduction of CO₂ emissions by "eliminating transportation losses using service vehicles" from an environmental perspective it ultimately leads to the reduction in troubleshooting hours, and operating the "MI" activity. (P.58) The new fiscal 2004 version certification was acquired in April 2005 while the new structure was not yet established.



Comment from the President

TEC ENGINEERING Corporation fully utilizes the ever expanding service channels throughout Japan, to perform activities so "customers can participate in" and are "beneficial for customers" to address environmental issues. The management system for integrating the MI and ISO activities is established, to continuously maintain these activities.



Namikawa, President

Features of activities

As a part of CSR (P.58), "Kids' ISO14001 (environmental education support program for children)" has been expanded as an in-house program since fiscal 2004. 38 of the employees' children participated in this program, and five of the participants were awarded the International Certificate. In terms of our commitment to the "Elementary school students in Tokyo" started in parallel with our in-house program, in March 2005 we received a "Letter of Appreciation" from the Bureau of Environment, Tokyo Metropolitan Government. In addition, these combined activities in performing our CSR (Corporate Social Responsibility) along with environmental protection were introduced on the environmental communication stage in Eco Products 2004 at the Tokyo Big Sight.

TOSEI DENKI CO., LTD.

Established: June 25, 1955
Head Office: 244 Nakajima Izunokuni-shi,
Shizuoka, Japan
Number of Employees: 193 (as of the end of March 2005)
Capital: 233.38 million yen

Under the slogan of "People- and Eco-friendly Future," TOSEI DENKI Co., Ltd. is conducting the research, development, manufacturing and sales of cleaning machines, vacuum packaging machines and parts cleaning equipment, while exercising its years of experience and advanced technologies to create a green environment.



Comment from the President

During our quest to acquire the ISO14001 certification TOSEI DENKI Co., Ltd. made concerted efforts to establish the EMS (Environmental Management System) and become an environmentally conscious corporation. As a result, we acquired the ISO14001 certification in August 2004. We will forge ahead with the prevention of global warming and reduction of discharged chemical substances, based on the Kyoto Protocol and TOSHIBA TEC Voluntary Plan for Environmental Protection in the future.



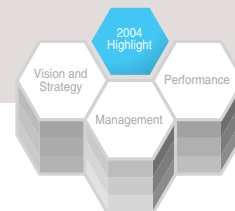
Matsunaga, President

Opening seminar on vacuum cooking equipment

The "Vacuum cooking training school" for nutritionists and cooks has been opened in-house. The model kitchen is set up to demonstrate the vacuum cooking method of cooking vacuum foods. TOSEI DENKI Co., Ltd. is working to promote this method while providing the basics through vacuum cooking practices, and training to cook the basic vacuum-cooking menu. Two types of training courses are available. First, a 3-day course with 4 participants per user, second, a beginner's course with approximately 10 participants to learn the basics of vacuum cooking. In addition, the facilities can be rented to create new recipes and prepare operating procedures.



Vacuum cooking equipment V-480

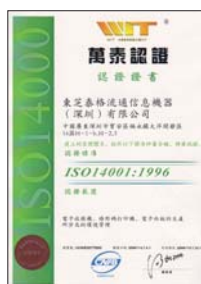


■TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD. (TTRS)

Established: July 3, 2003
 Mass production launched: July 1, 2004
 Head Office: Area 16, Dayang Development Zone, Fuyong, Baoan District, Shenzhen The People's Republic of China
 Plant: Site area 5,234 m² (including TTES) Total site area 10,465 m²
 Number of Employees: 229 (as of the end of March 2005)
 Capital: US \$7 million (840 million yen)
 Products: Electronic cash register, POS system, bar code printer, etc.

■TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD. (TTES)

Established: July 3, 2003
 Mass production launched: October 1, 2004
 Head Office: Area 16, Dayang Development Zone, Fuyong, Baoan District, Shenzhen Baoan District, Shenzhen The People's Republic of China
 Plant: Site area 5,234 m² (including TTRS) Total site area 5,934 m²
 Number of Employees: 120 (as of the end of March 2005)
 Capital: US \$4.63 million (500 million yen)
 Products: Vacuum cleaner motor



Premises of TTRS and TTES



Comment from the Accounting Manager

While its plant was still under construction, TTRS orchestrated corporate-wide efforts to acquire ISO certifications (quality and environment) within one year. Accordingly, TTRS successfully acquired the certifications in March 2005. Its success is attributed to the effort and passion of the parties involved in simultaneously preparing the certifications for hardware and software and undergoing the actual assessment under severe circumstances, involving the completion of the plant, preparation of manuals and specifications, temporary recruitment to launch new products and training provisions. Pressing ahead with the acquisition of ISO certifications, TTRS made efforts to prepare specifications and manuals as well as standardize work and operations as early as possible, by taking a high turnover environment into account. Also, TTRS worked toward simultaneously acquiring the certifications regarding quality and environment, with the intention of significantly reducing the workloads on internal and external update assessments, while saving the related costs. The acquisition of the certifications was only a starting point. As a core rule for its corporate management, TTRS is committed to constantly maintaining the ISO system during manufacturing operations, while reflecting diversifying products, product creation, mechanisms and improvements on this ISO system.



Uebuchi, President



ISO Kick-off Convention

Comment from the Accounting Manager

TTES works on manufacturing vacuum cleaner motors on an off-shore for the Home Electric Appliances Group of TOSHIBA TEC Corporation. TTES aimed to obtain ISO9001/14001 certifications, based on the same system as TOSHIBA TEC Hadano Plant. After moving to its new premises in June 2004, TTES successfully obtained the certifications in March 2005. TTES, which is involved in manufacturing in China, is committed to actively facilitating energy-saving measures, striving for zero emissions of waste (→ p.58) and complying with international laws and regulations such as the RoHS Directive, while recognizing its fundamental responsibility to contribute to environmental protection.



Uemura, President



Vacuum cleaner motor

Environmental policy

As a production and sales affiliate, TTES aims to contribute to society through environmentally conscious manufacturing operations. In addition, all of us who are involved in manufacturing and sales at TTES, are committed to conducting ourselves, while recognizing our fundamental responsibility to adhere to the TOSHIBA TEC corporate-wide policy "to hand down to our next generation, "our irreplaceable Earth" in the sound state."



In-house waste collection point

Capitalizing on environmental audits, facilitating environmental improvements throughout the production affiliates in China

The TOSHIBA Group's unique environmental audit system is being performed throughout the production affiliates in China. Energetic environmental improvements have reduced the risk of soil pollution and wastewater pollution.

■ The TOSHIBA Group's unique environmental audits encompass production affiliates outside Japan

In December 2004, the TOSHIBA Group's unique environmental audit system EASTER* was implemented at TOSHIBA Copying Machine (Shenzhen) Co., Ltd. (TCOS). For the first time, it has been applied to production affiliates outside Japan. TCOS is a plant, which assembles copiers and MFPs. It was established in 1996 and began operations at a new plant located in Shenzhen China in 2001.

TCOS acquired ISO14001 → p.58 in May 1999. Since then, TCOS has been facilitating environmental protection activities based on the ISO14001 system.

EASTER is the TOSHIBA Group's unique environmental audit system with the aim of 1) complying with laws and regulations, 2) reducing further environmental risks, and 3) raising the environmental protection level. It was primarily being implemented in Japan. The implementation at affiliates in China is considered as a step to shift to global expansion including affiliates outside Japan. Therefore, the TOSHIBA TEC Group is planning to sequentially implement EASTER at its other production affiliates, to work on further environmental improvements.

*EASTER → p.29



Panoramic view of TCOS

Major improvements at TCOS

Item	Description of improvement	Effect, risk reduction, etc.
Workplace control	Display personnel in charge and control criteria. Perform inspections based on the checklist at all environmental facilities.	Function maintained
	Remove light oil tanks in the product warehouse. Instead, store in drums in the chemical substance warehouse where the floor is covered with an immersion resistant coating.	Soil pollution
	Place boiler fuel tanks from underground to above ground. Build a new waste storage facility. Cover the floor with an immersion resistant coating.	Soil pollution
	Change sewage/drainage channels to normalize wastewater.	Wastewater pollution
	Build a new facility to store waste discharged from the cafeteria.	Soil pollution/wastewater pollution
	Specify the waste storage area at each workplace, to separate and store waste.	Effective use of resources
Other activities	Use returnable containers for parts procured.	Reduction of emissions
	Participate in tree planting activities in Shenzhen.	Cooperation with local community

Environmental improvements at TCOS

A feature of EASTER estimates environmental risks are always located in workplaces. 17 environmental facilities including chemical warehouses, central waste collection points, and the training for accidents and emergency situations are targets for auditing. EASTER function is to check if environmental risks exist in workplaces, or if the training for accidents and emergency situations is properly provided.

Capitalizing on environmental audits, TCOS implemented various improvements including investments, in participation by its top leaders and all employees.

TCOS thoroughly kept workplaces clean and tidy as a basic rule for workplace control, and performed visual control by displaying personnel in charge and control criteria. TCOS also performed inspections in accordance with the checklist and recorded the results. The waste storage area is specified at each workplace, to separate and store waste. With regards to improvements including investments, TCOS reduced the risk of soil pollution and wastewater pollution by placing fuel tanks above ground, building a new waste storage facility, covering the floor with an immersion resistant coating in the chemical warehouse, and building a new facility to store waste discharged from the cafeteria.

These improvements resulted in high appreciation on the EASTER criteria. → p.43



Fuel tank placed above ground



Material storage in response to emergency situations in the chemical warehouse



In-house waste storage area



Relief donations to disaster areas from "TOSHIBA TEC Philanthropy Fund"

As a part of contribution to society, relief donations from "TOSHIBA TEC PHILANTHROPY FUND" were provided to the torrential rain in Niigata and Fukui Prefectures, Niigata Chuetsu earthquake, and Sumatra Earthquake and Tsunami.

■ "TOSHIBA TEC Philanthropy Fund"

"TOSHIBA TEC Philanthropy Fund" was established with the aim of contributing to social welfare, as a good corporate citizen. This fund consists of the accumulated donations from employees. The donations from this fund, accompanied by the equivalent of corporate donations are given to local and nationwide social welfare and environmental protection groups. The results in fiscal 2004 are as follows:

Torrential rain in Niigata and Fukui Prefectures

Torrential rains hit Hokuriku and Tohoku causing scores of casualties and damage to numerous houses. TOSHIBA TEC Philanthropy Fund was determined to provide relief donations to the disaster task forces in both Niigata and Fukui prefectures. The representatives from the TOSHIBA TEC Niigata Branch, Hokuriku Branch and Fukui Sales Office visited these task forces to provide relief donations.



Donations for torrential rain in Niigata
Date donated: Tuesday, August 3, 2004
Amount donated: 1 million yen
Donated to: Niigata Prefecture 7.13 Heavy Rainfall Task Force



Donations for torrential rain in Fukui
Date donated: Tuesday, August 3, 2004
Amount donated: 1 million yen
Donated to: July 2004 Heavy Rainfall Task Force

Niigata Chuetsu earthquake

Following the torrential rains in July 2004, the Chuetsu earthquake hit Niigata Prefecture causing tremendous human suffering and damaging a significant number of houses. Roads and rivers were also damaged. TOSHIBA TEC Philanthropy Fund was determined to allot relief donations to the disaster task force in Niigata prefecture, to support the people who had suffered. The representatives from the Niigata Branch visited the task force to provide relief donations.

In addition, TEC ENGINEERING Corporation provided relief donations collected through the corporation and its employee group.



Donations for Niigata Chuetsu earthquake
Date donated: Monday, November 8, 2004
Amount donated: 5 million yen
Donated to: Niigata Prefecture Task Force



Donations for Niigata Chuetsu earthquake (TEC ENGINEERING Corporation)
Date donated: Monday, November 8, 2004
Amount donated: 2 million yen
Donated to: Niigata Prefecture Chuetsu Earthquake Task Force

Sumatra Earthquake and Tsunami (tidal wave)

On Sunday, December 26, 2004, the largest-ever earthquake, magnitude 9.0, occurred off the west coast of Sumatra, Indonesia, and accordingly, the accompanying "tsunami" caused large-scale damage. TOSHIBA TEC Philanthropy Fund provided relief donations

to the Japanese Red Cross Society, for their efforts in assisting the areas that were extensively damaged. In addition, TEC ENGINEERING Corporation and affiliates in Indonesia, Malaysia and other regions provided relief donations.

TOSHIBA TEC Corporation

Date donated: Friday, January 21, 2005
Amount donated: 3 million yen (1.5 million yen each from the corporation and its members)
Donated to: Japanese Red Cross Society

Affiliates

•TEC ENGINEERING Corporation and its employee group (TEC ENGINEERING Corporation)

Date donated: Friday, January 21, 2005
Amount donated: 3 million yen (0.5 million yen each from the corporation and its employee group)
Donated to: Japanese Red Cross Society

•P.T. TEC INDONESIA (Indonesia)

Amount donated: US \$10,000
Donated to: International Red Cross

•TIM ELECTRONICS SDN. BHD. (Malaysia)

Amount donated: RM \$10,000 (approx. 300 thousand yen)
Donated to: (half amount each to) Red Crescent Societies, Mercy Humanitarian Fund

Others: RM \$ 800 collected from its employees donated, accompanied by corporate donations



Relief donations for Sumatra earthquake



Relief donations for Sumatra earthquake (TEC ENGINEERING Corporation)

"Minister of Health, Labor and Welfare Award" won through the blood donation campaign

The TOSHIBA TEC Health Insurance Association won the "Minister of Health, Labor and Welfare Award." The certificate of commendation was awarded via the Shizuoka prefectural governor at the convention center in Shizuoka Prefecture on July 27, 2004.

This award is presented to "organizations or individuals who have actively contributed to the promotion of blood donation for over twenty years, and their results are excellent and ideal, which others should copy." A total of three organizations including other two were awarded in Shizuoka Prefecture in fiscal 2004.

The TOSHIBA TEC Health Insurance Association has worked on the blood donation campaign at Ohito Business Center and Mishima Works since 1969. Thus, this award shows our substantial achievements have been acknowledged.



Certificate of commendation of the Minister of Health, Labor and Welfare Award

■ Contribution to local communities

The policy of the TOSHIBA TEC Group is to "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."



Certificate of appreciation for contribution to society

Sense of values and Standards of Conduct (SOC) shared by all employees of the TOSHIBA TEC Group are clearly defined and practiced throughout daily activities. The CSR-related activities are organized and the CSR Promotion Structure has been improved.

Aiming to achieve the corporate social mission and play an important role in society


System to root Management Policy

The TOSHIBA TEC Group considers its Management Policy “Our Five Commitments” as the foundation of our business management, and as the “common sense of values” for every employee of the TOSHIBA TEC Group to possess.

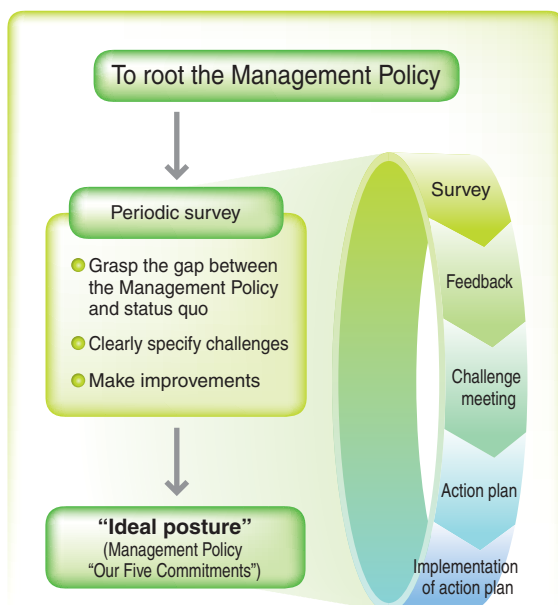
Thus, since fiscal 2004 the Group has been striving to infiltrate and thoroughly make every employee conscious about the Management Policy, in accordance with the following “System (PDCA Cycle).”

- Survey
Conduct an attitude survey regarding the practice of the Management Policy.
- Feedback
Explain the survey results
- Challenge meeting
Discuss challenges to be improved
- Action plan
Draw up concrete action plans for improvement
- Implementation of action plan

TOSHIBA TEC Group Standards of Conduct

Toshiba TEC Group basic policy requires 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, Toshiba TEC Group also defines these “Toshiba TEC Group Standards of Conduct (SOC),” which specify a sense of values that all Toshiba TEC Group company directors and employees share, as well as a guide to general standards of behavior that all Toshiba TEC Group company directors and employees are expected to observe in their business activities. 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.

System to root Management Policy



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

- 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

The “TOSHIBA TEC Group Standards of Conduct” is translated into seven languages (English, German, French, Chinese, Dutch, Spanish and Portuguese). It has also been adopted by approximately 30 TOSHIBA TEC Group boards of directors and practiced 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>

CSR Promotion Structure

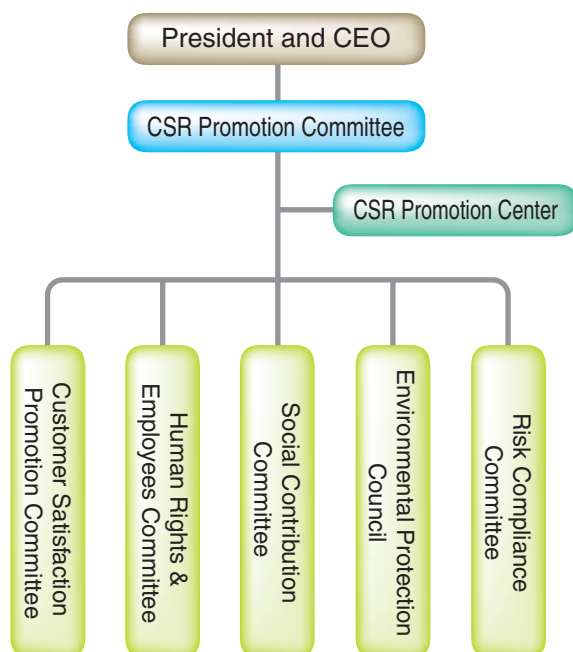
TOSHIBA TEC Corporation believes CSR → p.58 is a foundation for sustainable development as a corporation, which meets the expectations and needs of every stakeholder → p.58, while actively contributing to society. It exceeds the range of corporate duty or responsibility, to gain public trust.

Keeping in mind “Compliance” with corporate ethics, laws and regulations, the TOSHIBA TEC Group 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 devises and positions the basic policies of CSR promotion activities and important issues regarding their basic plans. Various action committees are allocated under the umbrella of the CSR Promotion Structure, such as customer satisfaction, human rights & employees, contribution to society and environmental protection. Thus, each committee devises and implements activity policies and plans.

In addition, keeping corporate sustainable development in mind, it is essential to comply with corporate ethics, laws and regulations, conduct faithful and transparent management, while taking the global environment into account, along with contributing to local communities.

CSR Promotion Structure



Risk Compliance Management

Assigning CRO* at each Company in order to infiltrate and thoroughly conduct the “TOSHIBA TEC Group Standards of Conduct” while promoting the measures of Risk Compliance Management, the TOSHIBA TEC Group plans and implements various measures, and takes action against emergency situations under the control of CRO. Appointing CRO as the leader and organizer, the TOSHIBA TEC Group assigns the Risk Compliance Committee*, to maintain the group-wide structure, plan and implement measures toward advancing Risk Compliance as well as TOSHIBA TEC measures.

The system that encourages every employee to directly report any risk and compliance-related issues to “CRO” or “attorneys” is introduced and managed.

* CRO: Chief Risk-Compliance Management Officer

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

Compliance education

To ensure thorough compliance with “TOSHIBA TEC Group Standards of Conduct” and raise awareness about compliance, all TOSHIBA TEC Group employees in Japan receive education for which e-learning → p.58 is implemented every year. Employees of TOSHIBA TEC Group companies outside Japan receive compliance education for which materials reflecting regional characteristics and needs are incorporated. In addition, education regarding “information security,” “export control program” and “protection of personal data” is also provided to each employee.

Risk Compliance



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 management activities

Governance Structure

TOSHIBA TEC Corporation recognizes Corporate Governance is an important management policy to ensure management transparency and practice agile management.

In particular, 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 correcting reducing the number of directors, TOSHIBA TEC Corporation focuses on improvements in promptness along with mobility.

By appointing an outside director, two outside corporate auditors, and shortening the two-year director’s term to a year, management transparency is being ensured.

In terms of management monitoring, directors supervise task enforcement, corporate auditors audit tasks, and accounting auditors perform accounting audits, while the president immediate “Corporate Audit Division” is established to perform internal audits.

With regards to the internal control system, the individual internal control systems including “information security,” “security export control,” “protection of personal data,” are structured in order to reinforce management competition, and advance Risk Compliance Management. TOSHIBA TEC Corporation practices the PDCA cycle according to the system, and works toward continuous infiltration of the systems and improvements in their levels.

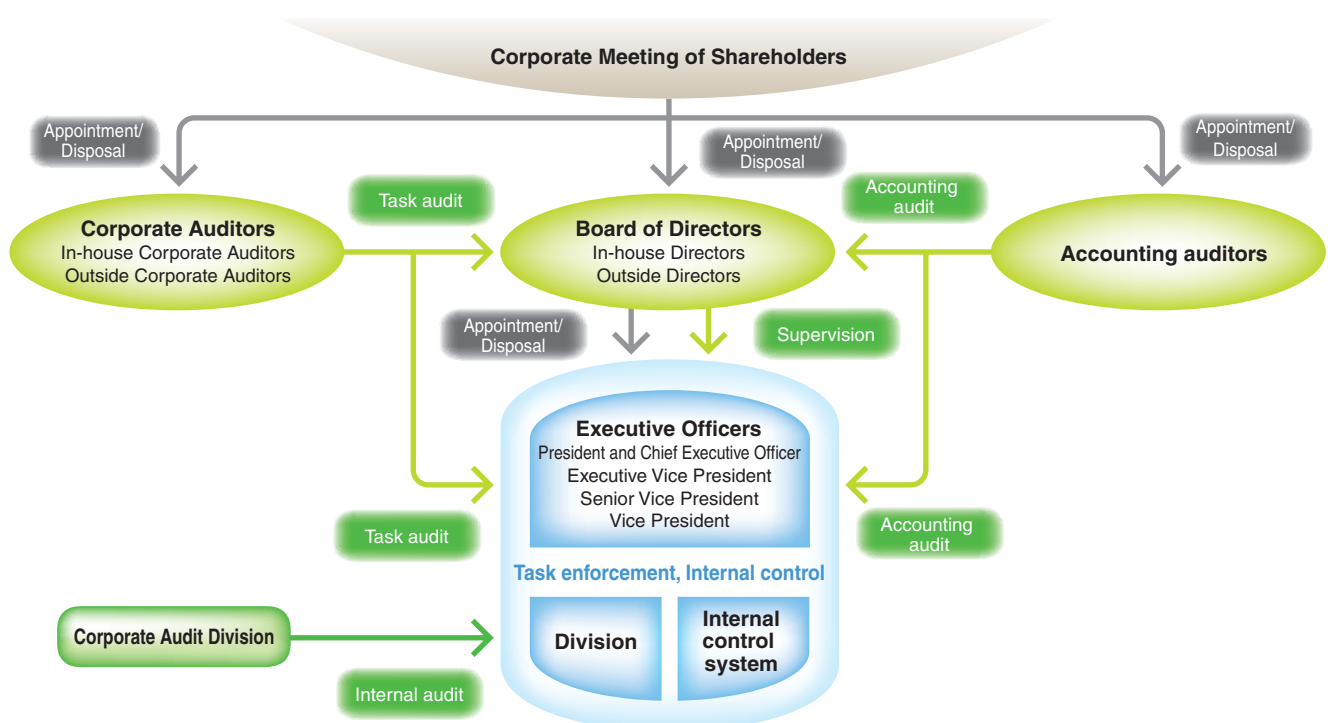
Internal audit

The internal Corporate Audit Division performs audits on the effectiveness of the Risk Compliance Structure and internal control system, makes evaluations and proposals. 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 information system
Export Control Division	Security export control

Corporate Governance Structure





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 self-development activities.

2) Security measures

A firewall is constructed between the Internet and the in-house network, to prevent unauthorized access from the Internet into the in-house network, as well as protect information leaks.

When an employee needs to access the in-house network 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 antivirus software, to prevent virus infections.

The server is housed in a safe datacenter, 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 acquire knowledge regarding preventing accidents for handling information and ensuring information security. Education is provided to directors, employees, and employees stationed or dispatched 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, to surge forward with improvements and enlightenment of information security technologies.

Security Export Control

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

In terms of exports or export-related transactions, TOSHIBA TEC Corporation and its group companies, as a global

corporation which is expanding business operations all over the world, define compliance with laws and regulations, as well as conduct of operations based on legislative intent, and as one of the crucial policies, conduct operation based on legislative intent. 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 TOSHIBA TEC Corporation and its group companies comply with these laws and regulations, and implement strict export control to refrain from any transactions that may undermine the maintenance of global peace and security.

Protection of Personal Data

The TOSHIBA TEC Group has improved the structure to protect personal data, in order to comply with the “Law on Protection of Personal Data,” which was enacted on April 1, 2005, and prevent personal data leaks. 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, the TOSHIBA TEC Group distributes a handbook describing the program for every employee to easily understand, while providing every employee with education to enhance sensitivity for protection of personal data. Thus, every employee is required to comply with the Law on Protection of Personal Data to expand management activities.

Disclosure

TOSHIBA TEC Corporation makes efforts to promptly disclose proper corporate information including its Management Policy, financial statements and financial information, to gain trust from its stakeholders (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 briefing for institutional investors and financial analysts is held twice a year. The mid-term management plan briefing is held by the president once a year. TOSHIBA TEC Corporation immediately posts easy-to-understand disclosure information regarding its business operations on its website.

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

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

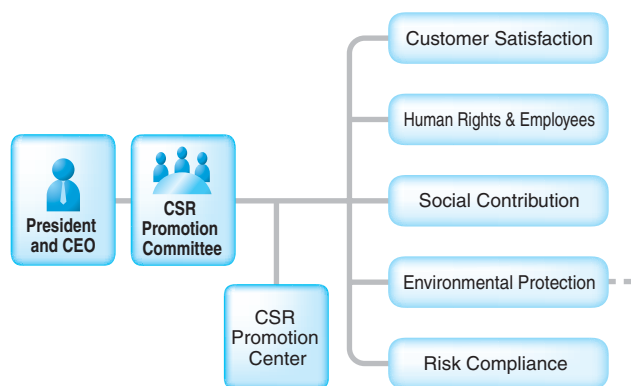
Practicing sustainability as a group-integrated system

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* Promotion Committee. Their responsibility is to review concrete measures encompassing all products manufactured at the business sites and plants.

* ECP: Environmentally Conscious Products

CSR Promotion Structure

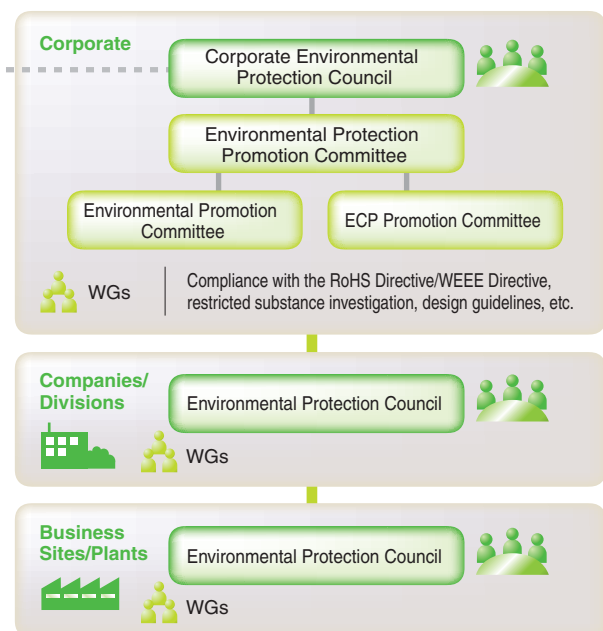


Corporate Environmental Protection Council

Environmental Promotion Organization

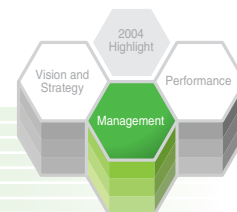
The Environmental Protection & Safety Group is organized in the Production Division, to control corporate-wide sustainability and operate as the management office for the Corporate Environmental Protection Council. The Environmental Protection Dept. is also set up in each Company and Division, to handle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

Environmental Promotion Structure



Environmental Promotion Organization





Environmental information from production, sales and service sites including affiliates in Japan, is unified in a database at the head office, to promote the reduction of environmental impacts.

Unifying environmental information from each business site

The TOSHIBA TEC Group developed the “Sustainability Information System,” and launched it in April 2004. The system collects environmental information from production sites including affiliates, non-production sites related to sales and services, and logistics-outsourcing companies in Japan.

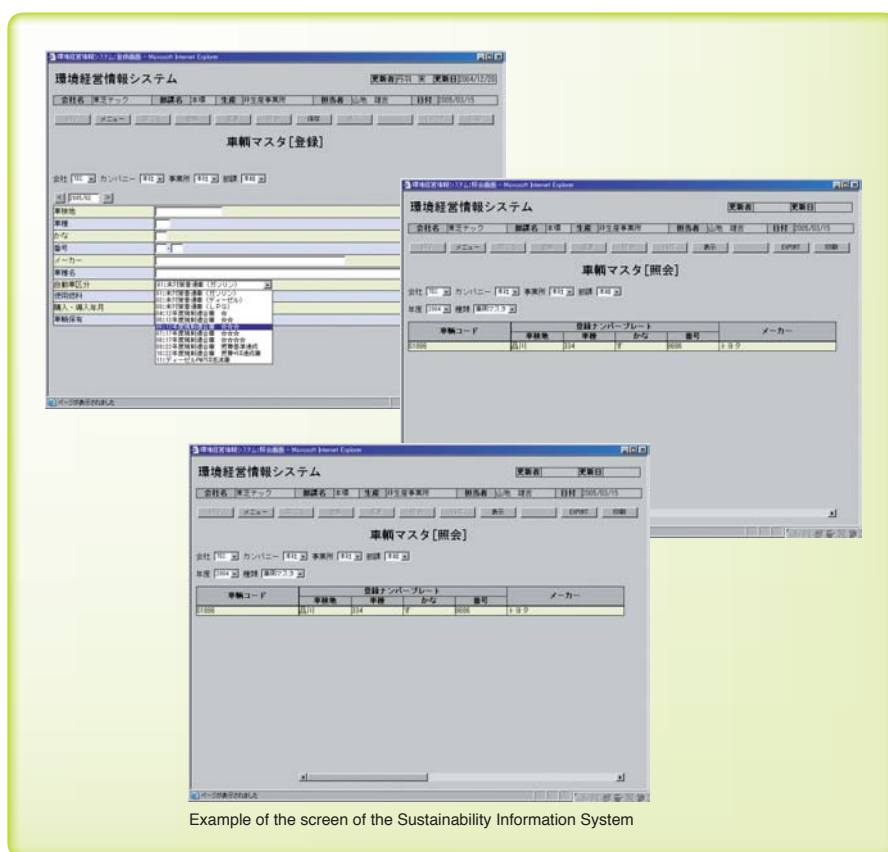
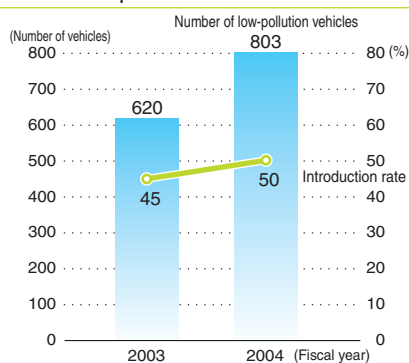
This system creates a database from environmental information collected in conventional e-mail or review forms, on the corporate intranet. Each business site inputs information, while the head office is able to manage the group-wide environmental information. The head office utilizes such environmental information to devise corporate-wide strategies and check the progress regarding reduction of environmental impacts.

Utilizing to increase the introduction rate of low-pollution vehicles

The TOSHIBA TEC Group aims to increase its company-owned low-pollution vehicles. ➔ p.49

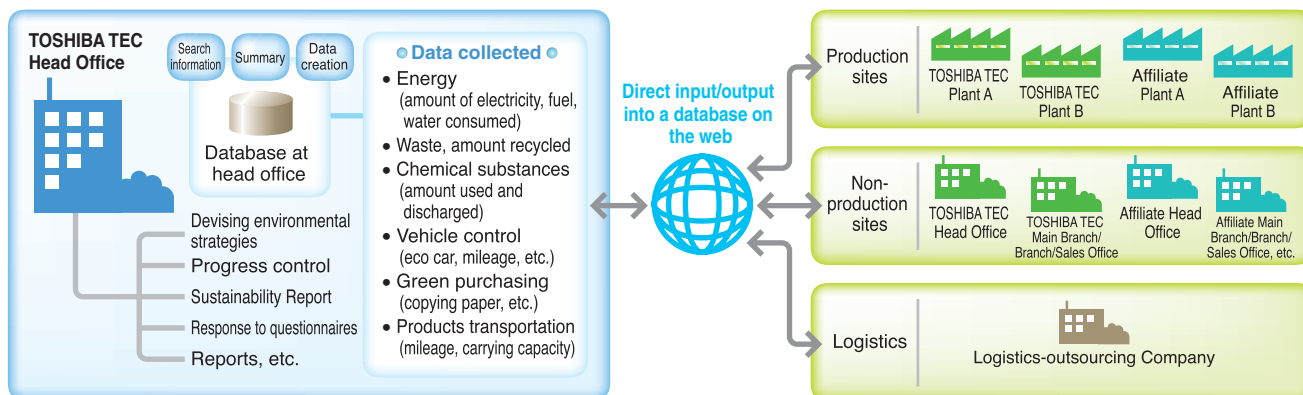
The investigation on the history records is required, such as the period when approximately 1,600 company-owned vehicles have been substituted with low-pollution vehicles. The Sustainability Information System is available to unify these company-owned vehicles records from production and non-production sites including sales and services, when the records are entered as a vehicle master. Accordingly, low-pollution vehicles can be introduced in accordance with the switching period.

Number of low-pollution vehicles and its introduction rate



Example of the screen of the Sustainability Information System

Sustainability Information System



The "Voluntary Environmental Standards for Each Product," prescribe industry's top-level requirements regarding environmental considerations for each product, and are established to reduce environmental impacts throughout the product life cycle. The Life Cycle Planning (LCP), which utilizes data regarding quality function deployment, is used to devise concepts regarding environmentally conscious products, starting in the planning stage.

Providing environmentally conscious products contributes to the reduction of environmental impacts on society

Environmentally Conscious Product Management

The "Voluntary Environmental Standards for Each Product" are established to prescribe industry's top-level requirements for environmental considerations for each product. The Standards develop environmentally conscious products, where environmental impacts are minimized throughout the product life cycle. TOSHIBA TEC Corporation forges ahead with the 3R (Reduce, Reuse and Recycle) conscious design, energy-saving design and design for reducing environmental impact substances.

Efforts toward developing Environmentally Conscious Products (ECPs)

TOSHIBA TEC CORPORATION strives to create "ECPs," where environmental impacts are minimized at every stage of the product life cycle - from materials procurement, manufacturing and transportation, through to usage, recycling and disposal. To create ECPs, the "Voluntary Environmental Standards for Each Product" are established to prescribe industry's top-level requirements regarding environmental considerations for each product, in addition to the Environmental Assessment on Products. Thus, TOSHIBA TEC CORPORATION focuses on the 3R conscious design, energy-saving design and design for reducing environmental impact substances.

These efforts are seeking to obtain a 50% product compliance with the Voluntary Environmental Standards, by fiscal 2005. For products, which have reached the target ratio, TOSHIBA TEC CORPORATION aims to have all new products comply with the Voluntary Environmental Standards. ➡ p.46

Products in compliance with the Voluntary Environmental Standards



Voluntary Environmental Standards for Each Product in the Retail Information Systems Company's line-up of products (Fiscal 2004)

Life cycle	Environmental considerations
Components procurement	Recyclable plastics*1 consist of 80% or more. Voluntarily restricted substances (asbestos, dioxins, CFCs) and the specified fire retardant bromides (PBDEs and PBBs) are not contained. Green procurement is implemented.
Manufacturing	ODS (ozone-depleting substances)*2, which the Montreal Protocol prescribes to reduce or restrict are not used. Lead-free solder is used for joining.
Logistics	Collected (recycled) paper is used for packing materials. Styrofoam is not used. Polyvinyl chlorides (PVCs) are not used for packing materials.
Usage by customers	Electricity consumption per function is reduced compared with conventional products. An energy-saving feature is incorporated.
Recycling used products	Recyclable materials defined by TOSHIBA TEC CORPORATION consist of 75% or more. Environmental considerations are disclosed on websites and manuals. Products can be easily dismantled into units using general tools. The material name of plastics having a mass of 25 g or more is indicated.
Other environmental considerations	The amount of CO ₂ emissions is understood, by the LCA method. The product is designed on the assumption of longevity: Service parts and items to be inspected are identified. Paperless manuals are adopted or recycled paper is used for manuals. Environmental Assessment on Products is conducted.

The following Retail Information Systems Company's line-up of products has satisfied all environmental considerations:
 • POS terminal • POS peripheral equipment • Electronic cash register • JIMCOM (office computer) • Bar code printer
 • Electronic meeting board (However, an energy-saving feature is not incorporated into electronic cash registers.)

*1: PP, PS, PE, OC, SAN and ABS *2: CFCs, halon, carbon tetrachloride, 1,1,1-trichloroethane, HCFCs, HBFCs, methyl bromides

Promotion structure for ECP development

The ECP Promotion Committee, established under the Corporate-wide Environmental Protection Promotion Committee in 1997, has been solving corporate issues to promote the creation of ECPs. This Committee has been acting according to the following basic policies:

- Comply with laws and regulations in and outside Japan
- Further disclose environmental information
- Carry out the Voluntary Plan for Environmental Protection (product-related items)
- Provide education

Design manuals/collection of examples

- Energy-saving design manual
- Collection of examples of ECP improvement (5th version)
- Environmental impact substance reduction design manual
- Collection of examples of ECP improvement (6th version)

In fiscal 2004, members from the production affiliates with R&D function in Japan participated in the Committee, thus, its activities were widely expanded. The design manuals and collection of examples on the left below were issued and have been used to provide education to the ECP design engineers.

Promotion structure for ECP development



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 used Factor T, compare the eco-efficiency of a product in the year subject to assessment to the eco-efficiency of a product in the benchmark year, to launch an action program in which factors are applied to create environmentally conscious products. 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 customer into consideration. The environmental impact of a product is calculated based on LCA (Life Cycle Assessment) ➔ p.58, taking into consideration various environmental impacts, and then using the indicator, which integrates all such environmental impacts. The Life Cycle Impact Assessment Method Based on Endpoint Modeling (LIME), which was developed by the Research Center for Life Cycle Assessment of the National Institute of Advanced Industrial Science and Technology (AIST) in collaboration with the Japanese government's LCA project, is utilized. 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 is. The following shows an example of factors for the products in fiscal 2004:

(Benchmark: products in fiscal 2000)

- POS terminal M-7000: 1.76
- MFP e-STUDIO280: 1.68
- Vacuum cleaner VC-T7D: 1.12

TOSHIBA TEC is widening the application, with aim of enhancing product eco-efficiency in fiscal 2010 to be 2.2 times that in fiscal 2000 or factor to be 2.2.

Definition of “Eco-Efficiency”

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

Definition of “Factor”

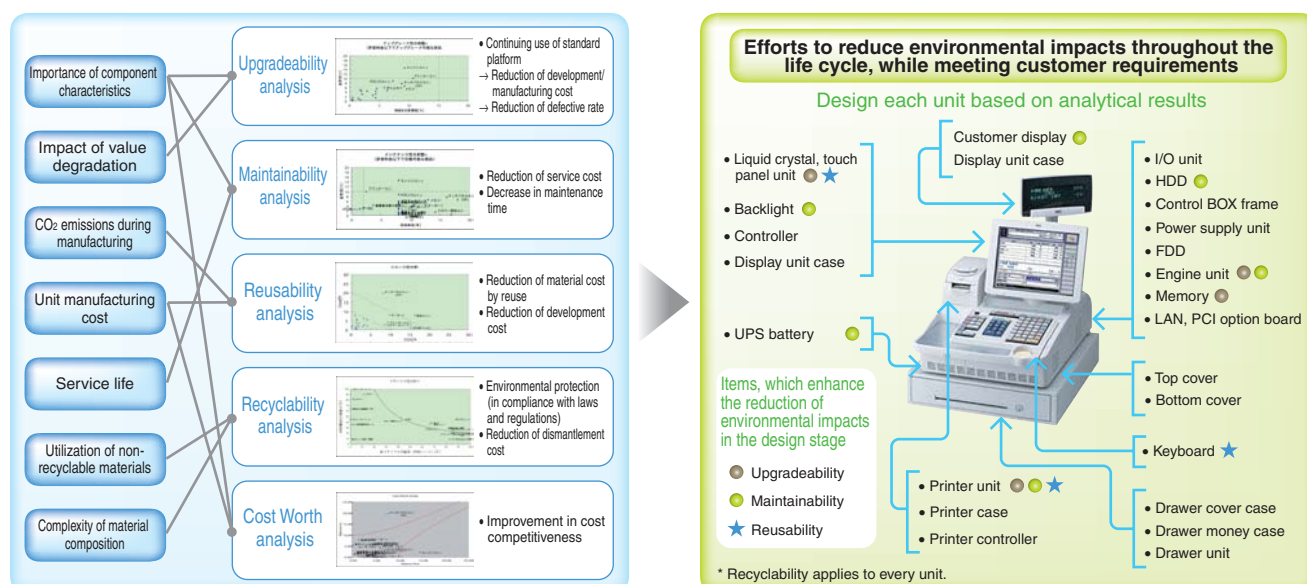
$$\text{Factor} = \frac{\text{Eco-efficiency of a product subject to assessment}}{\text{Eco-efficiency of the benchmark product}}$$

Life Cycle Planning (Planning for Environmentally Conscious Product)

LCP ➔ p.58 is a technique for formulating a concept of an environmentally conscious product 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 life cycle assessment (LCA) and quality function development (QFD) contributes to determination of environmental specifications, taking the product's life cycle into consideration, and identification of ideas for improving upgradeability, maintainability, reusability and recyclability at the parts level.

TOSHIBA TEC Corporation further advanced the LCP method in the planning of an environmentally conscious vacuum cleaner, and applied the LCP method to POS terminals in fiscal 2004. The POS terminal M-7000 has been optimized while being comprised from the 3R points of view based on LCP analytical results.

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



The environmental protection assessment on suppliers and 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 steadily being prepared.

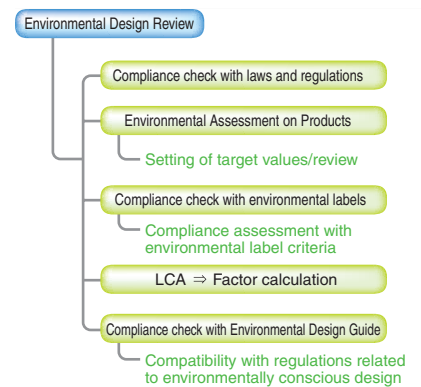
Promoting environmental considerations toward suppliers and procured products, to provide environmentally conscious products

Environmental Design Review

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

Environmental Design Reviews include “Compliance with laws and regulations,” “Environmental Assessment on Products,” “Response to environmental labels,” “LCA ⇒ p 58 ⇒ Factor calculation” and “Response to Environmental Design Guide” shown in the diagram on the left. 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, in the planning stage, basic environmental design specifications are reviewed, as well as conformance to laws and regulations and various environmental labels, is specifically defined. In the design stage or later, compliance and compatibility with the target values and confirmation of compliance are verified. The environmental specifications of updated products are examined in the development stage, to set higher target values.



Green Procurement

To provide environmentally conscious products, the environmental protection assessment on suppliers, and environmental performance survey on procured products are conducted. The environmental performance information data is utilized in the design, production and procurement departments.

Efforts toward green procurement

To provide environmentally conscious products, TOSHIBA TEC Corporation moves forward with green procurement ⇒ p 58 of raw materials related to products. It is oriented to procurement environmentally conscious raw materials from suppliers, who are actively undertaking environmental protection measures. The “environmental protection assessment on supplies” and “environmental performance survey on procured products” have been conducted according to the “Green Procurement Guidelines for Materials.”

Environmental protection assessment on suppliers

The environmental protection assessment on suppliers is used to assess the following criteria and allot a ranking. TOSHIBA TEC CORPORATION requests lower ranked suppliers to improve their operations or provide them with instructions and assistance, giving priority to procurement from high ranked suppliers.

The percentage of high-ranked suppliers to all suppliers is defined as the green ratio, 100% achievement is the target.

Environmental assessment criteria on suppliers

- ① Acquisition of ISO14001 ⇒ p 58 external certification
- ② Promotion 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 following criteria, and its results are managed in a database.

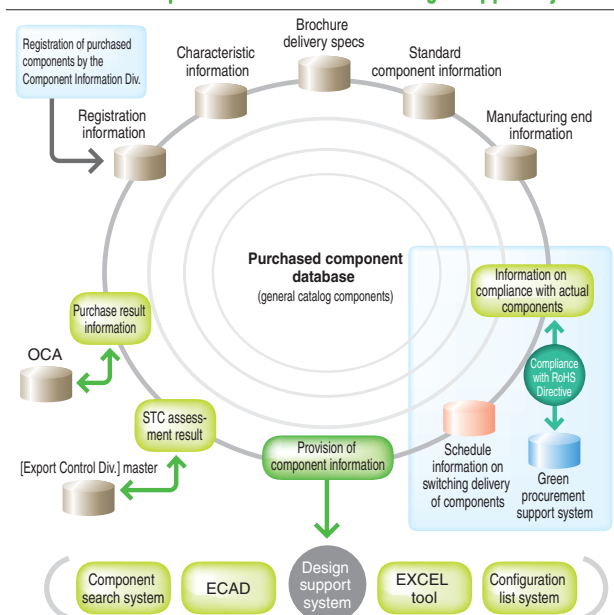
Environmental performance survey criteria on procured products

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

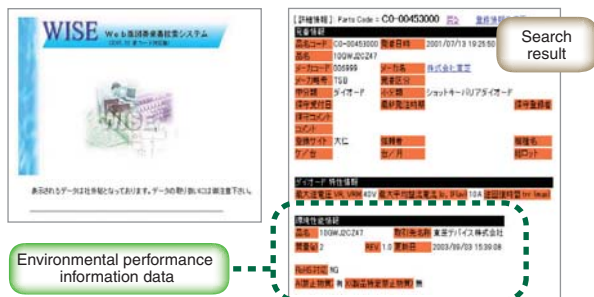
Data utilization

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

Purchased component database and design support system



Examples of component search system screen and research result

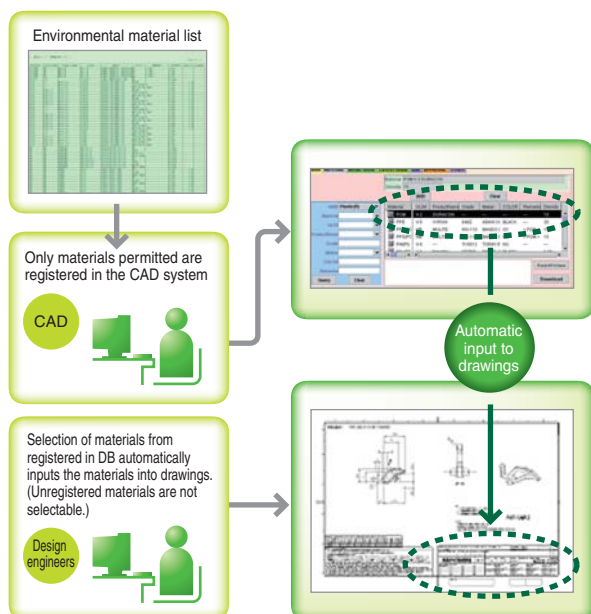


Efforts in the design stage

The system, which prevents components and raw materials containing restricted substances from being specified in drawings, is introduced to the design departments.

For example, the chemical substance control CAD system is introduced to Mishima Works, to specify materials selected only from environmentally conscious materials in the drawings.

Chemical substance control CAD system (Mishima Works)



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 is facilitating the legislation within the Member States. Consequently, duty is imposed on manufacturers to recycle electrical and electronic equipment on and after August 13, 2005. It is required to achieve a target-recycling ratio per category by December 31, 2006.

The TOSHIBA TEC Group is currently selecting recyclers through its affiliates outside Japan.

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 is facilitating 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 sold in the EU countries in or after July 1, 2006.

The TOSHIBA TEC Group has been planning to abolish certain hazardous substances, which are prohibited by the RoHS Directive, contained in new products, marketed not only for EU but for all destinations, in April 2005 or later.

In addition, the Group has been systematically working on the replacement of parts for current relevant products.

For certain parts there is a possibility of a delay, the Group is making efforts to minimize the delay.

The Group voluntarily performs inspections on components and raw materials, as well as obtains pledge forms from its suppliers, while working on establishing a system to abolish the use of components and raw materials, which contain certain hazardous substances, for products.



Inspection through the X-ray Fluorescence Spectrometer

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

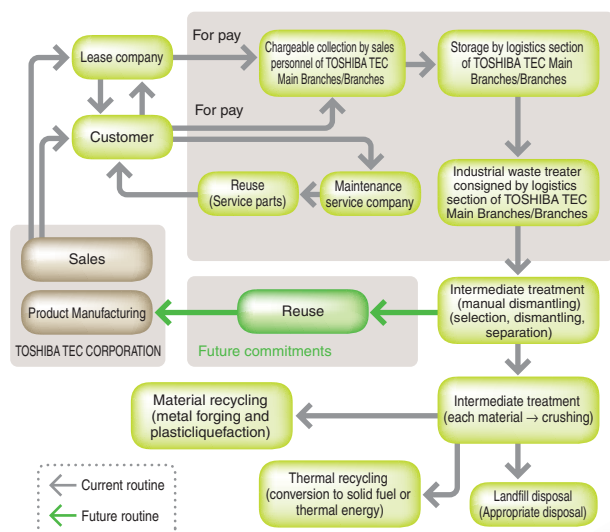
Collecting and recycling used products and reusing used parts contribute to the establishment of a sustainable society

Collection/recycling system for retail information systems equipment

As a responsible top runner of POS systems, TOSHIBA TEC CORPORATION cultivates the collection and recycling of 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 January 2002, and has expanded to Hokkaido, Tohoku, Kanto, Chubu, Kansai, Chugoku/Shikoku and Kyushu regions, 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.

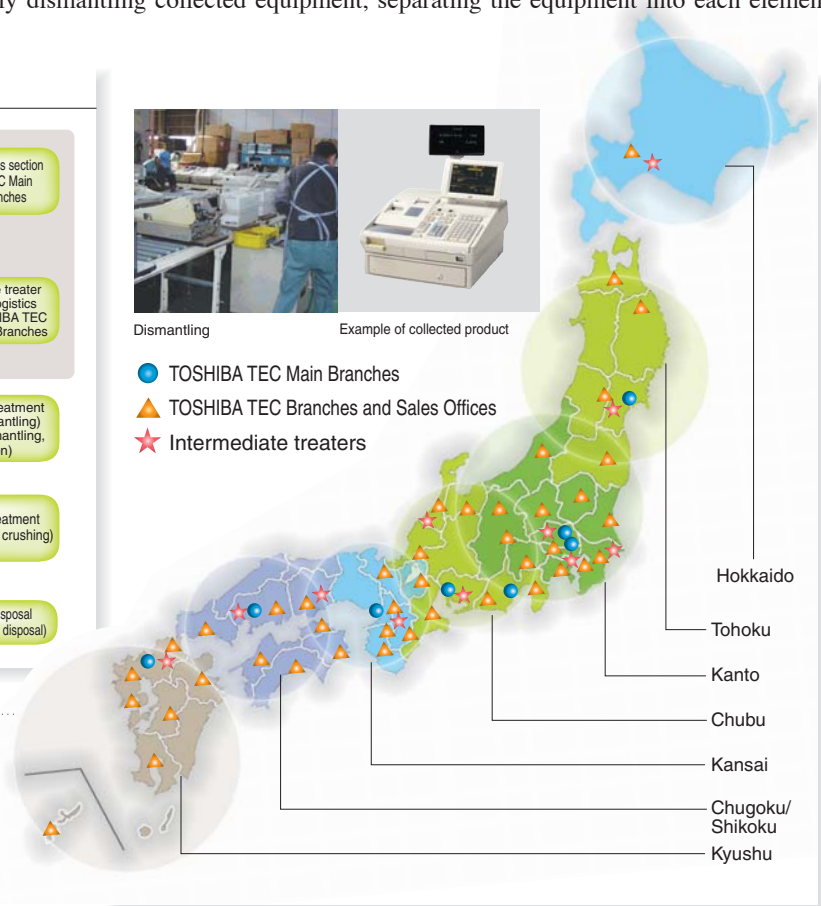
Collection/recycling system



Dismantling

Example of collected product

- TOSHIBA TEC Main Branches
- ▲ TOSHIBA TEC Branches and Sales Offices
- ★ Intermediate treaters



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 manufacturers.
- Disposal consignment at the request of customers is fostered for pay.
- Thorough manual dismantling and separation achieves high recycling efficiency and reduction of waste.

Collection/recycling of copiers

TOSHIBA TEC CORPORATION is working on the collection and recycling of used copiers in cooperation with its customers, TOSHIBA Information Equipments Co., Ltd. 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.

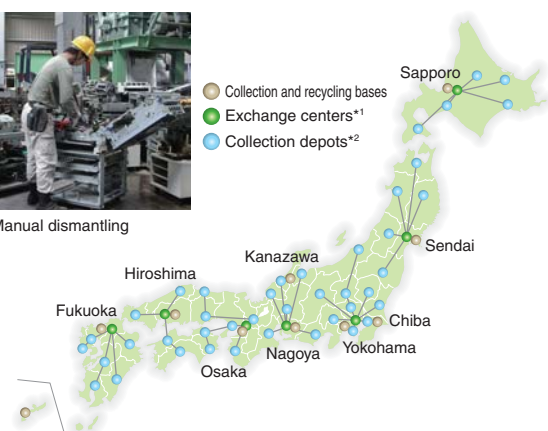
Collected products are manually dismantled into each element, in order to facilitate the recycling process. As a result, over 98% of collected products have been recycled.

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

Collection and recycling bases for copiers



Manual dismantling



Note) *1: JBIMIA exchange centers
*2: JBIMIA local collection bases

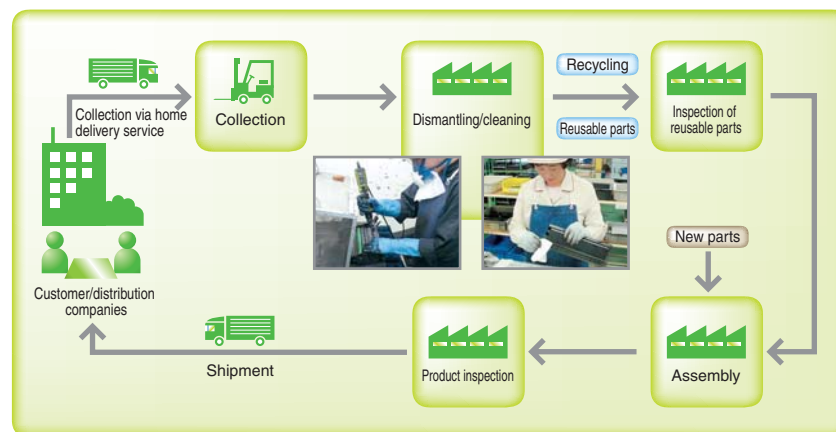
• Reuse of parts

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

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

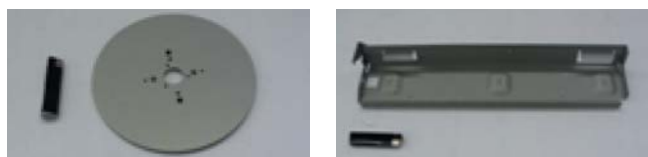
The quality of recycled parts is strictly controlled to ensure it is equivalent to new parts and meet customer needs.

Reuse system for MFP process unit



• Reuse of parts between generation models

The 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. (→ p.58) In particular, collected models are manually dismantled and still serviceable parts are extracted, in cooperation with the recycling company. The extracted parts are cleaned, inspected for quality, and incorporated into current models.



Examples of reusable parts

• Remanufacturing models

In April 2001, the PREMAGE651RM was released to the Japanese market. This product is the first remanufacturing (RM) digital copier in the industry, which incorporated reused parts.

The reused parts ratio is 60% or more in mass.

The PREMAGE651RM is an environmentally conscious product contributing to the establishment of a resource-sustainable society. This product is shipped based on the TOSHIBA TEC quality criteria equivalent to regular products.



PREMAGE651RM incorporating reused parts

Germany TOSHIBA TEC GERMANY IMAGING SYSTEMS GmbH (TGIS) & European sales affiliates complying with EU WEEE Directive

• EU Waste Electrical and Electronic Equipment (WEEE) Directive

The EU WEEE Directive defines importers collect and recycles waste electrical and electronic equipment. This Directive became effective on February 13, 2003, and facilitates the legislation within the 25 Member States.

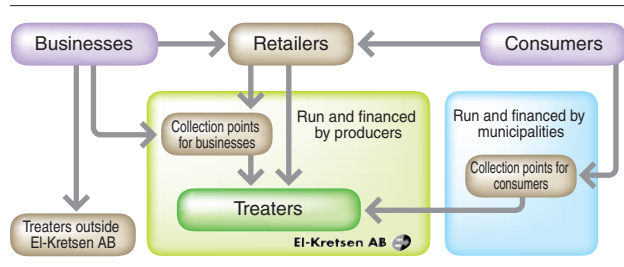
• Status quo

Either by participating in the common collection/recycling system in respective countries or by establishing their own systems for collection and recycling of used products, the affiliates of the Document Processing & Telecommunication Systems Company in Europe exercise their responsibility to contribute to environmental protection.

• Common collection/recycling system in Sweden

TOSHIBA TEC NORDIC AB (TND), the affiliates in Sweden is a member of the common collection/recycling system called "El-Kretsen." El-Kretsen properly performs collection and recycling operations when disposing of all products introduced into the market.

Flow of used product



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 improvements in workplaces.

Environmental improvements in business sites through ISO14001 and workplace audit

Operation of Environmental Management System

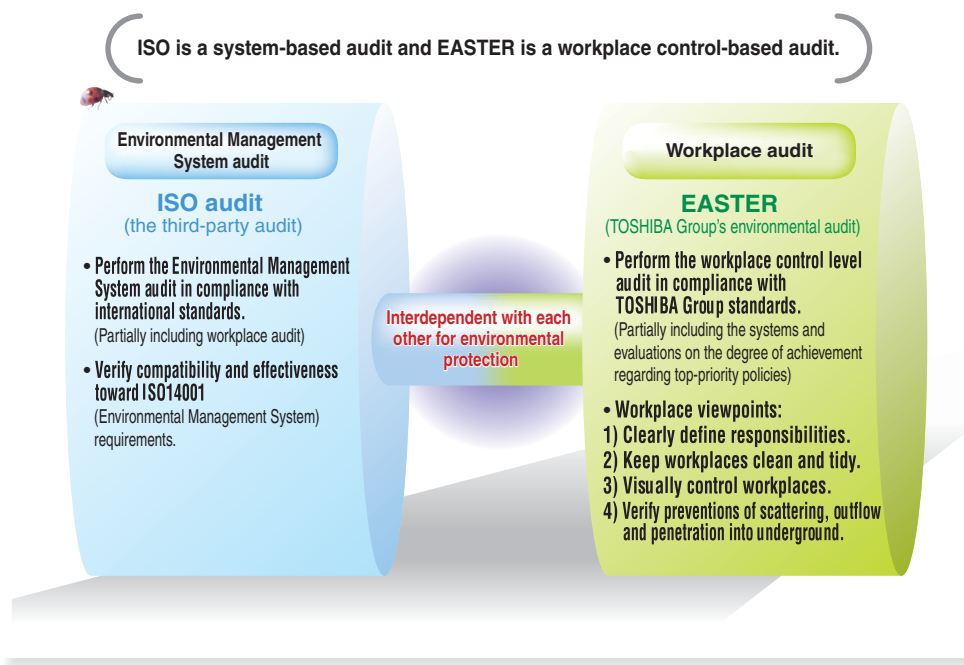
The TOSHIBA TEC Group is promoting the acquisition of ISO14001 certification ➔ p.58 at production and sales affiliates in and outside Japan. In fiscal 2004, three of its affiliates in Japan, TOSEI DENKI Co., Ltd., TEC ENGINEERING Corporation and TER Co., Ltd. acquired ISO14001 certification, while three others outside Japan, TOSHIBA TEC Retail Information Systems (SHENZHEN) Co., Ltd., TOSHIBA TEC Home Electric Appliances (SHENZHEN) Co., Ltd. and TOSHIBA TEC U.K. Imaging Systems Ltd. also obtained the certification. Currently, 15 out of 16 production affiliates in and outside Japan have acquired ISO14001, and the remaining affiliate is scheduled to obtain it in fiscal 2005. In terms of the sales/service affiliates, two sites each in and outside Japan have already obtained the certification. The TOSHIBA TEC Group is going to press ahead with the acquisition of ISO14001 at non-production sites including its Head Office, Main Branches and Branches. ➔ p.49

TOSHIBA Group Environmental Audit (EASTER*)

EASTER is the environmental audit system developed by TOSHIBA CORPORATION and is 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. ➔ p.49

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

Relationship between ISO14001 and EASTER



ISO14001 audit results at sites in Japan (fiscal 2004)

Date audited	Target site	Type of audit	Audited by	Result
June 2004	• Ohito Business Center	Periodic audit	JQA (Japan Quality Assurance Organization)	Registration continued
September 2004	• TOSEI DENKI CO., LTD.	Registered audit	JQA	Certification registered
September 2004	• TEC ENGINEERING CORPORATION • TER CO., LTD.	Registered audit	J-VAC (Japan Value-Added Certification Co., Ltd.)	Certification registered
March 2005	• Mishima Works • Key Components Business Division • TEC KASHIYA DENKI CO., LTD. • TEC PRECISION, INC.	Periodic audit	JQA	Registration continued
March 2005	• Hadano Plant	Periodic audit	JACO (Japan Audit and Certification Organization for Environment and Quality)	Registration continued

EASTER Audit items and evaluations

Audit item	Evaluation
Environmental Management System	Evaluate all items defined in the specifications in addition to the internal audit items required in the specifications.
Workplace facility control	Evaluate training for accidents and emergency situations at the major facilities for the on-site actual status check and risk reduction of environmental accidents.
Degree of achievement on the Voluntary Plan for Environmental Protection	Evaluate the degree of achievement in the appropriate fiscal years toward the Voluntary Plan for Environmental Protection.
Creation of environmentally conscious products	Evaluate from both perspective engineering-planning/control conditions at the development/engineering departments and the outcomes of environmentally conscious products.

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 criteria, and if communication and measures are promptly and thoroughly performed.

By ensuring the environmental structures are in conformity with the guidelines for soil investigation through observation wells, and 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 Hadano Plant

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 is encouraged to receive practical environmental education according to position and specialty.

Not only TOSHIBA TEC personnel but also personnel from its group companies and affiliates stationed in business sites in and outside Japan receive environmental education. e-learning (p.58) is used to increase the efficiency according to the curriculum and target personnel.

• Education according to position

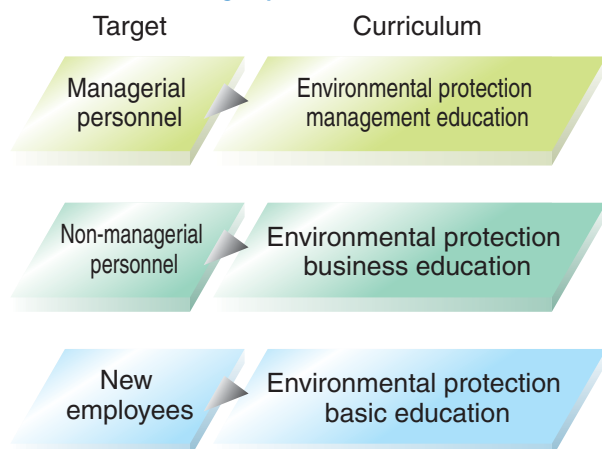
TOSHIBA TEC Group managerial and non-managerial personnel along with new employees receive education on its commitments to sustainability. Environmental education is provided according to position, to deepen all employees' understanding of environmental knowledge, basic policies for environmental protection,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

• 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

Target

- Education for internal auditors
- Education for personnel in charge of environmental protection
- Education for specific employees and inspectors
- Education for development/design engineers

Setting goals to prevent global warming, effectively use resources and control chemical substances, each business site forges ahead with activities to reduce environmental impacts.

Various activities to reduce environmental impacts at each business site

Head office departments integrated into energy-saving buildings

In January 2005 TOSHIBA TEC Corporation integrated its three offices (including its head office departments, etc.), dispersed throughout the Tokyo metropolitan area, into Oval Court Osaki Mark East (the 13-story building with an underground floor). The integration helps to improve operating efficiency.

Several types of energy-saving systems are introduced to Oval Court Osaki Mark East. For instance, exhaust heat reuse control, energy-saving operations for air conditioners through air cooling control, and nighttime electricity using the ice thermal storage system contribute to the reduction of operation costs.

In addition, waste is considerably eliminated by using high-efficiency lighting fixtures and natural daylight, constantly controlling illumination depending on daylight in office buildings, while adopting the human sensor to turn lights on and off.

Taking an opportunity of integration, Osaki Office is currently preparing for the acquisition of ISO14001, by separating waste, reducing the amount of paper consumed and conserving energy.



Oval Court Osaki Mark East



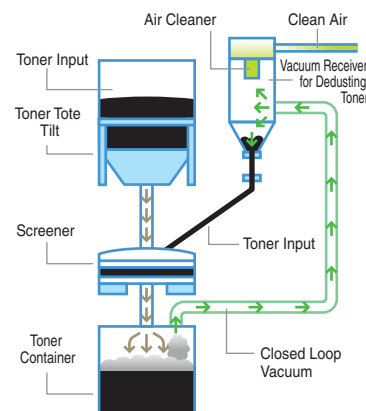
Toner Tote Tilt and Newly Installed Vacuum Receiver

United States: TOSHIBA AMERICA BUSINESS SOLUTIONS, INC. Reduction of dedusting toner waste at Toner Products Division (TABS-TPD)

TABS-TPD continues to promote environmental projects through ISO 14001 (p. 58) Objectives and MI Activity Projects. Projects continue to focus on waste reduction and energy efficiency. In 2004 a MI activity project was developed to reduce toner screener dedusting waste.

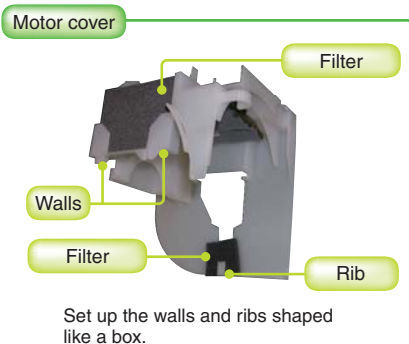
• Vacuum Receiver for Dedusting Toner

Each time a tote bin is filled at the final screening step of toner manufacture, an average of 4 kg of toner is lost to dedusting. This material is disposed of as waste product. In 2004 a MI activity group composed of Accounting, Engineering, Safety, and Maintenance employees implemented a project to enter this waste back into the system with a new vacuum receiver via closed loop (see Diagram). This project will result in a saving of approximately \$40,000 per year on one production line. We are planning to install the same system in the other production lines next year. Then, total savings of almost \$100,000 per year will be expected.



Substitutions of hazardous substances

To reduce hazardous chemical substances, the mechanical fixing system to catch and fit the filter with bosses and ribs is actively used for vacuum cleaners starting in the design stage. Zero methanol-containing adhesive, which is used for this vacuum cleaner has been achieved on new products in accordance with the following operations:



Amount of methanol-containing adhesive used per unit

Previous model approx. 2 g VC-T6E 0 g

Annual amount used compared with the previous year
278 kg 48% reduction

External view of VC-T6E
(Released in February 2005)



Recycling of resin waste

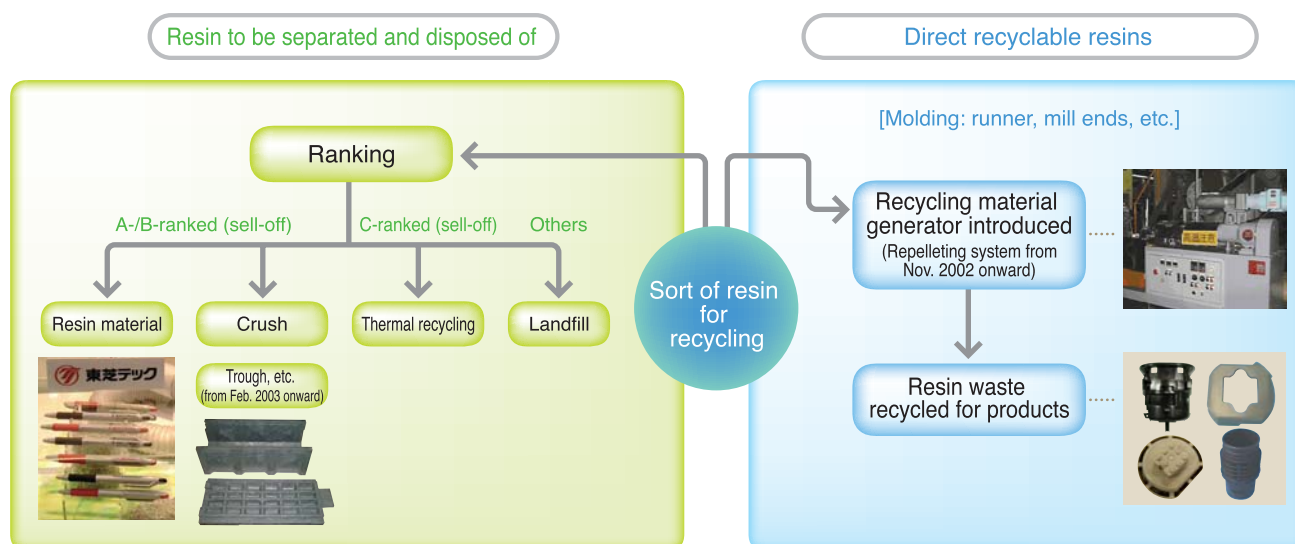
To improve the recycling ratio, Hadano Plant works toward thoroughly separating generated waste. (See the diagram below.)

Waste is separated into “direct recyclable resins” and “resin to be separated and disposed of” in order to reduce resin waste, while ranking is performed to add value to waste, and non-recyclable waste is disposed of in landfill, in order to reduce waste.

- December 2003 Resin waste was recycled to use as ballpoint pen materials.
- February 2003 Crushed resins were recycled for wiring troughs* installed beside tram tracks.
- November 2002 The repelleting system was used to start using recycled resins for in-house manufactured product materials.

* Trough is a concrete box for wires and cables.

Recycling of resin waste



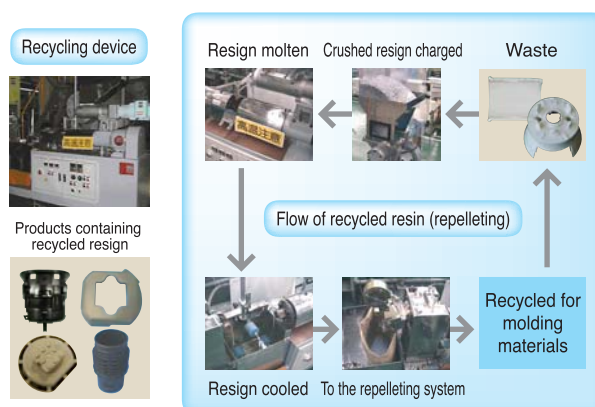
In November 2002, the recycling material generator (repelleting system) was introduced to recycle runner and mill ends generated in resin molding. As a result, major materials such as ABS and PP (polypropylene) were successfully recycled in-house. The recycled resins are used for products.

Amount of resins recycled

* The amount in-house recycled in fiscal 2004 includes that used for new applications. (Unit: t)

Rank	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004
A/B	0.0	0.0	16.3	21.3
C	21.4	49.4	56.2	50.3
Others	33.8	9.5	39.0	30.8
In-house	9.5	28.3	22.4	0.0*
Total	64.7	87.2	133.9	102.4

Flow of recycled resin (repelleting)



Improvement in the carrying efficiency, environmentally conscious packages and package-less transportation are facilitated, in order to reduce environmental impacts on logistics.

Efforts toward reduction of environmental impacts on logistics

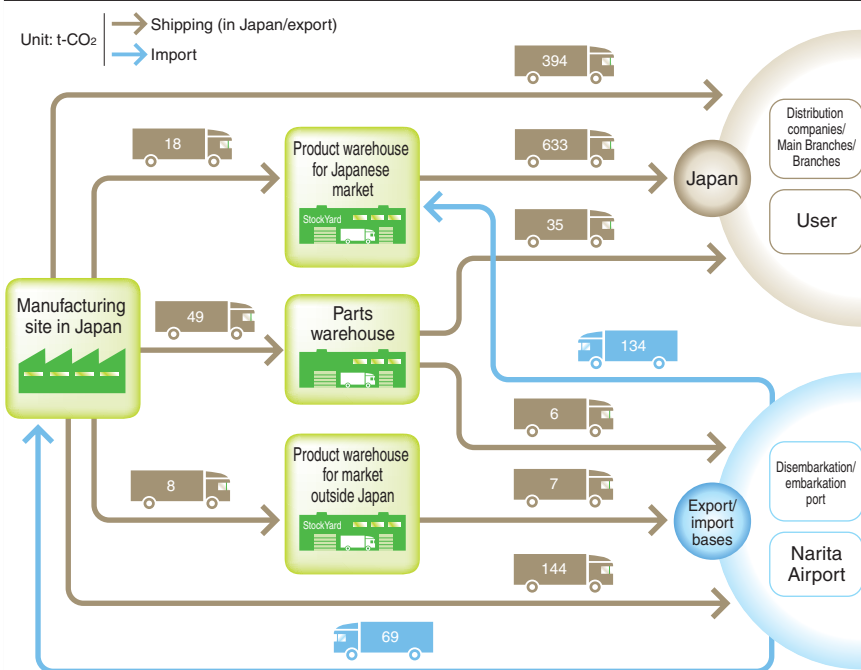
Reduction of CO₂ emissions

CO₂ emissions at TOSHIBA TEC Corporation during transport/delivery were 1,497 t-CO₂ in fiscal 2004. Transportation results are collected and compiled in a database in cooperation with forwarding agents and warehouse companies.

To reduce CO₂ emissions, increases in carrying efficiency contributed to reducing the number of trucks for transport/delivery in Japan.

The Document Processing & Telecommunication Systems Company shares the plan to deliver MFPs (digital multi-function peripherals) with its distribution companies and forwarding agents, as well as adjusts the shipping schedule in advance, to increase transportation efficiency and reduce the number of trucks operating for transport/delivery, starting in fiscal 2004. Modal Shift → p.58, utilizing marine cargo and railway freight is encouraged and enhanced.

Product transport route and CO₂ emissions (Total 1,497 t in fiscal 2004)



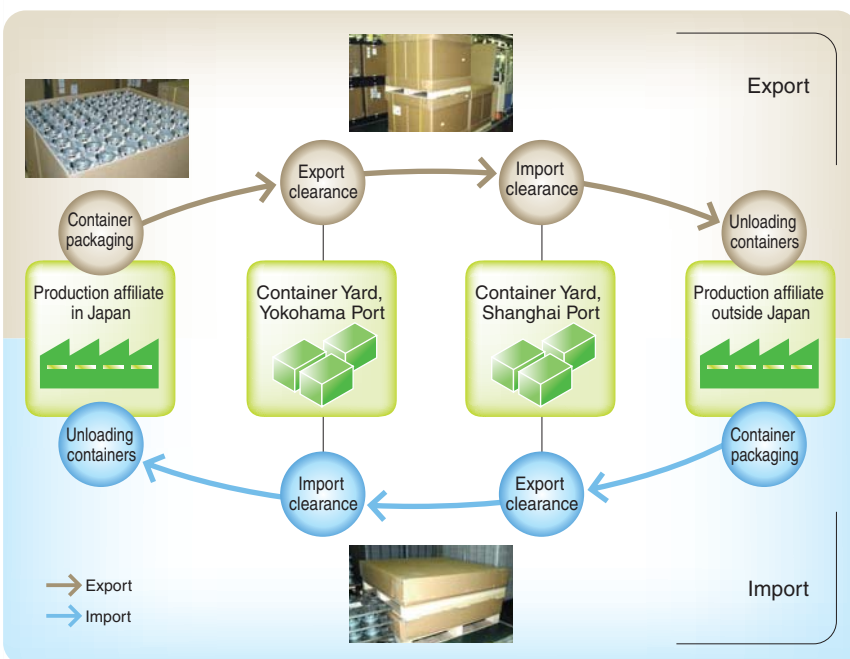
Environmentally conscious packaging

The Retail Information Systems Company carries out package-less transportation for POS products.

The Document Processing & Telecommunication Systems “reuses” packing materials for special terminals, as well as carries out returnable container package transportation for copiers.

The Home Electric Appliances Group “reuses” foldable and returnable containers for parts supplied to production affiliates outside Japan. Parts supplied from Japan are packaged in special containers for exporting. When finished products are imported, the special containers are folded, loaded in available space of marine containers, and returned.

Export/import flow using returnable containers



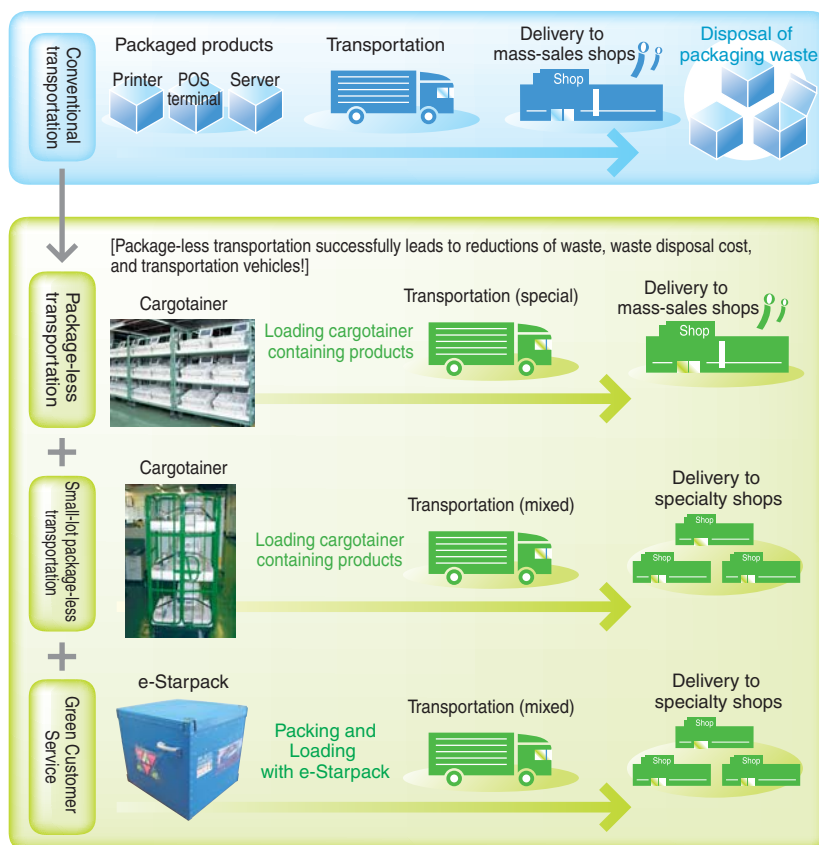
Package-less transportation

Extensive reductions in packing materials and logistics capacity are achieved through package-less transportation by assembling the products in an operable state. Packing waste is also reduced at delivery sites.

In addition to package-less transportation for mass-sales shops, package-less transportation for small-lot customers is implemented using cargotainers. By transporting the products arranged in the plant on the cargotainer, mixed shipment is available, and transportation efficiency increases.

Green Customer Service, which adopts reusable packing materials (e-Starpack), started in August 2004, to further reduce environmental impacts in the logistics stage. (See P.11 for more detailed information on “Green Customer Service.”)

Package-less transportation



Returnable containers for MFPs (digital multi-function peripherals)

When MFPs are delivered to end users, steel-structured containers for MFPs, which are repeatedly used and returned, are employed toward zero emissions of waste materials and improvements in operational efficiency. TOSHIBA Logistics Corporation in association with TOSHIBA Information Equipments Co., Ltd. has designed and developed these environmentally conscious packaging containers. By virtue of compatibility between its environmental performance and functionality, this container received the Logistics Award in a Packaging Contest from the Japan Packaging Institute.

TOSHIBA TEC Corporation is further developing the most suitable packaging that meets environmental protection, while listening to end users.



Previous container



Returnable container

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 defines in its Management Policy; "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 always faces 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 stances to recognize its responsibility, in order to address 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 posture and activities toward environmental issues.

Environmental public relations

• Environmental Report

TOSHIBA TEC CORPORATION has been issuing English and Japanese editions of the environmental report since 2000.

→ p.54

Ohito Business Center, Mishima Works and Hadano Plant have been issuing their environmental reports in Japanese, to disclose information to local communities and administrations.

• Public relations on the website

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

<http://www.toshibatec.co.jp/enviro/measure.htm>

The inquiry contact for environmental protection and contribution to society is:

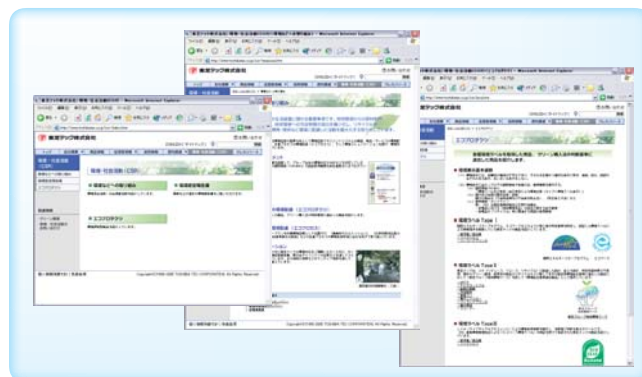
E-mail: environment@toshibatec.co.jp



Environmental Report 2004
TOSHIBA TEC CORPORATION
Ohito Business Center

Environmental Report 2004
TOSHIBA TEC CORPORATION
Mishima Works

Environmental Report 2004
TOSHIBA TEC CORPORATION
Hadano Plant



• In-house public relations

In-house public relations are conducted by various means including an electronic bulletin board. Here are examples:

• Environmental news (Hadano Plant)

Environment-related topics such as environmental months or no-car days are introduced. 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 (Ohito Business Center)

As examples regarding the development of environmentally conscious products, actual packing materials and improved parts are displayed.

The aim is to provide inspiration to the design engineers not only by posting the pictorial examples posted, but also by having the engineers touch the actual things.



ECP display area

• Environment display area and electronic bulletin board (Mishima Works)

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

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 2004

Organization name	Committee name	Remarks
Japan Business Machine and Information System Industries Association (JBMA)	Environment Committee	Vice-chairman
Japan Business Machine and Information System Industries Association (JBMA)	Reverse logistics committee	Committee member
Communications and Information Network Association of Japan (CIAJ)	Environment Policy Committee (EPOC) for Facsimile Machines	Committee member
Japan Environmental Management Association for Industry (JEMAI)	Life Cycle Assessment Society of Japan (JLCA)	Committee member
Green Purchasing Network (GPN)	—	Committee member
Hadano Industrial Wastes Conference	—	Vice-chairman
Shizuoka Association for Environmental Protection	—	Committee member
Shizuoka Environment Business Association	—	Committee member
Shizuoka Industrial Wastes Management Association	—	Committee member

Exhibiting products and equipment in events

By considering participation in various environmental events as a setting for communication with stakeholders → p.58, the TOSHIBA TEC Group actively participates in relevant events.

• Eco Products 2004

(at Tokyo Big Sight in Dec. 2004)

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



MFP e-STUDIO 230/280



POS Terminal ST-7000



Vacuum Cleaner VC-S300EX

Mr. K. Suzuki of TEC ENGINEERING Corporation participated in the “Kids’ ISO and CSR” symposium as a panelist, to introduce their efforts toward Kids’ ISO and captured audience’s attention.



• 14th TOSHIBA Group Environment Exhibition

(at TOSHIBA Head Office Building in Mar. 2005)

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



MFP e-STUDIO 230/280



POS Terminal ST-7000



Vacuum Cleaner VC-T7D

“Reused parts from the process unit parts for digital MFPs” were on display in the used product recycling area.



The voice of customers (VOC) for product development is maximized to enhance customer satisfaction.

“Creating value with our customer in mind” is our starting point for all ideas.

TOSHIBA TEC Group delivering customer satisfaction

The TOSHIBA TEC Group defines in its Management Policy; “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”.

When each employee thinks and behaves from the customer’s viewpoint, by asking him or herself what a customer wants, what values are important to the customer, the TOSHIBA TEC Group can provide products and services to satisfy and please the customer.

To reply to VOC anytime from anywhere

VOC is solicited at TOSHIBA TEC CORPORATION, directly or through its distributors, agencies and distribution service companies.

Local staff directly visits a customer and promptly responds to the customer requests through the nationwide sales/service network.

The “customer service center” is established for customers to access TOSHIBA TEC Corporation anytime from anywhere. Thus, we listen to requests or consultations from customers by telephone, fax, Internet or mail, to sincerely respond to each request or consultation.

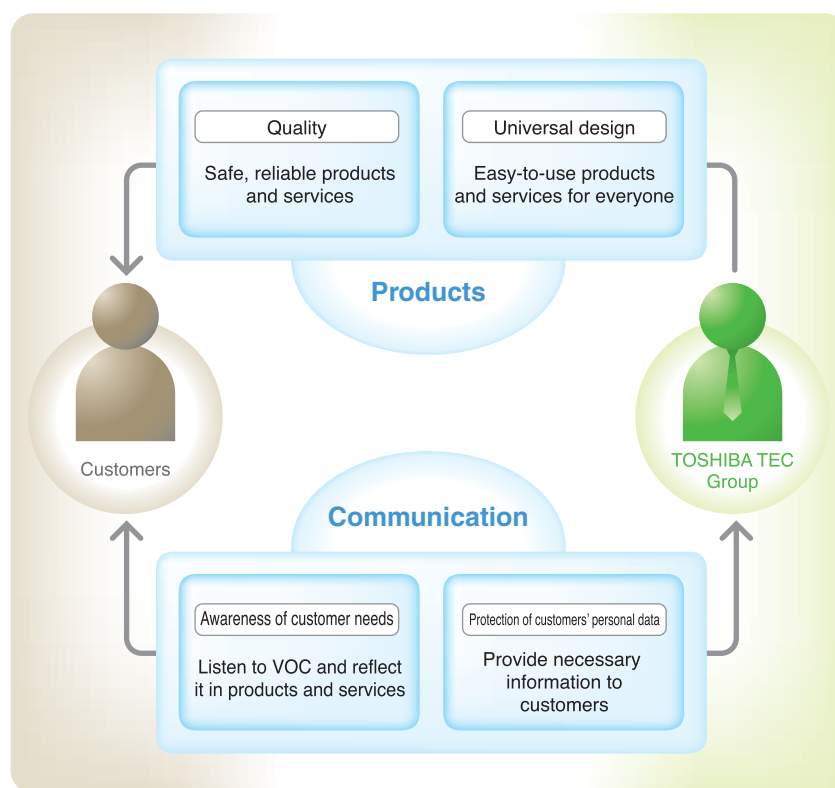
To create products impressing customers

As a starting point for all ideas regarding planning and development of new products and services, valuable opinions and requests from customers are utilized for services, and routed to related departments. TOSHIBA TEC Corporation makes efforts to reflect VOC and create products to impress its customers.

We have put in place at each business site and Group company quality management systems centered on acquisition of ISO9001 quality management system certification.

Throughout the development, manufacturing, sales, maintenance and services, our aim is employ superior proprietary techniques, know-how we have been refining over the years, and state-of-the-art technology to full use, by providing our customers with products and services, which embody values exceeding even their own expectations.

TOSHIBA TEC Group’s Initiatives to Enhance Customer Satisfaction



TE Contact Center™

TEC Engineering TE Contact Center™ provides proper solution support regarding the POS 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.

Kyushu Main Branch

TE Contact Center Kyushu

Hokuriku Branch
KyoShi Branch
Kobe Branch
Chugoku Main Branch

Shikoku Branch

Kansai Main Branch

TE Contact Center Kansai

Kita Kanto Main Branch

Chubu Branch

TE Contact Center Chubu

Hokkaido Branch
Tohoku Branch

Main Office Sales Management Dept

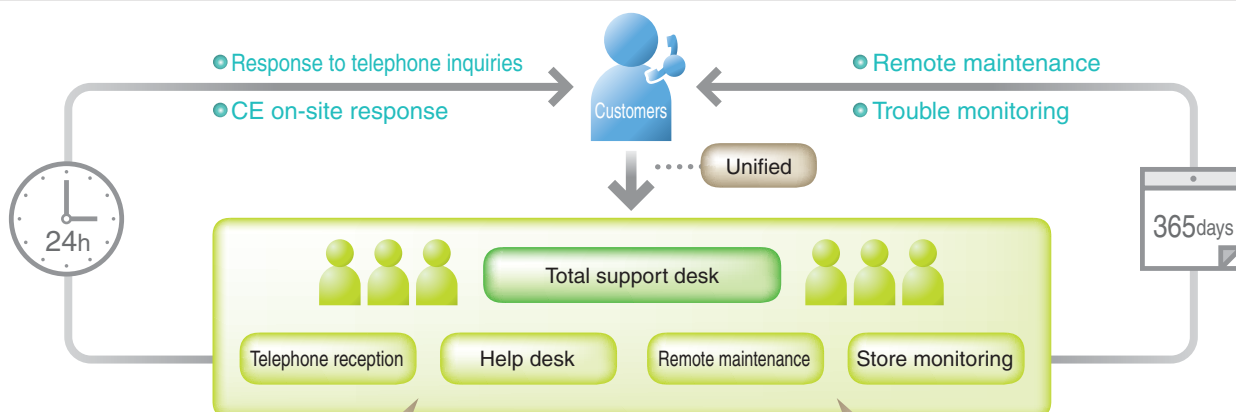
TE Contact Center Mejiro

Head Office

TE Contact Center Kiba

Higashi Kanto Branch
Yokohama Branch
Shizuoka Branch

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.

Together with Employees

Basic policy regarding human resources

The TOSHIBA TEC Group respects every employee and makes efforts to improve each employee's capabilities. All human resources reward systems are constructed based on basic policies. 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 an essential support system for its employees, to form a powerful professional group who keeps challenging.

Human resources 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 resources utilization and development systems

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) Education and training system	<p>The education and training system consists of several training courses such as, to enable employees to acquire sophisticated expertise in conjunction with their own goals and aspirations, to provide education including compliance education for every employee through enlightenment activities, and to provide education according to position at every level throughout corporate life. Various training courses are provided in response to each employee and task needs.</p> <ul style="list-style-type: none"> • Capability education: Sales training Technical training Skill training • Self-development: Correspondence course • Education according to position • Compliance education <p>Training for new employees Training for young employees Leadership training Basic management training Career management training Training for executives Training for directors</p> <ul style="list-style-type: none"> • Life plan education • Global education: Language training (English, German, French and Chinese, etc.), business training
5) Utilization of in-house job posting	The utilization of human resources is encouraged by providing opportunities to reallocate human resources to business priority areas, and fulfilling employees' initiatives and hopes.
6) Employment extension system	To strengthen and further actively utilize senior expertise, the employment extension system was introduced in fiscal 2002. Their rich experience and knowledge are incorporated to the system based, based on projected low birth rates and aging population and the revised Law for the Stabilization of Employment of the Aged, scheduled in April 2006.

Employment of people with disabilities

TOSHIBA TEC Corporation is endeavoring to create a working environment 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 to bring their capabilities into full play, through Internet recruitment and various other types of forums.

Ensuring gender equality and support to foster future generations

TOSHIBA TEC Corporation is endeavoring to provide a working environment where motivated personnel can bring their capabilities into full play regardless of gender. In order to support the employees, the systems, as shown at right, are provided.

Labor-management relations

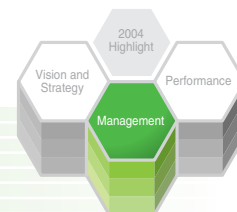
The labor contract governing laws for labor-management relations has been concluded between TOSHIBA TEC Corporation and its labor union, sighting to recognize the policy of coexistence, "corporate development encourages the economic status of its labor union members, while improvements in the economic 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.

Voice of employees

TOSHIBA TEC's survey is conducted to ensure its management policy is sufficiently practiced at each workplace. 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.

Systems that support employees and their families

1) Child-care leave	Until the end of the month when the child becomes three years old.
2) Family-care leave	Per person who requires nursing. Until the day marking a full three years from the day nursing commenced. Within 365 days in total.
3) Nursing-care leave	Five days each per child and family member other than a child.
4) Short-time job	<p>For those caring for a preschooler: Until the end of March of the year, in which the child enters elementary school.</p> <p>For nursing care: Up to three years per person from the day the shift is applied.</p>



Safety and health management

• Management's declaration of the basic policy on safety and health management

The president of the TOSHIBA TEC Group, inaugurating the TOSHIBA TEC Group's basic policy on safety and health management, positioned safety control and healthcare at the heart of management.

TOSHIBA TEC Group Basic Policy on Safety and Health Management

Based on its management policy and Standards of Conduct, the TOSHIBA TEC Group provides a safe and comfortable working environment conducive to physical and mental health. This endeavor is informed by respect for the individual.

1. Recognizing that safety and health management activities constitute one of the most important management issues, the TOSHIBA TEC Group supports activities of workplaces and individuals in this regard.
2. The TOSHIBA TEC Group vigorously promotes safety and health management throughout the Group.
3. The TOSHIBA TEC Group ensures compliance with the Occupational Safety and Health Law and other laws and regulations concerning safety and healthcare.
4. The TOSHIBA TEC Group promotes activities to prevent industrial accidents and accidents during commuting and to create comfortable working environments.
5. The TOSHIBA TEC Group creates opportunities for employees to manage their physical and mental health and to improve and maintain their health.
6. The TOSHIBA TEC Group requests its suppliers to promote safety and health management and supports their efforts.
7. The TOSHIBA TEC Group contributes to society through activities designed to enhance the standards of safety and health management of companies, employees and local communities.

April 1, 2004
Yoshihiro Maeda
President and CEO, TOSHIBA TEC Corporation



• Goal-set initiatives

Priority action items and specific schedules are annually defined as the safety and health management goals, for top management and employees to address.

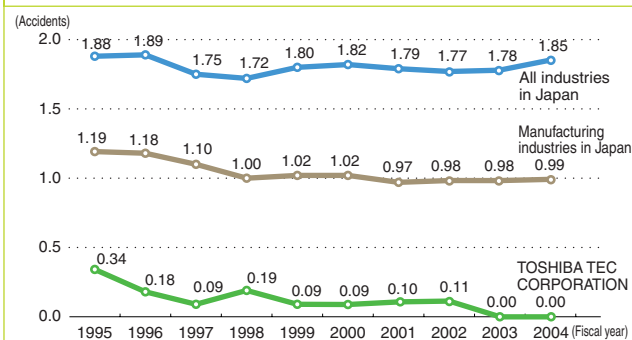
• Occupational Safety and Health Management Systems (OSHMS)

In accordance with the guidelines enacted by the Ministry of Health, Labor and Welfare, TOSHIBA TEC Corporation advances safety and health-related activities, while conducting self-assessment regarding its safety and health management activities using a checklist.

• Prevention of industrial accidents

The TOSHIBA TEC Group seeks to eliminate accidents in the workplace. The accident rate is far below the average for industry as a whole in Japan and the average for manufacturing industry in Japan. Top management conducts safety patrols and the Health and Safety Committee members periodically conduct workplace safety patrols. The TOSHIBA TEC Group is promoting safety activities to eliminate accidents. Our ultimate goal is to eliminate risks.

Occurrence of accidents at work (per one million man-hours)



• Health care

In the event of periodic medical check-ups indicating problems, employees have an opportunity for personal consultations with medical professionals to seek advice in order to cultivate healthy lifestyles. Primary prevention of disease is being jointly expanded with the health insurance association.

Regarding mental health, employees and their families can use a telephone hot line to seek advice from healthcare professionals. The TOSHIBA TEC Group also makes efforts to maintain and promote the mental health of employees through outdoor recreation.

For employees taking sick leave due to mental illness, the TOSHIBA TEC Group offers a program to facilitate their return to work.

In addition, employees whose overtime exceeds a certain number of hours are encouraged to seek the advice of an occupational physician.



Outdoor recreation



Periodic medical check-up

In order to promote good relations, mutual respect and understanding, the TOSHIBA TEC Group contributes and cooperates with local communities.

Cooperation and contribution to local communities

TOSHIBA TEC Group Standards of Conduct (SOC) TOSHIBA TEC Group Corporate Policy

TOSHIBA TEC Group Companies shall:

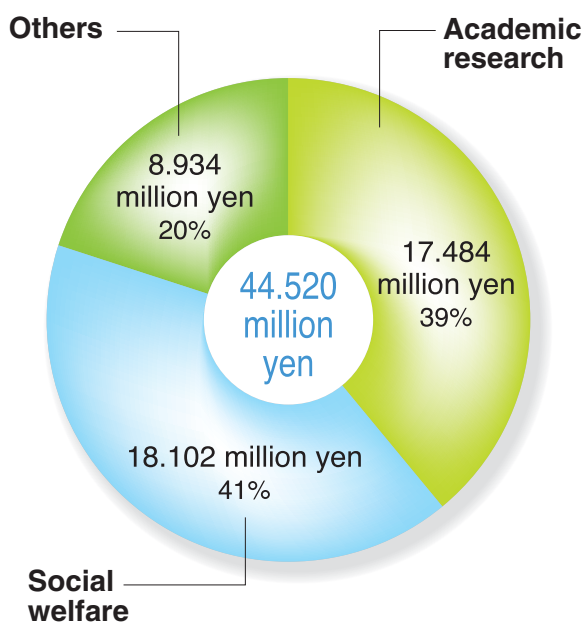
- 1) contribute to and cooperate with all local communities in which TOSHIBA TEC Group operate, in order to promote good relations and mutual respect and understanding;
- 2) support directors and employees in undertaking voluntary activities and give full consideration to each individual's desire to 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.

Donations

TOSHIBA TEC Corporation donates to each country, public organizations including local governments, school research institutions and social welfare organizations, with the aim of contributing to the development and improvement of each country and region in which TOSHIBA TEC Group operates, after consideration of the good of the community, the nature of the requests and the reasons for making contributions.

The results in the past five years are as follows:

Donation expenditures (fiscal 2000 to 2004)



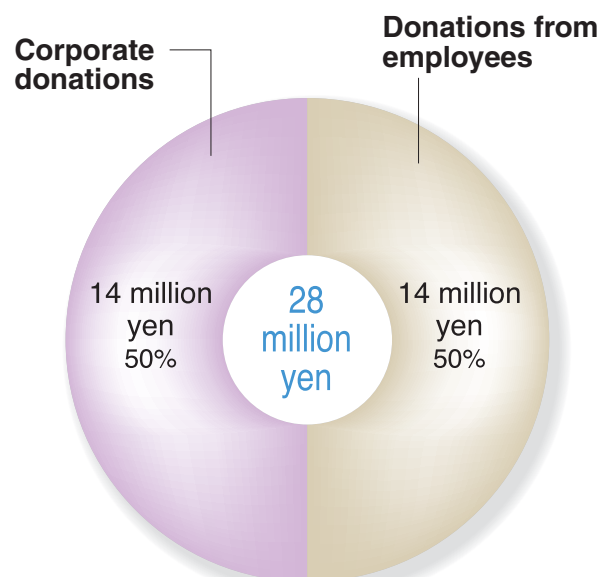
TOSHIBA TEC Philanthropy Fund

“TOSHIBA TEC Philanthropy Fund” was established with the aim of contributing to social welfare, as a good corporate citizen.

This fund consists of the accumulated donations from employees. The donations from this fund, accompanied by the equivalent of corporate donations are given to local and nationwide social welfare and environmental protection groups.

The results in the past five years are as follows:

Philanthropy fund expenditures (fiscal 2000 to 2004)





Volunteer activities

• Examples of contribution to society

Each TOSHIBA TEC business site opens its sport facilities to local communities as well as hosts a summer festival together with local communities. In addition, volunteer employees clean rivers and social welfare facilities, work on groundwater protection activities and hold a charity concert. TOSHIBA TEC Corporation won the “Minister of Health, Labor and Welfare Award” in July 2004.

This award shows our substantial achievements on the corporate-wide promotion of blood donation have been acknowledged.



Volunteer employees cleaning social welfare facilities



Light music club members from Ohito Business Center play at a charity concert

• Holiday system

To support employees who are involved in the above volunteer activities, the reserved holiday system (20 days maximum) is available.

Activities outside Japan

• TOSHIBA AMERICA BUSINESS SOLUTIONS, INC. (U.S.A.)

Relief donations amounting to \$17,000 US from employees accompanied by the equivalent of corporate donations were sent to the American National Red Cross, in order to support the people who had suffered from the earthquake and tsunami in Sumatra.



Relief donations to the American National Red Cross for Sumatra tsunami

• TOSHIBA TEC EUROPE RETAIL INFORMATION SYSTEMS S.A. (Belgium)

Relief donations amounting to € 12,500 from employees accompanied by the equivalent of corporate donations were sent to the aid organization, in order to support the people who had suffered from the earthquake and tsunami in Sumatra.

• TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.

Donations were provided, in order to rebuild Lijiazhuang Elementary School (Heji TOSHIBA Hope Elementary School) and Changchun Wushiwu Junior High School (Changchun TOSHIBA Hope Junior High School). In Shenzhen, the employees participated in tree planting activities, to plant seedlings provided by the aforementioned affiliate.



Class room at Heji TOSHIBA Hope Elementary School



Participation in tree planting activities in Shenzhen

• TOSHIBA TEC AUSTRALIA PTY. LTD. (Australia)

Electronic cash registers were presented to social welfare facilities (special schools), for students to learn the practices of retail stores. POS systems were also contributed to local general stores through participating in the project for development of local communities.



The POS system contributed to a local general store

Management Data

Business sites that acquired ISO14001 certification

Business site* ¹	Date acquired
Japan	
Ohito Business Center	June 1997
Mishima Works	March 1997
Key Components Business Div.* ²	June 1997
Hadano Plant	March 1997
TOSEI DENKI CO., LTD.	August 2004
FUJIKEN CO., LTD.	(Scheduled) June 2005
TEC KASHIYA DENKI CO., LTD.* ²	March 2003
TEC PRECISION, INC.* ²	June 1997
TEC ENGINEERING CORPORATION	October 2004
TER CO., LTD.* ³	October 2004
TOSHIBA TEC Corporation Osaka Office	(Scheduled) June 2005
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 February 15, 2005.

*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.

Internal auditors by business site

	Business site	Fiscal 2004
TOSHIBA TEC CORPORATION	Head Office (Osaka Office)	21
	Ohito Business Center	14
	Mishima Works	15
	Key Components Business Div.	4
	Hadano Plant	16
Affiliate in Japan	TOSEI DENKI CO., LTD.	9
	TEC KASHIYA DENKI CO., LTD.	0
	FUJIKEN CO., LTD.	4
	TEC PRECISION, INC.	2
	TEC ENGINEERING CORPORATION	29
	TER CO., LTD.	1
Affiliate outside Japan	TEC SINGAPORE ELECTRONICS PTE. LTD.	22
	P.T. TEC INDONESIA	20
	TIM ELECTRONICS SDN. BHD.	23
	TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD.	12
	TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD.	9
	TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.	47
	TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.	10
	TOSHIBA TEC U.K. IMAGING SYSTEMS LTD.	1
	TOSHIBA TEC NORDIC AB	6
	TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.	1

EASTER audit results in and outside Japan

Since fiscal 1993 EASTER has annually been conducted. It is the in-house environmental audit system developed by TOSHIBA CORPORATION. The TOSHIBA TEC Group including its affiliates in and outside Japan conducts EASTER, to reduce environmental risks and impacts.

Date audited	Target site	Audit results* ¹			
		Workplace control	VPE progress* ²	Engineering EMS* ³	ECP engineering* ⁴
May 2004	Ohito Business Center	This time	A-	A+	A+
		Last time	B+	A	B
		Major item: Keep the temperature-controlled room clean and tidy.			
May 2004	Key Components Business Div.	This time	B+	A-	Out of target
		Last time	A-	B	Out of target
		Major item: Keep the place for waste metal clean and tidy.			
September 2004	FUJIKEN CO., LTD.	This time	B+	C+	To be evaluated from fiscal 2006 onward
		Last time	—	—	(Started fiscal 2004)
		Major items: Review the chemical refill manual. Reduce the quantity of waste for final disposal.			
December 2004	TOSEI DENKI CO., LTD.	This time	B	C+	C
		Last time	C+	B-	Not implemented
		Major items: Visually control the management criteria. Reduce emissions of chemical substances.			
December 2004	TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD. (China)	This time	A	B+	Out of target
		Last time	—	—	(Started fiscal 2004)
		Major item: Reduce the amount of electricity consumed.			
January 2005	Mishima Works	This time	A	A-	A+
		Last time	A	A	B
		Major item: Improve the energy efficiency of manufacturing facilities.			
February 2005	Hadano Plant	This time	A	B+	A
		Last time	A-	B	B
		Major item: Improve the energy efficiency at the motor manufacturing department.			

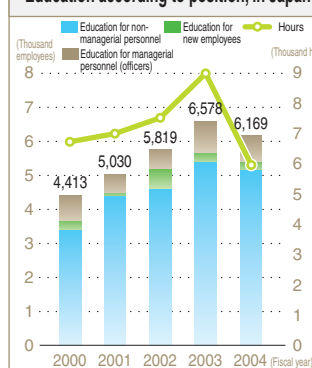
*1: Audit result: A (81 to 100%), B (61 to 80%), C (41 to 60%), the values in parentheses are the degree of achievement based on the criteria.

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

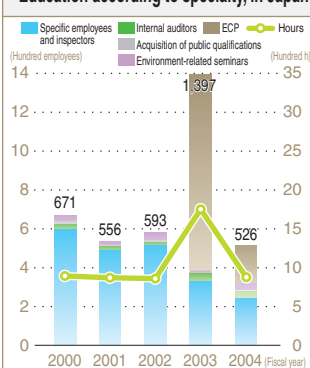
*3: Engineering EMS: Progress of planning control for development/engineering departments

*4: ECP engineering: Outcomes of ECP and engineering

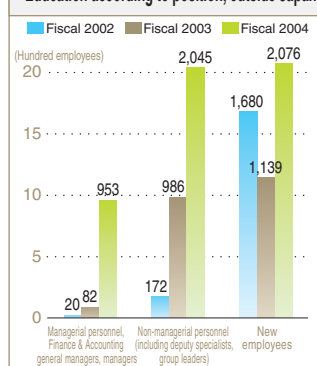
Education according to position, in Japan



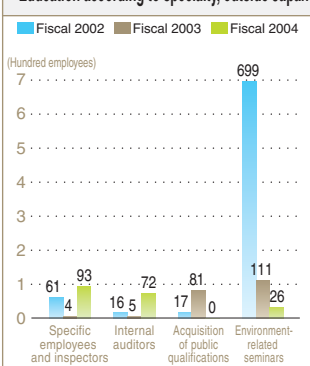
Education according to specialty, in Japan

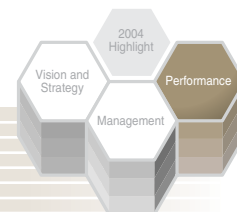


Education according to position, outside Japan



Education according to specialty, outside Japan





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 2004 Version)" issued by the Ministry of Environment, 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 2004

For environmental protection costs, capital investments of approximately 180 million yen and expenses of approximately 1.3 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*¹ compared with fiscal 2003. Each site actively performed R&D activities on environmentally conscious products, as well as established and enhanced the Environmental Management System.

Benefits*² in fiscal 2004 were approximately 1.06 billion yen. Greater benefits arose from the reduction of environmental impacts at the product usage phase, for actual benefits and risk reduction benefits.

The TOSHIBA TEC Group is further redeveloping the structure to obtain data at each site, to improve the precision of aggregation including costs and benefits.

In fiscal 2005, environmental protection costs are expected to be the same as fiscal 2004 in Japan, while being expected to slightly increase outside Japan.

*1: Three sites outside Japan are newly added.

*2: 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.

Costs and Benefits

• Aggregated: TOSHIBA TEC 4 production sites, head office, 4 production affiliates in Japan and 8 production affiliates outside Japan • Period: April 1, 2004 - March 31, 2005
Note: Production affiliates outside Japan increase from 5 to 8 sites. The previous aggregated values are changed in accordance with the current state.

Environmental costs

Classification	Content	Expenditure		Costs		Change in costs from fiscal 2003	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
(1) Business area costs	Reduction of environmental impacts 1)~3)	179.9	96.7	188.2	134.6	Δ89.7	Δ94.5
1. Pollution prevention costs	Prevention of pollution of atmosphere, water, soil, etc.	49.1	32.6	44.6	24.2	Δ17.0	Δ24.3
2. Global environmental protection costs	Prevention of global warming, protection of the ozone layer, etc.	121.8	56.9	97.7	77.3	Δ43.3	Δ33.9
3. Resource circulation costs	Recycling of waste, etc.	9.0	7.2	45.9	33.1	Δ29.4	Δ36.3
(2) Upstream/downstream costs	Green procurement, collection and recycling of products, etc.	0.0	0.0	207.4	189.8	3.2	Δ8.9
(3) Administration costs	Construction of EMS, environmental education, tree-planting/clean-up campaigns, etc.	0.0	0.0	602.3	544.3	74.8	48.4
(4) R&D costs	Technical development for ECP	0.0	0.0	319.1	260.9	115.1	92.8
(5) Social activity costs	Contribution and support to groups/organizations, etc.	0.0	0.0	9.4	8.1	4.3	3.1
(6) Environmental remediation costs	Recovery from soil pollution, etc.	0.0	0.0	0.9	0.9	0.5	0.5
	Total	179.9	96.7	1,327.3	1,138.6	108.2	41.4

Unit: million yen

Environmental benefits

Environmental benefits	Content	TOSHIBA TEC	Affiliates	Total
Actual benefits	Benefits that can be directly converted into monetary value, such as reduced charges for electricity, water, etc.	5.4	Δ0.1	5.3
Assumed benefits	Benefits concerning reduction of environmental impacts in monetary value	Δ0.9	20.8	19.9
Customer benefits	Reduction of environmental impacts at the usage phase expressed in monetary value	997.9	0	997.9
Risk prevention benefits	The extent to which risks are reduced after the investment compared with before the investment is calculated	35.2	3.4	38.6
	Total	1037.6	24.1	1061.7

Unit: million yen

Breakdown of actual benefits

Item	Amount of reduction in environmental impacts	Monetary value of benefits
Energy	TOSHIBA TEC	Δ18,678GJ
	Affiliates	Δ36,283GJ
	Total	Δ54,961GJ
Final disposal of waste	TOSHIBA TEC	1.6t
	Affiliates	38.0t
	Total	39.6t
Water	TOSHIBA TEC	Δ32.0 thousand m ³
	Affiliates	Δ8.4 thousand m ³
	Total	Δ40.4 thousand m ³
	Grand total	5.3

Unit: million yen

Breakdown of assumed benefits

Item	Amount of reduction in environmental impacts*	Monetary value of benefits
Chemical substance discharge reduction benefits	TOSHIBA TEC	0.1t
	Affiliates	0.6t
	Total	0.7t

Unit: million yen

Customer benefits

Item	Amount of reduction in environmental impacts*	Monetary value of benefits
Environmental impact reduction benefits at the usage phase	Electricity	5,924t-CO ₂
	Roll paper	1,098t

Unit: million yen

* Indicated in the above table are differences in volumes of environmental impacts between fiscal 2003 and fiscal 2004. 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) = [(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.

Environmentally Conscious Products

ECP activity results and outcomes

Year	1991	...	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Environmental Assessment on Products	Started in the Home Electric Appliances Group Deployed to all divisions												
Issuing of design guidelines						"ECP Promotion Manual"	"Recycling Design Guideline"	"3R Design Manual"	"Environmental Impact Substance Reduction Design Manual" "Energy-saving Design Manual"				
Issuing of the collection of examples of ECP improvement				1st edition of "Collection of examples of ECP improvement"	2nd edition	3rd edition		4th edition	5th edition	6th edition			
ECP support tool				Introduced/expanded LCA (Life Cycle Assessment)		Introduced LCP (Life Cycle Planning)		Introduced factor calculation tool "FACTOR-T"					
Education for engineers				Commenced corporate-wide education for engineers	Commenced e-learning in education for engineers								
Promotion structure				Inaugurated "ECP Promotion Committee"	Inaugurated "corporate-wide lead-free solder evaluation WG"		Inaugurated "lead-free solder application review WG"		Inaugurated "RoHS Directives WG"				
EASTER technical audit				Commenced EASTER technical audit (Annually implemented)									
Environmentally conscious products	Acquired International ENERGY STAR for copiers (PRECIO2530/2540/3550) 												
	Acquired Eco Mark for copiers (PREMAGE55/65/80) 												
	Indicated ECO LEAF environmental label on copiers (e-STUDIO550/650/810) 												
	Applied lead-free solders to vacuum cleaner (VC-M12V) 												
	Indicated ECO LEAF environmental label on facsimile machines 												
	Indicated TOSHIBA Group Earth Protection Mark on POS terminal (M6800) (Compliance with the Voluntary Environmental Standards) 												
	Acquired International ENERGY STAR for facsimile machine (TF-6000) 												
	Acquired International ENERGY STAR for bar code printers 												
	RoHS Directive fully compliant vacuum cleaner (VC-S300EX) 												

In terms of provisions for product information and the reduction of electricity consumed per product function, the fiscal 2004 targets were achieved. The target for applications of lead-free solders was achieved in fiscal 2003.

Progress of the Third Voluntary Plan for Environmental Protection

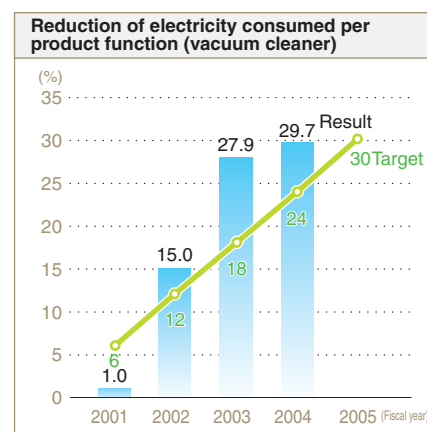
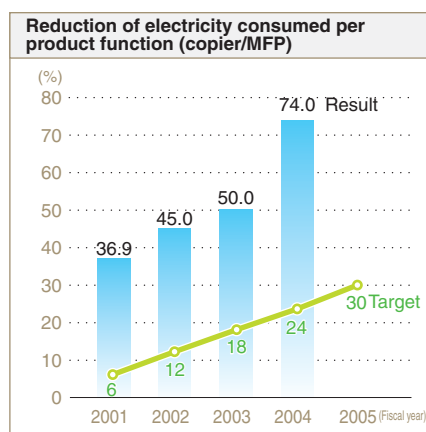
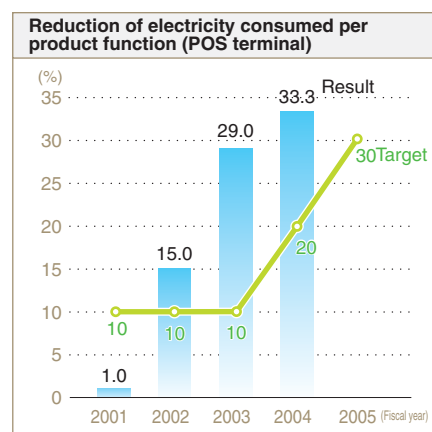
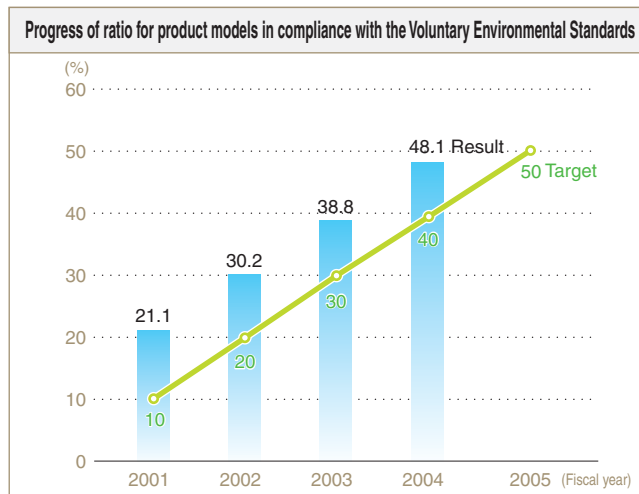
- Provision of product information
(Ratio of product models in compliance with the Voluntary Environmental Standards)

Target for fiscal 2005	50% of products to be in compliance with the Voluntary Environmental Standards
Result in fiscal 2004	48.1%

Note: The counting technique for the number of models was reviewed along with the current state.

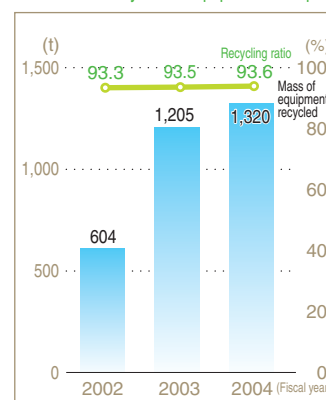
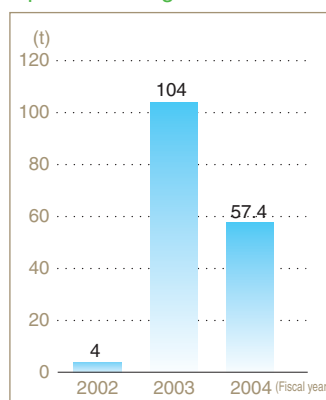
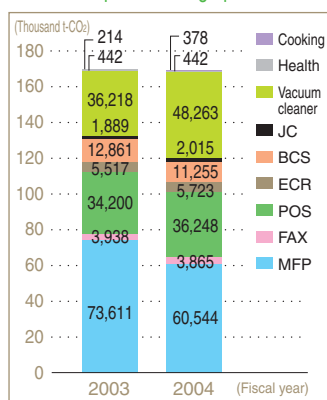
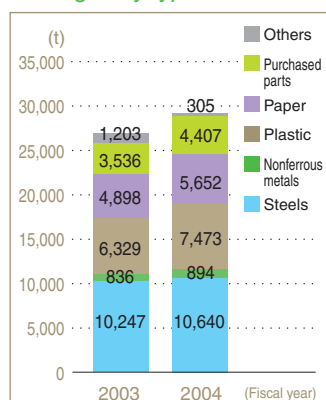
- Reduction of electricity consumed per product function

Target for fiscal 2005	30% reduction relative to fiscal 2000 (Target products: POS terminal, copier/MFP, vacuum cleaner)
Result in fiscal 2004	POS terminal: 33.3% reduction Copier/MFP: 74.0% reduction Vacuum cleaner: 29.7% reduction



Amounts of substances charged into products, CO₂ emissions

- Amounts of substances charged by type of substance
- CO₂ emissions until the end of product life at the product usage phase
- Amount of recycled plastics charged
- Collection/recycling results of retail information systems equipment in Japan



Note: Estimated values calculated from the major products

Environmentally Conscious Products

ECP design outcomes

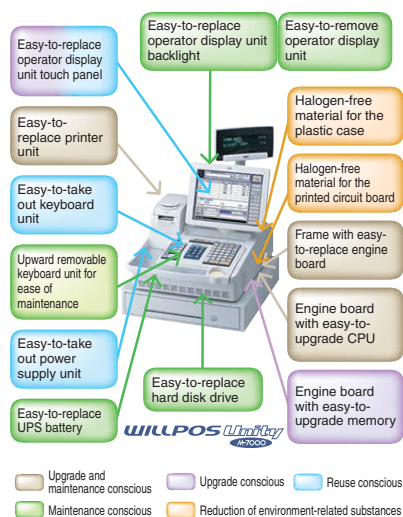
Outcomes through ECP designs in fiscal 2004 (Major items)

Product	Action Item	Reduce	Reuse	Recycle	Energy conservation	Reduction of environmental impact substances	Others
POS	Introduce reusable packing materials.		○	○			
	Improve expandability based on LCP analyses.	○					○
	Improve maintainability based on LCP analyses.	○					○
	Improve reusability based on LCP analyses.		○				
	Substitute chromate treated screws.					○	
	Introduce halogen-free printed circuit boards.					○	
MFP	Introduce halogen-free plastics.					○	
	Improve energy consumption efficiency by twin lamp fusing.				○		
	Introduce PVC-free power cables.					○	
	Introduce ozone reduction type corona chargers.	○					○
	Introduce halogen-free plastics to thin MFPs.	○		○		○	
	Design low-noise MFPs.						○
Facsimile machine	Introduce PVC-free electric wires (internal wiring).						
Vacuum cleaner	Substitute components and materials in compliance with the RoHS Directive.					○	
	Introduce handy cyclone system to reduce the amount of dust bags consumed.	○					
	Reduce the weight of vacuum cleaners.	○					
	Use lead-free hoses.					○	
	Use halogen-free sound-deadening materials.					○	
	Improve dismantling.						○
Dry cleaning	Use less adhesive for sound-deadening and packing materials.						○
	Reduce the amount of solvents consumed and discharged.	○					

Specific examples of ECP designs

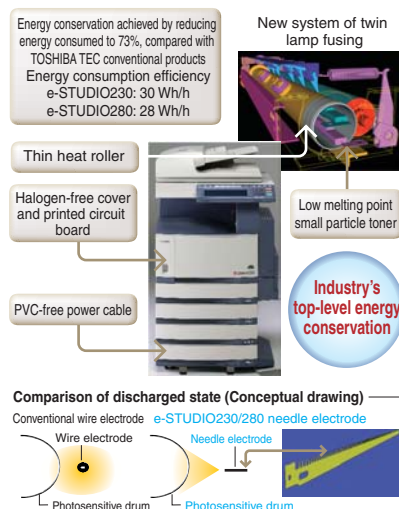
• POS Terminal "M-7000"

- 1) Design the product based on LCP (Life Cycle Planning). → p. 58
- 2) Unitize the product and improve dismantling, in consideration of reuse, recycling and maintenance. ⇒ 33% reduction of the number of screws used
- 3) Optimize the upgrade conscious engine board.
- 4) Abolish restricted substances targeted by the RoHS Directive.
- 5) Introduce the halogen-free plastic case and printed circuit board.



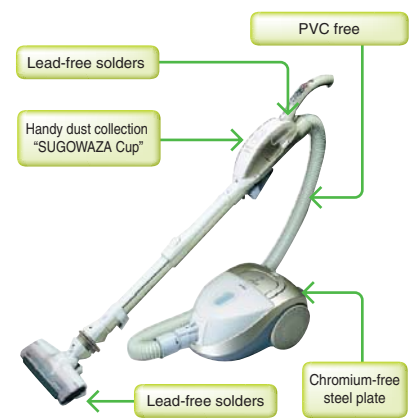
• MFP "e-STUDIO230/280"

- 1) Acquire the Type I, II and III environmental labels.
- 2) Reduce energy consumed to 73% for energy conservation, compared with TOSHIBA TEC conventional products.
- 3) Completely recycle "waste used toner."
- 4) Introduce halogen-free materials to the external covers and every printed circuit board in-house mounted.
- 5) Introduce PVC-free power cable.
- 6) Abolish restricted substances targeted by the RoHS Directive.
- 7) Introduce the needle electrode charger to reduce the amount of ozone generated by 75%.



• Vacuum Cleaner "VC-S300EX"

- 1) Compliance with the European "Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS)" Directive. (Circuit assembly, lead-free joint, full introduction of chromium-free steel plate to the motor)
- 2) Introduce elastomer to the hose. (PVC free)
- 3) The handy dust collection cup achieves resource conservation. (70% reduction in the amount of dust bags consumed, 9.3 t/year reduction benefits: 250 thousand units/year)
- 4) The fine dust removal efficiency has reached approximately 99.9%! (Introduction of triple paper pack filter, HEPA CLEAN filter, ALLERGET filter)



Environmental Label and Green Purchasing Law

TOSHIBA TEC CORPORATION discloses information on many of its products, which comply with the standards for various environmental labels and the Green Purchasing Law. → p.58

Classification	Type I					Type II	Type III	—
Name	Eco Mark	International ENERGY STAR® Program	Chinese environmental label	Blue Angel Mark (Germany)	EcoLogo [®] Symbol (Canada)	TOSHIBA Group Earth Protection Mark	ECO LEAF Environmental Label	Green Purchasing Law
Mark								—
POS terminal	—	—	—	—	—	7	—	—
POS peripheral equipment	—	—	—	—	—	6	—	—
Electronic cash register	—	—	—	—	—	3	—	—
JIMCOM (office computer)	—	—	—	—	—	2	—	—
Bar code printer	—	42	—	—	—	3	—	—
Electronic meeting board	—	—	—	—	—	4	—	4
Copier/MFP	15	82	29	4	15	15	10	23
Facsimile machine	—	12	—	—	—	0	1	2
Vacuum cleaner	—	—	—	—	—	0	—	—

Note: "—" indicates Not Applicable. The values in the list are the numbers of units complying with the standards.

Universal design

Leading the industry, the e-STUDIO3511/4511/350/450 offers the adjustable control panel, tilting 5 to 45 degrees. This tilt range is determined through tilt evaluations by sampling nine types of tilts, allowing various users to properly manipulate the control panel in a standing or sitting position (in a wheelchair). These models provides users with visual impairments or those who operate in a dark environment, to easily manipulate the control panel as follows:

- Ten concave keys and main keys for fingers to easily fit in to press
- Tactile marks next to the main keys
- Touch-panel reverse display mode, which inverts letters and background colors to easily recognize letters
- Easy-to-read large letters with high contrast

In addition, universal design is pursuing not only users with visual impairments but also general users to easily access the different shaped main keys, while clearly allocating key groups depending on functions.



Tilt-type control panel



Application of easy-to-see large display panel and large buttons

Logistics

CO₂ emissions during logistics

All transportations of TOSHIBA TEC products are outsourced to forwarding agents.

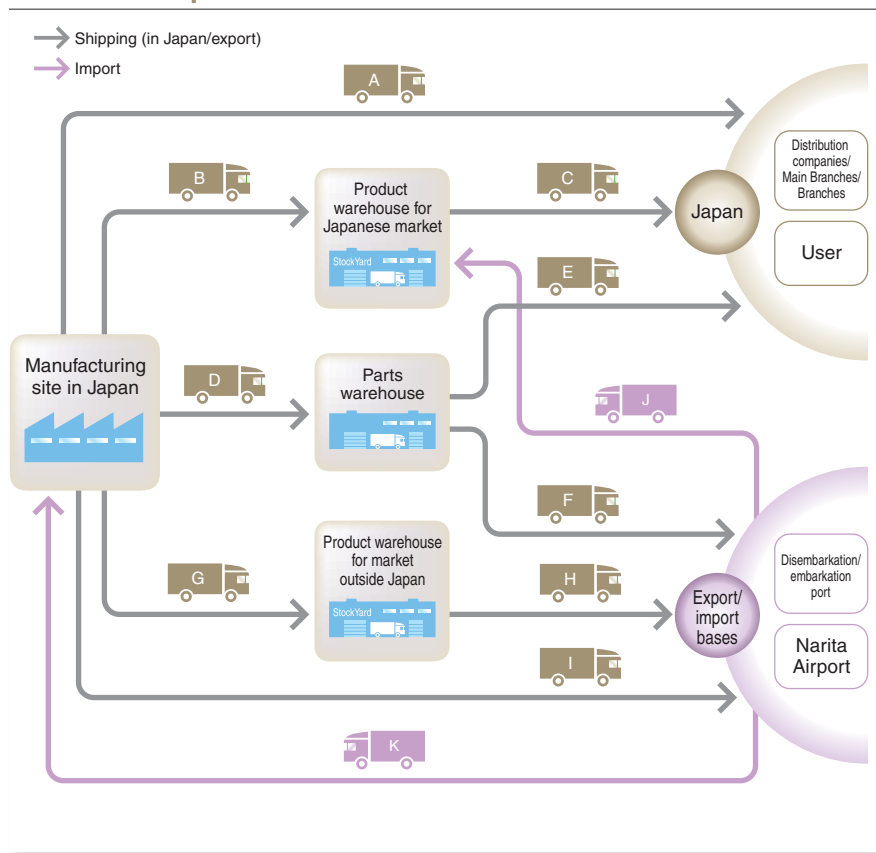
The system, seizing CO₂ emissions per product transportation route in Japan, has been created since fiscal 2003.

CO₂ emissions during TOSHIBA TEC product transportation

Route	CO ₂ emissions (t-CO ₂)	
	Fiscal 2003	Fiscal 2004
A	382	394
B	25	18
C	564	633
D	46	49
E	80	35
F	5	6
G	6	8
H	7	7
I	160	144
J	45	134
K	51	69
Total	1,371	1,497

* CO₂ emissions are calculated in accordance with the formula for truck transportation provided by the Ministry of Land, Infrastructure and Transport:
(CO₂ = Distance x Weight x 174g-CO₂/t-km)

Product transport route



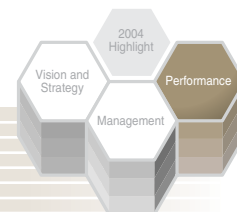
CO₂ emissions from company-owned vehicles and introduction of low-pollution vehicles (Fiscal 2004)

Each site has been introducing more low-pollution vehicles. As a result, 803 out of 1,588 company-owned vehicles became low-pollution vehicles in fiscal 2004.

		Business site	Company-owned vehicles				
			Amount of fuel consumed (kℓ)	CO ₂ emissions (t- CO ₂)	Total number of vehicles owned* ¹	Number of low-pollution vehicles* ²	Introduction rate
TOSHIBA TEC Corporation	Production site	Ohito Business Center	17	41	21	5	24%
		Mishima Works	5	12	9	4	44%
		Key Components Business Div.	3	9	9	3	33%
		Hadano Plant	3	6	2	0	0%
	Non-production site	Head Office (Osaki Office), Main Branch, Branch	349	808	506	325	64%
Affiliate	Production site	TOSEI DENKI CO., LTD.	21	50	34	12	35%
		FUJIKEN CO., LTD.	5	12	6	2	33%
		TEC KASHIYA DENKI CO., LTD.	6	13	5	2	40%
		TEC PRECISION, INC.	10	24	8	2	25%
	Non-production site	TEC ENGINEERING CORPORATION	1,310	3,041	963	431	45%
		TEC APPLIANCE CORPORATION	52	122	23	17	74%
		TEC INFORMATION SYSTEMS CORPORATION	2	4	2	0	0%
		Total	1,783	4,142	1,588	803	51%

*1: Leased vehicles are included.

*2: Electric vehicles, methanol-fueled vehicles, CNG (compressed natural gas) vehicles and hybrid vehicles specified by the Ministry of Land, Infrastructure and Transport, and low-pollution vehicles with one or more star certification status.



Reduction of waste and resource conservation

Reduction in waste for final disposal and total emissions

Progress of the Third Voluntary Plan for Environmental Protection

Target	Result in fiscal 2004
1) TOSHIBA TEC production sites: The quantity for final disposal to be 1% or less of total emissions by the end of fiscal 2003	1) 0.2%
2) TOSHIBA TEC Group production sites in Japan: 20% reduction of total emissions by the end of fiscal 2010 relative to fiscal 2000	2) 12% increased compared with fiscal 2003 3% increased compared with fiscal 2000

The final disposal rate targeted for TOSHIBA TEC production sites* in fiscal 2004 was 0.2%, which continuously attained the target of 1% or less for total emissions.

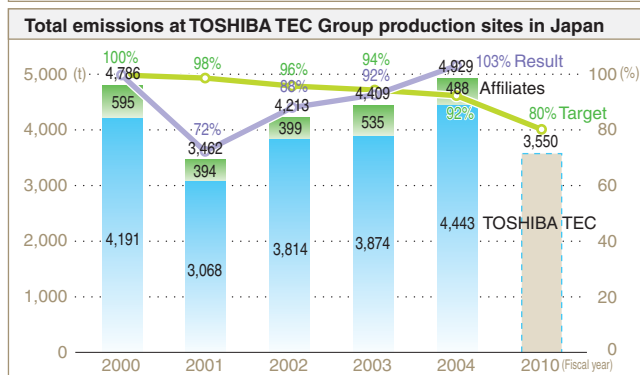
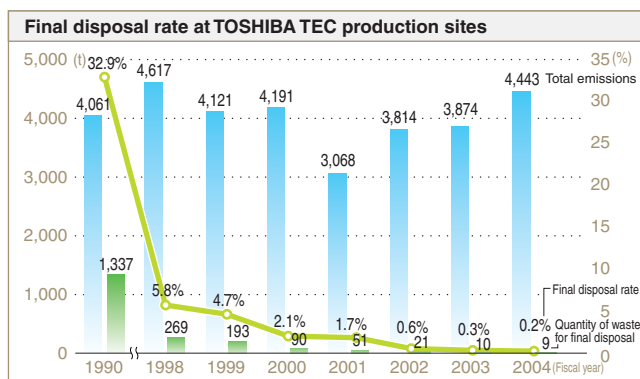
Total emissions in fiscal 2004 were 4,443 tons, which indicate an increase of 569 tons compared with fiscal 2003. However, the waste for final disposal was 9 tons, which indicates a decrease of 1 ton compared with fiscal 2003. Thus, the target was achieved.

* Only TOSHIBA TEC production sites in Japan are applied.

Total emissions at TOSHIBA TEC Group production sites, including its affiliates in Japan resulted in a 12% increase over fiscal 2003 and a 3% increase compared with fiscal 2000.

The amount of components procured from sites in China increased at Mishima Works, and accordingly, the amount of corrugated cardboards and pallets discharged increased. The production ramp-up of vacuum cleaners caused an increase in waste metal at Hadano Plant.

We are using returnable containers to reduce total emissions.



Emissions, amount of recycling and quantity of waste for final disposal at TOSHIBA TEC Group in fiscal 2004

Emissions, amount of recycling and quantity of waste for final disposal at production sites in Japan

Business site		Total emissions (t)	Amount of recycling (t)	Quantity of waste for final disposal (t)
TOSHIBA TEC CORPORATION	Ohito Business Center	558.8	549.0	0.58
	Mishima Works	1,853.5	1,847.2	6.30
	Key Components Business Div.*1	736.5	728.0	0.58
	Hadano Plant	1,285.9	1,285.2	1.56
	Total	4,434.7	4,409.4	9.02
Affiliate	TOSEI DENKI CO., LTD.	436.6	360.5	0.47
	FUJIKEN CO., LTD.	48.5	42.2	3.31
	TEC KASHIYA DENKI CO., LTD.	2.2	2.0	0.02
	TEC PRECISION, INC.*1	—	—	—
	Total	487.3	404.7	3.80
Total		4,922.0	4,814.0	12.8

* The quantity of waste for final disposal includes the waste for landfill and combustion residue.

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

Emissions and amount of recycling at production sites outside Japan

Business site	Total emissions (t)	Amount of recycling (t)
TEC SINGAPORE ELECTRONICS PTE. LTD.	113	18
TIM ELECTRONICS SDN. BHD.	57	37
TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.	907	867
TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.	304	291
P.T. TEC INDONESIA	400	336
TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.	168	130
Total	1,949	1,680

Non-production sites in Japan

Business site	Total emissions (t)
TOSHIBA TEC CORPORATION Head Office (Osaki Office)	71.0
Main Branch/Branch/Sales Office*1	78.3
TEC ENGINEERING CORPORATION	450.0
TEC APPLIANCE CORPORATION	0.6
TEC INFORMATION SYSTEMS CORPORATION	18.3

* Estimated values are partially included. *1: 9 sites employ 30 people or more, or consume electricity of 600 kWh or more on an annual basis.

Emissions at Head Office (Osaki Office)

In January 2005 TOSHIBA TEC Corporation integrated its three offices, dispersed throughout the Tokyo metropolitan area, into Oval Court Osaki Mark East. After integration, Osaki Office is separating waste.

Emissions at Head Office (Osaki Office)

Disposal	Type of waste	Description	Emissions (kg)*	
Material recycling	Paper	OA paper	6,440	42,408
		Newspaper, magazine	12,540	
		Corrugated cardboard	23,428	
	Waste plastic	Styrofoam	172	416
		PET (polyethylene terephthalate) bottle	244	
	Waste metal	Cans	384	44,556
	Glass	Glass bottles	316	
Others	1,032			
Thermal recycling	Combustible waste, waste plastic (meal trays, etc.)			26,880
Total				71,436

* Data for fiscal 2004 is estimated between January and March 2005.

Control of Chemical Substances

Reduction in emissions of chemical substances

Progress of the Third Voluntary Plan for Environmental Protection

Target	Result in fiscal 2004
TOSHIBA TEC production sites: 30% reduction of emissions of chemical substances to air and water by the end of fiscal 2005 relative to fiscal 2000	99.2% reduced

Emissions of chemical substances targeted for TOSHIBA TEC production sites in fiscal 2004 was 0.52 tons, which achieved the reduction of 99% or more*² compared with the reference year.

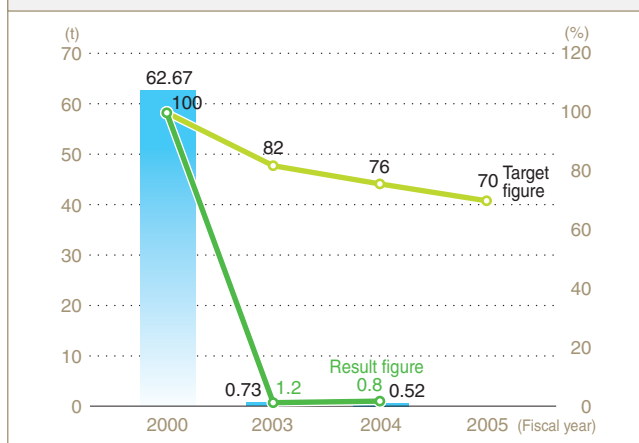
The most emitted methanol reached 0.4 tons, which accounts for approximately 80% of the total emissions.

In terms of the Fourth Voluntary Plan for Environmental Protection starting in fiscal 2005, we are working on new measures toward a vast range of chemical substances, while taking into account the limited emissions of VOCs (volatile organic compounds).

*1: 24 substances specified by the TOSHIBA Group

*2: In fiscal 2000, styrene and xylene were used for coating at Mishima Works. However, this coating was abolished in fiscal 2001, thus, substantial emissions were reduced.

Reduction of emissions of chemical substances*¹



Emissions of chemical substances in fiscal 2004 (Production sites in Japan)

* The list contains the substances whose amounts handled are 1kg or more per year, out of 449 substances targeted for the Fourth Voluntary Plan for Environmental Protection and specified by the TOSHIBA Group.

(Unit: t)

No.	Substance number ¹	Chemical substance name	Amount handled	Amount emitted to air	Amount transferred as waste	Amount consumed	Amount recycled
1	25	antimony and its compounds	1.998	0.000	0.101	1.898	0.000
2	30	polymer of 4,4'-isopropylidenediphenol and 1-chloro-2,3-epoxypropane (liquid)	10.320	0.003	0.197	10.120	0.000
3	40	ethylbenzene	0.948	0.948	0.000	0.000	0.000
4	43	ethylene glycol	0.007	0.007	0.000	0.000	0.000
5	44	ethylene glycol monoethyl ether	1.467	1.467	0.000	0.000	0.000
6	60	cadmium and its compounds	0.010	0.000	0.000	0.010	0.000
7	63	xylene	2.424	2.424	0.000	0.000	0.000
8	64	silver and its water-soluble compounds	0.180	0.000	0.014	0.056	0.110
9	68	chromium and chromium(III) compounds	0.016	0.000	0.000	0.016	0.000
10	85	chlorodifluoromethane	0.199	0.199	0.000	0.000	0.000
11	177	styrene	0.047	0.047	0.000	0.000	0.000
12	202	tetrahydromethylphthalic anhydride	8.287	0.000	0.132	8.155	0.000
13	211	trichloroethylene	0.001	0.001	0.000	0.000	0.000
14	224	1,3,5-trimethylbenzene	0.098	0.098	0.000	0.000	0.000
15	227	toluene	5.936	5.936	0.000	0.000	0.000
16	230	lead and its compounds	3.914	0.003	0.125	1.820	1.967
17	231	nickel	0.007	0.000	0.000	0.007	0.000
18	251	bis(hydrogenated tallow)dimethylammonium chloride	0.016	0.000	0.000	0.016	0.000
19	270	di-n-butyl phthalate	0.029	0.029	0.000	0.000	0.000
20	272	bis(2-ethylhexyl) phthalate	0.004	0.000	0.000	0.004	0.000
21	283	hydrogen fluoride	0.006	0.006	0.000	0.000	0.000
22	307	poly(oxyethylene)=alkyl ether (alkyl C=12-15 and its mixture)	0.078	0.078	0.000	0.000	0.000
23	310	formaldehyde	0.002	0.002	0.000	0.000	0.000
24	311	manganese and its compounds	0.601	0.000	0.000	0.601	0.000
25	360	isobutyl alcohol	0.117	0.117	0.000	0.000	0.000
26	361	isopropyl alcohol	24.809	7.985	16.824	0.000	0.000
27	366	ethyl alcohol	0.767	0.671	0.001	0.095	0.000
28	369	ethylene glycol monobutyl ether	0.054	0.054	0.000	0.000	0.000
29	382	butyl acetate	0.860	0.860	0.000	0.000	0.000
30	392	cyclohexanone	0.172	0.172	0.000	0.000	0.000
31	393	cyclohexane	0.005	0.005	0.000	0.000	0.000
32	407	1,2,4-trimethylbenzene	0.090	0.090	0.000	0.000	0.000
33	411	naphthalene	0.005	0.005	0.000	0.000	0.000
34	415	1-butanol	0.087	0.087	0.000	0.000	0.000
35	425	propylene glycol monomethyl ether	0.049	0.049	0.000	0.000	0.000
36	426	propylene glycol monomethyl ether acetate	0.043	0.043	0.000	0.000	0.000
37	436	methyl alcohol	0.121	0.120	0.000	0.001	0.000
38	437	methyl isobutyl ketone	1.004	1.004	0.000	0.000	0.000
39	439	methyl ethyl ketone	0.101	0.101	0.000	0.000	0.000
Total			64.879	22.611	17.393	22.798	2.077

* 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.

The TOSHIBA TEC Group has abolished all Ozone-Depleting Substances.

There were no oil spill incidents or contraventions to the laws in fiscal 2004.

Emissions to air and water in fiscal 2004 (TOSHIBA TEC Group production sites in Japan) (Unit: kg)

Emissions to air*¹

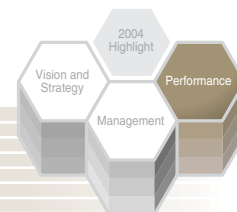
	Amount emitted to air
Flyash	48.9
NOx	191.8
SOx	71.0

*1: Amount emitted to air = Annual average value of measured concentration x annual total emissions of gases

Emissions to water*²

	Amount emitted to water		Amount emitted to water
COD	13.1	N-hexane (animal and vegetable fats)	13.1
BOD	272.1	Phenols	272.1
SS	130.9	Copper	130.9
N-hexane (mineral oils)	32.9	Zinc	32.9
		Dissolved iron	14.7
		Dissolved manganese	7.3
		Total chromium	3.7
		Fluorine	8.9

*2: Amount emitted to water = Annual average value of measured concentration x annual total drainage, except drainage to sewers



Prevention of Global Warming and Energy Conservation

Reduction of CO₂ emissions

Progress of the Third Voluntary Plan for Environmental Protection

Target	Result in fiscal 2004
1) TOSHIBA TEC production sites: 25% reduction of production output CO ₂ emission rate in fiscal 2010 relative to fiscal 1990	1) 15.5% deteriorated compared with fiscal 2003 6.9% deteriorated compared with fiscal 1990
2) TOSHIBA TEC Group production sites in Japan: 40% reduction of total CO ₂ emissions in fiscal 2010 relative to fiscal 1990	2) 6.7% increased compared with fiscal 2003 19.5% decreased compared with fiscal 1990

The production output CO₂ emission rate targeted for TOSHIBA TEC production sites*¹ in fiscal 2004 deteriorated by 15.5% compared with fiscal 2003 and 6.9% over fiscal 1990. Production expansion outside Japan caused an 8.5% decrease in production output in Japan compared with fiscal 2003 and a 23.2% decrease over fiscal 1990. A large quantity of products, consuming a large amount of energy during manufacturing, such as vacuum cleaner motors and printer heads in Japan, led to an increase in CO₂ emissions. In addition, the CO₂ emission rate*² associated with electricity consumption also deteriorated due to suspension of nuclear energy.

*1: Only TOSHIBA TEC production sites in Japan are applied.

*2: The values declared by Nippon Keidanren in August 2004 are as follows:

3.62 t/10 thousand kWh for fiscal 2002

3.89 t/10 thousand kWh for fiscal 2003 (both at the generating ends).

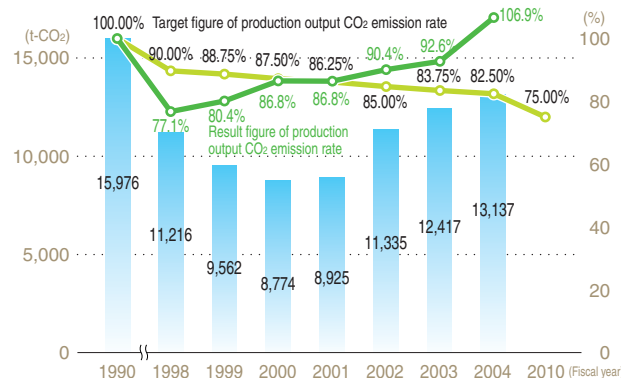
The value for fiscal 2004 has not been declared yet, however, the TOSHIBA TEC Group considers the value for fiscal 2003 as the one for fiscal 2004.

Total CO₂ emissions at TOSHIBA TEC Group production sites including its affiliates in Japan, resulted in a 6.7% increase over fiscal 2003 and a 19.5% increase compared with fiscal 1990.

The affiliates command only an 11% share of CO₂ emissions, thus, an increase in CO₂ emissions at TOSHIBA TEC Corporation had a significant impact on the entire CO₂ emissions.

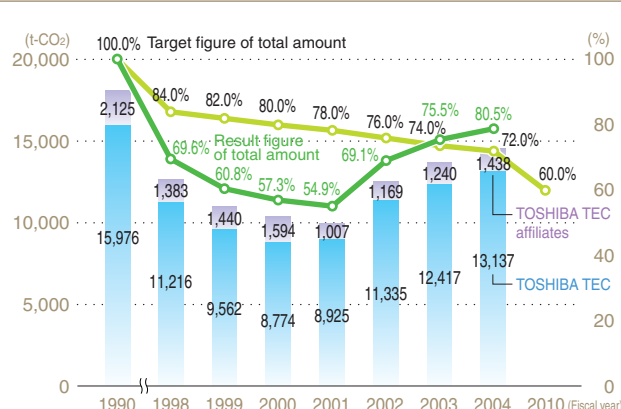
We are controlling the rate by manufacturing facility, to improve the usability of energy. We also incorporate energy-saving measures by replacing central air conditioning with individual units and using energy-saving lighting fixtures in indirect departments.

CO₂ emissions and production output CO₂ emission rate



Note: Data is aggregated from TOSHIBA TEC production sites. See p.49 under fuel consumed by company-owned vehicles
Note: CO₂ conversion factor for electricity (unit: t-CO₂/10 thousand kWh): fiscal 1990 = 3.74, fiscal 1998 = 3.16, fiscal 1999 = 3.34, fiscal 2000/2001 = 3.38, fiscal 2002 = 3.62, fiscal 2003/2004 = 3.89

CO₂ emissions at TOSHIBA TEC Group production sites in Japan



Greenhouse gases other than CO₂

The TOSHIBA TEC Group does not emit any greenhouse gases other than CO₂.

TOSHIBA TEC Group energy consumptions in fiscal 2004

Production sites

Business site		Electricity (MWh)	Heavy oil(kerosene)(t)	Town gas (km ³)	LPG (t)	Water consumed (t)
TOSHIBA TEC CORPORATION	Ohito Business Center	5,470	1	0	11	34,673
	Mishima Works	11,796	0	265	0	138,151
	Key Components Business Div.* ¹	5,470	0	0	5	13,732
	Hadano Plant	8,230	65	0	8	20,989
Affiliate	TOSEI DENKI CO., LTD.	2,200	32	0	12	9,581
	FUJIKEN CO., LTD.	970	1	0	0	1,683
	TEC KASHIYA DENKI CO., LTD.	220	0	0	0	1,200
	TEC PRECISION, INC.* ¹	—	—	—	—	—
Affiliate	TEC SINGAPORE ELECTRONICS PTE. LTD.	430	0	0	5	22,490
	TIM ELECTRONICS SDN. BHD.	260	0	0	5	27,130
	TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.	11,500	0	111	0	15,607
	TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.	6,170	0	0	0	248,213
	P.T. TEC INDONESIA	5,410	0	0	0	25,980
	TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.	16,030	0	0	0	10,530
	TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD.* ²	—	—	—	—	—
	TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD.* ²	—	—	—	—	—
	TEC APPLIANCE CORPORATION	700	0	0	0	1,010
	TEC INFORMATION SYSTEMS CORPORATION	1,010	0	0	0	1,400

*1: TEC PRECISION, INC. belongs to the Key Components Business Div. *2: Management data will be collected from fiscal 2005 and onward.

Non-production sites

Business site		Electricity (MWh)
TOSHIBA TEC CORPORATION	Head Office (Osaki Office)	4,500
	Main Branch/Branch/Sales Office*	1,710
	TEC ENGINEERING CORPORATION	5,480
Affiliate	TEC APPLIANCE CORPORATION	700
	TEC INFORMATION SYSTEMS CORPORATION	1,010
	TOSHIBA TEC AMERICA RETAIL INFORMATION SYSTEMS, INC.	140
	TOSHIBA TEC EUROPE RETAIL INFORMATION SYSTEMS S.A.	1,620
	TOSHIBA TEC AUSTRALIA PTY. LTD.	150
	TOSHIBA TEC CANADA INC.	170
	TOSHIBA TEC U.K. IMAGING SYSTEMS LTD.	48
	TOSHIBA TEC GERMANY IMAGING SYSTEMS GmbH	49
	TOSHIBA TEC (H.K.) LOGISTICS & PROCUREMENT LIMITED	40
	TOSHIBA TEC JAPAN LOGISTICS & PROCUREMENT LIMITED	40

* 9 sites employ 30 people or more, or consume electricity of 600 kWh or more on an annual basis.

Economic Performance

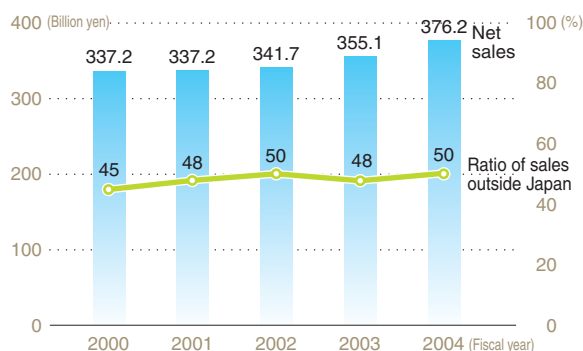
Review of fiscal 2004

During fiscal 2004, the Japanese economy steadily continued on a recovery trend, against the background of the expanding exports and increasing capital investments. However, export momentum as an engine for economic recovery slackened and the economy gradually dwindled toward the end of the year. In terms of business outside Japan, the U.S. economy remained on a solid upturn although dulled toward the end of the year. The European economy maintained its unsteady but upward movements. The Chinese market maintained its growth but weakened its movement as a whole.

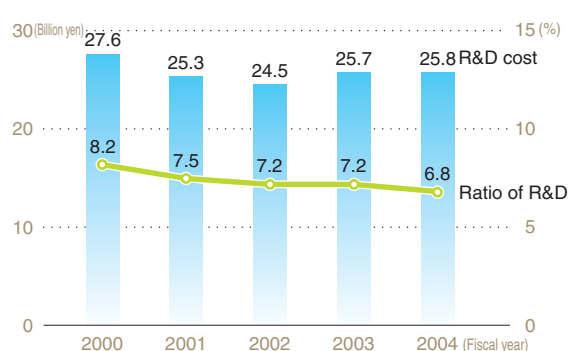
Under these circumstances, with the aim of earnestly striving for structural innovation, the TOSHIBA TEC Group launched new POS systems into the market and expanded its lineup of digital MFPs, to reinforce product competitiveness. The Group also cultivated cost competitiveness by shifting productions to Shenzhen in China, while enhancing the sale force through the expanding direct sales channels.

Net sales reached 376.187 billion yen, a 6% increase over the previous year, in consequence of growth for net sales in the Retail Information Systems Company and Document Processing & Telecommunication Systems Company. Regarding profit and loss, incomes increased and costs were further reduced, the sales profit reached 16.194 billion yen, an 8% increase compared with the previous year. Ordinary profit reached 14.431 billion yen, an 18% increase compared with the previous year. However, profits for fiscal 2004 resulted in 6.347 billion yen, a 21% decrease over the previous year, due to costs of structurally changing the Home Electric Appliances Group in accordance with shifting productions to outside Japan.

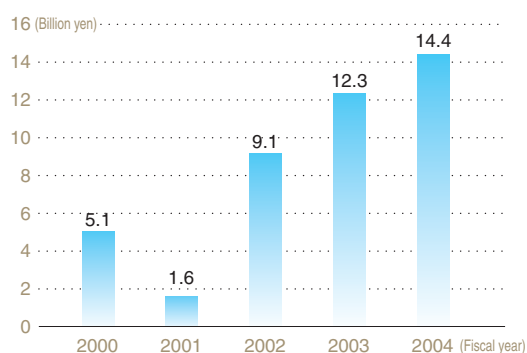
Net sales and ratio of sales outside Japan



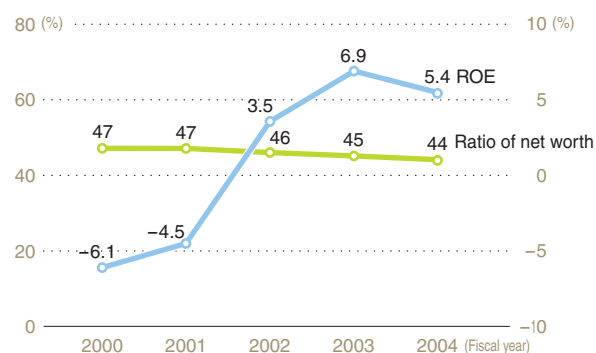
Research and development (R&D) cost



Ordinary profit



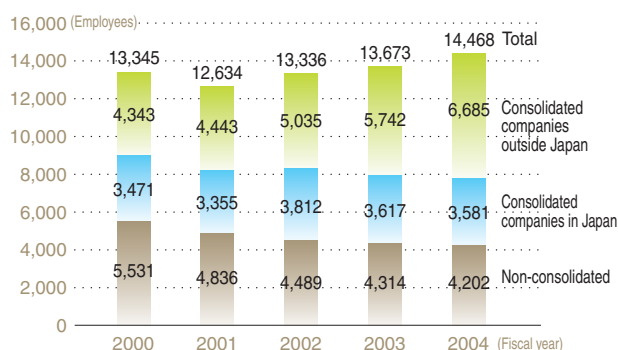
Ratio of net worth and ROE



Ratio of production output outside Japan



Number of employees



Progress toward Environmental Protection and Other Information

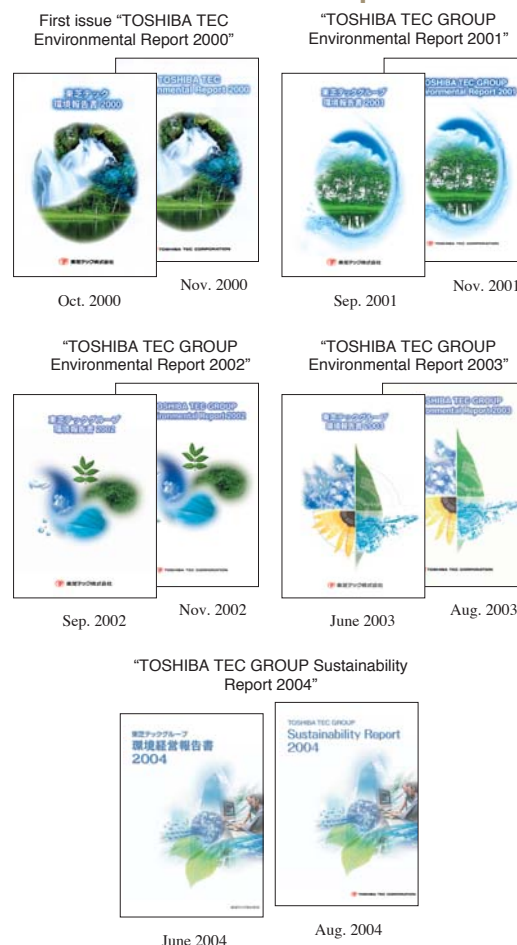
Environmental Promotions and Organizations

- Established the CSR Promotion Center
- Established the CSR Promotion Committee
- Established the Environment Protection Group in the Retail Information Systems Company
- Established the Environment Protection Group in the Home Electric Appliances Group
- Integrated the production sites of the Document Processing & Telecommunication Systems Company
- Appointed the in-house company presidents and general managers to Environmental Protection Administrators
 - Renamed as TOSHIBA TEC CORPORATION
 - Acquired copier business from TOSHIBA CORPORATION
 - Transferred lighting business to TOSHIBA LIGHTING & TECHNOLOGY CORPORATION
- Established the ECP Promotion Committee
- Established the TEC Philanthropy Fund system
 - Changed the name from Corporate Environmental Protection Committee to the Corporate Environmental Protection Council
 - Renamed as TEC CORPORATION
- Acquired the facsimile business and laser printer business from TOSHIBA CORPORATION
- Established the Corporate Environmental Protection Committee
- Appointed the director responsible for environmental protection as Environmental Protection Administrator
- Established the Material Analysis Group in Mishima Works
- Established the Environmental Protection Department in Ohito Business Center and Hadano Plant
- Established the Environmental Protection Department in Mishima Works
- Renamed as TOKYO ELECTRIC CO., LTD.
- Founded as TOKYO ELECTRIC APPLIANCES CO., LTD

Measures and Activities

- Issued TOSHIBA TEC Group Sustainability Report 2005
The following affiliates acquired ISO14001 certification:
 - TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD.
 - TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD.
 - TOSEI DENKI CO., LTD.
 - TEC ENGINEERING CORPORATION
- The following affiliates acquired ISO14001 certification:
 - TOSHIBA TEC U.K. IMAGING SYSTEMS LTD.
 - TOSHIBA TEC NORDIC AB
- Issued TOSHIBA TEC Group Sustainability Report 2004
- Instituted the New Management Policy and revised the Standards of Conduct (SOC)
- Issued TOSHIBA TEC Group Environmental Report 2003
- Achieved zero emissions of waste
- Started using chromium-free steel plates and halogen-free printed circuit boards
- Started using lead-free soldering equipment
- Issued TOSHIBA TEC Group Environmental Report 2002
- Announced the Environmental Accounting regarding production sites including affiliates in and outside Japan
- Announced the Third Voluntary Plan for Environmental Protection
- Started using lead-free solders
- Issued TOSHIBA TEC Group Environmental Report 2001
- Issued TOSHIBA TEC Environmental Report 2000
- Announced the Environmental Accounting regarding production sites including affiliates in Japan
- Completed sewer connecting construction at TOSHIBA TEC production sites in Japan
- Acquired with ISO 14001 certification (TOSHIBA TEC Yanagicho Works)
- Completed construction of visible industrial wastewater plumbing at TOSHIBA TEC production sites in Japan
- Dismantled waste incinerators from all production sites in Japan
- Acquired with ISO 14001 certification (all TOSHIBA TEC production sites in Japan)
- Set up Recycle Centers at TOSHIBA TEC production sites in Japan
- Announced the Second Voluntary Plan for Environmental Protection
- Established the Environmental Policy
- Implemented the Environmental Audit System (EASER) at production sites including affiliates in Japan
- Abolished use of chlorofluorocarbons and 1,1,1-trichloroethane at TOSHIBA TEC Corporation and all its affiliates in Japan
- Announced the First Voluntary Plan for Environmental Protection
- Established the Basic Environmental Protection Guidelines
- Abolished use of trichloroethylene at all TOSHIBA TEC production sites

Previous environmental reports



Awards

- **Invention Encouragement Prize for all six products entered at the 2004 Kanto block Commendation for Invention** awarded by the Japan Institute of Invention and Innovation in January 2005
- **Good Design Award 2004 for five products including digital MFPs and POS terminals** hosted by the Japan Industrial Design Promotion Organization (JIDPO) in October 2004
- **Good Design Award 2003 (G-Mark) for five products including POS terminals** selected by the Japan Industrial Design Promotion Organization (JIDPO) in November 2003
- **Windows Digital Engineering System Award of Excellence 2003** awarded by Nikkei Digital Engineering in November 2003
- **Reduce, Reuse and Recycle Promotion Council of Chairman's Prize** awarded in October 2003 (Hadano Plant)

Target Companies and Business Sites

* Names listed below as of February 1, 2005.

Company/Site Name	Location	Business Area
TOSHIBA TEC CORPORATION		
Head Office	Tokyo	Administration and others
Core Technology Development Center	Shizuoka	
Retail Information Systems Company	Tokyo	<ul style="list-style-type: none"> •POS systems (for mass-sales shop head offices, stores, shopping centers, convenience stores, department stores, specialty shops, restaurants, e-business solution) •Electronic cash registers (for specialty shops, general retail stores) •Digital Computing Scales (commercial digital computing scales, label printers equipped with electronic scales, small automatic wrapping machines) •Bar code systems •Office automation equipment
Document Processing & Telecommunication Systems Company	Tokyo	<ul style="list-style-type: none"> •Document processing & telecommunication systems equipment (digital MFPs, digital full color MFPs, analog copiers, plain-paper facsimile machines, thermal paper facsimile machines) •Special terminals, etc.
Home Electric Appliances Group	Tokyo	Home electronic appliances (vacuum cleaners, health equipment, etc.)
Ohito Business Center	Shizuoka	Manufacturing of POS systems, electronic cash registers, and digital computing scales, etc.
Mishima Works	Shizuoka	Manufacturing of digital MFPs, facsimile machines, on-line terminals, etc.
Key Components Business Div.*1	Shizuoka	Manufacturing of printed circuit boards, stamped parts, etc.
Hadano Plant	Kanagawa	Manufacturing of vacuum cleaners, health equipment, etc.

Company/Site Name	Location	Business Area
Production affiliates in Japan		
TOSEI DENKI CO., LTD.	Shizuoka	Manufacturing and distribution of cleaning machines for business use, vacuum packaging machines, metal cleaning equipment
FUJIKEN CO., LTD.	Shizuoka	Manufacturing and distribution of lighting fixtures, capacitors for household electrical appliances, power supply units, electronic application systems, and air cleaners
TEC KASHIYA DENKI CO., LTD.	Shizuoka	Manufacturing and equipment repairs for business use and communication equipment
TEC PRECISION, INC.	Shizuoka	Manufacturing of stamped sheet metal, molded and cutting parts, molded jigs and tools. Manufacturing and unit assembly of drawers, switching power supply and wire harnesses
Sales or service affiliates in Japan		
TEC ENGINEERING CORPORATION	Tokyo	Service and support of hardware and software in the expanding solution business field of TOSHIBA TEC Group Retail Information Systems Company
TEC APPLIANCE CORPORATION	Tokyo	Distribution of electronic equipment, general industrial machinery, etc. Design, execution, supervision and contract, etc. of construction works
TEC INFORMATION SYSTEMS CORPORATION	Shizuoka	Development of software and hardware for retail information systems and document processing and telecommunication systems equipment. Creation, printing and translation of technical materials. Planning, production and distribution, etc. of CD-ROMs, computer graphics and videos
TER CO., LTD.	Saitama	Repair, maintenance, program installation and contract control of retail information systems products and related parts, etc.
TOSHIBA TEC DOCUMENT PROCESSING SYSTEMS CO., LTD.	Shizuoka	Development, design, system engineering, software development, maintenance and service, etc. of copiers, document processing and telecommunication systems and communication equipment, etc.
T. T. BUSINESS SERVICE CO., LTD.	Shizuoka	Contract of services including distribution, welfare and payroll, etc. Dispatch of human resources

Company/Site Name	Location	Business Area
Production affiliates outside Japan		
TEC SINGAPORE ELECTRONICS PTE. LTD.	Singapore	Development, manufacturing and distribution of printers and electronic equipment
TIM ELECTRONICS SDN. BHD.	Malaysia	Manufacturing and distribution of communication equipment
TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.	France	Manufacturing and distribution of digital MFPs, copiers, and toners
TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.	China	Manufacturing, distribution and service of digital MFPs and copiers
TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD.*2	China	Manufacturing, distribution and after-sales service of retail information systems equipment (electronic cash registers, POS terminals, bar code printers, digital computing scales)
TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD.*2	China	Manufacturing, distribution and after-sales service of motors, vacuum cleaners and small home electric appliances
P.T. TEC INDONESIA	Indonesia	Manufacturing of printers and electronic equipment
TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.	U.S.A.	Manufacturing of toners
Sales or service affiliates outside Japan		
TOSHIBA TEC AMERICA RETAIL INFORMATION SYSTEMS, INC.	U.S.A.	Export/import, distribution and service of POS systems, electronic cash registers, bar code systems, digital computing scales, business equipment, etc.
TEC AMERICA, INC.	U.S.A.	Export/import, distribution and service of POS systems, electronic cash registers, bar code systems, digital computing scales, etc.
TOSHIBA TEC EUROPE RETAIL INFORMATION SYSTEMS S.A.	Belgium	Export/import, distribution and service of POS systems, electronic cash registers, bar code systems, digital computing scales, etc.
TEC AUSTRALIA PTY.LTD.	Australia	Export/import, distribution and service of POS systems, electronic cash registers, bar code systems, digital computing scales, etc.
TEC CANADA, INC.	Canada	Export/import, distribution and service of POS systems, electronic cash registers, bar code systems, digital computing scales, etc.
TOSHIBA TEC U.K. IMAGING SYSTEMS LTD.	United Kingdom	Distribution and service of digital MFPs, copiers, facsimile machines
TOSHIBA TEC GERMANY IMAGING SYSTEMS GmbH	Germany	Distribution and service of digital MFPs, copiers, facsimile machines
TOSHIBA TEC FRANCE IMAGING SYSTEMS S.A.	France	Distribution and service of digital MFPs, copiers, facsimile machines
TOSHIBA TEC (H.K.) LOGISTICS & PROCUREMENT LIMITED	Hong Kong	Material procurement for Toshiba TEC Group. Export of products produced by manufacturers in China
TOSHIBA TEC NORDIC AB*3	Sweden	Distribution and service of digital MFPs, copiers, facsimile machines

*1: The former name of the Key Components Business Div. before September 2004 is the Component Business Group. *2: TOSHIBA TEC RETAIL INFORMATION SYSTEMS (SHENZHEN) CO., LTD. and TOSHIBA TEC HOME ELECTRIC APPLIANCES (SHENZHEN) CO., LTD., which started full-scale operations in fiscal 2004, are included in the target companies. *3: TOSHIBA TEC NORDIC AB is non-consolidated, however, included in the target companies.

Third-Party Opinion

Dr. Kanji Ikeda

Professor of Faculty of Sociology,
Professor of Graduate School of
Policy Sciences
Doctor of Sociology
Hosei University, Japan



Dr. Kanji Ikeda took a doctor's course in social sciences at Tokyo Metropolitan University and received a doctorate in sociology from Tokyo Metropolitan University, Japan in 2003

His fields of specialization include environmental sociology, regional and community studies, international environmental policy, sociological theory, and Southeast Asian (mainly Indonesia) area studies.

Dr. Ikeda is a member of the Japanese Society for Environmental Sociology, Japan Sociological Society and Japan Association of Regional and Community Studies (JARCS).

His current research themes include comparative social research on measures to prevent global warming (between local governments in Japan and globally), which is supported by a Grant-in-Aid Scientific Research from Ministry of Education, Culture, Sports, Science and Technology. His research themes also include social theories regarding environmental risk, social changes and environmental issues in Southeast Asia (mainly Indonesia).

My first impression of this Sustainability Report is it is much clearly organized compared to the previous report. Thanks to the major topics such as "Vision and Strategy," "Highlight," "Management" and "Performance," readers can easily understand this report, and its composition may serve as a model when these types of environmental reports are prepared, and adhered to in the future. In particular, the new topic "2004 Highlight," which specifically and explicitly states business operations and results during the reporting period, and contributes to enhancing the truth of this report. Several "highlighted" events took place in fiscal 2004, Green Customer Service started for POS terminals, MFPs (multi-function peripherals) in response to erasable toner, and first-time expansion of EASTER outside Japan. However, it seems difficult to introduce excellent results in a positive manner in the future. Despite such concern, I hope you earnestly work hard on future reports while putting your energies into ensuring "highlighted" topics.

The Kyoto Protocol came into effect this year. Unfortunately, more CO₂ emissions have been reported in fiscal 2004 than the previous year. It may be harder to reduce CO₂ emissions in a sustainable

way in the foreseeable future. However, it is apparent each nation domestically and globally enters a new phase and must take measures to prevent global warming, along with the effects of the Kyoto Protocol. You may be discussing such measures in-house. You are recommended to include the prospects for sustainability in compliance with the Kyoto Protocol in future reports. Stakeholders might have a keen interest in your mid-term and long-time visions for joint ventures and the CO₂ Emissions Trading System among advanced countries, as well as utilization of CDM in developing countries, because you are actively expanding business in Asia and Europe. The "new mid-term and long-term environmental strategies" are included in this report. However, the Kyoto Protocol entered into force toward the end of the reporting period, few items related to the Kyoto Protocol are indicated in the "strategies." Thus, this is pointed out as a future issue.

In closing, "Global Reporting Initiative (GRI)" included in "Data," and newly added "Glossary" show signs of ingenuity and consideration for readers. You are also recommended to describe special terms such as "QFD" and "RoHS" in "Glossary."

GRI Content Index

(GRI: Global Reporting Initiative)

GRI Guidelines and appropriate pages in TOSHIBA TEC Group Sustainability Report 2005 are as follows:

1 Vision and Strategy

- 1.1 Statement of the organisation's vision and strategy: P3-10
- 1.2 Statement from the CEO: P3-4

2 Profile

- Organisational Profile
- 2.1 Name of reporting organisation: P2
- 2.2 Major products and/or services: P5
- 2.3 Operational structure of the organisation: P5-6, 8, 19, 21, 55
- 2.4 Description of major divisions, operating companies, and subsidiaries: P5-6, 55
- 2.5 Countries in which the organisation's operations are located: P55
- 2.6 Nature of ownership; legal form: P2, 55
- 2.7 Nature of market served: P5-6
- 2.8 Scale of the reporting organisation: P5-6, 53
- 2.9 List of stakeholders, key attributes of each, and relationship to the reporting organisation: P6, 35-36

Report Scope

- 2.10 Contact person(s) for the report: Back cover
- 2.11 Reporting period for information provided: P2
- 2.12 Date of most recent previous report: P2, 54
- 2.13 Boundaries of report and any specific limitations on the scope: P2, 55
- 2.14 Significant changes that have occurred since the previous report: P55

- 2.15 Basis for reporting on joint ventures, partially owned subsidiaries: P55
- 2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports: No major changes

Report Profile

- 2.17 Decisions not to apply GRI principles or protocols in the preparation of the report: Used as reference
- 2.18 Criteria/definitions used in any accounting costs and benefits: P8-9, 43-53
- 2.19 Significant changes from previous years in the measurement methods: No major changes
- 2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability: P2, 7-8, 17-21, 29

- 2.21 Policy and current practice with regard to providing independent assurance for the full report: P56

- 2.22 Means by which report users can obtain additional information: URL, (applicable page) P.60, back cover

3 Governance Structure and Management Systems

Structure and Governance

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- 3.2 Percentage of the board of directors that are independent, non-executive directors: P19
- 3.3 Process for selecting directors: Omitted
- 3.4 Board-level process for overseeing the organisation: P17-21
- 3.5 Correlation between compensation for presidents and degree of achievement: Omitted
- 3.6 Organisational structure and key individuals: P19-21, 23
- 3.7 Mission and value statements (codes of conduct, principles, policies, performance, etc.): P3-4, 7, 17-18
- 3.8 Shareholders recommendation and instruction mechanism: P24 (Information disclosure)

Stakeholder Engagement

- 3.9 Basis for identification of major stakeholders: P5-6
- 3.10-12 Approaches to stakeholder consultation: P5-6, 16-17, 24 (Information disclosure) P25, 33-42

Overarching Policies and Management Systems

- 3.13 Precautionary approach or principle: P17, 21, 29-30
- 3.14 Charters, sets of principles, or other initiatives subscribed or endorsed: Omitted
- 3.15 Participation in industry and/or proposal groups: P36
- 3.16 Policies and/or systems for managing upstream and downstream impacts: 1) Supply chain management, 2) Products/services: P25, 33-34 2) P7, 12, 23-24, 27-28, 37-38
- 3.17 Approach to managing indirect environmental impacts: P20, 36
- 3.18 Changes in locations and business areas during reporting period: P55

- 3.19 Programmes and procedures pertaining to performance:

- Priority and target setting: P3-10, 43-53
- Major programmes to improve performance: P11-42
- Internal communication and training: P17-19, 39-40
- Performance monitoring: P9-10, 43-53
- Internal and external auditing: P17-21, 29, 43
- Senior management review: P9-10, 17-21

- 3.20 Status of certification pertaining to management systems: P13-14, 43

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- Labor/Management Relations
- LA3: P53
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- LA5: P40
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- LA9: P43
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- LA10: P39

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Strategy and Management

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- Non-discrimination
- HR4: P39
- Freedom of Association and Collective Bargaining
- HR5: P39

Society

Communities

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- SO4: P16, 41-42
- Customer Health and Safety
- PR1: P20, 37-38
- PR6: P48
- Products and Services
- PR2.8: P37-38
- Respect for Privacy
- PR3: P20

Glossary

ISO14001 p 13 15 25 29 31	<p>These are specifications regarding the Environmental Management System (EMS) that has been laid down by the International Organization for Standardization (ISO). They are used to certify organizations that have taken the environment into consideration by establishing systems that continually reduce environmental impacts.</p>
e-learning p 18 30 45	<p>Electronic learning refers to network-based training and education and the systems necessary for it. As well as increasing convenience by allowing courses to be taken at any time, e-learning also enables a reduction of the environmental impact that comes from the movement of people necessary to group-assembled education and by reducing their print output.</p>
MI (Management Innovation) Activity p 13 31	<p>This is a management methodology, the TOSHIBA Group facilitates to improve management quality focusing on customer satisfaction by utilizing the Six Sigma management tools. The purpose of Six Sigma is to establish processes, which reduce the frequency of all defects and errors in business activities to only three or four every one million times. MI21: M = Management, I = Innovation, 21 = 21st century. This name indicates the activity for "Management Innovation toward the 21st century."</p>
Corporate Social Responsibility (CSR) p 7 13 17 18	<p>This refers to the responsibility a company should exercise on social and environmental aspects. In the context of an approach that places paramount importance on industrial development, social responsibility, which has been put on the back burner, is being widely and actively discussed not only in Japan but in Europe and North America as well. Making CSR one of the ISO specifications is also under consideration. From our environmental conservation programs, through activities that contribute to society and activities related to Occupational Safety and Health, TOSHIBA TEC Corporation is committed to a CSR conscious approach to its operations.</p>
Green Purchasing Law p 12 28 48	<p>This is the common name for the Law Concerning the Promotion of Procurement of Eco-friendly Goods and Services by the State and Other Entities. The objective of this law is the establishment of a sustainable society through the purchase and procurement of products that have a low impact on the environment (such as goods that show the eco mark) by national, prefectural and local public bodies, enterprises, citizens and manufacturers.</p>
Green Procurement p 8 25	<p>This refers to the procurement of materials, raw materials, parts and products that have a low impact on the environment. We promote green procurement by environmentally conscious products, based on our commitment to handing down to our next generation, "our irreplaceable Earth" in the sound state.</p>
Stakeholders p 2 6 18 20 36	<p>By "stakeholder" we do not only refer company employees, consumers and shareholders, but also to government and other public bodies, research institutes, financial institutions and suppliers, and understand the term to encompass society from the local to the international level.</p>
Zero emissions of waste p 9 14	<p>TOSHIBA TEC Corporation defines this as reducing the amount of landfill disposal to less than 1% after all by-products of business activities and any other products generated (total quantity of waste discharged) have been dealt with by a variety of other methods.</p>
Modal Shift p 33	<p>This refers to the proactive employment of shipping methods which are efficient in ensuring that the amount of goods transported per worker is large while the impact on the environment resulting from each amount transported is small. We are promoting a modal shift from truck shipping to large-scale goods shipping by train and by sea.</p>
Life Cycle Assessment (LCA) p 24 25	<p>This is a method to quantitatively assess the environmental impact of a product from the procurement of the raw materials through the production, distribution, use, disposal and recycling of that product, these being the stages which constitute the product's life cycle.</p>
Life Cycle Planning (LCP) p 24 47	<p>This is a method developed by TOSHIBA Corporation to facilitate formulation of a concept for an environmentally conscious product at the planning stage that satisfies the quality and cost requirements while at the same time achieving effective reduction in environmental impacts throughout the life cycle.</p>

TOSHIBA TEC CORPORATION

Environmental Protection and Safety Group Production Division

Oval Court Ohsaki Mark East
2-17-2, Higashi Gotanda, Shinagawa-ku, Tokyo
141-8664 JAPAN
Phone: +81-3-6422-7160
Fax: +81-3-6422-7121
URL: <http://www.toshibatec.co.jp>
E-mail: environment@toshibatec.co.jp



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