

# 2016 | C S R Report

Corporate Social Responsibility





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# Corporate Philosophy

## Basic Commitment of the Toshiba Group

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Toshiba Group's Corporate Philosophy emphasizes respect for people, creation of new value, and contribution to society. The Group slogan – “Committed to People, Committed to the Future. TOSHIBA.” – expresses the essence of our corporate philosophy.

We recognize that it is our corporate social responsibility (CSR) to put our philosophy and slogan into practice in our day-to-day business activities. In doing so, we accord the highest priority to human life and safety and to compliance.

### Basic Commitment of the Toshiba Group

We, Toshiba Group companies, based on our total commitment to people and to the future, are determined to help create a higher quality of life for all people, and to do our part to help ensure that progress continues within the world community.

#### 1. Commitment to People

We endeavor to serve the needs of all people, especially our customers, shareholders, and employees, by implementing forward-looking corporate strategies while carrying out responsible and responsive business activities. As good corporate citizens, we actively contribute to further the goals of society.

#### 2. Commitment to the Future

By continually developing innovative technologies centering on the fields of Electronics and Energy, we strive to create products and services that enhance human life, and which lead to a thriving, healthy society. We constantly seek new approaches that help realize the goals of the world community, including ways to improve the global environment.

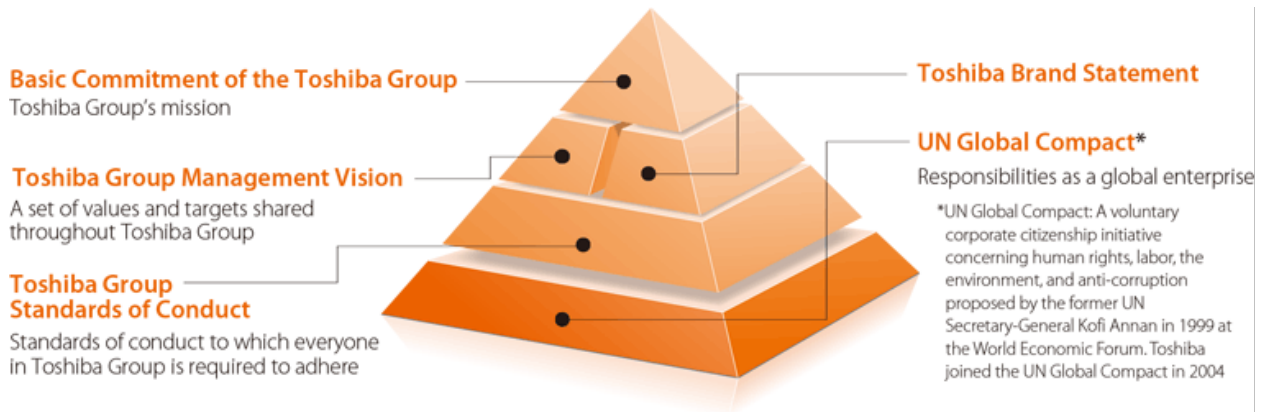
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Toshiba Group Slogan

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



# Framework of Toshiba Group's Management Philosophy



\*UN Global Compact: A voluntary corporate citizenship initiative concerning human rights, labor, the environment, and anti-corruption proposed by the former UN Secretary-General Kofi Annan in 1999 at the World Economic Forum. Toshiba joined the UN Global Compact in 2004

## Toshiba Group's CSR Management



CSR management means giving top priority to human life, safety, and legal compliance and contributing to the solution of problems in the global society through business.

In order to meet the expectations of stakeholders, it is our responsibility to communicate with various stakeholders in promoting CSR activities. Such activities must be supported by each and every one of Toshiba Group's employees.

# Toshiba Group Business Overview

## Business Segments and Main Products

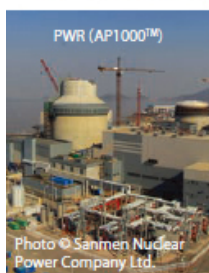
Toshiba Group is a electric/electronic manufacturer with world-class, cutting-edge technology. Since its foundation, we have produced home electric appliances that improve living standards, and opened new horizons through the implementation of technology that breaks industry norms.

Today, the Group's areas of business consist of 4 companies as “Energy Systems & Solutions Company,” “Infrastructure Systems & Solutions Company,” “Storage & Electronic Devices Solutions Company,” and “Industrial ICT Solutions Company”.

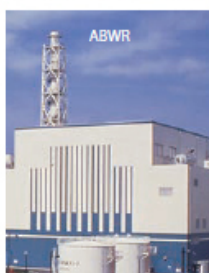
### Energy Systems & Solutions Company

We pursue innovation with the aim of realizing a world with sustainable energy, by providing products and solutions that contribute to making the supply and demand of energy cleaner and more efficient.

#### ● Large-scale Power Generation systems



Nuclear Power



Thermal Power

#### ● Renewable Energy



Hydro Power



Geothermal Power



Photovoltaic

#### ● Transmission and Distribution Energy Storage



T&D



Battery-based Energy Storage Systems



Fuel Cells

Smart Meter Systems



Hydrogen-based Autonomous Energy Supply Systems

## Infrastructure Systems & Solutions Company

We aim to realize a sustainable society with safety, security and reliability through our solutions for Social & Industrial Infrastructure and Building Facilities in all over the world.

### ● Public Infrastructure



Water Treatment Systems



Broadcasting Systems



Security and Automation Systems



Air Traffic Control Systems

### ● Building & Facility



Lightings



Elevators



Air-conditionings

### ● Industrial Systems



Railway Systems



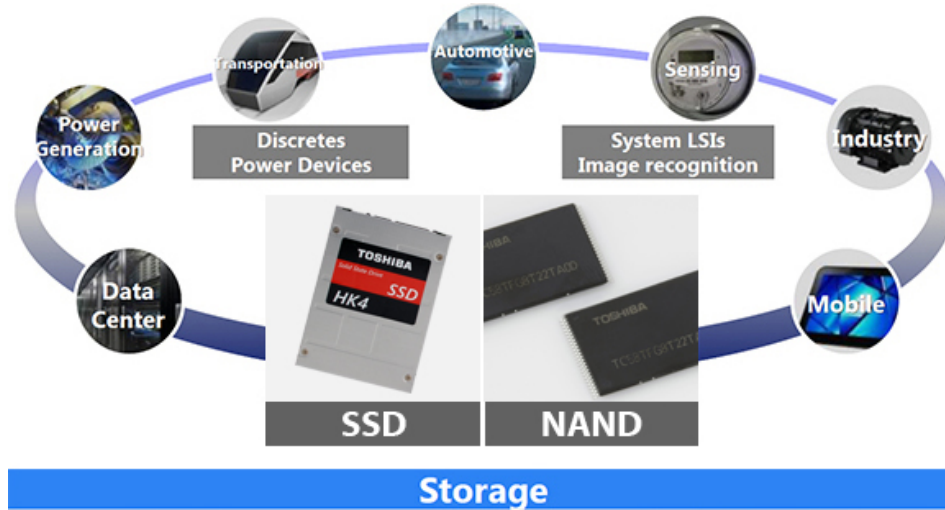
Industrial Systems



Rechargeable Batteries

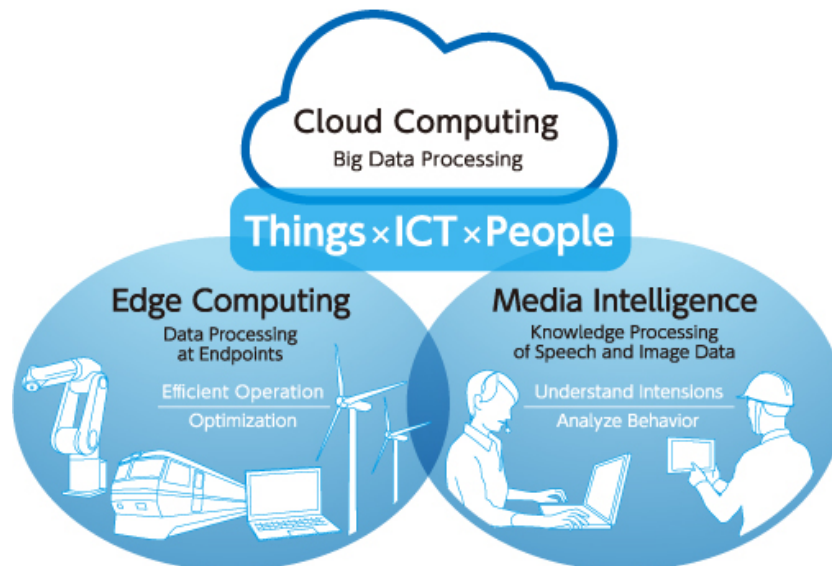
## Storage & Electronic Devices Solutions Company

We intend to spearhead the big data era, our semiconductor products such as the top-of-the-range NAND flash-memory, as well as our HDD and SSD products.



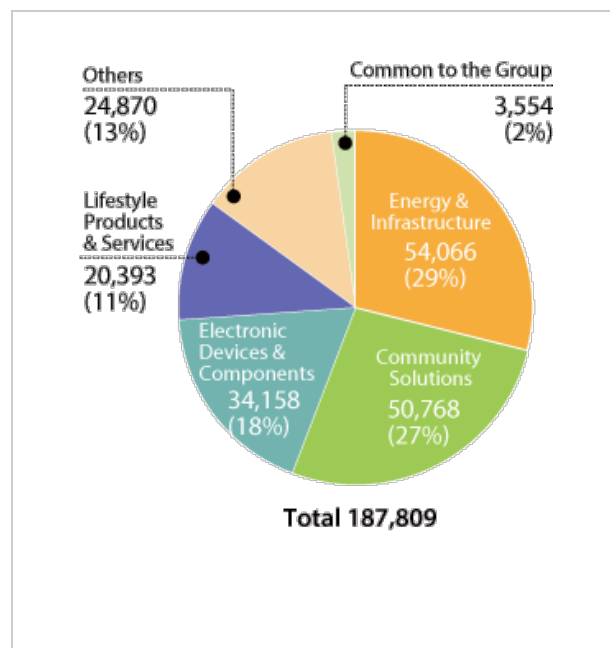
## Industrial ICT Solutions Company

Co-create Growth of Customers' Businesses and Future by "Things x ICT x People", we are working to contribute to a society, where people worldwide can live in comfort and safety.

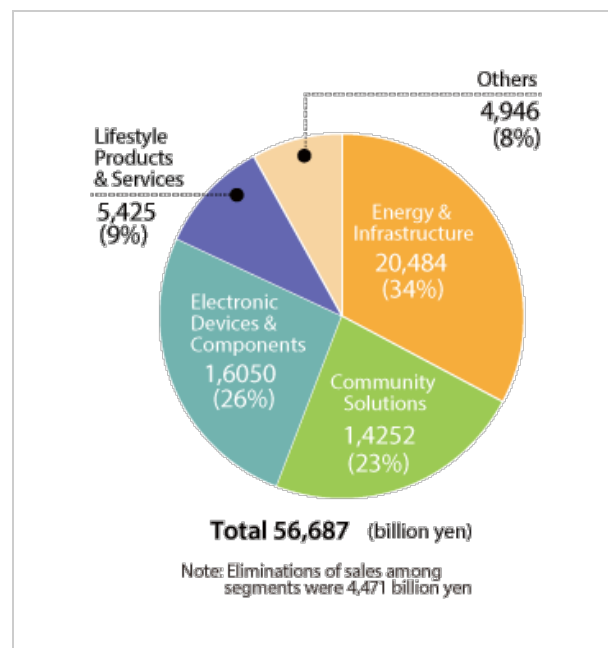




**Number of Employees by Business Segment**  
(as of March 31, 2016)



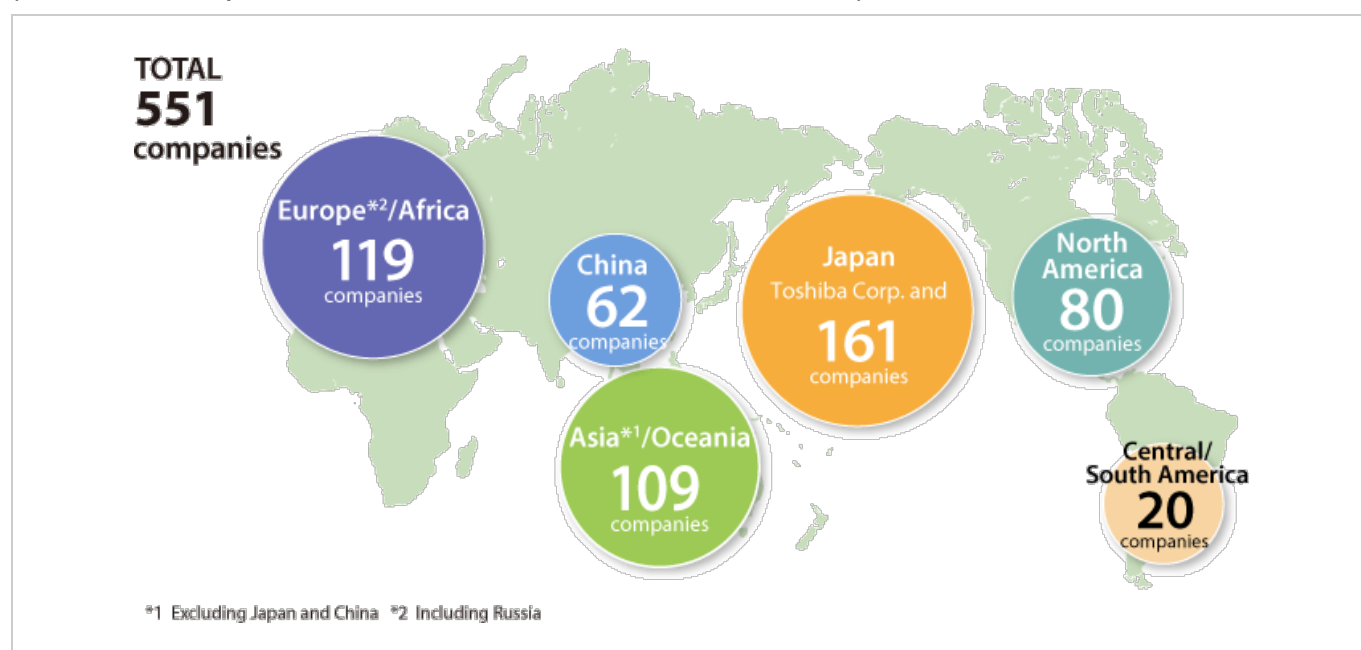
**Sales by Business Segment**  
(FY2015)



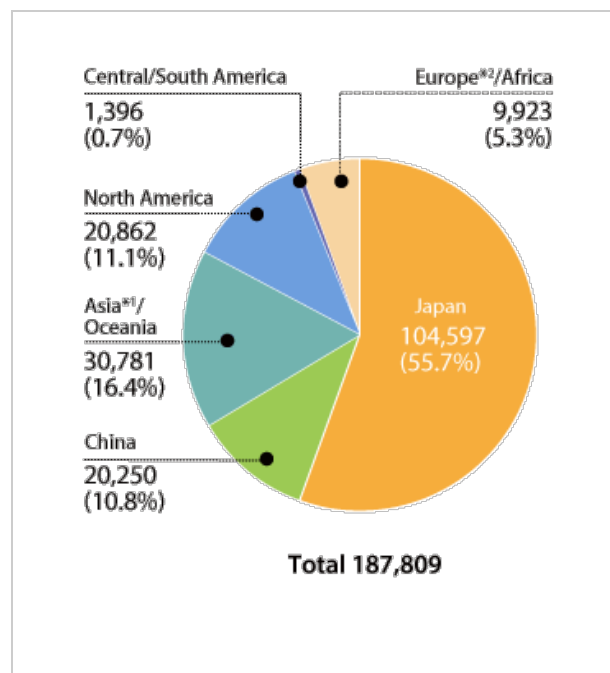
## Business Structure

Roughly 190,000 employees work for the Toshiba Group. The proportion of overseas employees has increased in recent years due to factors such as the acquisition of foreign companies and business restructuring within Japan. Overseas sales in FY2016 accounted for roughly 60% of total sales, and overseas employees accounted for over 44% of the total workforce at the end of March 2016.

**Number of Companies by Region**  
(Numbers in the map indicate domestic & overseas consolidated subsidiaries)



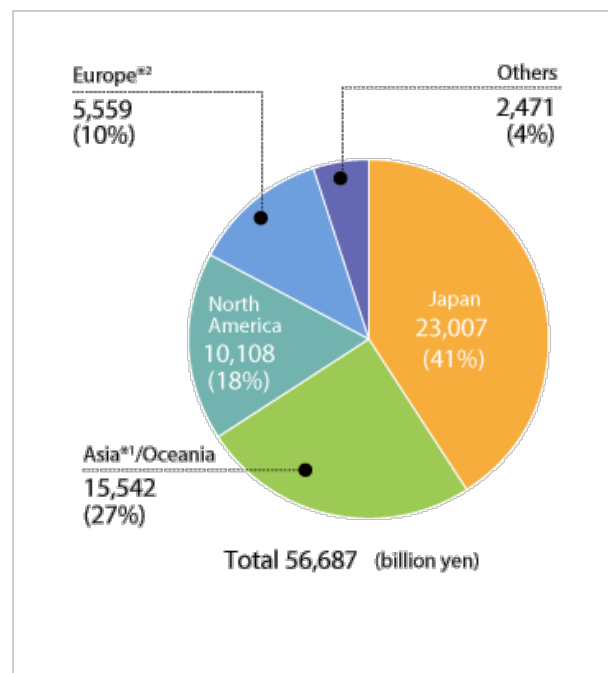
**Number of Employees by Region**  
(as of March 31, 2016)



\*1 Excluding Japan and China

\*2 Including Russia

**Sales by Region**  
(FY2015)



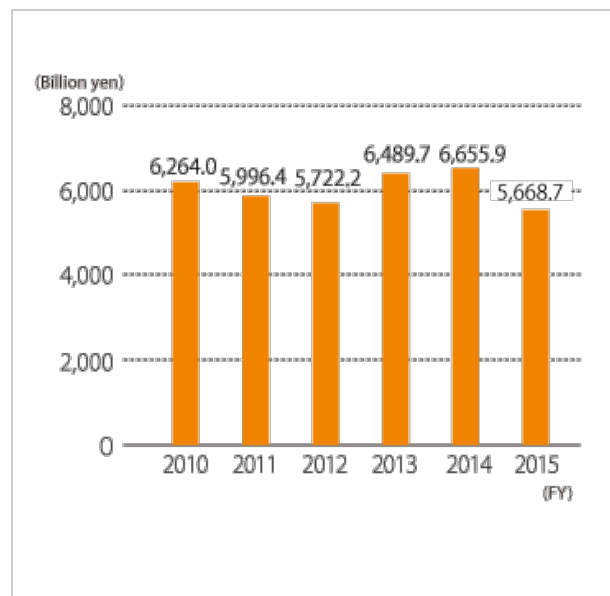
# Company Overview

## Company Overview (as of March 31, 2016 Except for Paid-in Capital)

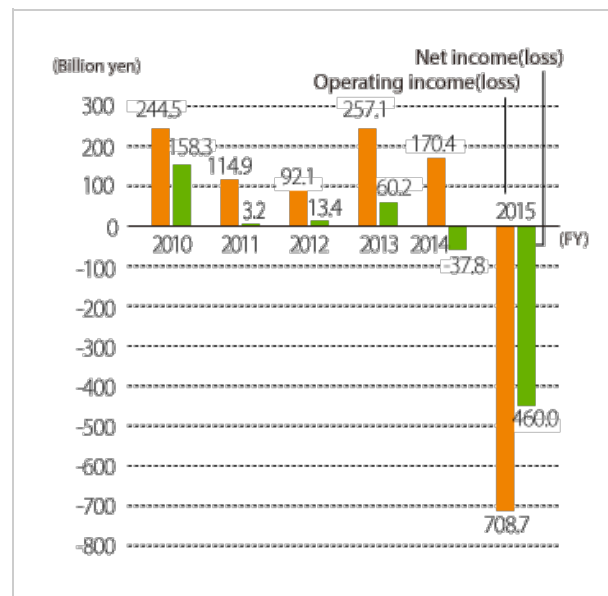
Company name	Toshiba Corporation
Headquarters address	1-1, Shibaura 1-chome, Minato-ku, Tokyo
Founded	July 1875
Paid-in capital	200 billion yen (as of July 31, 2016)
Consolidated net sales	5,668.7 billion yen
Number of employees	188 thousands (consolidated)
CSR-related international charters / guidelines Toshiba endorses	<ul style="list-style-type: none"> <li>▪ <a href="#">UN Global Compact</a></li> <li>▪ <a href="#">Global Reporting Initiative (GRI) "Sustainability Reporting Guidelines"</a></li> <li>▪ <a href="#">Electronic Industry Citizenship Coalition (EICC) Code of Conduct</a></li> <li>▪ <a href="#">ISO 26000 - Guidance on Social Responsibility</a></li> </ul>
Number of shareholders	437,466
Number of shares issued	4,237,602,026 shares
Number of consolidated subsidiaries	551 (161 in Japan, 390 overseas)
Number of affiliates using equity method accounting	144
Stock exchange listings	Tokyo, Nagoya
Membership in CSR-related organizations	<ul style="list-style-type: none"> <li>▪ <a href="#">UN Global Compact</a></li> <li>▪ <a href="#">Electronic Industry Citizenship Coalition (EICC)</a></li> <li>▪ <a href="#">World Business Council for Sustainable Development (WBCSD)</a></li> <li>▪ <a href="#">World Economic Forum (WEF)</a></li> <li>▪ <a href="#">Science and Technology in Society Forum (STS Forum)</a></li> <li>▪ <a href="#">Business for Social Responsibility (BSR)</a></li> <li>▪ <a href="#">Council for Better Corporate Citizenship (CBCC)</a></li> </ul>

# Financial Results (Consolidated)

## Net Sales



## Operating Income(Loss) & Net Income(Loss)





# CEO Commitment

**Toshiba's new management team is dedicated to regaining your trust.**

Director, President and CEO

*S. Tsunakawa*



On June 22, I was appointed CEO of Toshiba Corporation by the board of directors, following approval of my nomination by shareholders at the ordinary general meeting of the shareholders. As I assume my new responsibilities, I want to express my basic thinking and resolve in respect of the CSR management that I want to see Toshiba Group promoting.

I have always believed that companies exist to contribute to society's progress through their business activities. They are social entities that operate by bringing together society's diverse resources, including people. Corporate Social Responsibility is simply the responsibility that a company owes to society, and the basis of CSR management lies in fulfilling this responsibility by contributing to the advancement of a sustainable society.

The accounting issue that emerged last year caused the Tokyo Stock Exchange and Nagoya Stock Exchange to designate Toshiba's shares as "Securities on Alert" in September 2015, citing serious issues in internal control systems. Currently, Toshiba is rebuilding its governance structure. I am determined to take leadership in these efforts, to strengthen Toshiba Group's internal controls, and to get the Securities on Alert designation removed as soon as possible, so that we can regain our position in the capital markets. This is the primary social responsibility Toshiba must meet as a listed company; not only for our shareholders and investors, but also for our customers and other stakeholders who support us. I pledge to you that we will fulfill this basic responsibility.

With this in mind, here are what I see as Toshiba Group's highest priorities in advancing CSR management.

First, we must operate as a company built on a relationship of trust with customers, shareholders and all other stakeholders. Toshiba is resilient, and has survived many crises and difficulties over the past 140 years; it remains to this day a company that contributes to society through technology and quality. This was achieved only because our stakeholders have consistently recognized Toshiba's value and supported our business activities. Our desire is to push forward with our business in good faith, listening to all stakeholders' voices, in order to regain public trust.

Next is to enforce compliance. As a global corporate group, Toshiba must always comply with the laws and regulations of each country or region while understanding the difference of social norms worldwide. We must also fulfill our social role as a truly global corporation, gauging values and expectations in this diverse and changing world. While observing the standards of conduct shared by Toshiba Group employees worldwide, applying comprehensive corporate ethics, and living up to our commitment to create excellent value for society, Toshiba strives to serve its role as a "corporate citizen of Planet Earth."

Third, we must reinforce our financial foundations and ensure the sustainability of the company itself. Without that, we cannot contribute to society.

## **Contributing to society through our businesses**

Last but not least, I would like to share with you how Toshiba, as a manufacturer, plans to contribute to society through business.

The global community faces many social issues: problems caused by a fast growing global population and urbanization; issues related to human rights and labor, particularly in developing nations; surging demand for natural resources and energy, and the subsequent environmental issues they cause, and climate change; plus questions about how to secure safe and stable supplies of water and food, and many other issues.

The United Nations has defined Sustainable Development Goals (SDGs\*) for 2030, and expects corporations to play an active part in their achievement—more evidence of ever-growing expectations of corporations in society. In responding to these global expectations, we at Toshiba want to contribute as much as we possibly can through our business, to achieve a sustainable society.

In March 2016, Toshiba Group named energy, social infrastructure, and storage as our three core focus businesses. In the energy field, we will provide safer and cleaner power-generation systems that support mankind in all daily activities, and play a role in lowering global carbon emissions. In the social infrastructure field, we will provide products for use in buildings and facilities, such as elevators, air-conditioning and lightning, as well as public infrastructure systems in transport, broadcasting, water treatment and other sectors that enrich lifestyles. And in the storage field, our technology will support the progress of IT in the age of "information explosion".

We will provide innovative and effective solutions that draw on Toshiba's strengths, creativity and revolutionary technology, and that also take our customers' perspectives and social issues as their starting points. Bringing satisfaction and delight to our customers through our solutions will inspire a sense of achievement and satisfaction in every employee, and provide motivation for future undertakings. The goal of our CSR management is to generate such a virtuous cycle.

Back in 2004, Toshiba was one of the first Japanese companies to become a signatory to the United Nations Global Compact. We pledged to comply with its basic principles in respect of human rights, labor, the environment, and prevention of corrupt practices. We have since committed to recognize and respond to the diverse potential risks that accompany global corporate activities. As we provide society with cutting-edge solutions, we hold frequent dialogue with our stakeholders on such diverse issues as human rights including those in our supply chain, the environment, governance and other areas. We will devote ourselves sincerely to meeting the challenges that are the responsibility of both the global community and of Toshiba as a global corporation.

Toshiba Group's corporate philosophy states: "We, the Toshiba Group companies, based on our total commitment to people and to the future, are determined to help create a higher quality of life for all people, and to do our part to help ensure that progress continues within the world community." This basic principle will remain unchanged.

All of us in Toshiba Group will work together on our CSR management, so that we may continue to offer new value to customers and to society, and to contribute to society as a company. We ask for your continuing support.

Note: \*Sustainable Development Goals (SDGs): Targets in 17 areas, including poverty, health, education, gender, climate change, responsible consumption and production, and international cooperation.

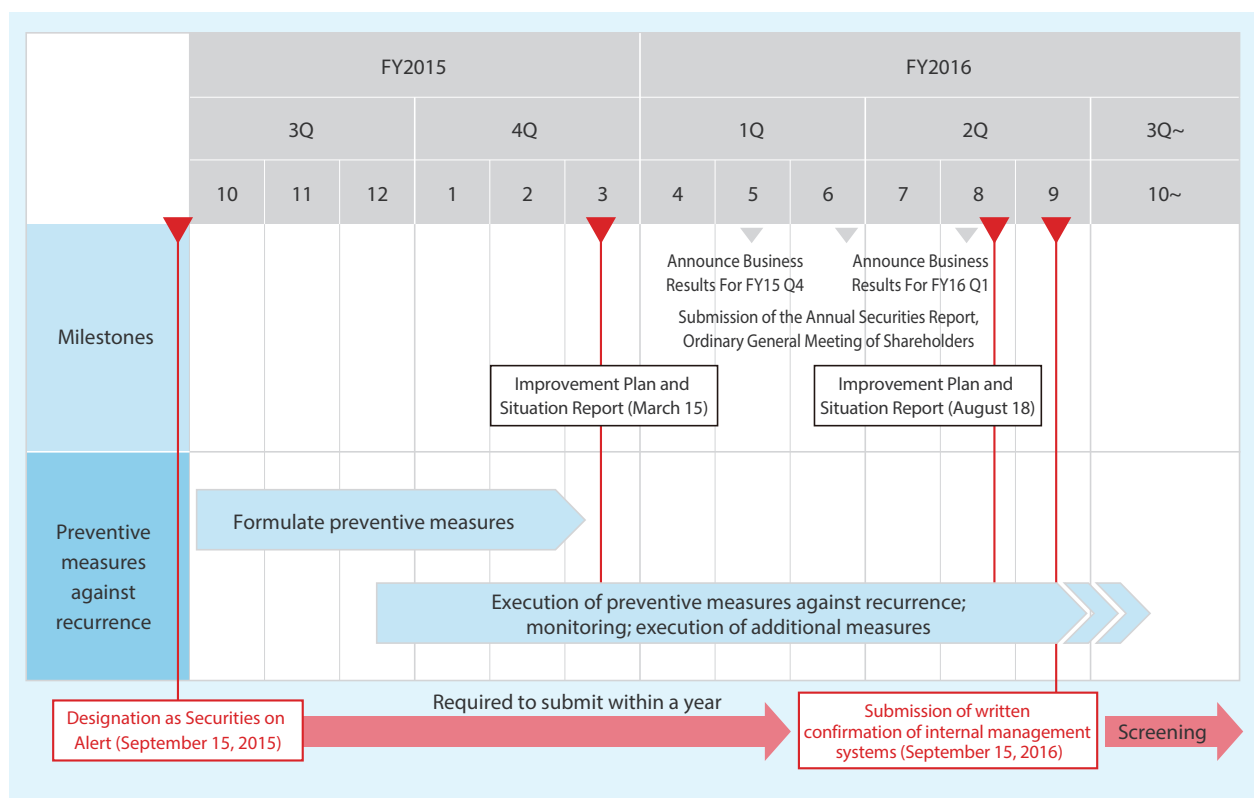
# Regarding the Response to the Accounting Issue and the Toshiba Rebuilding Initiative

The following description is as of September 30, 2016.

We sincerely apologize for significantly harming the trust of all of our stakeholders including our shareholders, investors, customers, and employees due to the accounting treatment issues pertaining to the Company.

In relation to the accounting treatment issues, in September 2015 the Company received dispositions from the Tokyo Stock Exchange and the Nagoya Stock Exchange designating the shares of the Company as Securities on Alert because it was recognized that the Company has serious problems in its internal control systems, etc. and that the improvement of those internal control systems, etc. is highly necessary, and in December 2015 the Company received an administrative monetary penalty payment order of ¥7,373,500,000 from the Financial Services Agency. The Company has taken seriously the dispositions designating its shares as Securities on Alert and the administrative monetary penalty payment order for the largest-ever penalty amount, which is a measure proportional to delisting, and in September 2015 the Company established a management rebuilding promotion structure, took measures to ensure sincere management based on compliance, and proceeded with corporate governance reform, and in December 2015 the Company established Corporate Governance Guidelines.

Further, while the entire Company worked to steadily implement measures to prevent any recurrence, it also compiled an "Improvement Plan and Situation Report" in March 2016, and on September 15, 2016, submitted to the Tokyo Stock Exchange and Nagoya Stock Exchange "Written Confirmation of Internal Management System," as required by Securities Listing Regulations of the stock exchanges. The Tokyo Stock Exchange and Nagoya Stock Exchange will use this submission as the basis for examining and evaluating Toshiba's current internal management systems, and in the event that they deem that there are no problems they will end the designation of the Company's shares as "Securities on Alert."



The following is a report on measures and initiatives to prevent any recurrence of the Company's accounting issues.

In formulating the "Improvement Plan and Situation Report," the Company once again analyzed the causes of the accounting issues taking into account not only the issues pointed out in the reports by the Independent Investigation Committee and the Executive Liability Investigation Committee but also the historical background and structural factors, while also referring to the "Principles for Listed Companies in Scandal" issued by the Japan Exchange Regulation.

As a result, the Company has recognized that the events in question occurred because of a combination of multiple factors including pressure to meet targets from Atsutoshi Nishida, Norio Sasaki, and Hisao Tanaka, each of whom are former CEOs of the Company, performance assessment and budget control systems that focused on net income that allowed for such pressure, insufficient checks and balances by the Finance Division (CFO) and business execution departments such as finance and accounting departments, dysfunction in the internal audit department, insufficient supervising of past CEOs and executive officers by the Board of Directors and bodies such as the Nomination Committee and the Audit Committee, a lack of awareness towards appropriate financial reports by past CEOs and executive officers, and reduced awareness towards appropriate financial reports in finance and accounting departments because the opinions of past CEOs were given priority.

In light of the results of those cause analyses, in addition to inspecting and coordinating measures to prevent recurrence including what has been formulated and published to date, the Company has analyzed problems in its timely disclosure system and established new measures such as developing and operating a disclosure system aimed at proactive information disclosure.

On March 15, 2016, six months after its designation of its shares as Securities on Alert, Toshiba published its "Improvement Plan and Situation Report." This referred to **Principles for Listed Companies in Scandal** issued by the Japan Exchange Regulation.

Category		Organizations and problems	Major prevention measures against recurrence
Disregarded Internal Controls	Former CEOs	<ul style="list-style-type: none"> <li>Issued challenges exceeding capabilities in a severe management environment</li> <li>Obsessiveness with evaluations inside and outside the Company</li> </ul>	<ul style="list-style-type: none"> <li>Clarify responsibilities (action for compensatory damages against former executives)</li> <li>Strengthen monitoring and controls by the measures below</li> </ul>
Imperfect Internal Checks and Balances Function	Former CFOs	<ul style="list-style-type: none"> <li>Authority concentrated in president</li> <li>Tolerated inappropriate accounting out of attitude of following top management</li> </ul>	<ul style="list-style-type: none"> <li>Clarify responsibilities (action for compensatory damages against former executives)</li> <li>Give the Nomination Committee the right to consent to CFO selection</li> </ul>
	In-house Companies	<ul style="list-style-type: none"> <li>Pressure from Corporate to achieve high growth and to avoid withdrawals from operations</li> <li>Short-term standard for planning budgets and evaluating business performance</li> </ul>	<ul style="list-style-type: none"> <li>Shift emphasis from profit to cash flows when planning budgets and evaluating business performance</li> </ul>
	Finance & Accounting	<ul style="list-style-type: none"> <li>Too much focus on management accounting</li> <li>Fixed personnel</li> </ul>	<ul style="list-style-type: none"> <li>Review the chain of command for financial accounting and management accounting</li> <li>Recruit external talent</li> </ul>
	Internal Audits	<ul style="list-style-type: none"> <li>Disregard of accounting perspective</li> <li>Inexperience with accounting and auditing</li> </ul>	<ul style="list-style-type: none"> <li>Define authority and responsibilities (focus on financial audits)</li> <li>Increase headcount of Internal Audit Division, take advice from outside experts</li> </ul>
Imperfect Monitoring and Control Function	Board of Directors, Nomination Committee, Audit Committee	<ul style="list-style-type: none"> <li>Defective personnel organization and lack of expertise</li> <li>the process to select/dismiss the president and CEO was unclear</li> <li>Insufficient provision of information required for discussion</li> </ul>	<ul style="list-style-type: none"> <li>Appoint managers and experts as outside directors</li> <li>Clarify the process to select/dismiss the president and CEO (introduce vote of confidence for CEO)</li> <li>Strengthen function of gathering information required for discussion</li> <li>Appoint a Full-Time Audit Commissioner (external)</li> </ul>
Corporate Culture, Etc.	Corporate Level	<ul style="list-style-type: none"> <li>Lack of awareness of appropriate financial reporting</li> <li>Deficiencies in business processes</li> </ul>	<ul style="list-style-type: none"> <li>Establish Accounting Compliance Committee</li> <li>Review business processes</li> <li>Enhance information disclosure/dissemination function (establish new organization)</li> </ul>

The Company hopes to regain the trust of shareholders, investors and all other stakeholders by achieving a strong corporate constitution together with implementing measures to prevent recurrence. For this purpose, it has released and is implementing management measures the “Toshiba Rebuilding Initiative” which has four strands: “Strengthening Internal Control Systems and Reforming the Corporate Culture,” “Decisive Action on Business Structural Reform,” “Review the Business Portfolio and Operational Structure,” and “Reforming the Financial Base.”

## Outline of “Toshiba Rebuilding Initiative”

- Strengthen Internal Controls and Reform the Corporate Culture
- Decisive Action on Business Structural Reform
- Review the Business Portfolio and Operational Structure
- Reforming the Financial Base



**Regain the trust of all stakeholders and achieve a strong corporate constitution.**

Measures to prevent recurrence and the details of other reforms initiated by the Company are as follows:

## Strengthening Internal Control Systems and Reforming the Corporate Culture

### I. Corporate Governance Reforms

#### Composition of the Board of Directors and Reinforcement of the Board of Directors' Supervisory Functions

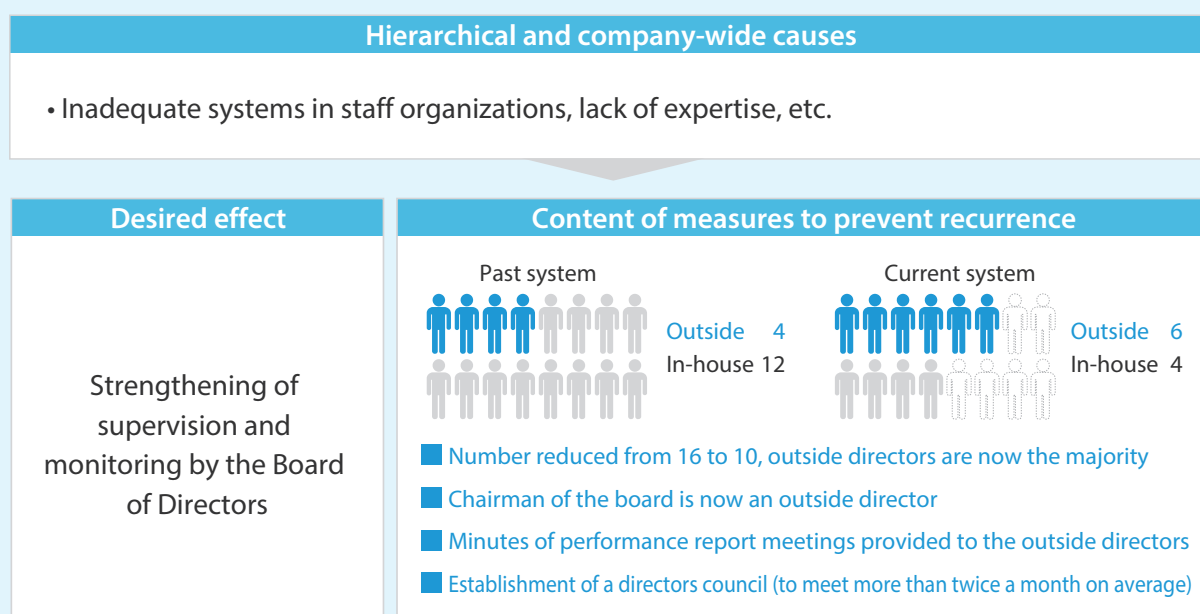
##### (1) Composition of the Board of Directors and Reinforcement of the Board of Directors' Supervisory Functions

- (i) To ensure substantive and productive deliberations, the Company reduced membership of the Board of Directors from 16 to 10 people (the Articles of Incorporation states “20 people or less”).
- (ii) To secure an effective “monitor and supervise business execution” function, the Company increased the ratio of independent outside directors to be over half the members of the Board of Directors.
- (iii) By appointing independent outside directors who are management executives, legal and accounting professionals, or experts in other areas, the composition of the Board of Directors was changed to take the expertise of the directors into account.
- (iv) An independent outside director was appointed as Chairman of the Board of Directors.

## (2) Reinforcement of the Board of Directors' Supervisory Functions

- (i) The function and headcount of the Audit Committee Office was expanded in order to provide support for independent outside directors. By utilizing independent outside experts (including attorneys-at-law and certified public accountants) and others, the Audit Committee Office reinforced its powers of investigation. This provides the independent outside directors with stronger report collection and investigation abilities and reinforces their capabilities.
- (ii) The minutes of performance reporting meetings are submitted to the independent outside directors, allowing them to fully understand the content of the discussions thereat.
- (iii) The Company established 'Executive Sessions,' meetings that only consist of independent outside directors to stimulate their information exchanges and to deepen their understanding of the Company's business.
- (iv) In addition to newly adding matters relating to monthly performance to the matters to be reported to the Board of Directors, the Company revised reporting standards to be more specific by establishing monetary amounts with respect to management of risk of loss, compliance and other items that were already included in the matters to be reported.

### Outline of Measures to Prevent Recurrence: Board of Directors



## Reinforcement of the Audit Function of the Audit Committee

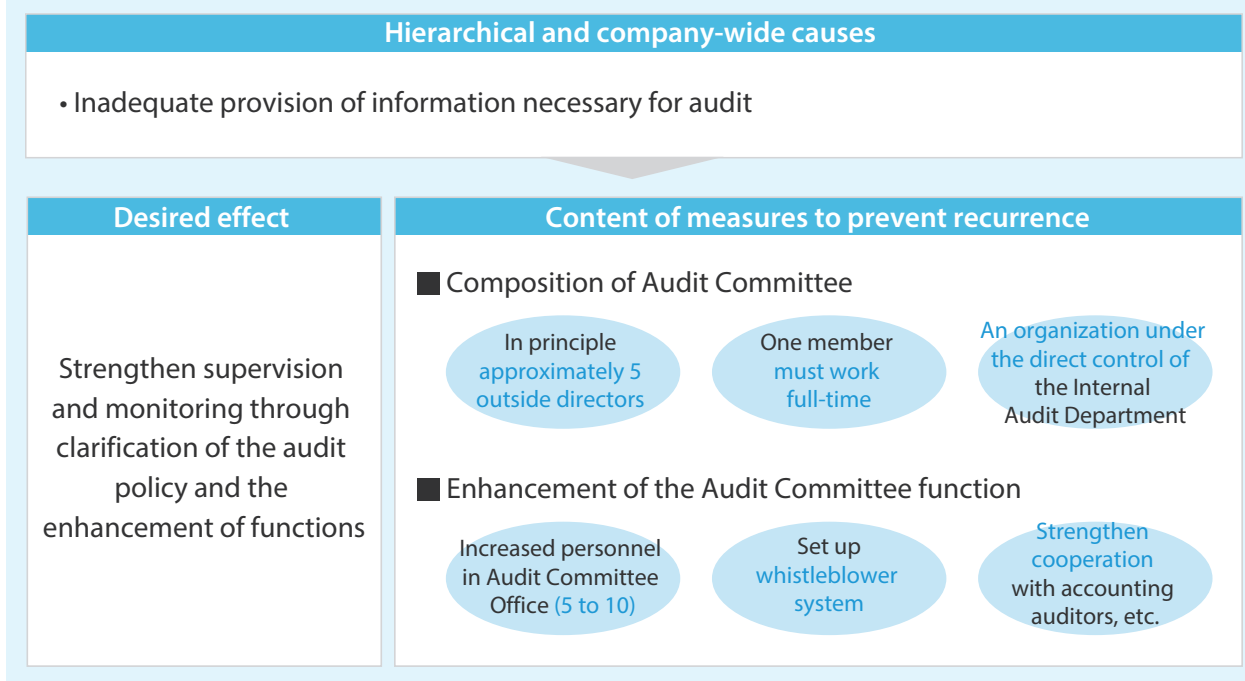
### (1) Composition of the Audit Committee

- (i) The composition of the Audit Committee was changed to only include, in principle, independent outside directors.
- (ii) A full-time member of the Audit Committee was appointed so as to reinforce the functions of report collection and investigation by the Audit Committee.
- (iii) The Audit Committee became composed of independent outside directors with a high level of expertise and extensive experience in the fields of accounting, law or management.

## **(2) Reinforcement of the Audit Function of the Audit Committee**

- (i) To ensure that the Audit Committee Office is able to collect reports and conduct investigations based on instructions from the Audit Committee, the Company increased the size of the Audit Committee Office's staff, expanded opportunities to use independent and outside experts, and implemented other measures. The Company also appointed the executive officer in charge as the head of the Audit Committee Office.
- (ii) In addition to the internal whistleblower system on the business execution side, the Company established an internal reporting function in the Audit Committee Office. The Company also clarified that all members of the Audit Committee have the right to access all reports made to the business execution side using the whistleblower system.
- (iii) The Audit Committee came to have the right to approve the appointment of, request the dismissal of, and veto the dismissal of the head and employees of the Audit Committee Office, thereby securing the independence of the Audit Committee Office.
- (iv) The Company eliminated the current Corporate Audit Division, separated the internal audit function of the Corporate Audit Division from the business execution side, and reestablished these functions in an Internal Audit Division under the direct control of the Audit Committee.
- (v) The Company limits and focuses the work of the Internal Audit Division to audits of accounting, compliance inspections, audits of appropriateness and audits of internal control and thereby clearly separated the execution and supervisory functions. The Company appointed the executive officer in charge as general manager of the Internal Audit Division. The Company intends to newly establish the methodology of accounting audits by actively utilizing outside experts and plans to ensure the effectiveness of internal audits by allowing the outside experts to be continuously involved in internal audits to ensure constant external viewpoints in conducting internal audits in the future.
- (vi) The Company changed to a system in which the head and employees of the Internal Audit Division have a constant understanding of the latest business environment and management issues by regularly attending important meetings on the business execution side.
- (vii) The Company thoroughly and continually follows up on the improvement status of the matters indicated by internal audits through reporting the same to the Audit Committee.
- (viii) The Audit Committee came to have the right to approve the appointment of, request the dismissal of, and veto the dismissal of the head of the Internal Audit Division, thereby securing the independence of the Internal Audit Division.
- (ix) The number of members of the Internal Audit Division was increased to approximately sixty (60) people, which is 1.5 times as compared to that when the Corporate Audit Division existed. The Internal Audit Division has been reinforcing their functions by actively utilizing external accounting experts.
- (x) Recognizing the inadequacies in cooperation between the Audit Committee and the accounting auditor, for the purpose of further becoming aware of the necessity of audits of accounting treatment, the Audit Committee not only receives reports on audit result summaries from the accounting auditor as in the past, but also has been setting topics to allow for active discussions between the Audit Committee and the accounting auditor, thereby further enhancing cooperation between the Audit Committee and the accounting auditor. In addition, before closing, the CFO and the General Manager of the Accounting Division sort out the important accounting treatment issues with the accounting auditor, and beginning from a stage prior to closing, report to the Audit Committee on the details of their discussions and the progress at the time of closing.

## Outline of Measures to Prevent Recurrence: Audit Committee



## Reinforcing the Nomination Committee and Ensuring the Transparency of Nomination Procedures

### (1) Composition of the Nomination Committee

- (i) The composition of the Nomination Committee was changed to only include, in principle, independent outside directors.

### (2) Ensuring the Fairness of Nomination Procedures

- (i) To ensure the objectivity and fairness of the process for nominating the successor of the President and Chief Executive Officer, it was decided that the Nomination Committee will formulate a Succession Plan.
- (ii) A reform was made to have the Nomination Committee determine the standards for electing executive officers. The Nomination Committee came to have the authority to conduct periodic interviews with all candidates, and the Company introduced a system for votes of confidence regarding the President and Chief Executive Officer by senior management.



## II. Reinforcing the Internal Control Function

### Review of Budgetary Control

From the viewpoint of escaping from an overriding current term profit policy and formulating reasonable medium-term business plans and budgets that are feasible based on actual capabilities, the budget formulation policy has been clarified from a medium-term perspective, and the budget formulation process and performance evaluation for in-house companies were also revised. As for the clarification of the budget formulation policy, a policy of business selection and concentration has been clarified in which concentrated investments are made on businesses with high growth potential, and the review of business for which growth is not anticipated is considered based on quantitative evaluations of business profitability and qualitative evaluations of business growth potential, and budget formulation reflecting this policy has been thoroughly enforced.

In addition, for the budget formulation process, revisions were conducted to shift from a process that focused on sales and increasing profits to a process that considers feasibility from a medium-term perspective focused on cash flows. Furthermore, for performance evaluations for in-house companies, changes were made from the focus on operating income and the degree of budget attainment to a focus on investment efficiency centered on cash flows. Specifically, evaluation items including budget evaluation items have been reviewed and adjusted to shift to an evaluation system based on investment efficiency (quantitative aspects) and business potential including market growth potential and the Company's advantageous position (qualitative aspects) on a business by business basis. At the same time, in order to encourage the autonomous and independent management of in-house companies, in-house companies will conduct decisions on whether to make investments based on their own responsibility through means such as requiring explanations from in-house companies on the appropriateness of the interest-bearing debt balance from the perspective of business profitability and investment efficiency.

Along with the revisions above, the CEO Monthly Meetings that discussed the outlook for improvements in short-term profit figures were abolished, and performance reporting meetings were newly established as a forum to have debates aimed at future performance improvements based on results centered on cash flows. In addition, the General Manager of the Internal Audit Division came to attend performance reporting meetings, and the submitted materials and minutes are to be promptly shared with outside directors.

### Strengthening the Checks and Balances Function Played by the CFO and Finance and Accounting Divisions

#### (1) CFO

The checks and balances function of the CFO was strengthened by incorporating into the account settlement process the coordination between the CFO and the Audit Committee composed only of independent outside directors. In addition, to ensure the independence of the CFO from top management, the authority to consent to proposals for CFO appointment and dismissal has been granted to the Nomination Committee.

#### (2) Reform of the Finance and Accounting Divisions

In order to secure the independence of the accounting departments of the in-house companies from the presidents of the same, the in-house company accounting divisions, which had been under the direct control of the in-house company presidents, were changed to be under the direct control of the Finance and Accounting Divisions as corporate staff. Following that, the Company transferred the right to evaluate the performance of the in-house company Chief Financial Officers (CCFOs) from the presidents of each in-house company to the CFO, so as to secure the independence of the finance and accounting functions. Affirming that financial accounting is something that is stringent in order to support the soundness of securities markets, the financial accounting personnel and managerial accounting personnel in the corporate staff division were separated, the Finance & Accounting Division was abolished, and the Finance & Cash Division and the Accounting Division were newly established so as to reinforce internal control functions over accounting treatment.

## Outline of Measures to Prevent Recurrence: CFO & Finance Division

Hierarchical and company-wide causes	
<ul style="list-style-type: none"> <li>• Concentration of authority in the president</li> <li>• Fixing of human resources and attitude focused on management accounting</li> </ul>	
Desired effect	Content of measures to prevent recurrence
Guarantee independence of the CFO from CEO	<ul style="list-style-type: none"> <li>■ Grant the Nominating Committee <b>the right to agree to proposals for the appointment and dismissal of the CFO</b></li> </ul>
Strengthen the structure of the Finance Division	<ul style="list-style-type: none"> <li>■ <b>Organizational separation</b> of finance and management accounting</li> <li>■ <b>Expansion</b> of external recruitment</li> <li>■ <b>Strengthen cooperation</b> with the Audit Committee and accounting auditors</li> </ul>
Make in-house company accounting departments independent of CP*	<ul style="list-style-type: none"> <li>■ Position in-house company accounting <b>departments directly under the corporate Finance Division</b></li> <li>■ <b>Transfer the human resources evaluation functions to the CFO</b> from CCFOs</li> </ul>

\* CP: Company president

## Reform of the Internal Reporting System

Together with establishing a direct internal reporting function in the Audit Committee Office in addition to the internal whistleblower system on the business execution side, the Company endeavors to make its whistleblower system more accessible to employees by ensuring that all employees are fully aware that a whistleblower system is available to them and that the anonymity of whistleblowers is strictly ensured. The Company has enacted a reform to immediately share the details of whistleblower reports regarding accounting with the accounting auditor.

## Business Process Reform

Responding to material weakness found in the current internal control systems in respect of financial reporting, accounting regulations were amended for the revision of accounting treatment standards and revisions were made in business processes for which the existence of weakness was confirmed for four particularly important items (percentage-of-completion method, parts transactions, recording of expenses, and inventory valuation).

### (1) Percentage-of-completion Method

For estimates such as total estimated income from contract work and total estimated cost of contract work, the details of regulations related to such estimates were formulated in order to make those estimates reliable, as reliable estimates are also an application condition for the percentage-of-completion method. In reflection of the fact that rules on accounting and business processes were not made well known, accounting compliance education was thoroughly implemented and the check systems on the appropriateness of accounting treatment (the appropriateness of total estimated cost of contract work, etc.) by accounting departments, etc, have also been strengthened. Furthermore, in order to ensure the appropriateness of accounting

treatment for projects for which the percentage-of-completion method or the contract-completion method are used, a Project Examination Division has been newly established to conduct reviews before project orders are received and to conduct monitoring on the appropriateness of costs after orders are received.

## (2) Buy-Sell Transactions, etc.

As part of structural reforms in the PC Business, horizontal specialization through the outsourcing of development and production to the companies contracted to design and manufacture the Company's brand products (ODMs) has been stopped, and the buy-sell transactions that were an issue have been abolished from the newly handled portion. In addition, as a measure until abolition, the monitoring of abnormal values in supply quantity and price was introduced by preparing receipt and payment tables and managing physical inventory for the inventory held by ODMs. Furthermore, by conducting regular stocktaking, the book quantity of actual goods is being confirmed.

## (3) COs (carry overs)

Rules and processes relating to treating expenses and intra-group transactions were revised in order to appropriately recognize revenues and expenses. Specifically, checks and controls are being strengthened in departments applying for expenses, accounting departments, etc., through means such as management of abnormal values through transitive analysis and confirmation of various provision calculation results based on expense management materials.

## (4) Inventory Valuation

For turn out of value (TOV) revision, the rules for revision timing have been clarified to include confirmation that front-end and back-end standard costs in relation to the manufacturing of semiconductors are linked, and it has been also clarified that the cost variance allocation method was implemented by process. In addition, the valuation criteria have been revised for inventory subject to valuation that was not clear, and education on accounting principles and regulations is being thoroughly implemented.

### Outline of Measures to Prevent Recurrence: Company-wide

#### Hierarchical and company-wide causes

- Lack of awareness of appropriate financial reporting
- Inadequacies in business processes

#### Desired effect

Reinforce internal control systems through review of business processes

#### Content of measures to prevent recurrence

- Criteria for progress in construction projects: [monitoring by the Project Monitoring & Oversight Division](#)
- Buy-Sell transactions: [discontinued](#), no new handling
- COs: [Review of rules and processes](#) for handling costs, etc.
- Inventory valuation: clarification of rules for [TOV revision](#)

## Development of J-SOX Compliance

Responding to the fact that J-SOX compliance was not appropriately implemented within in-house companies, the number of members of the J-SOX Promotion Group (Internal Management System Reinforcement Project Team J-SOX Promotion Group) has been increased from four (4) as in the past to 10. The J-SOX Promotion Group is providing support to ensure that J-SOX compliance is being properly implemented at in-house companies. In addition, the Internal Audit Division shall conduct audits on J-SOX-related systems, frameworks, and implementation status. Furthermore, the members of the J-SOX Promotion Group on the corporate staff side endeavor to conduct regular training for in-house company personnel to ensure the expertise of in-house company personnel.

## Accounting Compliance Committee

With the establishment of the Accounting Compliance Committee, in which the President and Chief Executive Officer serves as Chairman and the Audit Committee and the Internal Audit Division participate as observers, the Company has established a company-wide framework for the timely and appropriate assessment of issues that could lead to inappropriate financial reporting, the early discovery of risks that could threaten internal control, and instructing and considering countermeasures.

## Internal Controls over Financial Reporting

The Company has already established and largely implemented the measures of its Improvement Plan for rectifying the material weakness in company-level internal controls over financial reporting that the Company identified last fiscal year. However, there are some measures regarding which the implementation status cannot be verified yet due to constraints in the implementation period, and not all the implementation status of the improvement measures have been sufficiently verified. Moreover, in connection with the closing and financial reporting process, certain items for restatement, including the restatement of financial results, were discovered in the course of the audit of financial statement, and it was also determined that there were important deficiencies for FY2015 that also required disclosure. In order to verify the remediation of material weakness in company-level internal controls requiring disclosure, the Company will endeavor to improve the implementation status of the budget control system, to firmly establish awareness of proper financial reporting among employees working in connection with closing and financial reporting, and to implement improvement measures for material weakness in internal controls requiring disclosure in connection with the closing and financial reporting process and will additionally verify the status of future quarterly financial closings.

## III. Improving of Management and Employee Awareness

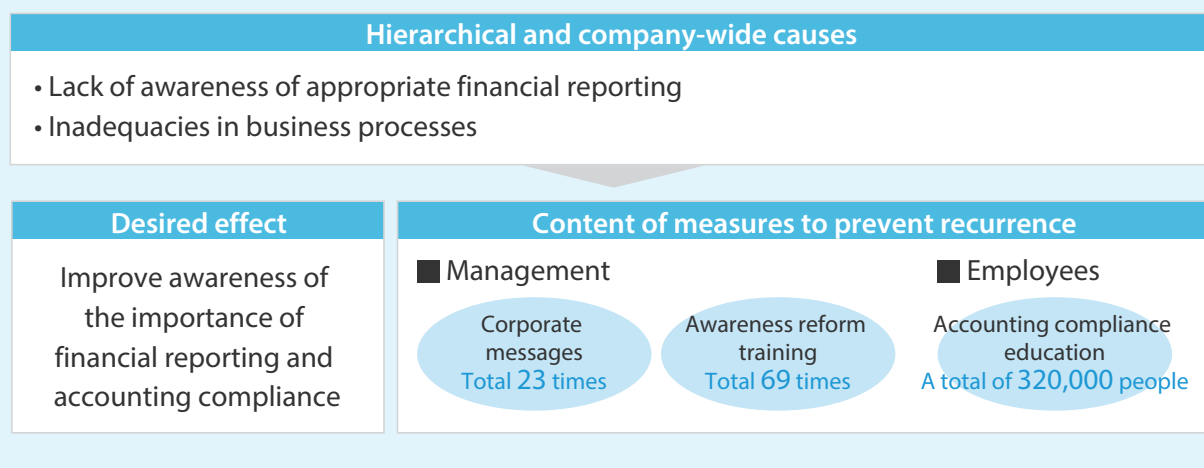
### Improved Awareness and Strengthening of Compliance

The President and Chief Executive Officer sent a message to all employees expressing a firm commitment to steadily implementing the corporate governance reform discussed by the Management Revitalization Committee and to reviving Toshiba Group. His message also declared a determination for the whole Company to work together in order to regain public trust. The Company also conducted an employee survey in order to gather candid opinions. In addition, the Company held an awareness improvement seminar for officers and top management in October and December 2015, March and June 2016, toward improving the awareness of top management. The Company plans to continue these seminars.

### Education on Accounting Compliance

In addition to the awareness improvement seminar for officers and top management, the Company will also hold seminars by rank and function, according to posts held and work areas, to enhance the effectiveness of accounting compliance. The Company plans to continue these seminars.

## Outline of Measures to Prevent Recurrence: Company-wide



## Decisive Action on Business Structural Reform

The Company has pursued structural reform of System LSIs and Discretes in the Semiconductor business segment of the Electronic Devices Department, the PC, Visual Products, and Home Appliances business segments in the Lifestyle Products and Services Department, and the corporate Staff Division, etc.

Through these measures, the Company reduced its headcount in the departments subject to structural reform by approximately 14,000 employees in total in and outside of Japan, including 3,000 employees reassigned within the Toshiba Group.

# Review the Business Portfolio and Operational Structure

Within the process of developing medium-term business plans, starting from FY2016, the Company is discussing and reforming the following items. The Company announced the plan at the FY2016 Business Plan presentation meeting held on March 18, 2016.

## Business Portfolio

### Focus Business Fields

#### Focus on Platform Businesses that Sustain People and the Future



#### Storage

that sustains the advanced information society

#### Infrastructure

that sustains quality lives

#### Energy

that sustains everyday lives, that is cleaner and safer

- For the purposes of solving various social problems through our technologies and products and contributing to the realization of the productive, safe and secure lives of people, the Company will focus on the businesses of Energy, Social Infrastructure and Storage, which are foundations of those goals.
- The Healthcare business was one of the areas of focus expected to produce future growth. However, in order for the Healthcare business to realize its potential to the full and to maximize its value to the full and for the Company to strengthen its balance sheet, the Company decided to sell Toshiba Medical Systems Corporation and has signed the transfer and related agreements with Canon Inc. on March 2016.
- Although the Home Appliances business has a long history and tradition and has been one of the businesses that represent the Company, the Company has pursued structural reform of that business to further improve operational efficiencies, considering alliances with third party companies as a future option. Specifically, after the Media business of Toshiba Lifestyle Products & Services Corporation (TLSC), which was the Company's consolidated subsidiary and engaged in the Home Appliances business, was split off, the Company finally agreed to transfer more than 80% of the shares of TLSC, which will continue to engage in the Home Appliances business, to Midea Group Co., Ltd., a major Chinese home appliances manufacturer in March 2016.
- The Company improved operational efficiencies by splitting off the PC business and merging it with a sales company targeting domestic corporations in April 2016. Specifically, the Company signed an absorption-type company split agreement in February 2016, whereby Toshiba Information Equipments Co., Ltd. (name changed to Toshiba Client Solutions Co., Ltd. as of April 1, 2016) succeeded to the Company's PC business by means of a company split, and the PC business was transferred to that company in April 2016.

- The Company signed an absorption-type company split agreement in February 2016, whereby part of the System LSI business at the Company's Oita Operations was transferred to Iwate Toshiba Electronics Co., Ltd. (name changed to Japan Semiconductor Co., Ltd. as of April 1, 2016) by means of a company split, so that the Company will concentrate management resources in business areas where the Company anticipates market growth and enjoys technological advantages, such as analog integrated circuits and motor control drivers for automotive and other applications, and will secure efficient integration and management of the 200mm and 150mm wafer production lines. The Company decided to withdraw from the CMOS image sensor business and transfer to Sony Corporation the 300mm wafer production line at the Company's Oita Operations in March 2016.

## Establishment of a Small but Strong Headquarters

The Company will slim down corporate staff functions and concentrate the corporate staff's mission on strategic planning for the future. At the same time, in order to strengthen the independent autonomous management of the in-house companies, functions needed for business operations will be transferred to the in-house companies. Based on this decision, the Company reformed the corporate Staff Division on April 1, 2016. In order to announce the business activities of Toshiba Group in a timely and appropriate manner, and to enhance interactive communications with stakeholders, the Company repositioned the Public Relations & Investor Relations Office as a division directly under the President and Chief Executive Officer, and within that office, established a new Information Disclosure Office specifically in order to make timely and appropriate disclosure to stock markets. In addition, the Company abolished the Finance & Accounting Division and newly established the Finance & Cash Management Division and the Accounting Division in order to separate the financial accounting functions and the management accounting functions and to strengthen the internal control functions for accounting treatment.

## Outline of Measures to Prevent Recurrence: Information Disclosure

### Hierarchical and company-wide causes

- Lack of awareness of appropriate financial reporting
- Inadequacies in business processes

### Desired effect

Development of a system that enables prompt disclosure of information and improvement of awareness of and attitude to information disclosure

### Content of measures to prevent recurrence

#### ■ Development of information disclosure system

Clarification of criteria for information collection

Staff member in charge of information management (newly introduced)

Information Disclosure Office (newly introduced)

#### ■ Improvement of awareness of and attitude to information disclosure

Re-establishment of basic philosophy and regulations

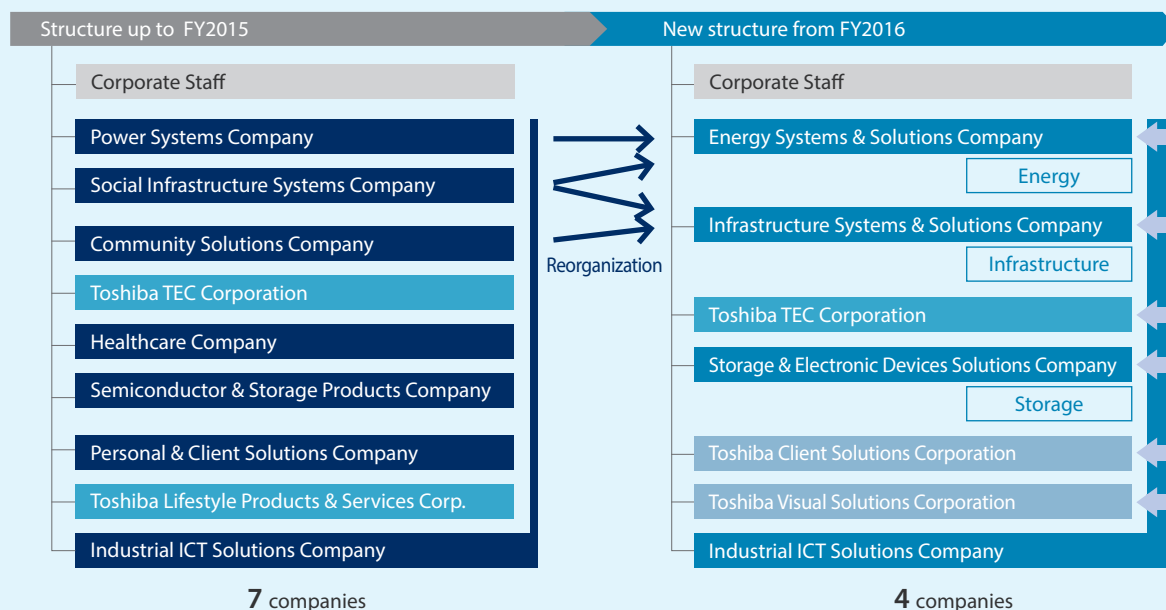
Implementation of briefing sessions and training (corporate, in-house companies and branch offices)

## Review of In-house Company System

The Company reorganized the seven in-house companies into four in-house companies in order to establish the business structure focusing on three businesses – the Energy business, Social Infrastructure business and Storage business.

### Review of Operating Structure

#### Reorganized In-House Companies to Align with 3 Focus Areas



- The Company integrated and reorganized the Power Systems Company, the Social Infrastructure Systems Company and the Community Solutions Company into two new companies – the Energy Systems & Solutions Company and the Infrastructure Systems & Solutions Company.
- The Company renamed the Semiconductor & Storage Products Company as the Storage & Electronic Devices Solutions Company.
- As a result of the sale of Toshiba Medical Systems Corporation, the Company's medical equipment subsidiary, the Company abolished the Healthcare Company and newly established the Life Science Division\*. (\*Eliminated on October 1, 2016)
- The Company abolished the Personal & Client Solutions Company. The Company repositioned its Ome Complex, which was under that company, as part of the corporate Staff Division.

## Reforming the Financial Base

Reflecting on the fact that it fell into an overriding current-period profit policy, the Company will continue to further promote business management emphasizing cash flow and give first priority to restructuring for recovery from a weakened financial platform.



## Measures to Secure Financial Platform

- The Company will set firm rules on limits to investments and make resource allocations based on the business portfolio and in those business domains that will generate cash.

Under this policy, the Company will focus its FY2016 investments on the Energy and Storage businesses and limit investments in other areas to refurbishment. The Company will also focus on research and development in technologies that generate cash flows and, with a long-term outlook, will advance research and development with an aim to create new growth businesses.

- The Company will also reinforce management of interest-bearing debt on a consolidated basis by the in-house companies so that the Company will be able to reduce interest-bearing debt.

## Sales of Assets

The Company has been thoroughly reviewing the assets it holds, such as stocks and real estate, and their necessity and considering selling them off without any restrictions. The Company plans to raise funds in the amount of one trillion yen or more by examining its assets by the end of FY2016, including the already-completed sale of Toshiba Medical Systems Corporation and the sale of shares of KONE Corporation, a Finnish corporation and partner in the elevator business, and Topcon Corporation, an affiliate.

### Measures to Secure the Financial Platform

#### Prioritize Improving the Financial Platform

##### Organize Financial Platform

**Concentrate investments in cash generating fields, based on the business portfolio**

**Strict consolidated-base control of interest-bearing debt of the in-house companies**

• Establish financing limit for in-house companies, put in place monthly monitoring system

##### Urgent Fund Raising

**Raise over ¥1 trillion in FY2015, FY2016**

**• Assets sold in FY2015**

Sale of Toshiba Medical Systems Corp.    ¥665.5 billion

Sales of stock holdings    ¥200 billion

**• Raise further funds through sales of the Home Appliance business and additional sales of stock holdings**

The Company has been implementing the reforms set out above and once again sincerely apologizes for causing the current situation. The management team and the entire Company will continue making their best efforts to recover the trust of all the Company's stakeholders.

# CSR Management

Toshiba Group's CSR management is the base for all corporate activities. It seeks to contribute to sustainable social development by supporting through business to solving global social issues and by setting human life, safety and compliance as our top priorities.

Through communicating with various stakeholders, such as customers, shareholders, investors, suppliers, and employees, each and every one of Toshiba Group's 200,000 employees will promote CSR activities based on Toshiba Group Standards of Conduct.

## Toshiba Group's CSR Management



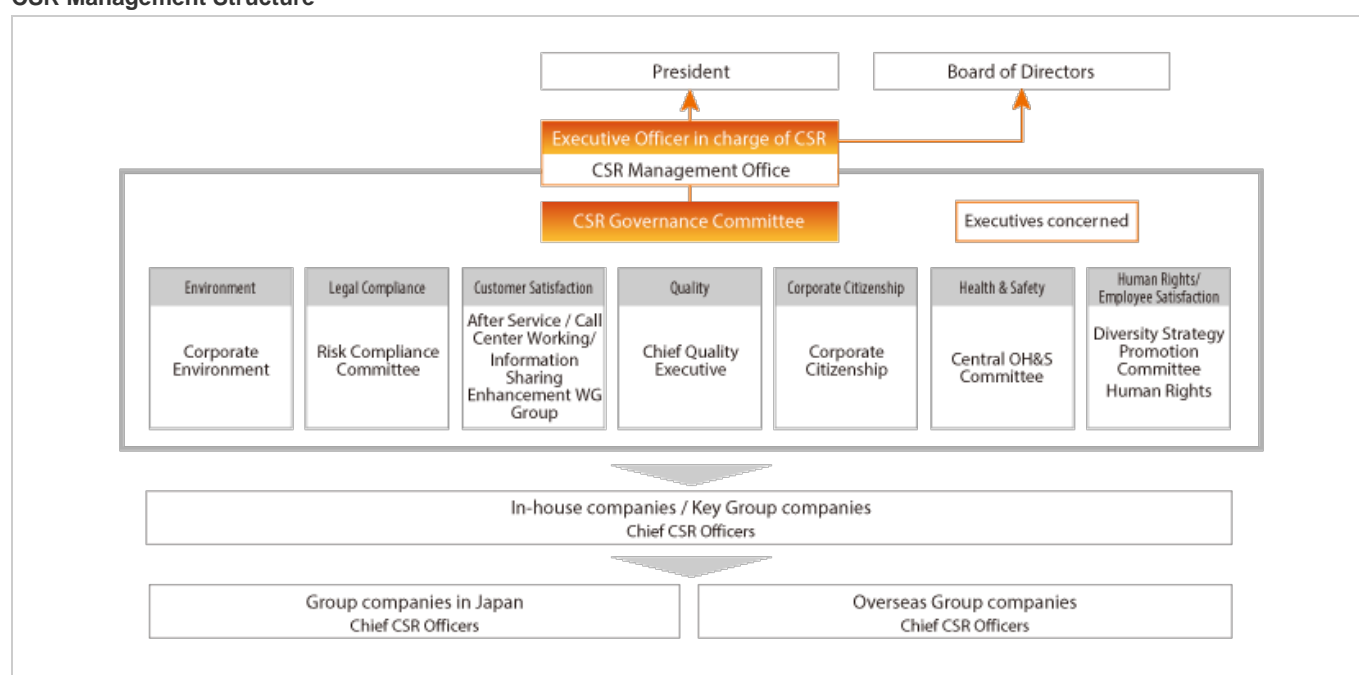
# Organization of CSR Management

In 2003 Toshiba internally established an organization promoting CSR and it leads CSR management in Toshiba Group. The CSR Governance Committee, consisting of the Executive Officer in charge of CSR and the executives concerned, holds meetings periodically, in order to discuss and determine Toshiba Group CSR Action Policy. Based on the policies determined, the Corporate Environment Management Committee, Risk Compliance Committee and other relevant committees (see the chart below) establish key performance indicators (KPIs\*) and implement action plans for each of the topics for which they are responsible.

In-house and Group companies in Japan and overseas appoint their own Chief CSR Officers. They ensure the implementation of Toshiba Group's CSR Action Policy and check the progress regarding key issues for the companies.

To discuss CSR progress and issues, the CSR Office holds a monthly meeting called the Corporate CSR Meeting, which is attended by representatives from CSR-related divisions such as human resources, environment and procurement.

## CSR Management Structure



## Monitoring

We have been conducting the Global CSR Survey annually since FY2005, in order to check and improve CSR-related activities at overseas Group companies.

The survey consists of items concerning human rights, labor, ethics, amount of expenditure on social contribution activities, management of suppliers, and so on. The answers submitted by suppliers are gathered, analyzed and shared with the department in charge of managing the results, and we request improvements be made in problematic areas.

# Increasing employee's awareness of CSR

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In order to increase CSR awareness throughout Toshiba Group, the President speaks about the Group's corporate philosophy, "Committed to People, Committed to the Future" at the start of accounting periods, during company ceremonies and start-of-year addresses, as well as at any other opportunity. He puts particular emphasis on practicing CSR management and on its importance. The overview is circulated among domestic and overseas bases and Group companies through in-house newsletters and the office organization system. We also conduct training programs all year around, including rank-specific CSR education such as new employees and newly appointed officers, and e-learning on various themes such as the environment, information security, human rights and engineering ethics.

## Toshiba Group's CSR Month

Toshiba Group has designated December as its CSR Month since FY2006. During this month, we assess our CSR initiatives and hold a variety of events, such as the Group-wide CSR Conference and other events at our companies and business sites focusing on social contribution and other CSR activities.

In FY2015, in order to prevent recurrence of the account processing issue, we conducted seminars for senior management about the importance of proper financial reporting and compliance, and e-learning that in particular deals with accounting compliance, targeting all employees at domestic Group companies.

On December 15, we held our annual CSR Conference, which was attended by some 830 employees, including executive officers and labor union representatives. In addition to the report on management reform by the Executive Officer in charge of CSR, the lectures on CSR by two Outside Directors highlighted the need to doubt what passes by as internal common knowledge and the importance of remembering the company's founding philosophy. These proposals pointed out what is essential to Toshiba today and what it needs to put renewed focus on.

The occasion offered an invaluable opportunity to renew our awareness which is indispensable as we at Toshiba Group endeavor as one to ensure prevention of recurrence and restore various stakeholders' trust.

# Identifying Material Issues

## The situation up to FY2015

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Since FY2011, Toshiba Group has been repeating a PDCA cycle (plan, do, check, act) to administer self-evaluations based on ISO26000. We refer also to opinions we receive via dialogue with stakeholders and evaluative reviews from third-party organizations, in order to determine our material issues.

With regard to material issues in FY2015, at the end of FY2014 we identified "Respect for Human Rights," "CSR Management in the Supply Chain," and "Environmental Management" as in the previous fiscal year. We record our progress regarding these efforts in the CSR performance report.

 [PDF FY2015 Material Issues \(Identified at the end of FY2014\)](#)

### CSR Performance

- > [Respect for Human Rights](#)
- > [CSR Management in the Supply Chain](#)
- > [Environment Management](#)

However, in FY2015, due to the accounting issue that transpired, we tackled the tasks of identifying its cause and of preventing its recurrence, as a priority issue for the whole company. We referred to the "Principles for Dealing with Scandals at Listed Companies," which is released by Japan Exchange Regulation, then formulated and released an Improvement Plan and Situation Report containing the details of our efforts.

 [PDF Improvement Plan and Situation Report](#)

Furthermore, we have included in the IR website or CSR performance report the details of the following measures, out of the measures we have taken to prevent accounting issues from recurring.

## Corporate Governance

- Reduced the Board of Directors to 11 people
  - Increased the ratio of Outside Directors to more than half
  - Enabling an Outside Director to become Chairman of the Board of Directors
  - An Audit Committee, a Nomination Committee and a Compensation Committee composed, in principle, only of independent Outside Director members
- > [Corporate Governance](#)

## Risk Management and Compliance

- Established a new Accounting Compliance Committee
  - Set up the new Audit Committee Hotline
  - Gave accounting compliance training to senior management, and to all ranks of employees at domestic Group companies
  - Debated the account processing issue at CSR workplace meetings
- > [Risk Management and Compliance](#)

## Employment and Labor Relations

- Reported to the Toshiba Union the results of the investigation regarding the account processing issue, and explained our measures to prevent recurrence

➤ [Employment and Labor Relations](#)

## Fair Evaluation and Talent Development

- Conducted the Leadership Survey (360-degree survey)
- Conducted Employee Morale Survey

➤ [Fair Evaluation and Talent Development](#)








As for material issues for and beyond FY2016, we are currently examining and reevaluating the processes (as of June 2016).

### Toshiba Group's CSR Management Cycle (from FY2014)



## Regular dialogues with stakeholders

We maintain the dialogues with our stakeholders at all times when identifying material issues. Toshiba Group values regular dialogues with stakeholders, and assesses its own efforts based on the results of such dialogues, leveraging them when developing and executing measures.

Stakeholders		Major dialogues and their opportunities
Customers		Routine sales activities, Call center (via phone and email, etc.), Monitoring system, Customer satisfaction (CS) survey
Shareholders/Investors		General Meeting of Shareholders, Meetings with investors, Questionnaire survey, Investor Relations (IR) website
Suppliers		Routine procurement activities, Briefing session on procurement policy, CSR survey, Supplier whistleblower system "Clean Partner Line"
Employees		Employee morale survey (TEAM Survey), Dialogues, Information exchange meetings, Whistleblower system "Risk Hotline", "Consulting Services for Employees"
Local communities		Dialogues, Information exchange meetings, Factory visits, Employees' participation in community activities
Governments and public bodies		Dialogues with economic and/or industry association
NPOs/NGOs		Dialogue through collaboration, Exchange of views at stakeholder dialogues

### > Stakeholders

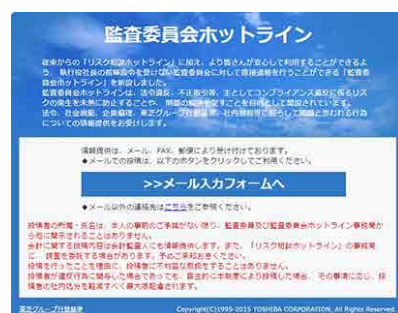
# FY2015 Topics

## Governance

### Risk Management and Compliance

We enforce worldwide compliance with laws, company regulations, social and ethical norms, and the like. To promote risk management, we have established a specialized division for it.

- Establishment of a financial risk evaluation structure, through the creation of a new Accounting Compliance Committee
- Commitment to a thorough understanding of basic accounting principles, through accounting compliance training
- Setting up the new Audit Committee Hotline



Audit Committee Hotline (Intranet)

### Research & Development and Intellectual Property

We are making efforts to strengthen our intellectual property strategy, focusing our R&D on business areas expected to grow in the future, and expanding them globally.

- Testing a CO<sub>2</sub>-free, autonomous hydrogen energy supply system in a public facility in Kawasaki City
- Applied BiCS FLASH™ of 48-layer 3-D stacked cell structure flash memory to 256-gigabit, started sample shipment
- Started running verification tests EV bus system featuring the latest wireless charging device



Wirelessly charged EV bus

## Environment

### Environmental Management

In order to create an affluent life for mankind that is in harmony with mother nature, we promote ecological management, and make it our responsibility to take good care of the Earth's environment before passing it on to the next generation.



# Social

## Respect for Human Rights

We uphold human rights as one of our management principles, and support universal, fundamental principles concerning human rights, and labor practice including the Universal Declaration of Human Rights.

- Held workshops on global human rights for human resources and procurement managers in Thailand



Workshop on human rights in Thailand

## Employment and Labor Relations

In accordance with fundamental principles of labor-management equality, mutual trust and understanding, and prior discussion, we hold labor-management dialogue, seeking rational and amicable solutions.

- Held the semi-annual Toshiba Group Labor-management Congress and held discussions on management policy



Labor-management congress

## Fair Evaluation and Talent Development

We promote the proactive training of our personnel and making the most of the capabilities, and have established fair personnel systems in order to produce employees who can create new ideas.

- Conducted the Leadership Survey (360-degree survey) targeting senior management.

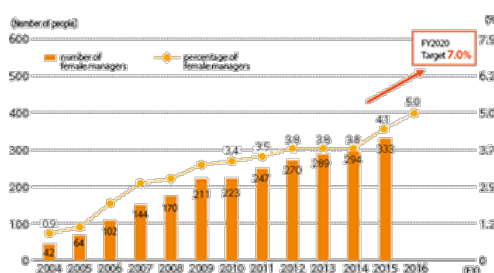


Global Marketing Leaders Program

## Diversity Promotion

We have positioned the promotion of diversity as one of its integral management policy visions, and under the strong top commitment, sent out positive messages about diversity internally and externally.

- Percentage of female managers increased to 4.1% (Toshiba Corp.)



Trends in the number/percentage of female managers (Toshiba Corp.)

## Occupational Health and Safety

One of our management principles is to "commitment to people." Accordingly, we promote CSR management by setting "human life, safety and legal compliance" as our highest priority.

- 61 group companies certified by OHSAS18001 (100% of manufacturing companies in Japan)
- 0.15 Lost-time Injury Frequency Rate\* at domestic Toshiba Group companies

\* Frequency of accidents per million work hours resulting in death or injuries that require one or more days off work



OHSAS18001 Certificate

## Quality Control

We aim to contribute to society by providing products and services that are high-quality, safe, and technologically ahead of the curve.

- Conducted product quality training (7 programs) in China, attended by a total of 307 people. The trainers have been replaced with local staff trained at Toshiba.



Toshiba Quality Assurance Guidelines for Suppliers (Japanese)

## CSR Management in the Supply Chain

We advance CSR efforts through our supply chain, such as improving working conditions and decreasing the environmental impact at our suppliers.

- Checks of compliance status regarding environmental laws and regulations in China
- Held an EICC seminar, which was attended by 152 people from suppliers and Toshiba Group companies.

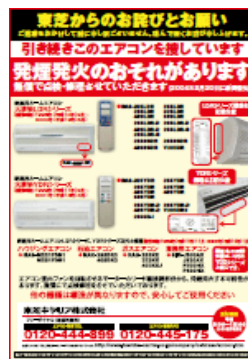


EICC briefings in Japan

## Product Safety

Based on the Toshiba Group's Basic Policy on Product Assurance, we endeavor to ensure product safety and to disclose safety-related information to our customers proactively.

- Strengthened efforts for the swift recall of products



Flyer showing products subject to recall (Japanese)

## Enhancement of Customer Satisfaction

We respond properly to our customers' inquiries, opinions and requests, and make use of them to enhance product quality, our after-sales service and the like in order to improve customer satisfaction.

- Set a "Customer Satisfaction Improvement Month," and ran education and training on CS for all employees
- Established an After-sales Service Enhancement Working Group to share service issues and tackle service improvement Group-wide.

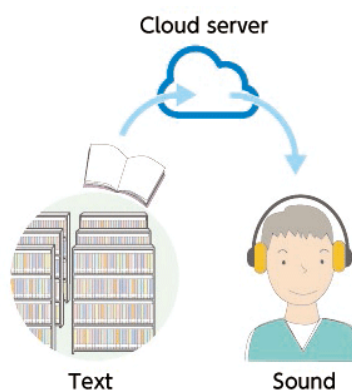


KIZUKI training to improve receptiveness in after-sales services

## Universal Design

We strive for Universal Design (UD) to help realize a society where everyone can live in comfort, regardless of age, gender or disability.

- Started offering the RECAIUS™ cloud service, which can support people in a variety of activities
- Issued Universal Design Guidelines (office version)



Vocalization by Daisy Rings™

## Support for Local Community Development

As a good corporate citizen, we conduct community-based business activities at sites worldwide, contributing to solving local issues.

- Starting demonstration of positive energy buildings (PEB) in Lyon, France
- Large-scale steam turbine rotors manufactured from start to finish in India



The HIKARI Buildings where PEB is being demonstrated

## Social Contribution Activities

We promote a wide range of activities, focusing on science and technology education, protection of the natural environment, social welfare, international exchange, and the promotion of sports and culture. We also engage in post-disaster reconstruction aid.

- Initiated Toshiba Group Simultaneous Social Contribution Activities
- Supporting Early Childhood Development in Tanzania in the light of children's human rights



Literacy education at community childcare facilities

# FY2015 Performance Indicators

We, the Toshiba Group, have medium- and long-term key performance indicators according to the ISO 26000 core subjects and are promoting relevant CSR activities.

## Governance

Corporate Governance	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Number of directors (GRI G4-34,G4-38)	16	—	11	—
Number of directors not concurrently serving as executive officers (GRI G4-38)	8 (Half of all directors)	Half of all directors	7	Half of all directors
Number of female directors Percentage of female directors (ISO26000 6.2,GRI G4-38)	1(6%)	Over 1	1(9%)	Over 1
➤ Corporate Governance				

Risk Management and Compliance	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Education for "Toshiba Group Standards of Conduct" (Toshiba Group in Japan) (ISO26000 6.6.3, 6.6.4, 6.6.5, GRI G4-HR2)	99%	100%	100%	100%
	"Toshiba Group Standards of Conduct" was revised in October 2014 and published in 24 different languages. Various education programs are provided such as education based on the needs of employees at different organizational levels and job functions, as well as seminars on compliance topics for top executives. In FY2015 follow-up training specifically on accounting compliance has been conducted.			
Number of Workplace CSR meetings ; Number of cumulative participants (Toshiba Group in Japan) (ISO26000 6.2, GRI G4- LA9)	2 times/yr, 180,000	2 times/yr, 180,000	1 times/yr, 90,000	2 times/yr,
Percentage of self-audits conducted at Group companies based on "Anti-Bribery Guidelines" and "Guidelines on Contacts with Competitors" (Toshiba Group in Japan) (ISO26000 6.6.3, GRI G4-SO3, SO7-8)	100%	100%	100%	100%
	Between December 2015 and February 2016, we held e-learning on sales risks, and reinforced management of sales-related legal risks.			
Number of reports received by the whistle blower system "Risk Hotline" (In-house contact window / attorney's office) (Toshiba Group in Japan) (GRI G4-49, G4-53, G4-57-58, G4-LA16, G4-HR12, G4-SO7, G4-SO11)	88 reports (85/3)	—	208 reports (204/4)	—
	Calls reporting inappropriate situations or concerns were reported to the relevant division so that instructions for improvement could be provided or alerts could be issued.			

Number of violations of the Act against Unjustifiable Premiums and Misleading Representations (Toshiba Group in Japan) (ISO26000 6.7.4, GRI G4-SO8, G4-PR4, G4-PR6-7, G4-PR9)	0	0	0	0
	We conducted education on advertising and labeling in the e-learning on sales risks, thus ensuring full compliance with advertising and labeling regulations.			
➤ Risk Management and Compliance				

## Environmental Management

**Toshiba Group Fifth Environmental Action Plan: Greening of Products (creation of products with the highest level of environmental performance) and Greening by Technology (low-carbon energy technologies)**

Increasing Overall Eco-efficiency	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Improvement of overall eco-efficiency (compared to FY2000 levels) (ISO26000 6.5, GRI G4-EN6-7)	2.9 times	3.0 times	3.0 times	-
In order to improve overall eco-efficiency, Toshiba Group actively promoted Greening of Products, Greening by Technology, and Greening of Process initiatives.				
➤ Progress in the Fifth Environmental Action Plan				
Increasing Eco-efficiency for Products and Processes	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Improvement of product eco-efficiency (compared to FY2000 levels) (ISO26000 6.5, GRI G4-EN7)	3.3 times	3.4 times	3.4 times	-
In order to improve product eco-efficiency, Toshiba Group actively carried out Greening of Products and Greening by Technology initiatives. Toshiba Group will continue to systematically carry out Greening of Products and Greening by Technology initiatives.				
Improvement of business process eco-efficiency (compared to FY2000 levels) (ISO26000 6.5, GRI G4-EN3-4, G4-EN6)	1.51 times	1.5 times	1.5 times	-
In order to improve business process eco-efficiency, Toshiba Group actively carried out Greening of Process initiatives.				
➤ Creation of Excellent ECPs ➤ High-efficiency Manufacturing				
Overall Sales	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Increasing sales of ECPs (Greening of Products) (ISO26000 6.5, GRI G4-EN7, G4-EN27)	2.3 trillion yen	1.8 trillion yen	2.7 trillion yen	-
In order to increase sales of ECPs, Toshiba Group actively inspected its eco-targets for all product lineups and confirmed the status of their implementations during audits of environmental technologies for products. Toshiba Group will strive to create more ECPs for the mass market and accelerate the creation of ECPs by making products, systems, and solutions tailored to specific customer needs.				

Increasing sales amounts of energy-related products (Greening by Technology) (ISO26000 6.5, GRI G4-EN7, G4-EN27)	1.7 trillion yen	1.9 trillion yen	1.6 trillion yen	-
The target has not been reached due to sales decrease of entire energy related business. Toshiba Group restructured energy related businesses as generation, storage, transmission and distribution to one company aiming sales expansion of energy business.				
> Creation of Excellent ECPs > High-efficiency Manufacturing				
Mitigation of Climate Change	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Reduction of CO <sub>2</sub> emissions due to use of eco-products*1 (Greening of Products) (ISO26000 6.5.5, GRI G4-EN17, G4-EN19)	13.12 million tons	15 million tons	15.1 million tons	-
In order to reduce CO <sub>2</sub> emissions through the use of eco-products, Toshiba Group continued to create excellent ECPs and increase the sales thereof.				
Reduction of CO <sub>2</sub> emissions due to use of energy-related products*2 (Greening by Technology) (ISO26000 6.5.5, GRI G4-EN19)	450 million tons	490 million tons	456 million tons	-
The target has not been achieved due to a delay in the start of operations at a plant being constructed overseas. We are focusing on advancing the use of highly efficient thermal power and renewable energy.				
> Mitigation of Climate Change > Reducing energy-derived CO <sub>2</sub> emissions				
Efficient Use of Resources	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Percentage of resource savings*3 (ISO26000 6.5.4, GRI G4-EN1, G4-EN30)	79%	50%	31%	-
The target has not been achieved due to sales decrease of TV and home appliances which efficiency use of resource is high. Toshiba Group will share examples of resource saving and improve efficiency.				
Percentage of use of recycled plastics for products*4 (ISO26000 6.5.4, GRI G4-EN2)	7.50%	3.00%	8.76%	-
In order to increase the percentage of recycled plastics used, Toshiba Group improved the percentage of recycled plastics used in each model and promote the usage of recycled plastics in a wider range of models (application to other product lines). Toshiba Group will increase the percentage of recycled plastics used for each product with the goal of having recycled products used uniformly in all products.				
> Efficient Use of Resources				

Management of Chemicals	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Reduction of Specified Chemical Substances contained in products (Reduction of PVC/BFRs*5) (ISO26000 6.5.3)	54 product groups*6	All 80 product groups*6	76 product groups*6	-
The target has not been achieved in four products group as atomic power generation, fuel battery, built-in DVD products and refrigerator. We aim to achieve in FY2016 mainly by replacing components and materials.				
> Management of Chemicals in Products  *1 [CO <sub>2</sub> emissions of assumed substitute products] – [CO <sub>2</sub> emissions of shipped products] (Compares annual emissions during the usage stage and cumulates emissions for half the product life.) *2 Compared with CO <sub>2</sub> emissions (rate to net production output) for average thermal power of the same fuel type; for nuclear power and renewable energy, compared with CO <sub>2</sub> emissions (rate to net production output) for average thermal power of all types. *3 The rate of increase in the amount of resources saved (compared to 2010 levels) *4 [Amount of recyclable plastics] / [amount of plastics used for products] × 100 *5 Polyvinyl chloride (PVC) is one of the most common plastics and is used in a wide range of products. However, there is concern over the generation of hazardous substances due to inappropriate treatment at disposal, as well as the toxicity of certain plasticizers (e.g., phthalate esters) added to PVCs. Brominated flame retardants (BFRs) are used for plastics to make them noncombustible. Some BFRs are raising health concerns while others persist in the environment or are bioaccumulative. There is also concern over the generation of hazardous substances due to inappropriate treatment at disposal. *6 Special uses are excluded.				

## Greening of Process

### (Environmentally Conscious Manufacturing)

Mitigation of Climate Change	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Reduction of total greenhouse gas emissions*7 (compared to FY1990 levels) (ISO26000 6.5.5, GRI G4-EN19)	3.02 million tons <45%>	4.39 million tons <65%>	3.10 million tons <46%>	-
Improve were made mainly in energy conservation investments, energy-saving diagnosis, etc.				
Reduction of total greenhouse gas emissions*7 (compared to FY2010 levels) (ISO26000 6.5.5, GRI G4-EN18)	80%	90%	80%	-
Improvement in total CO <sub>2</sub> emissions resulting from product logistics per unit production (compared to 2010 levels) (ISO26000 6.5.5, GRI G4-EN30)	73%	95%	66%	-
We achieved the goal mainly by improving load factors and restructuring logistic center.				
> Reducing total GHG emissions > Reducing energy-derived CO <sub>2</sub> emissions > Reducing CO <sub>2</sub> emissions associated with product logistics				



Efficient Use of Resources	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Reduction of waste emissions*8 (compared to FY2000 levels) (ISO26000 6.5.3, 6.5.4, GRI G4-EN23)	88,000 tons <47%>	117,000 tons <62%>	85,000 tons <45%>	-
	More waste was turn into valuables due to all-out efforts to sort it upon discharge.			
Improvement in the total volume of waste generated per unit production (compared to FY2010 levels) (ISO26000 6.5.3, 6.5.4, GRI G4-EN23)	84%	90%	76%	-
	Total volume of waste generated per unit production has been improved at sights overseas.			
Reduction percentage of final waste disposal*9 (relative to Toshiba Group total emissions) (ISO26000 6.5.3, 6.5.4)	1.4%	0.5%	1.3%	-
	Although we hit the target of reduction volume, reduction percentage has not been achieved mainly by sights overseas. We aim to reduce percentage of final waste disposal by continuing to enhance sorting and recycling, and by finding new recyclers.			
Improvement in the volume of water received per unit production (compared to FY2010 levels) (ISO26000 6.5.4, GRI G4-EN8)	78%	90%	75%	-
	The volume of received water has been improved by efficiency gain in the manufacturing process.			
➤ Reducing the total waste volume ➤ Efficient use of water resources				
Management of Chemicals	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Reduction of the total volume of chemicals discharged (compared to FY2000 levels) (ISO26000 6.5.3, GRI G4-EN1)	1,455t <58%>	1,967t <78%>	1,421t <56%>	-
	We achieved the goal mainly by installing equipment for removing volatile organic compound.			
Improvement of the amount of chemicals handled per unit production (compared to FY2010 levels)	92%	95%	76%	-
➤ Reducing emissions of chemical substances ➤ Reduction in the amount handled				
*7 4.87 t-CO2/10-thousand kWh is used for the power factor in Japan, and GHG Protocol data is used overseas. *8 The volume of waste emitted is obtained by subtracting the volume of valuables from the total volume of waste generated (excluding that of waste disposal and power generation sites). *9 Toshiba Group's definition of "zero emissions" of waste is that the amount of landfill waste after treatment is equivalent to less than 0.5% for manufacturing sites and 1.0% for nonmanufacturing sites of the total amount of by-products and other items generated (total amount of waste discharged) as a result of business activities (excluding the sites with restrictions under laws and administrative guidance).				



## Green Management (Basic Activities of Environment Management))

Conservation of Biodiversity Development of Ecosystem Networks that Production Sites Playing a Central Role in Collaboration with Local Communities	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Percentage of major production sites at which the biodiversity survey is conducted (ISO26000 6.5.6, GRI G4-EN11-14)	Survey conducted 100% Indexes selected 100% Effect measuring 67%	Indexes selected 100% Effect measuring 100%	Indexes selected 100% Effect measuring 100%	-
	We completed a survey, selection and measurement of indexes at 64 sites worldwide, and will continue measurement in FY2016.			
▶ Conservation of Biodiversity				
Environmental Education / Human Resources Development	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Development of Toshiba eco-style leaders	800 leaders	2,000 leaders	1,340 leaders	-
	The target has not been achieved. In FY2016 we will promote and enhance activities.			
▶ Environmental Education/Human Resources Development				

## Social

Respect for Human Rights	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Number of companies surveyed about conflict minerals *10 Cumulative Numbers (ISO26000 6.3.5, GRI G4-LA14, G4-HR9-11)	Approx. 2,600*10	Approx. 2,600*10	Approx. 1,800*10	Approx. 1,800*10
	3TG*11 Toshiba Group conducted a survey on the use of conflict minerals and about smelters for some 2,600 Toshiba Group suppliers that could have been using 3TG*11 conflict minerals through the EICC/GeSI Conflict Minerals Reporting Template (CMRT). Toshiba Group carries out due diligence by conducting an additional survey for high risk suppliers. In FY2015 number of companies surveyed has been decreased because of reforming business structure and identification of suppliers who are less possibility to use 3TG.			
▶ Addressing the Conflict Minerals Issue				
*10 As Toshiba Group companies conduct surveys based on each contract, we count one contract in case multiple contracts are concluded with one supplier. Also the company numbers are approximate due to their being commercially sensitive information.				
*11 Abbreviation of four minerals, tin, tungsten, tantalum and gold, which are specified as "Conflict Minerals".				
▶ Respect for Human Rights				

Fair Evaluation and Talent Development	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Satisfaction rate of employees (Toshiba Corp.)	83/100	—	64/100	—
	Converting the result of in-depth survey of employee, TEAM Survey, to the score out of 100 points. The survey results showed that trust toward the company (its top management) had dropped significantly.			
➤ Fair Evaluation and Talent Development				

Diversity Promotion	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Number and percentage of female managers (Toshiba Corp.) (GRI G4-LA12)	294 (3.8%)	— *	333 (4.1%)	5.0%
	*Aiming over 7.0% in FY2020 as medium- and long-term vision.			
Percentage of female recruits (Toshiba Corp.) (GRI G4-LA1)	Administrative:51% Technical: 19%	Administrative:50% Technical: 25%	Administrative:50% Technical: 19%	—
	While the percentage of female students in science and technology departments is only slightly above 10%, Toshiba Groups promoted efforts to recruit more female engineers by implementing various measures. These numbers consist of new recruits joining activities of the year, joining company in next April.			
Percentage of top managers at major subsidiaries outside Japan (GRI G4-EC6)	62%	— *	62%	66%
	*Aiming for 66% in FY2016 as medium- and long-term vision.			
Employee male-female rate (Toshiba Corp.) (GRI G4-10)	Male:88.2% Female:11.8%	—	Male:88.0% Female:12.0%	—
Employment percentage of people with disabilities (Toshiba Group in Japan) (ISO26000 6.3.7, GRI G4-LA12)	2.26%	2.00%	2.27%	2.00%
	Toshiba Group will continue to operate "Toshiba With", a special subsidiary company aiming to expand workplace for people with disabilities by cooperating with the national and local governments' employment support agencies as well as by using employment support firms effectively.			
Average number of years with company (Toshiba Corp.)	Ave. 17.8 yrs (Male: 18.1 yrs, Female: 16.0 yrs)	—	Ave. 18.0 yrs (Male: 18.3 yrs, Female: 16.1 yrs)	—
Percentage of leave acquisition (Toshiba Corp.)	84%	—	85%	—
	This data is collected by Toshiba Union submitting questionnaire investigation to their members.			
Number of employees to use Childcare leave Percentage of number to use Childcare leave: (Number of qualified person to use the leave/ Number of qualified person) (Toshiba Corp.) (ISO26000 6.4.4, GRI G4-LA3)	Male: 7 (0.7%) Female: 350	—	Male: 10 (1.0%) Female: 358	—
	Until the end of the month when the child turns 3 years old. It is possible to apply for childcare leave up to three times per child. A handbook focusing on system and application procedure were distributed for promotion.			

Number of employees to use Paternity leave (Toshiba Corp.) (ISO26000 6.4.4, GRI G4-LA3)	359	—	372	—
	Up to 5 paid holidays (100%) consecutively or separately, including the day of birth, within 6 weeks of the birth.			
Number of employees to use Family care leave (Toshiba Corp.) (ISO26000 6.4.4)	Male: 2 Female: 3	—	Male: 1 Female: 2	—
	Up to 365 days in total per person requiring nursing care. A handbook focusing on system and application procedure were distributed for promotion.			
Number of employees to use short- time shift (Toshiba Corp.) (ISO26000 6.4.4)	Male: 10 Female: 438	—	Male: 9 Female: 456	—
	Employees who are raising children who have not yet completed elementary school.			
▶ Diversity Promotion				

Occupational Health and Safety	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Number and percentage of Group companies in Japan (manufacturing) that have acquired OHSAS18001 certification (ISO26000 6.4.6, GRI G4-LA5)	62 (100%)	— (100%)	61 (100%)	— (100%)
	Toshiba Group assessed risks related to OHSAS18001 and took measures to reduce such risks.			
Frequency of work-related accidents (Toshiba Group in Japan) (Frequency of accidents per million work hours resulting in death or injury that require one or more days off work) (ISO26000 6.4.6, GRI G4-LA6)	0.18	—	0.15	—
	Result of our performance is less than average for all industry in Japan (1.61 days), manufacturing industry in Japan (1.06 days), electrical appliance manufacturing industry in Japan (0.54 days) of Industrial Accident Statistics (FY2015) issued by the Ministry of Health, Labour and Welfare.			
➤ Occupational Health and Safety				

CSR Management in the Supply Chain	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Percentage of suppliers consenting for the Toshiba Group Procurement Policy (ISO26000 6.3.5, 6.4.3, 6.6.6, GRI G4-HR1, HR4-6, G4-SO9-10)	99%	100%	100%	100%
	In keeping with the FY2014 revision of the Toshiba Group Procurement Policy, we requested a total of 10,000 suppliers*12*13 to comply. Ninety-nine percent of the companies that responded by the end of March 2015 consented. We will continue to make every effort to gain consent from all of our suppliers.			
Number of suppliers at which the CSR survey is conducted *12 Cumulative numbers (ISO26000 6.3.5, 6.4.3, 6.6.6, GRI G4-HR1, HR4-6, G4-SO9-10)	6,957*12	7,000*12	9,288*12	7,000*12
	In terms of considerations to labor, safety and the environment, and prohibition of child labor, we have stated in the Toshiba Group Procurement Policy that we will promote activities that follow the EICC Code of Conduct. We confirm the situation regarding our suppliers' management of these individual items every year, through the supplier CSR survey.			

Number of suppliers to which Toshiba Group provided guidance and support, and the number of transactions ceased  *12 Cumulative numbers (ISO26000 6.3.5, 6.4.3, 6.6.6, GRI G4-HR1, HR4-6, G4-SO9-10)	Guidance and support provided: 892*12 Transaction suspended: 4*12	—	Guidance and support provided: 900*12 Transaction suspended: 8*12	—
	Should a supplier breach the Toshiba Group Procurement Policy, we, the Toshiba Group, firstly request the company to take any corrective actions and provide guidance and support if needed. If it is found out that the supplier is not be able to take such actions or correct the situation, we will suspend the transaction with the company.			
*12 As Toshiba Group companies conduct surveys based on each contract, we count one contract in case multiple contracts are concluded with one supplier.				
*13 The company numbers are approximate due to their commercially sensitive information.				
➤ CSR Management in the Supply Chain				

Social Contribution Activities	FY2014	FY2015	FY2015	FY2016
	Achievements	Targets	Achievements	Targets
Expenditures for Social Contribution Activities including donations for natural disasters, etc. (ISO26000 6.8.3, GRI G4-SO1)	3.53 billion yen	—	2.96 billion yen	—
	In FY2015, expenditures have been decreased because of deduction of uncontinuous business etc.			
Number of social contribution programs (ISO26000 6.8.3, GRI G4-SO1)	1,536 programs	—	1,330 programs	—
	In FY2015, we held the Toshiba Group Simultaneous Social Contribution Action 2015 on or around December 5th, International Volunteer Day. A total of 502 social contribution activities were carried out in Japan and worldwide.			
Accumulated number of 1.5 million afforestation activities (ISO26000 6.8.3, GRI G4-SO1)	1.14 million	1.18 million	1.18 million	1.21 million
	In FY2015, Toshiba Group promoted forest maintenance by planting some 40,000 trees. In FY2016, the Group plans to plant some 30,000 trees (6,000 trees in Japan + 24,000 trees overseas).			
▶ Social Contribution Activities				

# Corporate Governance

## Message from the Chairman of the Board of Directors

Since my September 2015 appointment as Chairman of the Board, through the hard work of all Toshiba Group employees, including the Directors, we have executed reform with a sense of urgency. In a situation where we have had to make difficult decisions and take tough actions, the Board's repeated discussions have looked at company projects from all sorts of perspectives, in order to ensure that Toshiba continues to be a company needed by society.

The Board supports the "dream" of making Toshiba shine again, and we have brought this determination to auditing and oversight and provision of support for the "Toshiba Rebuilding Initiative". To my way of thinking, an even bigger achievement than rapidly delivering the content of the Initiative was the creation of the corporate culture that sustained the discussion that made it possible. I see a Toshiba where people are not constrained by their own position or interests, where it is possible to freely and vigorously brainstorm different opinions. I am convinced that this is an essential element for Toshiba's future growth.

Realizing corporate governance that functions soundly was a major challenge, but we have made progress that goes beyond simply achieving the form; deep and lively discussions are now taking place, and Toshiba is about to change significantly.

Even so, ask me if we have regained the trust of our shareholders, customers and society, and I will tell you that we are still only half way there. The direction we should go in is clear, but the plan we have developed needs further elaboration and must be soundly executed. The real agents of reform are each and every individual Toshiba Group employee, and Toshiba's growth will come only when each employee has grown. To put that another way, I believe that each employee regaining confidence and achieving personal growth will regenerate Toshiba. When all employees again have pride as "Toshiba people," we will win the trust of people around the world and once again be an admired company. I will do all I can to unify the powers of all Toshiba Group employees so that we achieve the early rebuilding of Toshiba.



**Shinzo Maeda**  
Chairman of the Board of Directors

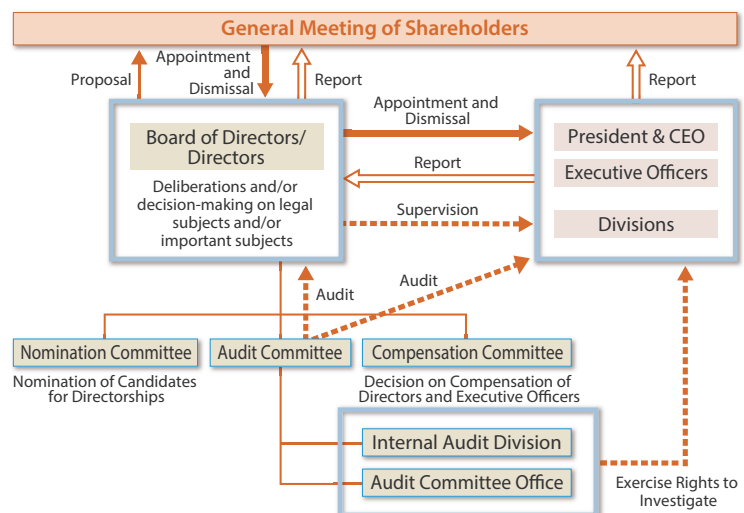
## Governance Overview

### Toshiba's Governance System

Toshiba's central aim in corporate governance is to achieve sustainable growth and to enhance Toshiba Group's corporate value over the medium- to long-term thereby contributing to the profit of all stakeholders, including shareholders, investors, employees, customers, suppliers, creditors and local communities.

The Board of Directors has adopted "Corporate Governance Guidelines" that form the framework of governance of the Company. For more information on this, please visit our website at the following URL.

### Corporate Governance Structure



### > Corporate Governance Guidelines

## Composition of the Committees

**The members of the Nomination Committee, the Audit Committee and the Compensation Committee are all independent Outside Directors.**

Nomination Committee:	Yoshimitsu Kobayashi (Chairman), Koichi Ikeda, Ryoji Sato and Shinzo Maeda
Audit Committee:	Ryoji Sato (Chairman), Teruko Noda, and Yuki Furuta
Compensation Committee:	Yuki Furuta (Chairman), Teruko Noda, Koichi Ikeda, Yoshimitsu Kobayashi and Shinzo Maeda

## Internal Control System

### Internal Control System Development Status

Toshiba Group constantly refines its system of internal controls toward ensuring management effectiveness and efficiency and reliable reporting on operations and finances and to secure high-level legal compliance and risk management.

We also ensure that domestic Group companies, regardless of the scale of their operations, establish internal control systems equivalent to the same of the Company.

### Eliminating the Influence of Antisocial Groups

In order to prevent the damage that can be inflicted by antisocial groups, the Board of Directors revised the “Toshiba Group Standards of Conduct” in June 2006, to clearly specify the rejection of any involvement in business activities with antisocial groups. On this basis the management system shown below was constructed, and we are working to establish sound company management. For more information on this, please visit our website at the following URL.

> [Toshiba's Internal Control Systems](#)

## Risk Management, Internal Audit

### Risk Management

At Toshiba, throughout our worldwide operations, we strive to ensure compliance with laws and regulations, social and ethical norms, and internal rules. According top priority to human life and safety and to compliance in everything we do underpins our commitment to promoting business activities through fair competition and serving the interests of customers to the best of our ability.

Thorough adherence to the Toshiba Group Standards of Conduct (SOC), which embody the Basic Commitment of the Toshiba Group, is the bedrock of our compliance. Thus we are working toward the SOC becoming an integral part of the entire Toshiba Group. Every year, priority themes regarding compliance are established and promoted in light of business circumstances. By implementing a Plan-Do-Check-Action (PDCA) cycle of self-assessment at each in-house company and also at Group companies worldwide, we are stepping up our efforts to ensure compliance.

The Risk Compliance Committee, headed by the CRO\*, manages serious risk and compliance issues, and works with each relevant division to strengthen the risk management system by developing countermeasures to specific risks, plus measures to prevent their spread and

recurrence.

\* Chief Risk-Compliance Management Officer

### Status of Internal Audits and Audits by the Audit Committee

#### 1. The Internal Audit and the Audit Committee — organization, personnel and procedures

The Internal Audit Division (personnel: 57 staff) was established as an internal audit department, and is under the direct control of the Audit Committee. By monitoring the operational status of in-house companies on a daily basis, the Internal Audit Division is able to strengthen the audit system with respect to their operations. By strengthening cooperation with the Audit Committee, the Accounting Auditor, we seek to strengthen the various audit functions, such as accounting audits, internal control audits and audits on legality.

In addition, an Audit Committee Office with a staff of approximately 10 has been established to support the Audit Committee in carrying out its responsibilities. The office is headed by an Executive Officer, and a system has been put in place that gives it the right to carry out investigations and hear information for itself, on the basis of instructions received from the Audit Committee.

The Audit Committee works in close cooperation with the Internal Audit Division to confirm the development of internal systems.

The Internal Audit Division carries out on-site inspections and reports its results to the Audit Committee. However, if it deems it necessary, the Audit Committee has the right to carry out its own on-site inspections. Furthermore, in addition to receiving explanations from independent auditors on their audit plans at the beginning of each fiscal year, the Audit Committee can also request reports on the status of audits during the course of each term, and explanations and reports on end-of-year audits, as necessary.

It should be noted that the Audit Committee has three members. As certified public accountants, the Chairman of the Audit Committee, Mr. Ryoji Sato, and committee member Ms. Teruko Noda, have been involved in the practice of corporate accounting for many years and have considerable knowledge of finance and accounting.

## Compensation

### Compensation Policy and the Amount of Compensation

#### Compensation policy

The Compensation Committee establishes compensation policy regarding compensation of each director and/or executive officer as follows.

Since the main responsibility of directors is to supervise the execution of the overall Group's business, compensation for directors is determined at an adequate level to secure highly competent personnel and to ensure the effectiveness of the supervisory function.

Since the responsibility of executive officers is to increase corporate value in their capacity as executives responsible for companies or divisions within the Group, compensation for executive officers is divided into fixed compensation and performance-based compensation, and determined at an adequate level to secure highly competent personnel and ensure that their compensation package functions as an effective incentive to improve business performance.

#### (1) Director's compensation

Fixed compensation is paid to directors who do not concurrently hold office as an executive officer, and is

#### 2. Mutual cooperation between the internal audit, the Audit Committee audit and the accounting audit, and the relationship with the Internal Control Division

Mutual cooperation between internal audits, Audit Committee's audits and the accounting audits is detailed in 1. above. In Toshiba, divisions responsible for internal controls ensure the appropriateness of all information disclosure, including financial reporting, and the effectiveness and efficiency of operations, compliance, and risk management, etc. The Legal Affairs Div., Accounting Div., CRO, and Risk Compliance Committee are included among divisions in this category. Along with providing the Audit Committee with timely reporting required by the "Audit Committee reporting and information access rules," the said divisions responsible for internal controls also provide information to the Internal Audit Division and Accounting Auditor from time to time, as required.

based on status as a full-time or part-time director and on the duties performed.

Fixed compensation is paid to directors who concurrently hold office as an executive officer, in addition to the executive officer compensation specified in (2) below.

#### (2) Executive officer's compensation

Executive officer compensation is comprised of the basic compensation based on executive officer rank (e.g. president and chief executive officer, corporate senior executive vice president) and service compensation calculated according to the duties of the executive officer. Some 40-25% of the service compensation will fluctuate from zero (no compensation) to two times according to the year-end performance of the Company or of the division for which the executive officer is responsible.

#### (3) Compensation standard

Compensation standards are determined at suitable levels for a global company, with the aim of securing highly competent management personnel. The compensation standards of other listed companies and payroll and benefits of employees are considered when determining the Company's compensation standards of management.



## Amounts of Compensation for FY2015

Amounts of compensation of directors and executive officers in FY2015 were as follows:

Position	Number of Persons	Total Amount (Millions of yen)
Directors (including Outside Directors)	24	230
Outside Directors	9	88
Executive Officers	40	872

(Notes) The above-mentioned compensations include: 1) compensations for Directors who retired at the closing of the Extraordinary General Meeting of Shareholders held on September 30, 2015 and Executive Officers who resigned at the closing of the Board of Directors meeting held on the same date with regard to the

period from April 2015 to the retirement or resignation date; 2) compensations for Directors and Executive Officers who resigned no later than the Extraordinary General Meeting of Shareholders with regard to the period from April 2015 to the resignation date; and 3) compensations for, among Executive Officers who were appointed Executive Officers at the above-mentioned Board of Directors meeting, Executive Officers who resigned no later than March 31, 2016 with regard to the period from their appointment date to resignation date.

It should be noted that in the consolidated amount of compensation, etc., no individual officer received ¥100 million or more.

## Takeover Defense Measures

### Basic Policy on the Control of the Company and Takeover Defense Measure

#### (1) Contents of our basic policy

We are of the view that, in order for the Toshiba Group to earn an appropriate level of profits to be returned to shareholders and continuously improve its enterprise value and shared benefit of shareholders, the Group must solidify and develop an adequate relationship with stakeholders such as customers, business partners, employees and local communities, etc., not to mention shareholders, and run the organization in ways that pay sufficient attention to the benefit of such stakeholders.

If a party offers to acquire shares in the Group and in order to properly judge the effect the acquisition will potentially have on its enterprise value and shareholders' shared benefit, it is necessary to fully grasp: 1) a synergy effect that will likely be achieved through an organic integration of individual business segments; 2) the actual conditions of the Group; and 3) components of the Group's enterprise value.

In light of the above-mentioned elements, Toshiba's Board of Directors believe that: 1) any such party acquiring, or offering to acquire, a large number of shares in the Company as does not contribute to securing and improving its enterprise value and shareholders' shared benefit is not suitable to be an entity governing the determination of the organization's financial and operational policy; and 2) against such entity's act to acquire a large number of shares in the Company, we must take the necessary and reasonable action, thereby securing enterprise value and shareholders' shared benefit.

Based on the above-mentioned thinking, Toshiba introduced countermeasures against large-scale acquisitions of shares of the Company (so-called "Takeover

Defense Measures") in June 2006 before renewing them in June 2009 and June 2012. However, we have decided not to renew these countermeasures after carefully considering the renewal in light of: 1) the changing operating environment; 2) the state of progress of the development of the Financial Instruments and Exchange Act; and 3) the opinions of shareholders.

Even after the termination of the measures, if any party seeks to acquire a large number of shares in the Company, we will i) request the party to provide information necessary and sufficient for shareholders to properly judge whether the proposed acquisition is reasonable or not and ii) publish the opinion of the Toshiba Board of Directors to secure an amount of time and information for shareholders to consider the proposed share acquisition. Thus, the Company will continue striving to secure and improve its enterprise value and shareholders' shared benefit while taking appropriate action within a scope that is allowed under the Financial Instruments and Exchange Act, the Companies Act and other applicable laws and regulations.

#### (2) Special initiative that will contribute to achieving the goal of the basic policy

In an effort to regain the confidence of all stakeholders such as shareholders and investors by becoming an organization with a robust corporate structure, the Toshiba Group continues to implement the business measure titled "Toshiba Rebuilding Initiative" consisting of the following programs: 1) Strengthen Internal Controls and Reform the Corporate Culture; 2) Decisive Action on Business Structural Reform; 3) Review the Business Portfolio and Operational Structure; and 4) Reforming the Financial Base.



## Disclosure Policy

### Basic Policy on Timely Disclosure

The Toshiba Group Standards of Conduct states that, "Toshiba Group companies shall endeavor to obtain the understanding of stakeholders, including customers, shareholders and the local community, with respect to corporate activities, products and services, and further improve public recognition of Toshiba Group and its corporate image by means of positive and timely corporate communications activities on business information, such as corporate strategy and financial data," as the Group's basic policy. In addition to this, Article 13 of the Corporate Governance Guidelines states that, "The Company will provide timely and appropriate disclosure pursuant to the

Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations, the rules of financial instruments exchanges, and the like. In addition to this, the Company will fully consider voluntary disclosure and endeavor to maintain and improve its long-term relationships of trust with its shareholders, investors, and other stakeholders.," and the intent of this stipulation, together with regulations on timely disclosure procedures that define specified duties on the timely disclosure that were revised on April 1, 2016, define the basic stance for disclosing company information.

For more information, please visit our website at the following URL.

> [Disclosure Policy](#)

## Outside Directors

### Names and Other Details

#### Teruko Noda\*

Ms. NODA is appropriately supervising the management of the Company based on her rich experience and insight as a certified public accountant.

#### Koichi Ikeda

Mr. IKEDA is appropriately supervising the management of the Company based on his rich experience and insight as a management executive.

[Significant concurrent positions]

Advisor to the Board, Asahi Group Holdings, Ltd.

Outside Director, Sumitomo Chemical Company, Ltd.

Chairman, National Federation of Taxpayers' Association

Chairman, Corporate Taxpayers' Association

#### Yuki Furuta

Mr. FURUTA is appropriately supervising the management of the Company based on his rich experience and insight as a legal professional.

#### Yoshimitsu Kobayashi

Mr. KOBAYASHI is appropriately supervising the management of the Company based on his rich experience as a management executive.

[Significant concurrent positions]

Director, Chairman, Mitsubishi Chemical Holdings Corporation

Director, Chairman, Mitsubishi Chemical Corporation

Director, Chairman, The KAITEKI Institute, Inc.

Chairman, Japan Association of Corporate Executives

Chairman, Council on Competitiveness-Nippon

#### Ryoji Sato

Mr. SATO is appropriately supervising the management of the Company based on his rich experience and insight as a certified public accountant and CEO of an auditing firm.

[Significant concurrent positions]

Company Auditor, Nippon Life Insurance Company

#### Shinzo Maeda

Mr. MAEDA is appropriately supervising the management of the Company based on his rich experience and insight as a management executive.

[Significant concurrent positions]

Senior Advisor, SHISEIDO Co., Ltd.

Outside Director, Yuasa Trading Co., Ltd.

Chairman of the Board of Directors, SHISEIDO BEAUTY ACADEMY

Chairman, Tokyo Convention & Visitor Bureau

Vice Chairman, The Tokyo Chamber of Commerce and Industry

### Independence

Outside Directors—Ms. Teruko Noda, Messrs. Koichi Ikeda, Yuki Furuta, Yoshimitsu Kobayashi, Ryoji Sato and Shinzo Maeda—meet the independence requirements set out by the Tokyo Stock Exchange, etc.

### Main Activities (Source: Reports for the 177th Fiscal Period)

#### Attendance of Board meetings and Audit Committee meetings.

During FY2015, the Board of Directors met 24 times, the Nomination Committee 14 times, the Audit Committee 46 times and the Compensation Committee nine times, and the Outside Directors commented as necessary at those meetings. The Outside Directors received advance explanations about the matters to be resolved at the board meetings from the responsible staff, etc. They also made an effort to communicate and share information with the Executive Officers.

The Outside Directors who were members of the Audit Committee were supported by the full-time staff of the Audit Committee Office. The Outside Directors who were members of the Nomination Committee or the Compensation Committee were supported by the staff in charge, etc., as necessary.

Name	Activities
Hiroyuki Itami	Attended the meeting of the Board of Directors 23 times (96%), that of the Nomination Committee 12 times (86%), and that of the Compensation Committee three times (100%) (until September, 2015). Also, Attended the meeting of the Audit Committee 29 times (94%) on and after July, 2015 when he took his office of the member of the Audit Committee (the chairman of the Audit Committee from July, 2015 to September, 2015).
Ken Shimanouchi	Until September 30, 2015 when leaving their office due to expiration of the term, attended the meeting of the Board of Directors 14 times (100%), that of the Compensation Committee 3 times (100%), and that of the Audit Committee 25 times (96%).
Kiyomi Saito	Until September 30, 2015 when leaving their office due to expiration of the term, attended the meeting of the Board of Directors 14 times (100%), that of the Audit Committee 26 times (100%), and that of Compensation Committee 3 times (100%).
Sakutaro Tanino	Until September 30, 2015 when leaving their office due to expiration of the term, attended the meeting of the Board of Directors 14 times (100%), that of Nomination Committee 5 times (100%), and that of the Audit Committee 25 times (96%).
Teruko Noda*	After September 2015 when she was elected, attended the meeting of the Board of Directors 10 times (100%), that of the Audit Committee 20 times (100%), and that of the Compensation Committee 6 times (100%).
Koichi Ikeda	After September 2015 when he was elected, attended the meeting of the Board of Directors 10 times (100%), that of the Nomination Committee 9 times (100%), and that of the Compensation Committee 5 times (83%).

Name	Activities
Yuki Furuta	After September 2015 when he was elected, attended the meeting of the Board of Directors 10 times (100%), that of the Compensation Committee 6 times (100%), and that of the Audit Committee 20 times (100%).
Yoshimitsu Kobayashi	After September 2015 when he was elected, attended the meeting of the Board of Directors 9 times (90%), that of the Nomination Committee 9 times (100%), and that of the Compensation Committee 5 times (83%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Ryoji Sato	After September 2015 when he was elected, attended the meeting of the Board of Directors 10 times (100%), that of the Audit Committee 20 times (100%), and that of the Nomination Committee 9 times (100%). Commented as necessary based on his wealth of experience and knowledge as a certified public accountant.
Shinzo Maeda	After September 2015 when he was elected, attended the meeting of the Board of Directors 10 times (100%), that of the Nomination Committee 9 times (100%), and that of the Compensation Committee 6 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.

\* Although Ms. Teruko Noda was a non-executive Director, she was deemed for all practical purposes to be an Outside Director, due to meeting the requirements for an outside director set forth in the Act on Partial Revision to the Companies Act (law number 90 of 2014) that came into force on May 1, 2015. For this reason, the status of Ms. Noda's activities is disclosed.

### Limited Liability Contracts (Source: Reports for the 177th Fiscal Period)

The Company has entered into a liability limitation agreement with each of the following six persons under which, with regard to the liability set forth in Article 423, Paragraph 1 of the Companies Act, compensation to be paid by any of them shall be limited to the higher of a pre-determined amount of at least ¥10 million and the minimum liability set forth in Article 425 of the Companies Act.

## Message from Outside Directors



Board of Directors meeting

Following uncompromising reflection on 2015's accounting problems, Toshiba formulated the "Toshiba Rebuilding Initiative" aiming for reforms of its governance and business structures and improvement of its financial platforms.

Reform has brought pain, but targeted outcomes are appearing. Internal management systems are stronger. The corporate culture, business portfolio and management systems have seen reforms; there is more information sharing, lively discussions by the Board of Directors, and changes in the way departments do their work.

Having said that, reform is still at an early stage, and we cannot afford to relax our grip in a still opaque management environment. We must see current circumstances as a great opportunity to plan for the future, to unite the spirit of all directors and all employees, and continue to promote Toshiba innovation with full force.

I was appointed in September of 2015. In getting to know its business and deepen my understanding of Toshiba's science and technology, I have come to know the essence of the Company, how much Toshiba has contributed to the world, to society and to people's lives, and recognize its enterprising and sincere nature. Towards facilitating rebuilding and regaining the trust of the market and stakeholders, I will continue to approach serious responsibilities with an objective perspective.



**Teruko Noda\*** Outside Director

\* Ms.Teruko Noda was an employee of the Company from March 1961 to August 1963. As it is more than 50 years since she left her employment with the Company, she fulfills the requirements for an outside director.

It is now one year since I was appointed as an outside director in September 2015. At first things were turbulent, to the point where the survival of the Company was questioned, but our belief in the rebirth of Toshiba is strong, and we have been working to reform governance and the corporate culture.

In December 2015 we established the "Toshiba Rebuilding Initiative," and used it to promote reforms, including divestitures and personnel reductions. These were painful measures, but they gave us the framework for supporting our focus business areas, Energy, Social Infrastructure and Storage.

In June this year, we took another step. On the recommendation of the Nomination Committee, which is comprised solely of outside directors, following approval by the general meeting of shareholders, the Board of Directors elected Mr. Tsunakawa President and CEO, and a new management system was inaugurated. Building on this, management and employees must unify their strengths and advance Toshiba's revitalization.

Moving forward, we must ensure full implementation of the "Toshiba Rebuilding Initiative" and that we regain the trust of our stakeholders. For that, we must accelerate the speed at which we rebuild the governance system and create a well-ventilated corporate culture. We must establish a new, sincere and healthy Toshiba brand that creates rich value and contributes to society, and that is "Committed to People, Committed to the Future."



**Koichi Ikeda** Outside Director

It is now one year since I was appointed as an outside director in September of 2015, and I will continue to serve in that capacity. I recognize this is a mediocre summing up, but it really has been a tough year for Toshiba. I realize that the worries and concerns felt by all the employees during that time, including those who decided to leave Toshiba Group, were extremely grave. With the sincere approach and leadership of the former president, Mr. Muromachi, an environment for the revitalization of Toshiba has been put in place, but the circumstances surrounding the Company remain uncertain and unclear, and I have no doubt that great efforts are still needed to ensure progress towards that revitalization.

The scale and range of Toshiba's business extremely spreads wide, and although I have not yet come to understand the overall shape of it fully, I now feel even more strongly that a passionate and sincere attitude to making excellent products is Toshiba's traditional and most prized asset. I would like to continue to work hard so that such assets are also fully embedded in business management, and to make sure that the various improvements and reforms implemented since last year realize the intended outcomes.



**Yuki Furuta** Outside Director

In the midst of the biggest crisis since its founding, Toshiba established a new system of corporate governance in September 2015, and the Nomination Committee quickly initiated the process to select the next president. The image of the ideal person and the timing of the change were explored, and there was a great deal of discussion. Toward achieving the "rebirth of Toshiba," and in order to quickly win a change in people's way of thinking, transcend differences in business areas, and focus all in-house vectors, in May 2016 the Nomination Committee unanimously decided to nominate Satoshi Tsunakawa as candidate for President.

There is a line in the Company song that I heard at the ceremony to mark the 141st anniversary: "May the light we shine with our aspiration, now anew illuminate the land." Under the new leader, Toshiba must cut off the flow from the past and get back to this spirit. With the underpinning of science, what is needed is for the Company to polish up its technology, provide innovations that solve the problems of society, and promote a strong aspiration to continue to contribute to the development of the world.

I have brought this perspective to my reelection as an outside director, and I am now once again asking myself, "What can I do for the rebirth of Toshiba?" Looking at things in the three dimensions of economics (profitability and capital efficiency), technology (differentiation and innovation), and sustainability (social and environmental), I would like to determine the course of society's next 10 to 20 years, deepen discussion on the direction that points to for Toshiba, and continue to contribute to improving genuine corporate value.



**Yoshimitsu Kobayashi** Outside Director

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In 2015, at the time of my appointment to the Board of Directors, I stated that we had to eliminate two expectation gaps. In respect of the expectation gap related to the company with a committee governance structure, the role of outside directors independent of management has been reinforced, and as a result of efforts made to improve information sharing, discussion by the board is also more active. I also think that concerns related to the monitoring function have been resolved to a considerable extent. Going forward the essential task will be to promote the governance function in a positive way, in such areas as concentration on focus businesses.

The other expectation gap was in connection with the audit function. Audits include internal audits, audits by the Audit Committee, and audits by independent auditors. With respect to the internal audits, we have moved away from the former management audits, which focused on maintaining efficiency, to accounting audits and internal control audits, which focus on the essentials of legal compliance.

PricewaterhouseCoopers Arata replaced Ernst & Young ShinNihon LLC as Toshiba's independent auditor. I think this will have a considerable impact on all employees, including those at Group companies, but we can expect to see the benefits of being audited by fresh eyes.

With respect to the audits by the Audit Committee, coordination with other audits has been improved and monitoring of directors and executive officers as they execute their duties has been strengthened. Going forward we will continue to work towards the establishment of a three-way audit system.



**Ryoji Sato** Outside Director



## Risk Management and Compliance

Toshiba Group places the highest priority on “life, safety, and compliance” as part of its CSR management.

We are making concerted efforts to regain public trust and rebuild Toshiba, such as our “Reform of management mind set” programs targeted at senior management. In order to respond appropriately to changes in laws, regulations and ordinances across the world, the globalization of management and the diversification of business, Toshiba Group is enforcing global compliance with laws and regulations, internal rules, social and ethical norms, and advancing our risk compliance activities.

### Medium- to Long-term Vision

- Group-wide and worldwide improvement of compliance awareness of senior managements and employees
- Establishment and maintenance of a risk management system, and precise response in the event of a crisis risk

### FY 2015 Achievement

- Establishment of a financial risk evaluation structure, through the creation of a new Accounting Compliance Committee
- Commitment to a thorough understanding of basic accounting principles, through accounting compliance training

### Future Challenges and Approaches

Our aim is to provide assurance thorough accounting compliance. In order to bolster global compliance, we are strengthening our cooperation with all the regional head offices and the managers of legal affairs, enhancing compliance education, including with regard to the Toshiba Group Standards of Conduct (SOC), and advancing the planning and implementation of region-specific measures. Senior management will take the lead in this process and set an example in the company by promoting active communication in order to regain the trust of our stakeholders and to create a more open work environment.

## Policy on Risk Management and Compliance

At Toshiba, throughout our worldwide operations, we strive to ensure compliance with laws and regulations, social and ethical norms, and internal rules. Giving top priority to human life and safety and to compliance in everything we do underpins our commitment to promoting business activities through fair competition and serving the interests of customers to the best of our ability.

We consider thorough adherence to the Toshiba Group Standards of Conduct (SOC), which embody the Basic Commitment of Toshiba Group, to be the foundation of our compliance. Thus we are working toward making the SOC an integral part of the entire Toshiba Group.

Furthermore, in order to respond to changes in the business environment, such as new technologies and growing supply chains in developing countries, and to the diverse and ever-changing risks that arise when conducting business activities, we are striving to prevent risks in advance, and to minimize losses from individual incidents.

# Structure of Risk Management and Compliance

At Toshiba, we appoint a Chief Risk Compliance Management Officer (CRO) to oversee risk compliance management at the whole company, in order to enforce it at a cross-company level. We also have a dedicated Risk Compliance Group installed in the Legal Affairs Division. We are working to respond to whistleblower reports and to achieve global compliance, and are advancing effective risk compliance activities.

There is also a Risk Compliance Committee chaired by the CRO and attended by the executive officers of corporate staff divisions. The Committee analyzes whistleblower reports and cases both inside and outside the company, and identifies vulnerabilities in risk compliance management based on risk tables that cover the entire management environment. It also reviews activities from the preceding fiscal year, and deliberates on priority measures and monitors activities for the immediate fiscal year.

Each in-house company is advancing its own priority measures for risk compliance, determined by a risk-based approach, in addition to the priority measures common to the whole company.

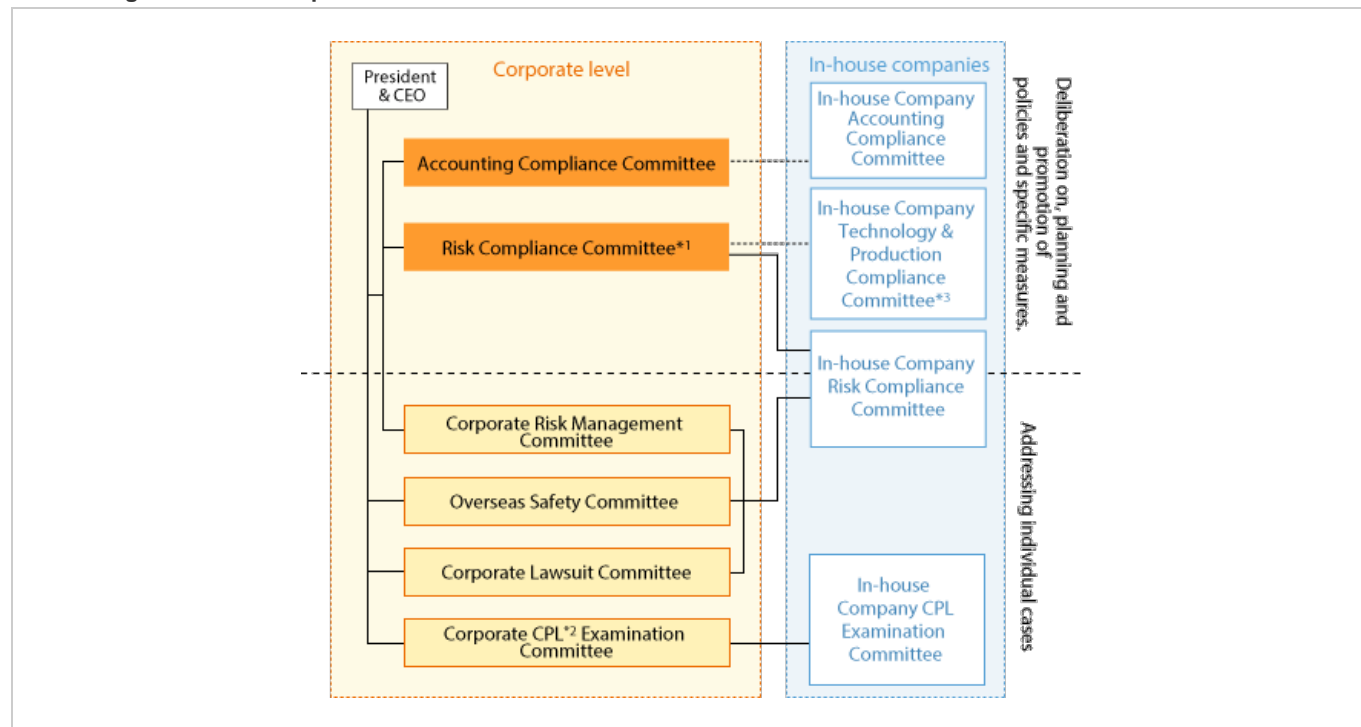
In the event of a serious risk compliance issue, there is a system in place by which the relevant in-house committees, etc. promptly evaluate and implement countermeasures. Furthermore, we carry out sensitivity analyses at management meetings, etc. of the correlation between key risks and management, taking into account business risks and risks in the market, as well as compliance risks and environment-related risks such as climate change, so that we can concentrate our investment strategically in order to achieve Toshiba's goal: "Growth through Creativity and Innovation."

In March 2016, Toshiba established a new Accounting Compliance Committee. Its purpose is to aggregate finance- and accounting-related information, and to identify signs that might point to inappropriate financial reporting, doing both in timely fashion, and to detect risks that threaten internal control at an early stage.

The President and CEO is the head of the Accounting Compliance Committee, and the Audit Committee and the Internal Audit Division act as observers. Together they assess the risk of financial statements not being created or disclosed properly, and the risk that internal control, whose role is to support the reliability of financial reports, is not functioning effectively. Having done this, they supply information needed to prevent these risks, and discuss and decide on measures to deal with them.

Business risks and other risks are disclosed in the securities report.

## Risk Management and Compliance Committee as of FY2016



\*1 The Risk Compliance Committee manages matters related to the Toshiba Group Standards of Conduct and matters related to risk management (including matters required for the prevention of significant crisis risk, compliance related to technology, production, and sales activities, and thorough implementation of information security).

\*2 CPL is an abbreviation combining CL (contractual liability) and PL (product liability)

\*3 The In-house Company Technology & Production Compliance Committee can be integrated with other committees such as the Company Risk Compliance Committee.



## Whistleblower System

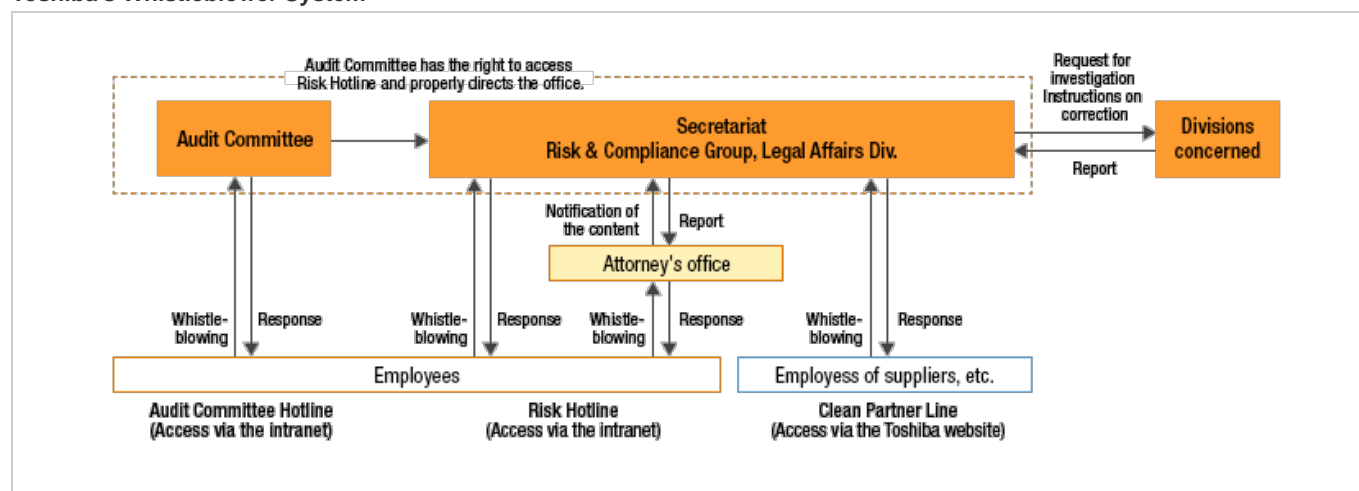
In order to create an open work environment, Toshiba is enhancing its whistleblower system, on top of preventing risks by stimulating day-to-day communication in each workplace.

In January 2000, Toshiba established a whistleblower system to collect internal information on SOC violations, particularly those concerning laws and regulations, and to deal with wrongdoing through a self-rectification system. Under this system, an employee can report an incident and seek advice. In addition to the internal office, a reception hotline was set up at an external attorney's office in January 2005, primarily to receive information about potential legal violations. In April 2006, Toshiba also set up a supplier whistleblower system to receive reports from suppliers and business partners to prevent SOC violations by employees in charge of procurement and order placements for construction and other works.

Furthermore, in October 2015, the new Audit Committee Hotline was set up, which allows people to report directly to the Audit Committee, which is composed of outside directors. With this new system, even matters in which the involvement of top management is suspected can be safely reported. The Audit Committee also has access rights to the Risk Hotline, and provides appropriate guidance and supervision.

All Toshiba Group companies have implemented a whistleblower system. The whole Group has been directed to ensure the anonymity of the whistleblower for his/her protection, and, if the whistleblower is an employee who was himself/herself involved in the relevant reported act, to take into account as much as possible the fact of his/her coming forward when deciding what internal disciplinary action should be taken.

### Toshiba's Whistleblower System



## Operational Status of the "Risk Hotline" in FY2015

The numbers of reports received and consultations undertaken by the "Risk Hotline" and "Audit Committee Hotline" in FY2015 are as follows. The whole company was notified again through the training programs for each level and through e-learning about the existence of the system, its assurance of strict anonymity, and so on. As a result, the number of employees using the Risk Hotline increased from 88 in FY2014.

### Number of reports received by the "Risk Hotline" (FY2015)

	Number of reports received (within parentheses: anonymous reports)
Reports received by internal secretariat	204 reports (121 reports)
Reports received by attorney's office	4 reports (1 report)
Total	208 reports (122 reports)

### Number of reports received by the "Audit Committee Hotline" (October 2015 to March 2016)

	Number of reports received (within parentheses: anonymous reports)
Total	55 reports (41 reports)

## Response Status

Of the reports received, those reporting inappropriate situations or concerns about inappropriate situations were reported to the relevant division so that instructions for improvement could be provided or alerts could be issued.

In cases involving consultations and questions about duties of the informants themselves, we gave advice on how to deal with the situation.

For reports other than the anonymous reports described above, we explained the status of our responses to the informants, in principle.

Except in cases in which consent has been obtained from employee, confidential adviser (at the internal secretariat or attorney's office) never disclose the names or contact addresses of the informants.

Out of the whistleblower reports, cases that everyone should bear in mind are taught as part of employee training. In order to protect whistleblower anonymity, such cases are presented without any names.

The number of reports received is released regularly on the company's internal website.

# Revision of Toshiba Group Standards of Conduct and Compliance Training

Toshiba administered "Reform of management mind set" programs regarding appropriate financial reporting and the importance of compliance to 177 members of senior management in Japan on a total of three occasions: namely, October 2015, December 2015 and March 2016. For the 728 organizational heads, who comprise the level below senior management, a total of 21 "Reform of management mind set" programs were conducted at 14 locations between November and December 2015.

In order to conduct such training Group-wide, programs were held in four regions—the Americas, Europe, Asia and China—between January and February 2016, targeting 187 officers at overseas subsidiaries.

Toshiba Group has also created SOC in 24 languages, and has made them available on its intranet. Various compliance education programs that incorporate the SOC have been included in the level-based training, occupation-based training and senior management seminars. We are also continuing our education programs such as e-learning for all our employees, as well as educational leaflets.

In FY2015's e-learning, all employees at 154 consolidated Group companies in Japan received training and follow-up training specifically on accounting compliance, acquired accounting knowledge and learned the importance of accounting awareness. Similar training programs were also conducted overseas, targeting roughly 1,400 members of senior management at 141 Group companies.



Screen of multilingual e-learning

## Fostering a Compliance-oriented Culture through Workplace Meetings

Each workplace holds meetings focusing on CSR to raise the awareness of each and every employee with regard to compliance matters so as to make compliance an integral part of the corporate culture.

These meetings aim to prevent SOC violations by encouraging managers and employees to discuss various problems that are likely to arise in the workplace and to share their thoughts with each other in order to create a work environment where they can easily seek advice on all kinds of problems.

In FY2015, the theme was "Towards Reviving the Toshiba Group." The discussion topics included the root causes of the inappropriate accounting issue, and what should be done by the employees and as a company in order to re-build the Toshiba Group. Approximately 90,000 employees at 8,300 workplaces in Japan participated.

In addition, by soliciting the frank opinions of employees via their workplace managers, and sharing analysis results and key opinions within the company, we monitor the level of compliance awareness at each workplace and develop new measures for the future.



Meeting at which participants actively exchange opinions

# Inspection of implementation status of compliance measures

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The Legal Affairs Division periodically communicates with the Corporate Audit Division in order to confirm the state of implementation with respect to the various compliance measures. Based on the actual state of implementation, steps are taken to enhance the effectiveness of management audits and the audit results are reflected in compliance measures.

Every year Toshiba conducts an intranet-based employee survey. The results are used in formulating measures for enhancing awareness on compliance.

## Response to Compliance Violations

In the event of a major noncompliance incident, Toshiba investigates all facts to identify the cause of the violation, treats the facts seriously, and handles such violations rigorously by imposing appropriate disciplinary sanctions on the offenders or implementing other such measures. It makes every effort to prevent recurrence and discloses information in a proper and timely manner as necessary.

## Developing Measures to Continue Breaking Relationships with Anti-social Groups

In 1997, the Board of Directors resolved to end relations with anti-social forces such as sokaiya (groups of racketeers). Since then, the Group has strictly dealt with approaches from third parties to obstruct our lawful and appropriate corporate activities.

In addition, in order to further ensure that all relations with anti-social forces are cut off, all Toshiba Group companies have taken various measures, such as reviewing their contract clauses on the exclusion of dealings with crime syndicates, educating all employees, and screening new customers and suppliers both at the time of starting a new deal, and periodically. Toshiba Group also works with the police, corporate attorneys, and third-party organizations such as the National Center for the Elimination of Boryokudan to establish systems that enable us to respond to approaches from anti-social forces in an appropriate and timely manner.

With regard to this stance, the rejection of the involvement of antisocial groups in our business activities has been explicitly stated in the SOC since 2006. Having been revised since then, "Antisocial Groups" is now an independent article, further stressing our policy to reject all contact with such groups.

# Compliance with the Antimonopoly Act and Anti-Corruption

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Toshiba Group is a member of the UN Global Compact, and as such, it will enforce compliance with the Antimonopoly Act and strengthen anti-corruption measures globally, in keeping with the revision to the Toshiba Group Standards of Conduct.

## Antimonopoly and Anti-bribery Efforts

In light of global regulatory trends, Toshiba has been making rigorous efforts to prevent cartelization and bribery. In FY2014 the Company continued to step up its initiatives to ensure thorough compliance. Specifically, the initiatives involve Toshiba Group companies worldwide performing self-audits based on two Toshiba- developed guidelines: one on antitrust and the other on anti-bribery. Through these audits, Toshiba Group aims to identify compliance levels at the companies concerned and to provide thorough compliance education.

Furthermore, we have placed managers of legal affairs in major global regions since FY2013 to enhance compliance and support subsidiaries in such regions. This has been done in order to appropriately control legal risks associated with relevant anti-trust laws, bribery, and the like and ensure thorough compliance in global business, which has been expanding mainly in emerging countries.

Toshiba promotes rigorous compliance with business-related laws and regulations by providing education, effectively utilizing databases that contain relevant information, and performing periodic self-audits.

In addition, Toshiba's compliance initiatives are objectively evaluated by outside lawyers once a year. We make improvements to reduce risks pointed out by third parties in order to continue to enhance our compliance structure.

Furthermore, Toshiba is advancing its promotion of compliance awareness, to accompany the revision to the Toshiba Group Standards of Conduct. In Japan, employees received e-learning training on sales-related risks between December 2015 and February 2016 for employees, in order to raise the standard of sales-related legal risk management. Overseas, we held legal seminars for those in charge of compliance at local subsidiaries, working together with our regional headquarters and regional legal affairs managers. Attendees discussed measures to enhance compliance in keeping with the Toshiba Group Standards of Conduct, and fortified the foundations for strengthening the risk management network among Headquarters and all regions.

- [Toshiba Group Standards of Conduct 6. Competition Law and Government Transactions](#)
- [Toshiba Group Standards of Conduct 7. Bribery](#)

## Political Contributions

The Toshiba Group Standards of Conduct stipulates that Toshiba Group shall not provide inappropriate benefits or favors to any politician or political organization.

In the case of offering political contribution, procedures in accordance with internal rules are followed as well as compliance with the Political Funds Control Law in case of Japan is strictly ensured.

- [Toshiba Group Standards of Conduct 7. Bribery](#)

## Donations and Provision of Funds

While the Toshiba Group Standards of Conduct forbid inappropriate expenses, they stipulate that appropriate donations to organizations may be made. We therefore donate to various organizations, taking into consideration factors such as the contribution made by the donee organization to society, its cause and community aspects, as specified by the Standards of Conduct.

- [Toshiba Group Standards of Conduct 19. Community Relations](#)

# Fair Trading

## Fair Trading Policy and Its Promoting Structure

Toshiba strives to build sound partnerships with suppliers through fair trading in compliance with procurement-related laws and regulations.

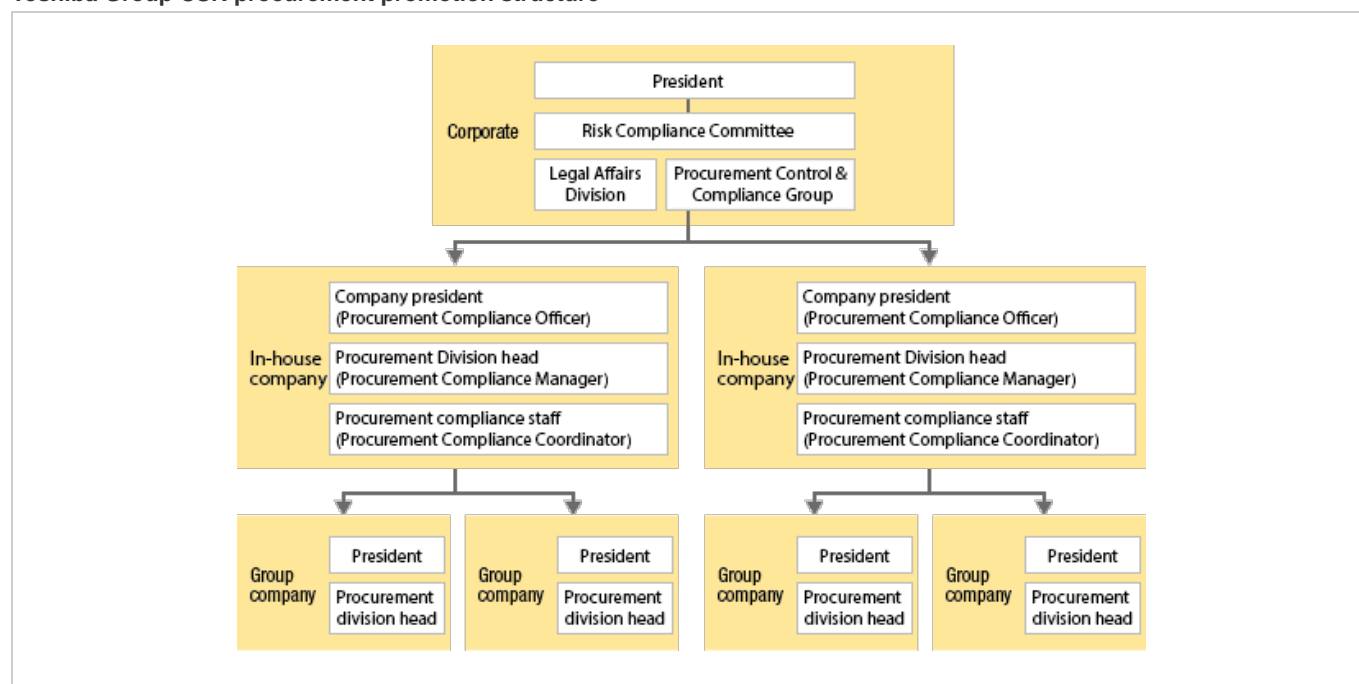
- [CSR Management in the Supply Chain](#)
- [Toshiba Group Procurement Policy](#)
- [Toshiba Group Standards of Conduct 3. Procurement](#)

The Toshiba Group is promoting thorough observance of CSR both in its own procurement activities, and in those of its suppliers. There is a CSR procurement promotion structure established within the Group, which acts in order to carry out each procurement transaction in compliance with the relevant Japanese and international laws and regulations.

Information related to compliance concerning procurement is thoroughly informed to Group-wide companies through this system.

Moreover, measures are thoroughly informed by means of Procurement Compliance Liaison Meetings, organized by the Procurement Control & Compliance Group and attended by Compliance Managers and Compliance Coordinators.

### Toshiba Group CSR procurement promotion structure



In FY2015, Toshiba revised its regulations on managing procurement processes, in order to strengthen internal control regarding accounting compliance. The revised content has been circulated around the whole company and the Group companies, based on the structure for the promotion of CSR-based procurement. Group companies' regulations have also been revised accordingly.

## “Clean Partner Line”, Whistleblower System for Suppliers and Business Partners

In order to ensure compliance and fair transactions, Toshiba has established a whistleblower system for our suppliers called Clean Partner Line, as a point of contact for our suppliers to tell us about issues and concerns regarding persons associated with the Toshiba Group. We notify our business partners of this system and request that they make use of it.

## Checks and Audits of Fair Trading Practices (Thorough Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors)

In Japan, we continued with audits against the Act for the applicable Group companies with regard to subcontracted transactions. Regarding items requiring improvement as identified by the audits, follow-up is conducted in accordance with improvement plans to ensure thorough compliance.

### Training to Ensure Fair Trading Practices

At Toshiba Group, various training programs on compliance in procurement are provided to ensure fair trading practices. For example, in FY2007, we conducted e-learning for employees of Group companies in Japan on relevant acts, such as the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

In FY2015, a total of 70,807 employees were participated the e-learning program on the Subcontract Act.

We also provide compliance education for employees engaged in procurement at various phases of their careers.

Furthermore, we foster auditors specialized in the Act to ensure fair transactions with subcontractors.

## Export Control

### Export Control Policy

As indicated in Toshiba Group Standards of Conduct, Toshiba Group's basic export policy is not engaging in any transaction that could potentially undermine international peace and security. The Group also maintains to comply with all applicable export control laws and regulations of the countries and regions where we operate, including the Foreign Exchange and Foreign Trade Law in the case of Japan and US export control laws and regulations with respect to transactions involving items of US origin.

In accordance with this policy, Toshiba Group has established the Export Control Compliance Program (ECCP). Based on this program, the necessity of export licenses for goods and technology is determined and transactions are strictly screened. In addition to periodic export control audits and education for all executives and employees, in-house companies and corporate staff divisions provide instructions and support to the group companies they supervise.

#### **Toshiba Export Control Compliance Program**

The program stipulates the following provisions to ensure compliance with Japan's Foreign Exchange and Foreign Trade Control Law and U.S. export control laws.

Chapter 1 Statement of Corporate Policy

Chapter 2 Definition of Terms

Chapter 3 Export Control Organizations

Chapter 4 Control Procedures

Chapter 5 Education

Chapter 6 Compliance Reviews

Chapter 7 Notification of Violation and Corporate Sanctions

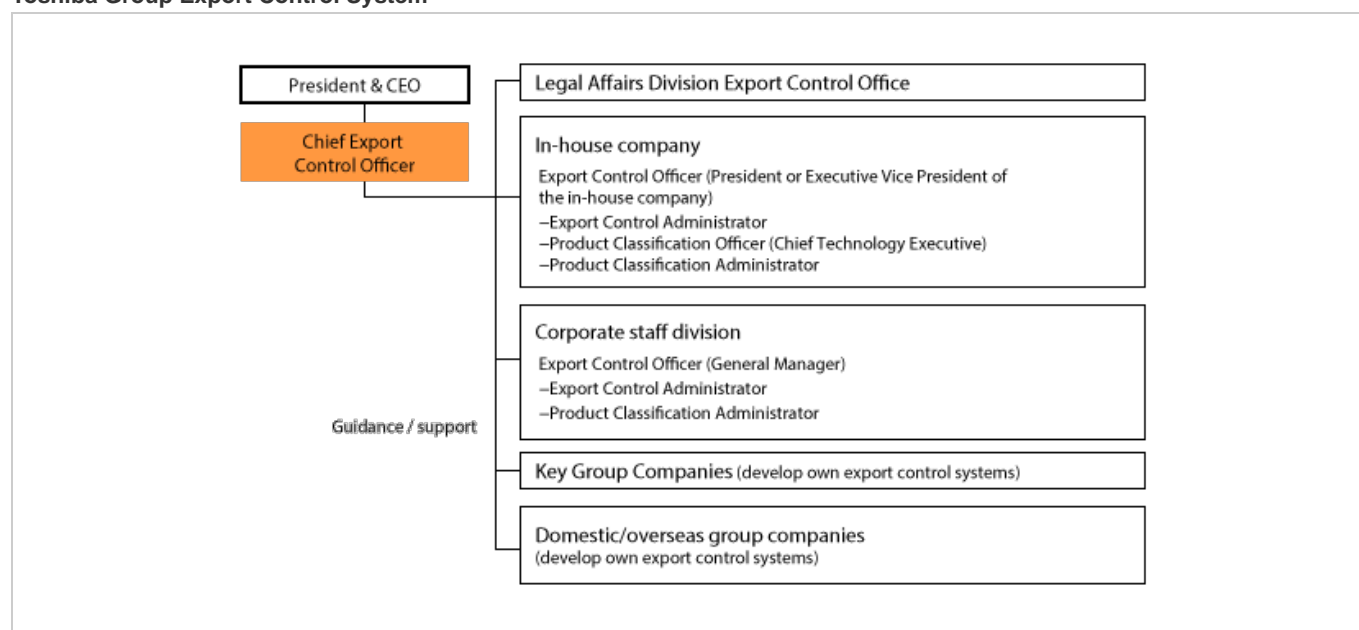
Chapter 8 Group Companies

➤ [Toshiba Group Standards of Conduct 9. Export Control](#)

## Export Control System

Toshiba's export control system is organized under the Chief Export Control Officer who has ultimate responsibility for the corporation's export control. The Chief Export Control Officer must be a representative director or an executive officer corresponding thereto. Under the Chief Export Control Officer, the Export Control Office, Legal Affairs Division Export Control Office is responsible for overseeing the export control implemented pursuant to the Toshiba Export Control Compliance Program (ECCP). Each Toshiba in-house company and corporate staff division has its own export control infrastructure led by the Export Control Officer who is in charge of the division. The Export Control Officer must be the president or executive vice president of the in-house company or the general manager of the corporate staff division. Toshiba Group companies have also established equivalent export control systems.

### Toshiba Group Export Control System



## Product Classification and Transaction Review

The technical department first classifies and evaluates whether the goods or technology to be exported requires export permission from the Minister of Economy, Trade and Industry. Then, trade assessments are carried out accordingly, such as a confirmation of the purpose of use, and an assessment of the customers. Each process is checked and approved by multiple persons in charge. When trading with countries and regions where reasons for concern exist, the Export Control Office conducts stringent assessments and approvals.

## Inspection and Audit of Export Control

Each company and corporate staff division, as well as each group company, perform internal self-checks. In addition to this, the Export Control Office or the department in charge conducts regular audits, checks compliance with laws and regulations, and performs appropriate export control. Where problems are identified by the audit, we demand that improvement plans be submitted, and check the progress of the plans.



## Export Control Trainings

Training courses on export controls (regular and specialized courses) are offered by the Export Control Office for in-house companies, corporate divisions, and Group companies to educate employees on the importance of export control and to raise awareness and knowledge of the Toshiba Export Control Compliance Program (ECCP) and related internal regulations.

Furthermore, the Export Control Office provides compulsory export control education for all employees through an e-learning system every year.

Export controls at group companies including those located overseas are modeled after that of Toshiba, which is implemented under the Toshiba Export Control Compliance Program (ECCP). Export control audits are conducted periodically to evaluate their performances.

The Export Control Office convenes a monthly meeting with the in-house companies and group companies. Besides providing information on relevant international situations and regulatory trends, or advices on specific issues, this meeting also provides a forum for exchanging related information and opinions. In-house companies provide guidance on export controls and related support to group companies they supervise.

Furthermore, in order to fortify our support for overseas Group companies, we held an export control workshop targeted at local staff working in export control.

## Information Security Management

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### Policy on Information Security

Toshiba Group regards all information, such as personal data, customer information, management information, technical and production information handled during the course of business activities, as its important assets and adopts a policy to manage all corporate information as confidential information and to ensure that the information is not inappropriately disclosed, leaked or used. In view of this, Toshiba has a fundamental policy "to manage and protect such information assets properly, with top priority on compliance." The policy is stipulated in the chapter "Corporate Information and Company Assets" of the Toshiba Group Standards of Conduct, and managerial and employee awareness on the same is encouraged.

In response to regulatory changes and changes in the social environment, Toshiba revises the related rules on an ongoing basis so as to rigorously manage its information security.

- [Toshiba Group Standards of Conduct 17. Information Security](#)
- [Privacy Policy](#)

## Structure of Information Security Management

Addressing information security as a management priority, Toshiba Group has established, under the supervision of the Chief Information Security Officer, an information security management structure in which the head of each organization, such as president of each in-house company, head of corporate staff division as well as president of each group company are responsible for information security.

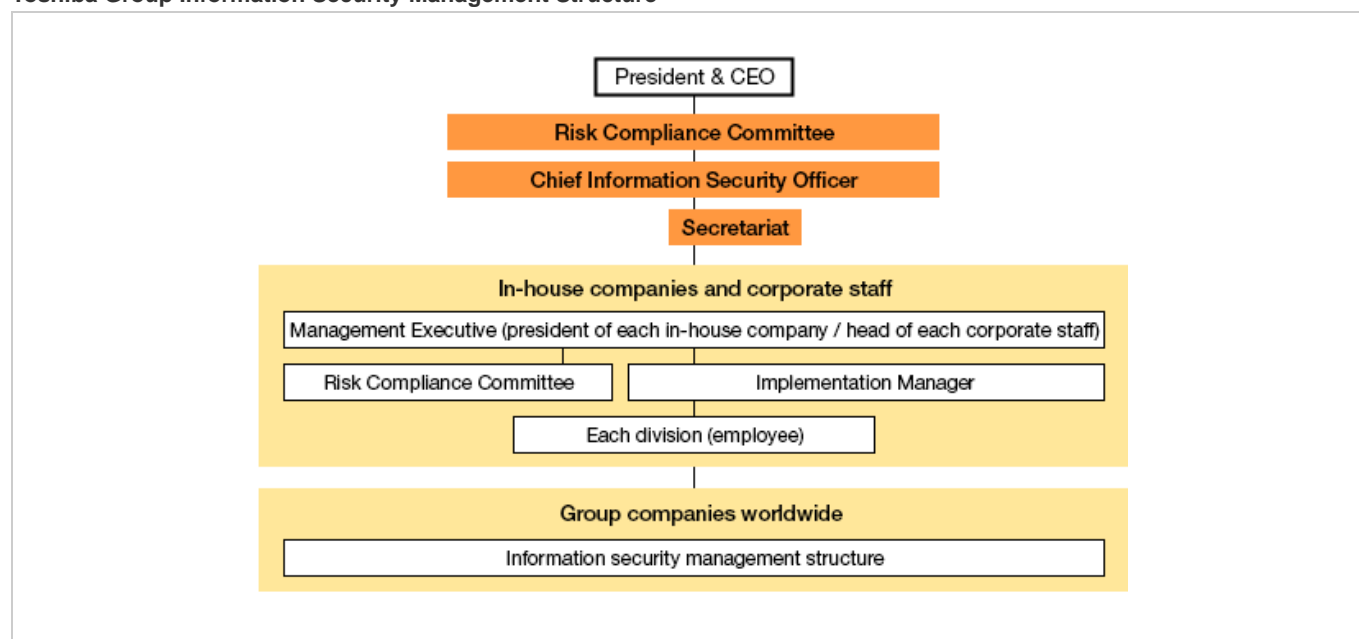
The Risk Compliance Committee deliberates matters that are necessary to ensure information security throughout the company. The Chief Information Security Officer formulates and enacts measures in order to make sure that internal rules related to information security are enforced in a problem-free, effective and definitive manner.

At the in-house companies, the company presidents serve as Information Security Management Executive, bearing full responsibility for information security at their respective companies. The Information Security Management Executive appoints Information Security Implementation Managers who are responsible for operation of the information security management system.

The Information Security Management Executives provide guidance and assistance to the group companies under their control to ensure that they implement information security of a level equivalent to that of Toshiba.

Toshiba has also established a similar management structure for the protection of personal data, and has a department other than the Secretariat (the Internal Audit Division) conduct audits in accordance with JIS Q 15001.

### Toshiba Group Information Security Management Structure



## Information Security Measures

Toshiba Group implements information security measures from four perspectives (see the table below). The Strategic Planning Division incorporates these measures into regulations and guidelines and makes them fully known to all Toshiba Group companies through notices and briefings.

### Implementation of Information Security Measures from Four Perspectives

Category	Description
(1) Organizational measures: Establish an organizational structure and rules	<ul style="list-style-type: none"> <li>Periodic reviews of information security-related regulations</li> <li>Development and maintenance of structure</li> <li>Implementation of audits, etc.</li> </ul>
(2) Personal and legal measures: Ensure adherence to rules	<ul style="list-style-type: none"> <li>Regulation of information protection duties and disciplinary measures for breach of duties in rules of employment</li> <li>Provision of periodic employee education and training</li> <li>Contractor information security evaluation and conclusion of confidentiality agreements, etc.</li> </ul>
(3) Physical measures: Support implementation of rules in terms of physical security	<ul style="list-style-type: none"> <li>Carry-in/carry-out control of information devices</li> <li>Facility access control, room / facility entry control</li> <li>Locking of highly important information, etc.</li> </ul>
(4) Technical measures: Support implementation of rules in terms of technology	<ul style="list-style-type: none"> <li>Virus protection and hard disk encryption</li> <li>Obtaining and checking usage logs for information systems</li> <li>Appropriate management of network firewalls, etc.</li> </ul>

Especially on the Technical measures, in order to prevent cyber-attacks and other forms of unauthorized access from the outside, which become increasingly sophisticated each year, as well as to avoid exposure of information, Toshiba Group is implementing effective measures to protect server data released to the public. We are also working to strengthen the monitoring of internal systems and to implement protection systems to enable us to take quick action in the event of a virus infection.

## Education, Inspection and Audit of Information Security Management

Toshiba, with its wide portfolio of businesses, considers the autonomous implementation of PDCA (Plan-Do-Check-Act) cycle by each business or division to be vital for ensuring information security of the company. With this in view, every divisions conduct an annual self-audits in terms of compliance with internal rules, for the purpose of formulating their own improvement plan. The Strategic Planning Division evaluates the results of these self-audits and the related improvement activities, provides guidance and assistance where necessary. All domestic and overseas Group companies also conduct self-audits annually, in order to improve the level of information security at each company.

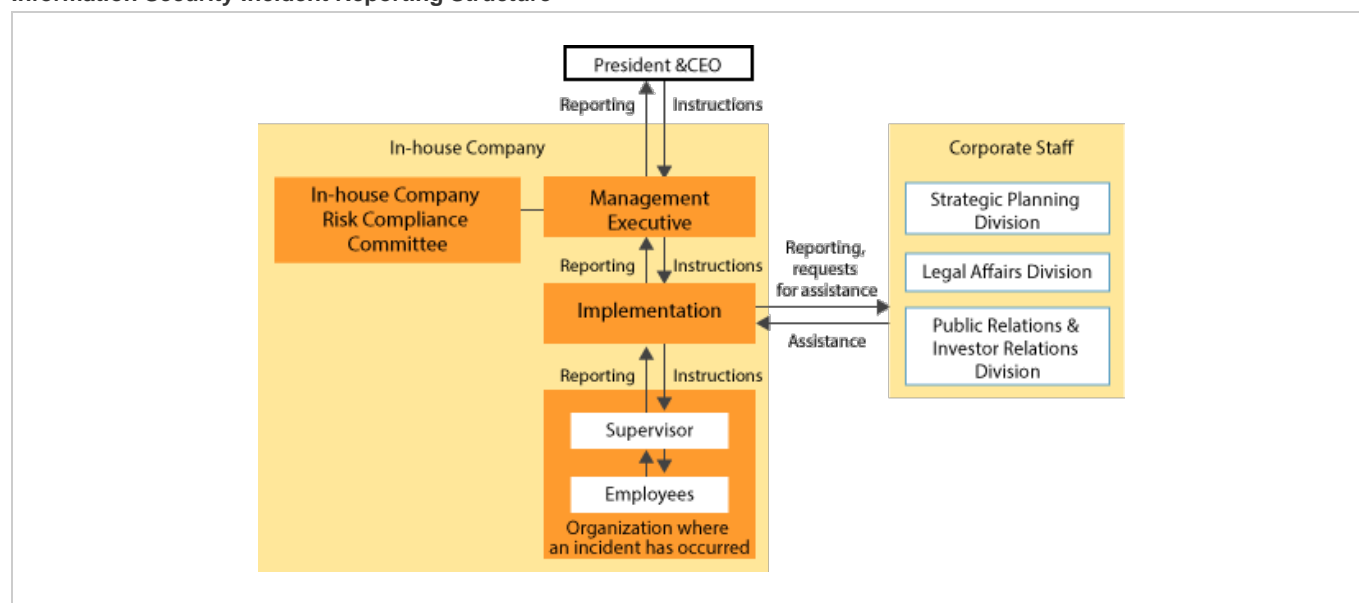
Moreover, Toshiba Group conducts yearly training for all officers, as well as permanent and temporary employees, in order to enforce strict compliance with in-house regulations. There are also programs such as training for those working in information security, and introductory training for new graduate employees.

## Response to Incidents Such as Leakage of Confidential Information

In the event an information security incident such as the leakage of confidential information occurs, Toshiba responds promptly in accordance with the information security incident reporting structure.

When an employee becomes aware of the occurrence or potential occurrence of an incident involving the leakage of corporate information, the employee promptly reports to the Implementation Manager. The Implementation Manager, upon receipt of such report, devises necessary measures, such as an investigation into the cause and consideration of actions to prevent recurrence. In the case of the occurrence or potential occurrence of a serious leakage of confidential information that may entail a violation of laws or ordinances, Toshiba implements measures in accordance with the applicable laws or ordinances, such as disclosure, following discussion among the related corporate staff divisions.

### Information Security Incident Reporting Structure



## Status of Incidents Such As Leakage of Confidential Information

In FY2015, there were no incidents in which important information kept by Toshiba Group companies was leaked. Nor were there any complaints from relevant external individuals or regulatory bodies concerning personal data. We will continue to prevent incidents concerning information security, and are fully prepared for any situation.

# Product Safety Information and Advertising

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## Policy on Product Safety Information and Advertising

Toshiba Group provides accurate product information and executes appropriate advertising in accordance with the Toshiba Group Standards of Conduct, the Code of Fair Competition for Home Appliances<sup>\*1</sup> and other policies.

Quality assurance organizations of in-house companies and affiliated companies monitor the safety standards of the countries where products are marketed and technical standards such as the UL Standards<sup>\*2</sup> and CE Marking<sup>\*3</sup> to ensure that their product labeling is in compliance with the relevant standards.

➤ [Toshiba Group Standards of Conduct 2. Customer Satisfaction](#)

➤ [Toshiba Group Standards of Conduct 15. Advertising](#)

<sup>\*1</sup> The code specifies prohibition of misleading representations, matters requiring representation, standards for representation of certain matters, etc. The objective is to contribute to consumers' 'well-informed selection of products, prevent inducement of customers by means of unjustifiable premiums and misleading representations, and ensure fair competition.

<sup>\*2</sup> UL Standards: Safety standards issued by Underwriters Laboratories Inc., a U.S. not-for-profit product-safety testing and certification organization. UL has developed standards for materials, products and facilities.

<sup>\*3</sup> CE Marking: This mark indicates that the product bearing it is in compliance with safety standards of the European Union (EU). CE Marking is mandatory for certain types of products sold in the EU.

## Education on Product Information and Labeling

In order to comply with the surcharge system as stipulated by the Act Against Unjustifiable Premiums and Misleading Representations, which was effectuated in April 2016, Toshiba established internal management regulations in FY2015, and appointed officers in charge of managing representations and similar. In order to enforce management based on the said regulations, two study sessions were held jointly by the Marketing Division and the Legal Affairs Division, targeting persons responsible at in-house companies and key group companies. There were a total of 34 participants.

## Compliance with Regulations and In-House Standards Regarding Products

In FY2014, there were no cases in which regulations and in-house standards regarding safety and health were violated in product or service life cycles. There were also no cases in which regulations and in-house standards regarding product/service information and labeling were violated.

## Compliance with Regulations on Advertising and Labeling

In FY2015, as a result of our strict implementation of the Manufacturing Labeling Standards<sup>\*</sup>, there were no violations of the Act Against Unjustifiable Premiums and Misleading Representations among Toshiba Group companies.

<sup>\*</sup> The Manufacturer Labeling Standards stipulate rules regarding the prohibition of false labeling, items necessary for labeling, and standards for labeling specific items. The standards aim to ensure fair competition by helping general consumers appropriately choose products and by preventing unfair means from being used to attract consumers.

# Risk Management with Business Continuity Plan (BCP)

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Failure to respond appropriately to large-scale disasters such as earthquakes, typhoons, and floods could result in the long-term closure of operations, triggering significant financial losses, ultimately affecting our stakeholders.

Toshiba implements measures to ensure the safety of employees and their families, support recovery of devastated areas, and maintain business sites and factories.

The BCP, which we have been formulating and developing Group-wide as of FY2007, is one such measure. Focusing on our key businesses that have a large social and economic impact, we are establishing a BCP that takes into account the possibility of large-scale earthquakes and new strains of influenza, and continually update it in order to maintain and improve its effectiveness.

Toshiba Group will continue to strengthen its BCP, so that it can continue its business even in the case of a large-scale disaster, and puts the safety of all its employees above other concerns.

## BCP Procurement Management

In response to the Great East Japan Earthquake and the floods in Thailand, both of which occurred in 2011, Toshiba's procurement division is aiming to establish a more disaster-resistant procurement system.

In order to respond to the risk of supply chain disruption in the event of an emergency, the division included "ensuring continuous supply when an unforeseen disaster occurs" in its procurement policy and has asked suppliers for their cooperation. In addition, the division is working on risk assessment and risk hedging daily in accordance with the BCP Procurement Guidelines in FY2012. It also considers procurement from diverse suppliers and from wider geographical areas to be one of its most important measures and aims to minimize the risk of supply chain disruptions and to reduce the amount of time required for resolving supply chain disruptions. In 2012, the procurement division built a system for managing information on upstream suppliers in the supply chain. Global implementation of this system has reinforced the Group's ability to respond to emergencies.

## Research & Development and Intellectual Property

Toshiba's goal is to pave the way for a safe, secure and comfortable society by creating and offering through our technology new value that leads to the solving of global-scale social issues. We aim to do this by listening at all times to the demands of the market and our customers through our 360-degree marketing, and by maximizing the achievements we have made during our research and development through a global intellectual property strategy.

### Medium- to Long-term Vision

Toshiba's goal is to build a corporate foundation that continues developing together with society through technology. In addition to offering our products, Toshiba aims to contribute to society in ways including creating new value from combining products and services.

### FY 2015 Achievement

In order to create and monetize new technology, we have utilized our core technology in our research and development, and rebuilt our structure into one which can develop solutions through dialogue and collaboration with our customers.

### Future Challenges and Approaches

Focusing on three business areas, energy, infrastructure and storage, we will advance our research and development in order to promote our "New Concept Innovation," which seeks to create new value through the combination of solutions and services. We will also cooperate with external organizations more actively, in order to provide new value to society more rapidly than ever before.

## Research and Development

### Research and development strategy

The Toshiba Group aims to solve social issues, mainly in the areas of energy, infrastructure and storage, and to realize a safe, secure and comfortable society. We will create new value through two means, one is seeking to discover society's latent needs and issues at an early stage and creating revolutionary technology, and the other will create synergy by applying the Toshiba Group's wide array of technical assets in diverse ways.

In the area of storage, we will contribute to society by further promoting our high-capacity storage technology, developing information systems and data centers that deploy this technology, and offering cloud infrastructure, in order to meet the exponentially increasing amount of data.

In the area of social infrastructure, we will provide highly reliable technology and services to a wide range of customers who support society and industry through buildings, facilities and public infrastructures, in order to realize a safe, secure and reliable society.

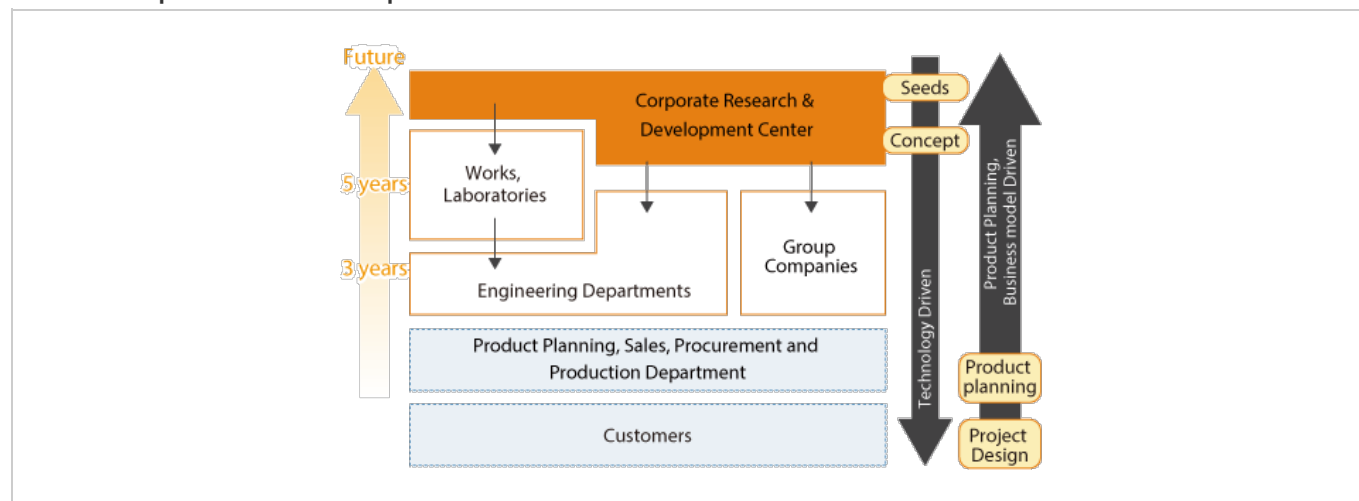
In the area of energy, we will promote the stable supply and efficient use of conventional energy. In addition, we will help limit CO<sub>2</sub> emissions by providing the world with technology and services that create, distribute and store clean energy, thus contributing to the realization of a low carbon society.

Issues that must be tackled globally, such as population growth and the Earth's environment, will grow ever more diverse and complex. In order to contribute to society by solving as many issues as possible, we will accelerate our research and development, strengthening our collaborations with external organizations and incorporating new technologies and services.

## Toshiba Group Research & Development Structure

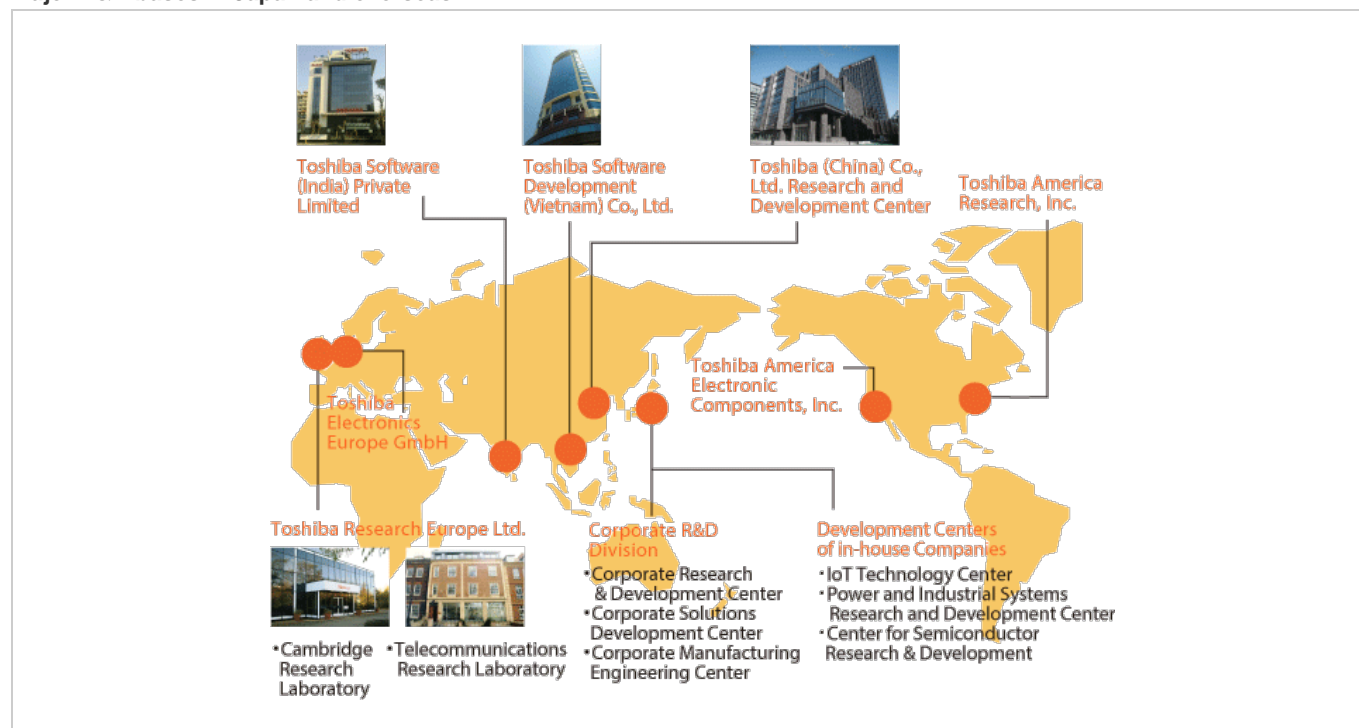
Toshiba conducts research and development in locations that best suit the purpose in question, both in terms of leading in a technical sense based on seeds and concepts, and of leading in terms of product planning and the business model. We have a research and development structure in which our research and development sites are categorized into the following: corporate laboratories that tackle mid-to long-term basic research; works laboratories that engage in mid-term component technology development; and engineering departments and Group companies that deal with product technology that realizes products and services. This structure is optimal for solving technological challenges.

### Toshiba Group Research & Development Structure



Toshiba has built research and development sites in the U.S., Europe, China, India and so on that conduct research and development in collaboration with our sites in Japan. In order to boost our global competitiveness, we are improving our capacity to respond swiftly to changes in the market, in our research and development as well. Particularly in China and the rest of Asia, where markets are expanding, we are working to build not only manufacturing sites, but also local engineering sites and development sites. In the future, we will base our research and development in developing countries, and produce products for the global market, including developed countries.

### Major R&D bases in Japan and overseas





## Collaborations with external parties

### ■ Towards achieving a clean energy society that does not emit CO<sub>2</sub> (April 2015, March 2016)

Toshiba is testing a CO<sub>2</sub>-free, autonomous hydrogen energy supply system in a public facility in the coastal area of Kawasaki City that can provide a stable supply of electricity and warm water using renewable energy and hydrogen. This system has also been installed at Musashi-Mizonokuchi Station on the JR Nambu Line in Kawasaki City, and will start operation in spring 2017. We will continue to develop such systems for various applications—the BCP model, a resort model, a remote island model, an office model and so on—and to contribute to achieving a clean society that uses hydrogen-based energy and does not emit CO<sub>2</sub>.

- [Toshiba Begins Operation of Autonomous Energy Supply System Utilizing Renewable Energy and Hydrogen](#)
- [Toshiba Wins Order to Supply Autonomous Hydrogen Energy Supply System H2 One™ to JR East](#)



An independent energy supply system utilizing hydrogen

### ■ Increasing data capacity even further (September 2015)

Toshiba launched sample chips of 256 Gbit/chip BiCS FLASH™; three-dimensional 48-layered 3-bit/cell flash memory in collaboration with SanDisk. Data capacity of BiCS FLASH™ is successfully achieved twice as much as that of conventional two-dimensional floating gate NAND flash memory. We keep increasing the capacity to meet demands in rapidly growing storage market.

BiCS FLASH is a trademark of TOSHIBA Corporation.

- [Toshiba Develops World's First 256Gb, 48-layer BiCS FLASH™](#)



BiCS FLASH™ three-dimensional flash memory

### ■ Achieving a low-carbon society by accelerating the widespread use of electric buses (February 2016)

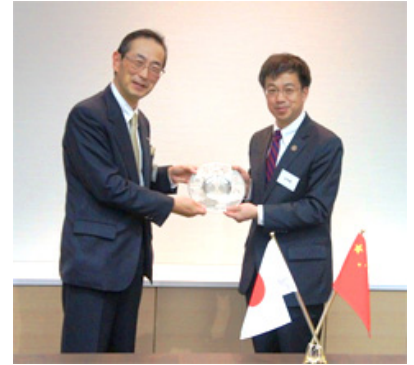
In collaboration with Waseda University, Toshiba has developed an EV bus system that centers around an electric bus featuring the latest wireless charging device that can be recharged without cables, and a SCiB™ lithium-ion rechargeable battery. We are running verification tests on public roads in the King SkyFront area in Tonomachi, Kawasaki City, which is an International Strategic Zone, and the area surrounding Haneda Airport, with the cooperation of Kawasaki City and ANA.



Wirelessly charged EV bus

## ■ Collaborative research and development with overseas universities

In order to incorporate different countries' perspectives on global issues into our R&D, Toshiba is advancing collaborative research and development with local universities, and supporting the training of human resources for the future. With China's Tsinghua University, we conduct collaborative research in energy and the environment, as well as in the fields of healthcare and semiconductors; in the case of India's IIT Madras, we are collaboratively engaged in research in fields such as energy. Through such research, we are endeavoring to create products and services that contribute to society, and that are suited to each local environment. Moreover, we offer scholarship programs to Vietnam National University, and University of São Paulo, to support the education of human resources for the future.



Result Presentations at Tsinghua University  
Left: Naoto Nishida, Corporate Executive Vice President, Toshiba Corporation  
Right: Shi Dang, Deputy Secretary, Tsinghua University

## Protection of Intellectual Property

### Basic Policy on Intellectual Property

Toshiba Group's basic policy on intellectual property rights is to observe laws and regulations associated with them, to protect the results of intellectual activities with the rights and thus make extensive use of those results, and to respect the legitimate intellectual property rights of third parties. This policy is stipulated in the Toshiba Group Standards of Conduct.

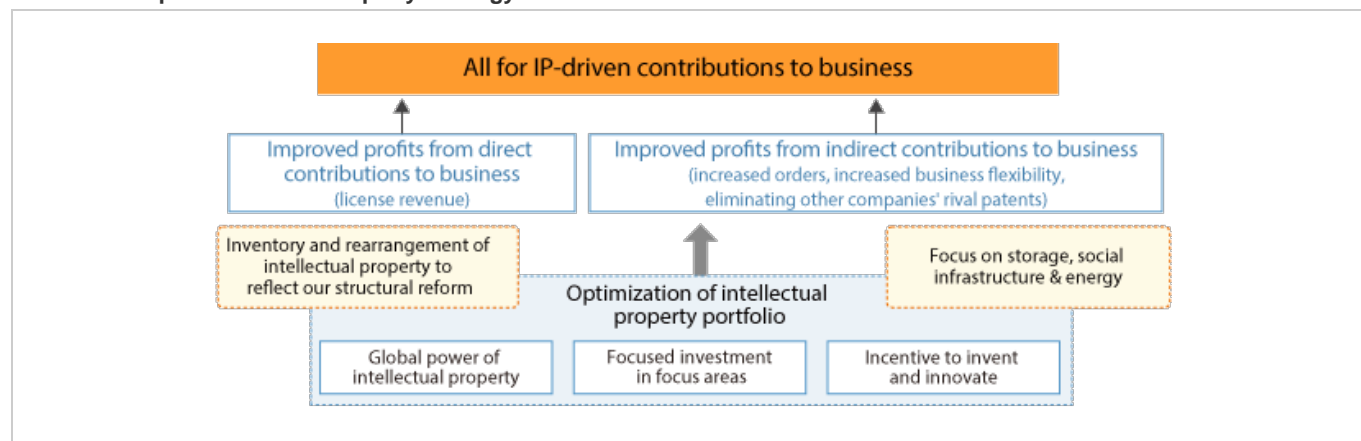
#### ➤ Toshiba Group Standards of Conduct 12. Intellectual Property Rights

Toshiba is also making efforts to bolster our intellectual property that contributes to business development, especially in the priority business areas of energy, infrastructure and storage. We will endeavor to ensure that these measures contribute effectively to the Toshiba Group's business recovery, and to ensuring improved profits.

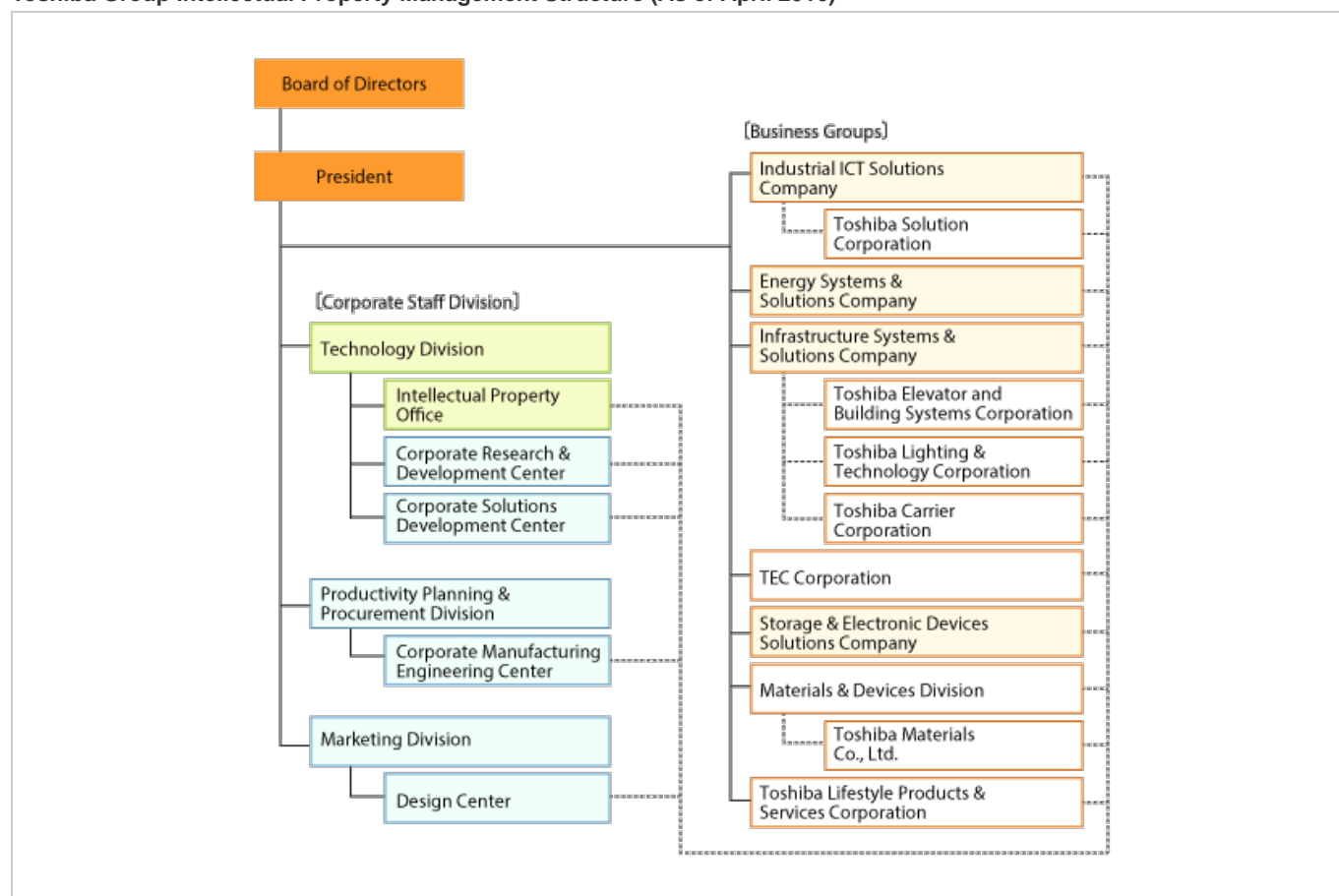
## Our Structure Concerning Intellectual Property

Toshiba advances Toshiba Group's intellectual property strategy with our basic policy: **"All for IP-driven contributions to business"**. We are developing intellectual property assets contributing to our business, especially in the focusing business areas: Energy, Storage and Infrastructure. Our patents will work for rebuilding our businesses and ensure a strong position for producing revenue in the market. We will continue to work actively to pursue patents supporting businesses and expand business revenue by effectively utilizing IP assets in every business transactions.

### Toshiba Group's Intellectual Property Strategy



### Toshiba Group Intellectual Property Management Structure (As of April 2016)



## Social contribution through technology transfer

Toshiba is taking actions to contribute to the development of local industries, by releasing our intellectual property such as patents, and thus promoting the distribution of technology.

Toshiba also supports Kawasaki City's efforts that are aimed at developing local industry through the transfer of intellectual property to SMEs. In October 2015, we participated in the Kawasaki Intellectual Property Symposium, and received inquiries from many companies.

We will continue to take part in such activities, in order to widely publicize our technology and contribute to the development of local industries, and ultimately of local communities.

## Measures against Counterfeit Products

The Toshiba brand symbolizes the value of the Toshiba Group as a corporation, and the value of the products that we offer. Failure to take action against counterfeits of Toshiba products would pose not only the risk of damage to Toshiba's brand value and public confidence, but also the risk of purchasing counterfeit products that do not meet the quality expectations of customers who mistake them for genuine products. For this reason, we strive to eradicate counterfeit products, collaborating with domestic and overseas anti-counterfeit organizations, and are actively appealing to local bodies such as government agencies for more stringent control.

# Environmental Management

## Environmental Policy

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### **Toshiba Group's Basic Policy for the Environment**

Based on the recognition that it is our responsibility to maintain the health of the global environment as an irreplaceable asset for future generations, Toshiba contributes to the development of a sustainable society by promoting environmental activities designed to realize a world that is low carbon, recycling based and environmentally harmonious.

### **Promoting environmental management**

Toshiba considers environmental stewardship to be one of management's primary responsibilities and promotes environmental activities in harmony with economic activities.

Toshiba assesses the impacts of its business activities, products and services on the environment, including with regard to biodiversity, and specifies objectives and targets with respect to the reduction of environmental impacts and prevention of pollution.

Toshiba strives to continuously improve environmental management through internal audits and reviews of activities.

Toshiba complies with all laws and regulations, industry guidelines it has endorsed, and its own standards concerning the environment.

Toshiba strives to enhance the awareness of all its employees with respect to the environment and requires that they make a practical contribution to the environment through their work.

Toshiba operates globally, and accordingly, promotes environmental activities throughout Toshiba Group.

### **Providing environmentally conscious products and services and reducing their environmental impact through business activities**

Toshiba recognizes that natural resources are finite and implements vigorous environmental measures to promote their effective and practical use in terms of both products and business processes.

Toshiba develops and provides environmentally conscious products and services which contribute to the reduction of environmental impacts throughout their life cycles.

Toshiba strives to reduce the environmental impacts of all business processes, encompassing design, manufacturing, logistics, sale, and disposal, with a particular focus on the prevention of global warming, efficient utilization of resources and control of chemical substances.

### **As a corporate citizen of planet Earth**

Toshiba contributes to society through its environmental activities, which include the development and provision of excellent, environmentally conscious technologies and products and cooperation with society at large and with local communities.

Toshiba is committed to maximizing disclosure and transparency in communication with stakeholders and society at large in order to facilitate mutual understanding.

Revised June 1, 2010

We report "Environment" on Toshiba Group's webpage on Environment. <http://www.toshiba.co.jp/env/en/index.htm>

## Respect for Human Rights

Toshiba Group's Corporate Philosophy emphasizes "Respect for People". We have declared that we will respect the rights of all people associated with our company, such as our employees, customers, and stakeholders. We comply with universal principles regarding human rights and labor practices worldwide, including the Universal Declaration of Human Rights, and respect human rights through sound business activities.

### Medium- to Long-term Vision

Spreading awareness on respect for human rights

#### Quantitative Target

**Conduct activities to raise human rights awareness in two or more regions worldwide**  
(Toshiba, FY2016)

### FY 2015 Achievements

Target: Implementation of workshop on human rights enlightenment

Achievement: **Held workshops on global human rights for human resources and procurement managers in Thailand**

**Held human rights awareness seminars in Japan for human resources and general affairs managers**

### Future Challenges and Approaches

We will continue to monitor human rights risks, including potential ones, indicated by the human rights impact assessment and improve efforts to avoid and mitigate such risks. We will also communicate with human rights experts and stakeholders to deepen understanding of human rights issues.

# Policy on Respect for Human Rights


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In October 2014, we revised [the Toshiba Group Standards of Conduct](#) to which Toshiba Group's executives and employees must adhere. We designated the newly created "Respect for Human Rights" as Article 1.

In addition to complying with laws and regulations, our Standards of Conduct stipulate respect for basic human rights and oppose child labor and forced labor. They also explicitly state that we shall embrace basic human rights, individuality, privacy, and a diverse set of values from all individuals, and refrain from human rights violations such as physical violence, sexual harassment, abuse of power (workplace bullying or harassment), and discriminatory remarks and actions against race, religion, gender, nationality, physical or mental disability, age, and sexual orientation.

They also state that we must communicate regularly with stakeholders in order to comply not only with the laws and regulations of countries and regions in which we operate, but also with the international principles on human rights and demand our suppliers to take actions against basic human rights violations.

## > [Toshiba Group Standards of Conduct 1. Human Rights](#)

Toshiba Group participates in [the UN Global Compact](#), which supports universal principles on human rights and labor, such as the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and show our determination to put these principles into practice. We also refer to various international standards including  [the Guiding Principles on Business and Human Rights\(1.08MB\)](#).

- UN Global Compact
- The Universal Declaration of Human Rights
- The OECD Guidelines for Multinational Enterprises
- Guiding Principles on Business and Human Rights
- ISO 26000 (Guidance on social responsibilities)

We recognize the importance of implementing our human rights policies not only within the Group but also throughout our supply chain. To this end, we stipulate this policy as "[Supplier Expectations](#)" in Toshiba Group Procurement Policy and request all parties' adherence, which we monitor through CSR surveys.

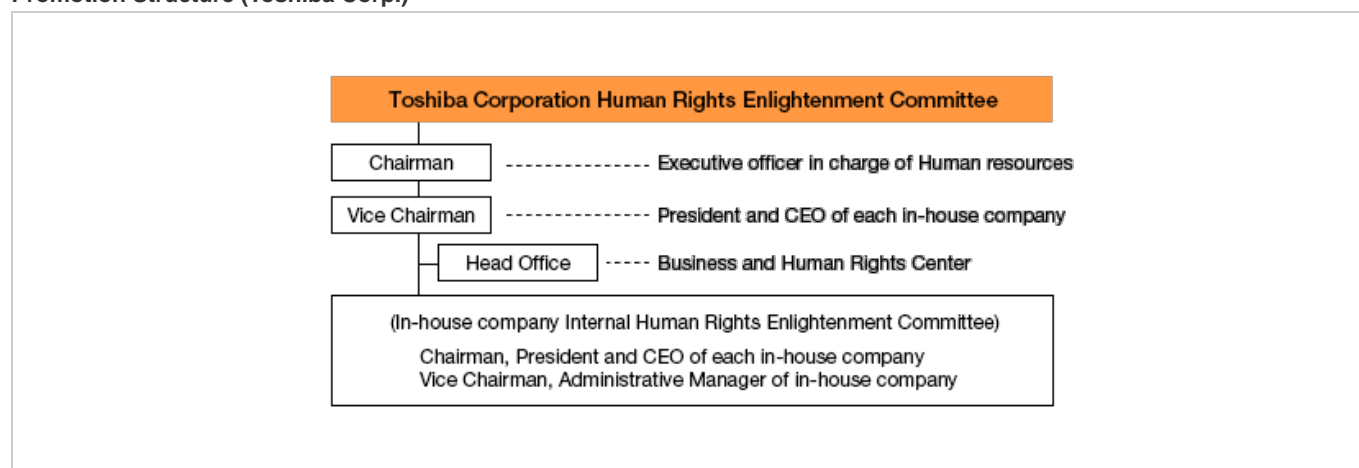
## > [Toshiba Group Procurement Policy](#)

 [Slavery and Human Trafficking Statement](#) (PDF : 298KB)

# Framework for Respecting Human Rights

Human Rights Enlightenment Committee, chaired by the executive officer in charge of human resources, leads our efforts to promote human rights awareness under the basic principle of Respect for Human Rights. We set up Internal Human Rights Enlightenment Committees in each corporate section and in-house company (including group affiliates) to plan and execute training courses covering key topics to educate and enlighten employees on human rights. Moreover, Business and Human Rights Center serves as point of contact on human rights issues for all group companies. They formulate basic principles on human rights, enforce the practice of their essence and contents, and provide instructions and support to promote the concept of Respect for Human Rights throughout Toshiba Group.

## Promotion Structure (Toshiba Corp.)

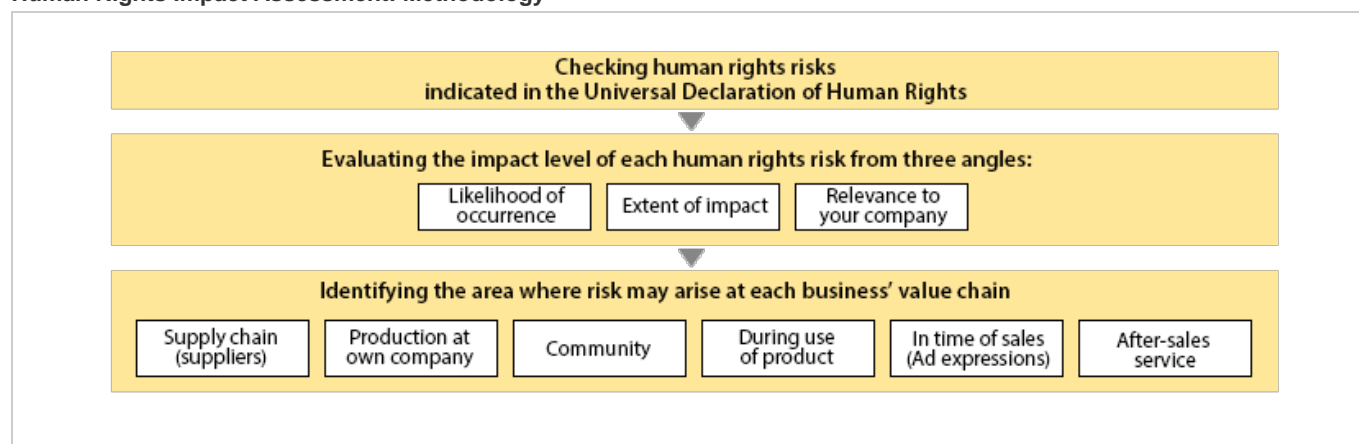


# Identification and Monitoring of Human Rights Risks

Toshiba Group continuously investigates potential human rights risks in its business activities through reviews on ISO 26000, the international standards providing guidelines for corporate social responsibility.

In the past, we performed a human rights impact assessment in collaboration with Business for Social Responsibility (BSR), a US-based CSR promotion organization, in order to further understand how our business activities impact human rights issues and recognize priorities.

## Human Rights Impact Assessment: Methodology





### Major Human Rights Issues Identified by The Human Rights Impact Assessment

- Consideration of human rights at the procurement site (such as conflict mineral issues)
- Consideration of human rights in the supply chain, especially in developing countries
- Consideration of employees' human rights
- Consideration of customers' human rights (protection of personal information, etc.)
- Respecting human rights when venturing into new markets

Based on the result, we will enhance our efforts to address human rights concerns, which vary depending on the business area; country or region, through dialogue with relevant stakeholders. Also, to monitor the implementation of human rights initiatives, we will continue to perform audits by the Internal Audit Division, the gap analysis based on ISO 26000 guidelines, CSR surveys targeting both overseas Group companies and our suppliers, and Conflict Minerals surveys.

- CSR surveys targeting overseas Group companies
- CSR surveys targeting our suppliers
- Conflict Minerals surveys

## Education and Enlightenment on Respect for Human Rights

Our Human Rights Enlightenment Committee is the driving force to raise awareness about respect for human rights among employees. It aims to increase the familiarity of all employees at the facilities and Group companies with the Toshiba Group Standards of Conduct and provide trainings on human rights at the time of hire and before/after employees get promoted or appointed to managerial positions.

### Human Rights Week Lecture

In December every year during Human Rights Week, Toshiba holds a Human Rights Week Memorial Lecture at the Toshiba headquarters as a Toshiba Group CSR month event. In FY2015, the theme of the lecture was “Human Rights and Internet” and 115 managers from general affairs, human resources, and other administrative departments of Toshiba Group companies attended the lecture.

### Disclosure of Risk Management Case Studies Regarding Human Rights

Toshiba publishes case studies from outside the company regarding violation of human rights on our company intranet, in order to improve employee awareness. We summarize and introduce the key points of management risks, and related laws in a comprehensive fashion.

## Workshops on Human Rights

In order to promote the understanding of human rights issues within Toshiba Group, we call on BSR, an US-based non-profit organization that promotes CSR, to hold workshops on business and human rights at various locations.

### Records of Workshops on Human Rights

Time	Place	Participants	Contents
Apr 2015	Thailand	33 people and managers from general affairs and human resources, procurement departments of 14 Toshiba Group companies in Thailand	<ul style="list-style-type: none"> <li>▪ Learning about global human rights issues, and about human rights violations in Thailand</li> <li>▪ Exchanging opinions and sharing information between Group companies about potential risks in each company</li> </ul>
Dec 2014	Japan	53 people from general affairs and human resources departments of 24 Toshiba Group companies in Japan	<ul style="list-style-type: none"> <li>▪ Learn about global standards on human rights such as the Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights</li> <li>▪ Hold Workshop to detect possible human rights risks at each step in each business's value chain</li> </ul>
Nov 2014	China	54 managers from general affairs and human resources departments of 31 Toshiba Group companies in China	<ul style="list-style-type: none"> <li>▪ Learn from case studies about global issues, and potential risks and the impact they might have on our business</li> </ul>
Feb 2014	Philippines	45 managers from human resources department of 9 countries in Asia and others	<ul style="list-style-type: none"> <li>▪ Lectures on cases of human rights violations, and outlines of international principles</li> <li>▪ Group discussions on human rights risks in the country</li> </ul>



A workshop in Thailand

## Prevention of Sexual Harassment and Abuse of Power

The Toshiba Group Standards of Conduct, a code of conduct for executives and employees, prohibit sexual harassment, abuse of power, and other actions that disregard the dignity and individuality of others.

In accordance with this policy, our employment regulations and collective agreements also prohibit sexual harassment and abuse of power and stipulate disciplinary action for anyone involved in wrongdoing.

We also provide consulting services, training for newly promoted employees, and human rights training courses at each workplace on a regular basis.

# Establishment of Whistleblower System and Consulting Service

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Toshiba Group receives internal reports and consultations concerning human rights through points of contact for employees and client companies.

## Whistleblower System “Risk Hotline” for Employees

In January 2000, Toshiba established a whistleblower system “Risk Hotline” to collect internal information via email and telephone on Toshiba Group Standards of Conduct violations, particularly those concerning laws and regulations, and to deal with wrongdoing. Under this system, an employee can report an incident and seek advice. Employees are protected from retaliation and must not be treated disadvantageously on the grounds that they provided such information. Moreover, an overview of the reports and consultations that the Risk Hotline receives are periodically published on our intranet.

## Whistleblower System for Employees: “Audit Committee Hotline”

Toshiba established a new Audit Committee Hotline in FY2015 that allows employees to report directly to the Audit Committee, which is not under the command of the President and CEO. The Audit Committee Hotline has been established primarily to prevent any occurrence of compliance violation risks, such as violations of laws and regulations, and improper transactions, as well as to accelerate the resolution of issues.

## Whistleblower system “Clean Partner Line” for Suppliers

In April 2006, Toshiba set up a supplier whistleblower system “Clean Partner Line” to receive reports from suppliers and business partners to prevent noncompliance and unfair trading practices by employees in charge of procurement and order placements for construction and other works.

➤ [Risk Management and Compliance](#)

## Consulting Services “Employee Consultation Room”

We established an “Employee Consultation Room,” where employees can get individual advice. Employees can anonymously consult full-time counselors on workplace culture and interpersonal relations, personnel moves, sexual harassment, or bullying, etc. by phone, FAX, e-mail, or letter. One male and one female counselor address employee concerns together to create an inclusive and comfortable working environment.

➤ [Fair Evaluation and Talent Development](#)

# Activities with Stakeholders

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## Participation in Human Rights Initiatives

Toshiba Group is actively participating in initiatives developed by international and industrial organizations to review human rights issues.

- Participation in the Japan Human Rights Study Forum hosted by Business for Social Responsibility (BSR), a US-based CSR promotion organization (FY2012)
- Participation in the Human Rights Due Diligence Study Group organized by the Global Compact Network Japan (GC-NJ) (from FY2013, FY2014)
- Participation in Research on Respect for Human Rights in Business Development in Developing Countries conducted by Business Policy Forum, Japan (BPF) as a committee member (FY2012)
- Participation in events hosted by Caux Round Table (CRT) Japan in FY2014: the Global Conference on CSR and Risk Management 2014, a seminar on human rights, and the Stakeholder Engagement Program, which involves practical debates on specific human rights issues and measures
- Participation in the human rights seminars hosted by Caux Round Table (CRT) Japan: 2015 Business Human Rights Conference in Tokyo, and the 2015 Stakeholder Engagement Program (FY2015)
- Participation in the Human Rights Subcommittee Meeting (Global) held by BSR, a U.S.-based CSR promotion organization (FY2015)

## Support for Human Rights NGOs

- Co-sponsoring the Amnesty Film Festival hosted by Amnesty International Japan, a human rights NGO, to present films that focus on human rights since FY2011
- Co-sponsoring Gontiti Spring Charity Concert hosted by Amnesty International Japan in FY2014
- In collaboration with the public-service corporation Save the Children Japan, we're implementing Early Childhood Development fund-raise programs in rural area of Tanzania with aims to provide pre-school age children with education and improved nutrition. In December 2014, as part of the Toshiba Group Simultaneous Social Contribution Action, we collected donations from employees and held talks on the topic of "Human Rights for Children," together with Save the Children Japan. At the same event in December 2015, we held a report session to present the findings of the on-site survey, and to explain the value of the donations, and the uses to which the money will be put. The events were attended by many employees (FY2014, FY2015).



Children who attend pre-school in Tanzania

## Employment and Labor Relations

Healthy and stable labor relations are an essential foundation for achieving sustained corporate growth.

Toshiba holds labor talks with Toshiba Labor Union, which employees may join, for practical and amicable solutions under three fundamental principles: Labor-management Equality, Mutual Trust and Understanding, and Prior Consultation.

### Medium- to Long-term Vision

Toshiba Corporation and Toshiba Union will jointly promote, maintain, and improve our businesses and union member's working conditions in order to achieve stable and orderly labor relations.

### FY 2015 Achievements

Conducted negotiations and discussions with Toshiba Union.

### Future Challenges and Approaches

We shall review matters such as business operations and major reorganizations with Toshiba Union. Also, changes in working conditions and other labor-related issues shall be discussed between labor and management. We will continue to hold labor-management talks in accordance with the Labor Agreement.

## Policy on Labor-management Relations

Toshiba supports the principles of the Universal Declaration of Human Rights, the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises, and works to ensure that its employees have fundamental labor rights. In the labor agreement concluded with the Toshiba Labor Union, Toshiba stipulates that the Labor Union has the three rights of labor (the right to association, the right to collective bargaining, and the right to act collectively).

## Relationship with Toshiba Union

Toshiba maintains a good relationship with the Toshiba Union, which represents our employees. Management and union representatives periodically negotiate and discuss employee working conditions and other matters.

At the Toshiba Group Labor-management Congress held every six months, Toshiba discusses the Toshiba Group's business policies with representatives of the Association of Toshiba Group Unions, with which the labor unions of Toshiba and Toshiba Group companies in Japan are affiliated.

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

# Promoting Labor-management Dialogue

Toshiba and Toshiba Union conduct various talks to improve labor relations and operations.

We report our business situation and key organizational reforms to Toshiba Union. With regard to the account processing issue that surfaced in FY2015, Toshiba has explained to the Union the results of the investigation report and about the measures to prevent any recurrence. Large-scale transfers of union members and changes in working conditions are also deliberated between labor and management, and discussions are being held whenever reforms in business structure are required.

We will continue to hold labor-management talks in accordance with the Labor Agreement.

## Employment by region and business domain (as of March 31, 2016)

Region	Number of employees	Business domain	Number of employees
Japan	104,597	Energy & Social Infrastructure	54,066
China	20,250	Community Solutions	50,768
Asia*1 & Oceania	30,781	Electronic Devices & Components	34,158
North America	20,862	Lifestyle Products & Services	20,393
Central & South America	1,396	Others	24,870
Europe*2 & Africa	9,923	Common to the Group	3,554
Total	187,809	Total	187,809

\*1 Excluding Japan and China

\*2 Including Russia

## Fair Evaluation and Talent Development

As the business world becomes increasingly borderless, global firms are seeking employees with a capacity for new ideas and who are not constrained by conventional lines of thought. To encourage employees to exercise this capacity, Toshiba Group has established fair evaluation systems, and seeks to develop and deploy global talents to the greatest extent possible.

### Medium- to Long-term Vision

To achieve growth by enabling a diverse workforce who share Toshiba Group's management vision and values to excel globally.

### FY 2015 Achievement

The percentage of local personnel out of all managerial appointments at the overseas Group companies:

**62%**

(As of the end of March 2016)

### Future Challenges and Approaches

In order for the Toshiba Group to be rebuild and become trustworthy again, we will commit to concentrating our business on areas of focus, steadily improve our financial foundations. There is more room than ever for inspired individuals with a broad perspective to thrive. Toshiba Group will continue to support each and every employee in developing his/her skills and career through our diverse systems for talent development.

# Policy on Fair Evaluation and Talent Development

In Toshiba Group, we specify in Toshiba's Human Resources Management Policy, that human resources are our most valuable assets, and make it our duty to provide all our employees with opportunities for skill development and self-actualization. Moreover, in order to unify and share the Group's image of the ideal employee worldwide, we have integrated the behavioral traits and mindset expected of "Toshiba People" that have been shaped over Toshiba's corporate history as "Toshiba-GLOBAL".

## Contents of "Toshiba-GLOBAL"

Behavior / Mindset	Description
Global Perspective	<ul style="list-style-type: none"> <li>▪ Respect a diverse sense of value and humanity</li> <li>▪ Open and direct communication skills in cross-cultural settings</li> <li>▪ Quantify targets and provide logical explanations</li> </ul>
Leading Innovation	<ul style="list-style-type: none"> <li>▪ Recognize potential, set higher targets and challenge adversities</li> <li>▪ Read the signs of change in business environment, grasp essential issues, and respond proactively</li> <li>▪ Perform a strict benchmarking exercise and share mid-long term strategies and crisis protocol with the organization</li> </ul>
Organizational Development	<ul style="list-style-type: none"> <li>▪ Respect the strength of individuals and cultivate organizational power by uniting each member's abilities</li> <li>▪ Reform work practices by enhancing efficiency at both the individual and organizational level</li> <li>▪ Eager to develop next generation human resources</li> </ul>
Broad Outlook	<ul style="list-style-type: none"> <li>▪ Act with insight and inquiring mind that seek for fundamental principles</li> <li>▪ Valid thoughts and sense of value based on sophistication and well-rounded humanity</li> <li>▪ Focus on customer-centered actions and understand their counterparts' viewpoints</li> </ul>
Action Oriented	<ul style="list-style-type: none"> <li>▪ Act with passion and commitment</li> <li>▪ Be action-oriented and proactive in planning and accomplishing goals</li> <li>▪ Defy stereotype with renewed sense of perspective</li> </ul>
Leadership	<ul style="list-style-type: none"> <li>▪ Honest and adhere to compliance</li> <li>▪ Listen to the frontline workers, see actual operations, and grasp and understand real issues</li> </ul>



# Training System for Talent Development

## Cultivating Global Talents

Based on Toshiba's corporate philosophy, Toshiba Group emphasizes the importance of training to develop well-rounded global talents who have deep cross-cultural understanding and the ability to perform their jobs through direct communication with stakeholders around the world.

In an effort to develop such talents, we offer country and/or region-specific education programs such as "Toshiba Value Education" to develop the desired attitude and mindset fostered over the course of Toshiba's history, or "Liberal Arts Training"\*1 to develop well-rounded individuals who can embrace diversity and have the ability to think thoroughly. Such region-specific education has a long history, with Europe and Asia boasting the longest with programs commencing more than 20 years ago. To enhance our education programs, the Toshiba China Academy and Toshiba University in the United States provide training courses in China and the Americas, respectively.

We aim to develop global-minded personnel through internationally unified trainings such as the Overseas Management Course, which helps to promote understanding of the Toshiba Group's philosophy and nurture bridge-builders\*2 both inside and outside Japan.

\*1 Liberal Arts develop intellectual capabilities and techniques to deepen understanding in various subjects.

\*2 A 'bridge-builder' is our term for talented personnel who can foster smooth communication between our Japanese companies and overseas subsidiaries



Global Marketing Leaders Program

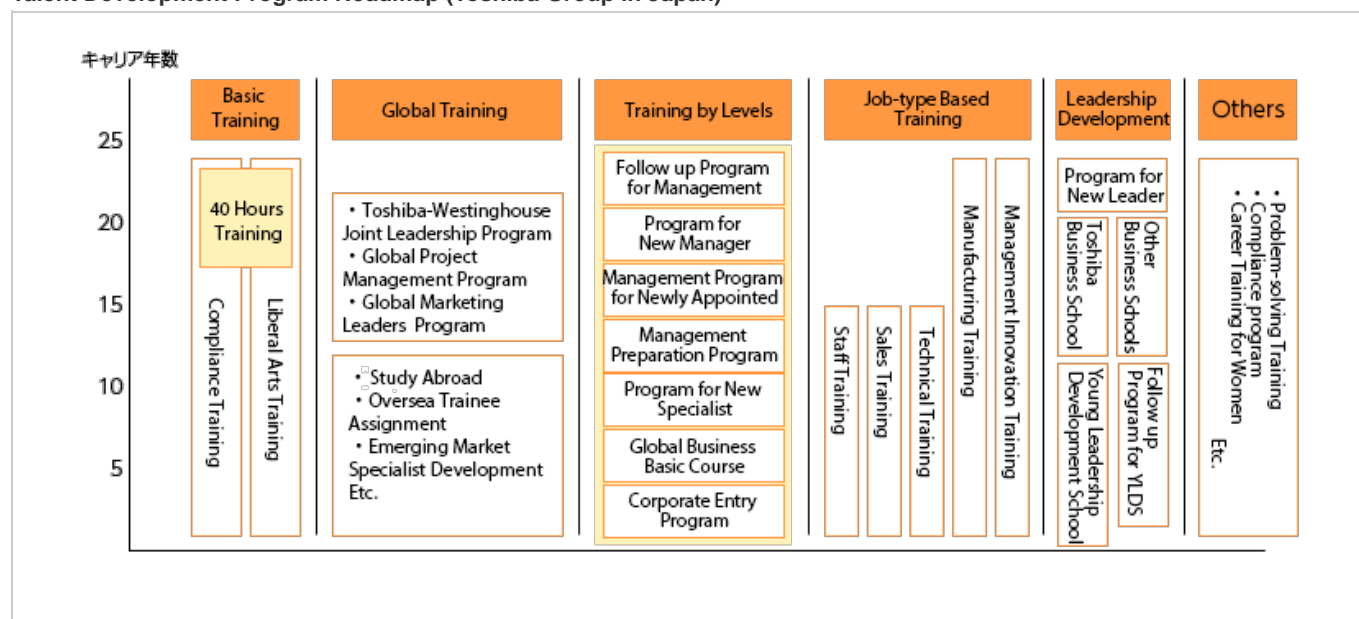
## Training Programs

Toshiba Group has various training systems to help form a common ground of understanding among employees and programs based on requirements at each career level.

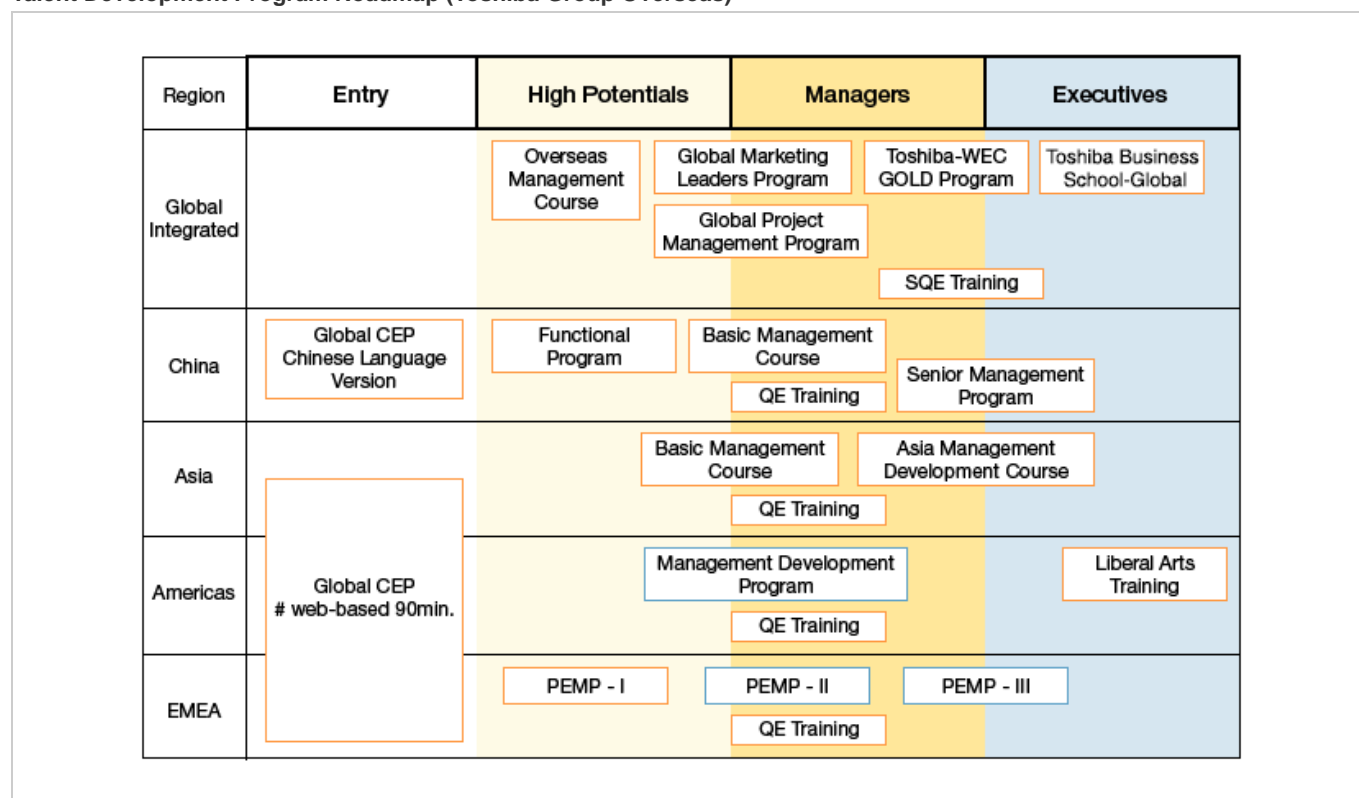
### Main Training Programs

Training Category	Outline
Basic Training and Development	A program that is designed to teach employees about the actions and values that form the shared basis for all members of the Toshiba Group, such as compliance education, Toshiba Value Education and Liberal Arts Training.
Global Training and Development	A program that seeks to develop global-minded people who can not only perform the jobs within the scope of their countries or regions, but at a global level, by accepting cross-cultural differences and communicating with a wide range of stakeholders. The program also aims to teach the skills that allow people to succeed globally.
Training and Development based on Levels of Responsibility	A compulsory program that must be implemented to all employees at the time they join the company and they are assigned to a managerial position. This program aims for participants to acquire the skills and knowledge required for their new roles and responsibilities.
Job-type based Training and Development	Aims to equip employees, based on their career stages, with knowledge and skills required for different job functions.
Training and Development for Management Talents	Training program for the select group of individuals who are candidates to take up managerial/leadership positions in Toshiba Group. The training is held for senior management as well.

## Talent Development Program Roadmap (Toshiba Group in Japan)



## Talent Development Program Roadmap (Toshiba Group Overseas)



## Using Full-fledged Career Development Systems

Toshiba supports the career development of each employee in an effort to maximize his/her current and future job performance.

The Career Design System, for example, provides each employee with an annual opportunity to discuss and share their views on long-term career development plans as well as on mid-term goals for skill acquisition, improvement, and the way to utilize such skills with their superiors. Performance Management System gives each employee a semi-annual opportunity to review and discuss with their superiors their job performance over the past six months as well as their job objectives for the next six months.

In December 2015, we conducted the Leadership Survey (360-degree survey), targeting 189 members of senior management. This survey investigated the senior managers from various perspectives about their day-to-day work performance and activities, such perspectives including those from the managers themselves, as well as their supervisors, peers and subordinates. Senior management is obliged to receive their own survey results in a sincere manner, and to apply them to improving themselves and their communications.

We also have career development systems that encourage employees to plan their careers autonomously. For example, our Internal Job Posting System allows each employee to apply for personnel transfer in order to fill a vacant post announced by a division, and the Internal FA System enables each employee to apply for personnel transfer to a division of their choice.

### Job Transfers Involving Use of Open Recruitment in Toshiba Group and the In-house Free Agent System (Toshiba Corp.)

System	Eligibility	FY2012	FY2013	FY2014	FY2015
Open recruitment in Toshiba Group	Full-time employees of the eligible Toshiba Group companies who have been employed by the company for 3 years or more	39	72	139	66
In-house free agent	Full-time employees who have been employed by the company for 5 years or more.	19	42	21	22

## Employee Morale Survey

Since FY2003, Toshiba has conducted the TEAM Survey for the purpose of soliciting the opinions of employees. Through the survey, we periodically monitor the level of employee awareness of various measures and how far they have propagated into the organization. Where issues are identified, we seek to resolve them, applying the results to improve the corporate culture.

In FY2015 we conducted the survey targeting about 83,000 employees in 63 Toshiba Group companies in Japan and overseas, and received responses from approximately 90% of employees.

This survey consists of 92 questions and 3 free writing sections that are common across the Group, and it assesses employee understanding of company measures, and whether the conditions of their working environment allow them to exercise their abilities. In FY2015, due to the accounting issue that arose, the survey anonymously asked employees about their views regarding the President and top management, and about legal compliance. The survey results showed that trust toward the company (its top management) had dropped significantly.

Based on these survey results, in order to achieve "honest management (creating an open corporate culture)," which is our management policy, our top management is taking the lead in attempting to make Toshiba trustworthy again, and building a workplace environment where everyone can voice their opinions frankly. By transmitting messages from the President and disclosing information more actively, we are endeavoring to build an open corporate culture. We will perform necessary measures in a successive manner, in order to address issues requiring improvement that surface in each division.

## Visualizing employee understanding and identifying Toshiba Group's strengths and areas for improvement



## TEAM survey execution cycle (annual)



## Establishment of Consulting Service

We created an “employee consultation room,” where employees can get individual advice. Employees can anonymously consult full-time counselors on workplace culture and interpersonal relations, personnel moves, sexual harassment, or bullying, etc. by phone, FAX, e-mail, or letter. One male and one female counselor address employee concerns together to create an inclusive and comfortable working environment.

### ➤ Consulting Services “Employee Consultation Room”

## Diversity Promotion

The maximization of the capabilities and strengths of diverse employees is critical for active innovation and corporate growth. Based on this belief, the Toshiba Group has positioned the promotion of diversity as one of its integral management policy visions. With our CEO's strong commitment, we thrive to spread the awareness on the importance of diversity for both employees and those outside the company.

### Medium- to Long-term Vision

To achieve creative growth by enabling a diverse workforce who share Toshiba Group's management vision and values to excel globally.

#### Quantitative Target

**Percentage of female managers**  
(Toshiba Corp., at the end of FY2020)

**7.0%**

### FY 2015 Achievement

#### Percentage of female managers

Achievement

**4.1%**

(Toshiba Corp., at the end of FY2015)

### Future Challenges and Approaches

As globalization and other global trends advance, we will proactively reflect the diverse values of our employees in our management. In particular, we will strive to promote managerial diversity, appointing diverse human resources as women and foreign national employees in executive posts, as well as developing candidates. We will also work to expand the place of handicapped people in the workforce. We will create a work environment where each employee can demonstrate his or her talents to the greatest extent possible.

## Policy on Diversity Promotion

For Toshiba Group, the active development and deployment of diverse personnel are our driving forces. We will contribute to promoting a sustainable society, aiming to achieve Growth Through Creativity and Innovation through the creation of new value and the development of new markets.

While setting the promotion of diversity as our management policy, we have been advocating diversity both inside and outside Toshiba, backed by our CEO's strong commitment.

# Diversity Management Structure

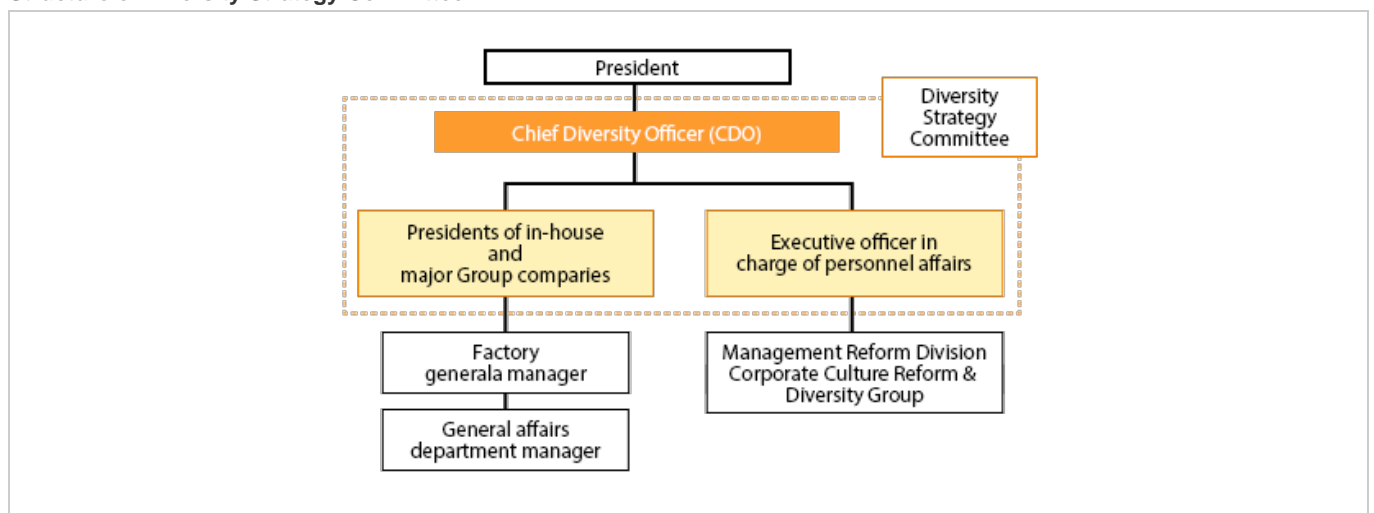
In 2004, we established our Kirameki Life & Career Promotion Office, an organization under the CEO's direct control, consisting of both men and women.

After that, we expanded the scope of our activities to include foreign nationals and people with disabilities. As diversity became the very core of our human resources work, the office was reorganized into the Human Resources & Administration Diversity Development Division in FY2013, which has been advancing diversity measures as a general human resources matter. In FY2015, this was further reorganized into the Management Reform Division, Corporate Culture Reform & Diversity Group, which is working to achieve an open corporate culture.

Our Corporate Senior Executive Vice President acts as the Chief Diversity Officer (CDO), the executive officer in charge of diversity promotion. And each Toshiba Group company runs a Diversity Strategy Committee, which serves as an advisory organization to effect diversity measures proactively and independently.

The Diversity Strategy Committee convenes regularly, chaired by the CDO and attended by the executive officer in charge of personnel affairs, as well as by the presidents of in-house and major Group companies. The Committee holds discussions to determine the direction of diversity strategies for each Group company, including: measures to recruit more women in Japan; policies and measures to develop and appoint more female managers; as well as developing global personnel and improving their employment environments.

## Structure of Diversity Strategy Committee



Diversity Strategy Committee

# Diversity Management Approach

Toshiba Group strives to create an organizational culture where diverse individuality and employee values are accepted and respected and where each employee is provided the opportunity to maximize their capabilities and strengths. Our efforts include diversity training where employees learn to accept and respect diversity of each individual and study about human rights for all employees.

Further, we conduct awareness surveys targeted at Group employees in Japan, and monitor the level of diversity awareness throughout the workplace. Where improvements are called for, we conduct training as necessary, and strive for better work environments.

## Disseminating information about diversity management

Toshiba Group has set up an intranet web page about diversity management. On it, we provide information about topics such as supporting employees in balancing their child-raising and nursing care duties with their work, a portal site to support personnel who work with non-Japanese employees, and support for employees with disabilities. We also publish video messages to Toshiba employees from our CEO.



Intranet web page "Kirameki"

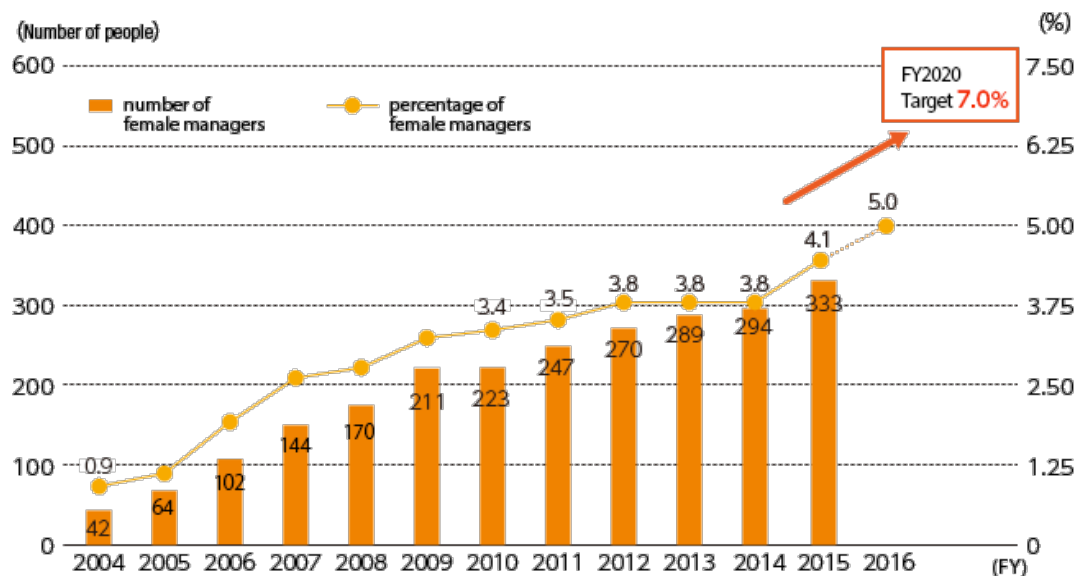
# Promoting the Career Development of Female Employees

The Toshiba Corp. makes action plan based on ACT TO ADVANCE WOMEN'S SUCCESS IN THEIR WORKING LIFE, has set a target of increasing the percentage of female managers to at least 7.0% by FY2020 by implementing measures to accelerate the utilization of female employees.

We also have set as our recruitment target for new female university graduates at 50% for administrative positions and 25% for technical positions, and are taking action accordingly. This is a high percentage for technical jobs, as it exceeds that for female students enrolled on technical undergraduate courses.

\* Recruitment of new university graduates for administrative and technical positions at Toshiba to start work in April 2017 has been canceled.

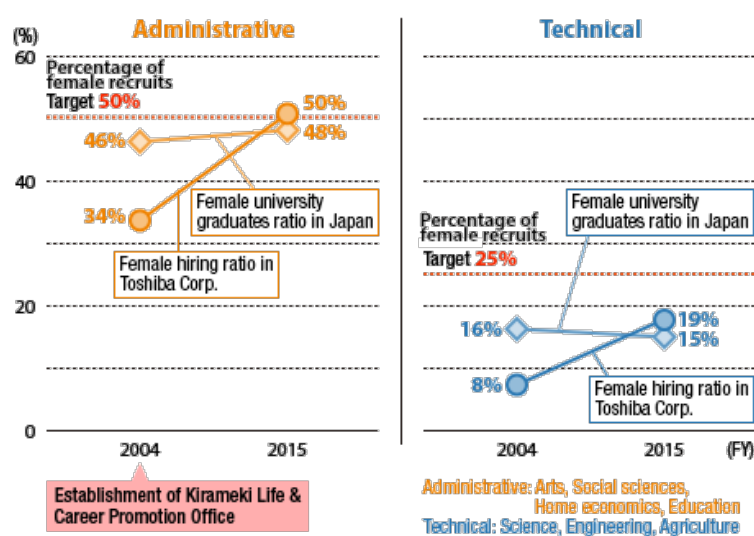
**Trends in the number/percentage of female managers  
(Toshiba Corp. , section manager level or higher)**



**Percentage breakdown of female managers (Toshiba Corp.)**

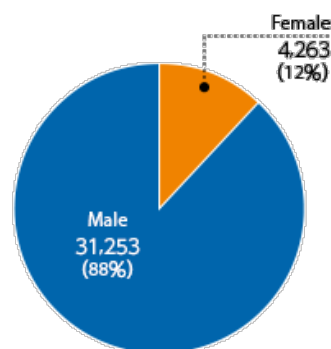
	FY2013	FY2014	FY2015
Percentage of female managers	3.8%	3.8%	4.1%
Section manager class	4.4%	4.5%	4.8%
Division manager class	3.0%	2.7%	2.9%

**Percentage of female recruits (Toshiba Corp.)**





## Composition of Employees (Toshiba Corp.)



As of the end of March 2016

## Key training systems and measures for promoting the career development of female employees

System/Measure	Overview
Career training for young female employees	<p>As of FY2015, career design training for all female employees in their third year since joining the company</p> <p>Program overview:</p> <ul style="list-style-type: none"> <li>Thinking about how to balance possible future life events and work</li> <li>Improving mindset via letters from supervisors</li> <li>Role model lectures from senior female colleagues</li> </ul>
Sending employees to cross-industrial exchange training for female employees	<p>We send female prospective leadership candidates to cross-industrial exchange training for female employees, to encourage them to widen their perspective, engage in networking, and improve their communication skills (initiated in FY2014, and participated in by young female employees from 7 cross-industry companies, including Toshiba).</p>
Awareness promotion training for top management	<p>A subject covering how to train and communicate with female subordinates has been included in the curriculum for mandatory training for persons promoted to manager (since FY2010, roughly 100 programs have been held with a total of over 3,000 employee participants).</p>
Seminar to support employees returning after childcare leave (for the relevant employee and supervisor)	<p>Since FY2015, we have conducted seminars for those scheduled to return to work after childcare leave, those who have already returned to work (as well as for the supervisors of such employees), to support their smooth return to the workplace. The seminars for the returnees require the attendance of their partner, in order to provide an opportunity to think together about balancing work and family.</p>



Group work at the career training for young female employees



Seminar by an external instructor at the cross-industrial exchange training for female employees

### Activity Example: Increasing the number of female science and engineering majors and provide support for development

As a manufacturing company, Toshiba Group engages in activities to increase the number of female students who choose to study science and engineering fields, and to support their development.

In October 2015, Toshiba Corp. held a "PC disassembly workshop" at Shinagawa Joshi Gakuin, an all-girls school in Tokyo. With the support of employee volunteers acting the role of disassembling experts, students actually took apart PCs and further learned how electrical products function. Our female engineers also interacted with female junior high students and helped them to create a vision for their future career.



A female engineer of Toshiba Corp. talking about the joy of manufacturing at a career event



PC disassembly workshop

## Recruiting More Non-Japanese Employees and Utilizing Them Effectively

As part of our diversity promotion program, we are increasing the recruitment of non-Japanese employees.

Since 2006, in addition to employing people who have studied in Japan as foreign exchange students, we have been carrying out our Global Recruitment Program in an effort to directly recruit students graduating from foreign universities.

After entering Toshiba, they play active roles in the various fields as sales, development and design. To facilitate their adaptation to life and work in Japan, we provide a wide range of life-related assistance as well as work-related support such as providing each non-Japanese employee with a mentor who provides them with guidance based on a tailor-made job skill improvement plan.

Since FY2011, we have conducted regular assessments of job duties and work environments in order to improve them, presenting good examples from other workplaces. In these assessments, global recruits and their superiors discuss what they each respectively regard as challenges, as well as good methods/means of encouraging foreign national employees to actively involve themselves in their workplaces. Training is also provided for managers and trainers in workplaces receiving those who are newly employed through global recruitment.

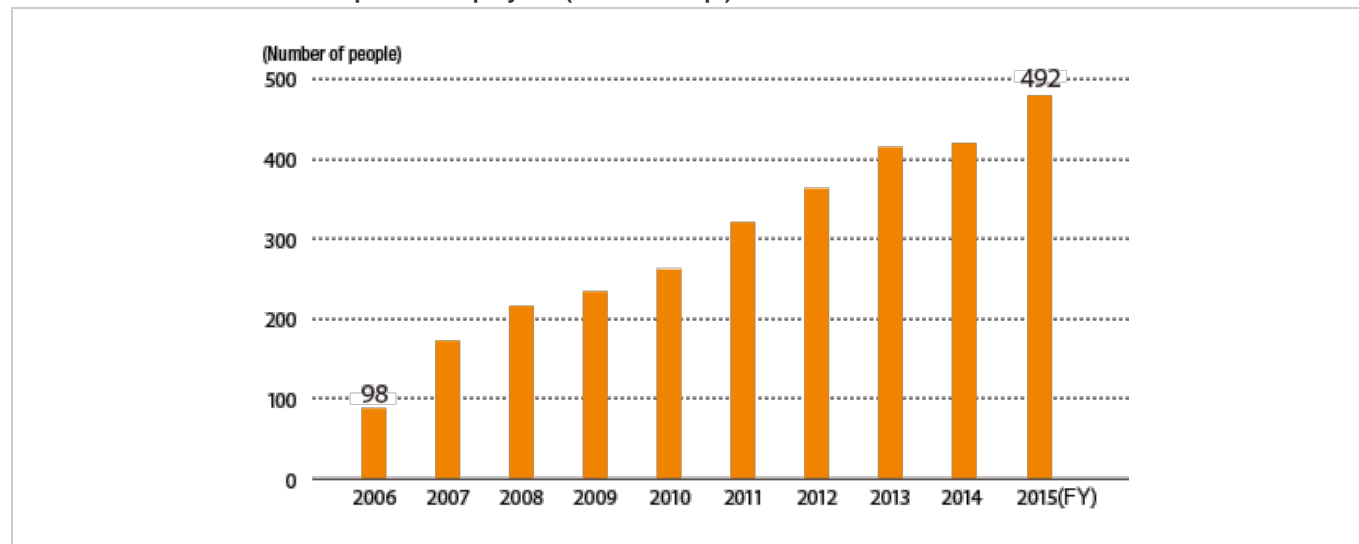
### Designating prayer rooms

Since FY2013, we have designated prayer rooms and prayer spaces in head quarter and some of our offices, to provide a work environment where employees from diverse cultural backgrounds can work comfortably.

## Portal site for assisting those involved with non-Japanese employees

We have set up a portal site on the intranet web page to assist those involved with employees who are foreign nationals. On the portal is basic information, knowhow and more on the subject of employing non-Japanese employees, training on understanding other cultures, and testimonials and case studies concerning accepting non-Japanese employees. This helps cultivate work environments where foreign national employees can work comfortably.

### Trends in the number of non-Japanese employees (Toshiba Corp.)



## Employment of People with Disabilities

As of April 1, 2016, the percentage of employees with disabilities has become 2.27% in Toshiba Group in Japan. We have also been making efforts to improve work environments for employees with disabilities. In FY2010, we established a network connecting seven divisions engaged in supporting people with disabilities, including Human Resources and Administration Division and the Design Center. This network has enabled us to devise and implement comprehensive measures to support such employees.

### Trends of the employment number of people with disabilities (incl. a special subsidiary company in Japan)

		April 2013	April 2014	April 2015	April 2016
Toshiba Group (Incl. Toshiba Corp.)	Number of people	2593.5	2584.5	2568.5	2392.0
	Percentage of Employment	2.24%	2.27%	2.26%	2.27%

## A Special Subsidiary Company Toshiba With

Toshiba With Corporation was established in February 2005 as a special subsidiary company, which, in accordance with Toshiba's basic policy, aims to employ people with disabilities. It was named "With" in the hope of creating an environment where people with and without disabilities can live and work together.

Currently, 25 employees, most of whom have intellectual disabilities, are working at five business sites of Toshiba Group.

In FY2013, Toshiba With was awarded the Toshiba Corporate Citizenship Award in "Social Contribution by Business" category for its contributions to society through business.

➤ [Toshiba With Corporation \(Japanese\)](#)



Clean-up activities by employees at Toshiba With

## Activity Example: Sign language club

Toshiba Group has been providing employees with a monthly sign language lesson, Toshiba Sign Language Club, since FY2009. At the club, employees with impaired hearing serve as instructors, teaching sign language to facilitate smooth communication and providing information to promote understanding of hearing disabilities. By the end of FY2015, approximately 4,000 people in total have participated in such lessons.

The sign language club members are engaged in activities outside the Company as well. In FY2015, 4 members took part in the PC Disassembly Workshop at School for the Deaf (Kawasaki, Kanagawa) between the ages of 13 and 18, and explained, using sign language, the proper use of tools, the functions of each part, recycling and other matters.



Employee with a hearing disability explaining how to disassemble a PC

We also cooperated with school support programs conducted by Minato Ward, Tokyo Prefecture, and conducted on-site lessons given personnel dispatched to the schools with the theme "Let's talk with people who can't hear," to teach elementary school children how to communicate with those who are hearing impaired.

## Active Utilization of Elderly People

In 2001, amidst the backdrop of the declining birthrate and aging of the society, we established a system to extend the employment of older employees until they reach age 65. Under this system, wage levels are determined according to skills and abilities and employees are expected to provide expertise and knowledge as seasoned professionals.

According to the revised Act on Stabilization of Employment of Elderly Persons enforced in April 2013, we have decided to extend employment opportunities to all persons reaching age 60 in April 2013 or thereafter if they so desire.

We will continue to actively encourage older employees to play active parts in their workplaces according to their work styles, needs, and skills.

# Work-style Innovation (WSI)

Toshiba Corp. is working on activities toward accelerating so-called work-life balance under the unique name of “Work-style Innovation (WSI).” WSI refers to a campaign aimed at creating a positive spiral, where employees work very hard and efficiently and also make the most of their private lives to rejuvenate and improve themselves so that they can add higher value to their work.

At Toshiba Group companies, each employee promotes activities to increase productivity by changing their working styles and methods.

## Reduction of Working Hours and Consideration of Scheduled Working Hours

In Toshiba Corp., the average total number of annual actual working hours per employee was 2,071 hours, and the average number of annual non-scheduled working hours per employee was 357 hours in FY2015. Toshiba is making the transition to a style of work that does not depend on overtime work, in order to allow the utilization of diverse personnel, and to promote WSI. We publicly disclose on our intranet site the efforts of each office aiming at reducing overtime work.

### Key systems and measures concerning working hours

System/measure	Overview
Flexible work system	Flextime system (used by approx. 95% of employees in the Sales, Development & Engineering Design, and Corporate Staff divisions)
Long Leave System	Employee can avail of a maximum of 20-day accumulated leaves for clear and meaningful objectives, such as self-development, social contribution activities, nursing, and also for treatment of non-occupational injuries and diseases, and other conditions including infertility.
“Family Day” initiatives and days set to leave the office at normal quitting time	In order to accelerate WSI and create time for employees to spend with their families, employees are prompted to leave work at the official quitting time at least two days during Japan's “Family Week” in November. Special announcements and after-hour patrols will be made to promote awareness during such days.
Enforcing an 8 pm lights-out	We extinguish the lights in working areas at 8 pm every day (enacted at the headquarters).
Annual Paid Vacation	For the employees' rejuvenation, Toshiba Corp. has been facilitating the planned use of annual paid vacation. In FY2014, percentage of annual paid vacation taken by union members was 83.7%.
Making working hours visible	Toshiba Corp. has introduced systems such as “Monitoring Display of Office-Stay Hours” (FY 2009), “Work Record Notification”(FY2010), and “Work Record Display”(FY2010) to increase transparency of working hours.
Addressing long working hours at Toshiba Group workplaces	We implement measures in various divisions and business sites to address the problem of long working hours, and publish case examples on our intranet site to spread good practice among departments (e.g. declaring target time (time of leaving work), forbidding employees from coming to work on Sundays, banning late-night overtime in principle, setting “focus hours,” and banning meetings outside normal working hours in principle).

### **Activity Example: Use of the system to make working hours visible**

In order to effectively monitor the working conditions of our employees, Toshiba Corp. launched a system that allows employees to visually monitor working hours on their computers (FY 2009). We also started using the systems called Work Record Notification and Work Record Display in order to ensure for employees and their superiors to pay constant attention to work hours (since FY2010).

The Work Record Notification system automatically sends an e-mail to each employee and their superior on the work record of the employee. The Work Record Display system indicates each employee's current work status with three signal colors (red, yellow, and green) to draw attention to overtime work hours.

## **Supporting employees in balancing work with childcare/nursing care**

Since 1990s, Toshiba Group has been supporting employees to balance their work and personal life. Starting in 2005, in accordance with the Law for Measures to Support the Development of the Next Generation, we have implemented various measures and systems, which surpass the legal standards, and continue to make them more adaptable and flexible.

In FY2014, we revised our Hourly-Unit Annual Leave system. Now employees can take leave on a quarterly hour basis instead of hourly when they take a leave over an hour.

### The Major Supporting Systems for Employees' Work and Childcare (Toshiba Corp.)

	System		Toshiba system	As required by law
Childbirth/Child-rearing	Childcare leave	Period	<u>Until the end of the month in which the child turns 3 years old</u>	Up to <u>1 year old</u> except when certain requirements are met
		Number of times	<u>Up to three times</u> per child	<u>Up to once</u> per child
	Paternity leave		Up to 5 paid holidays (100%) consecutively or separately, within 6 weeks of the birth	—
	Short-time shift	Target	Employees who are raising <u>children who have not yet completed elementary school</u>	Employees who are raising <u>children under three years old</u>
		Others	1) No limits to the number of times one can apply 2) Possible to combine with the flextime system 3) Can be set in 15-minute units	—
	Hourly leave system		Leave is available in 1-hour units. If more than one hour is taken at a time, however, employees may take leave in 15-minute units*1 for those over an hour.	—
Family care	Family care leave		Up to <u>365 days</u> in total per person requiring nursing care	Up to <u>93 days</u> in total per person requiring nursing care
	Hourly leave system		Leave is available in 1-hour units. If more than one hour is taken at a time, however, employees may take leave in 15-minute units*1 for those over an hour.	—
Returning to work	Subsidies for expenses	Allowance for raising the next generation	To be provided to each eligible child * The child being taken care of by the spouse of the applicant, who works for the other company, is also eligible for the allowance.	
		Welfare system "Teatime"	For child-rearing, nursing care, and the purchase of company products, points will be worth 1.2 to 1.5 times the value of normal points.	
	Mutual understanding program		The program offers the opportunity for employees to discuss future career plans and any necessary arrangements with their superior and HR personnel before taking a leave of absence or after resuming work, thus helping to reduce concerns of the employees who take such leaves.	
	Reemployment system (return to work system)		Established a system to reemploy employees who had to resign for the following reasons: 1) Resignation in order to accompany a spouse who has been transferred (within 5 years) 2) Resignation in order to provide nursing care for those requiring nursing (within 3 years) 3) Resignation for childbirth, childcare, and raising children (within 3 years)	

\*1 Until FY2013, leave was taken in 1-hour units

## Employee Participation of Diverse Working Style Options (Toshiba Corp.)

	FY2012	FY2013	FY2014	FY2015
Childcare leave	Male: 12 Female: 296	Male: 8 Female: 336	Male: 7 Female: 350	Male: 10 Female: 358
Paternity leave	Male: 423	Male: 384	Male: 359	Male: 372
Family-care leave	Male: 6 Female: 6	Male: 6 Female: 10	Male: 2 Female: 3	Male: 1 Female: 2
Short-time shift	Male: 9 Female: 409	Male: 9 Female: 417	Male: 10 Female: 438	Male: 9 Female: 456

### Activity Example: Male employees' active involvement in child-rearing

After my first child was born, I took six-months' childcare leave, thanks to which I was able to spend an extremely valuable time with the newborn baby and my wife.

The reason I used this system was that I wanted to watch, together with my wife, the many moments of development that a baby goes through before the age of one. Also, I thought that doing the baby care and housework together with my wife would deepen the love in our family and have a good influence on the baby's growth.

The childcare leave seemed like a long period before I took it, but when it was over it felt like a longish holiday. Thanks to the support of those around me, I was able to return smoothly to my work in developing software technology. I think the enriching feeling of having a new family increased my motivation for work.



Noriaki Ichida  
Industrial ICT Solutions  
Company  
Toshiba Corporation

### Activity Example: Our internal childcare center "Kirame-kids"

In an effort to support Work-style Innovation we opened an internal childcare center named "Kirame-kids Yokohama" on the premises of one of our business sites, Yokohama Complex in FY2011. The center, which has a large garden and abundant greenery, provides full-time high-quality childcare in a relaxed atmosphere and hosts various age-appropriate events for children throughout the year. In FY2015, a child graduated from the nursing program for the third time since the opening of the center.



Kirame-kids Yokohama



Handmade signboard



## Raising Awareness

In order to spread the concept of Work-Style Innovation and put it into practice, we raise awareness through various means such as training programs and distributing brochures.

### Key awareness-raising measures concerning Work-style Innovation

System/Measure	Target	Overview
Time management training	Toshiba Group companies in Japan	Learning how to work efficiently and managing subordinates' time, as part of training programs at based on levels.
Nursing care seminars	Toshiba Group companies in Japan	Nursing care seminars (held in FY2015 at 30 business sites)

### Informational materials concerning Work-Style Innovation

Title	Contents
"Easy! How-To Guide for our nursing care support system" (from FY2010 onward)	A handbook that provides information on the various plans supporting family/nursing care so as to help balance work and family care.
"Easy! How-to Guide for our nurturing support system " (from FY2008 onward)	An easy-to-understand brochure on systems designed to support working mothers and fathers from pregnancy through to their return to work, including necessary procedures (being distributed to eligible employees).

#### Activity Example: Nursing care seminar

Due to changes in family compositions and increase of two-income households, an increasing percentage of employees are expected to take care of elderly family members while working full time. In FY2012, Toshiba conducted a fact-finding survey on nursing care, which revealed a strong need for information on nursing care among employees. As a result, we held nursing care seminars by sites from FY2014.



Nursing care seminar at Tokyo HDQ

## Benefits

**Toshiba Corporate Pension Plan** : For our employees' lives after retirement, we have the Toshiba Corporate Pension Plan (defined benefit plan), in addition to their old-age pension from Japan's welfare pension insurance scheme. In October 2015, we also introduced a defined contribution pension, in order to improve employees' post-retirement funds still more.

**Teatime, a selective welfare system** : Toshiba offers a selective welfare system called "Teatime" under which employees can make choices according to their needs and receive subsidiaries from a wide range of welfare benefits. The system also covers support for childcare and nursing care, including costs for day-care centers, child-rearing, education, and nursing care.

## Occupational Health and Safety

It is vital for each and every employee to maintain and strengthen both his or her mental and physical health in order to shine and flourish professionally. This, in turn, is only possible in a safe and comfortable work environment. In line with the “Commitment to People,” Basic Commitment of the Toshiba Group, we place the top priority to human life, safety and legal compliance, and support employees’ OHS\*.

\* In this section, “Occupational Health and Safety” is abbreviated to “OHS”

### Medium- to Long-term Vision

Toshiba aims to provide a work environment where employees can create value and raise productivity while being free from risks and concerns.

#### Quantitative Target

**Percentage of companies that have acquired OHSAS 18001 certification:**

(FY2015, Manufacturing companies of Toshiba Group in Japan)

100%

### FY 2015 Achievement

Target: Prevention of serious accidents

Achievements:

**Percentage of companies that have acquired OHSAS 18001 certification:**  
(FY2015, Manufacturing companies of Toshiba Group in Japan)

100%

### Future Challenges and Approaches

While upholding OHS as one of our top priorities, we will continue to advance improvements to working environments, such as safety measures for equipment, and promote risk mitigation based on risk assessments, in order to build a safe and comfortable work environment. Moreover, we will continue to run programs that teach employees information and skills about health management, in programs such as factory line training for management, and the self-care education for all employees.

# Policy on OHS

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The Toshiba Group OHS Management Policy was established in April 2004 in response to the declaration of commitment to OHS by the top management with a goal of all employees sharing the commitment.

## **The Toshiba Group OHS Management Policy**

Toshiba Corporation is a global enterprise active in businesses centering on electronics and energy. We conduct all activities in accordance with the Basic Commitment of the Toshiba Group and our corporate philosophy, "Committed to People, Committed to the Future," and accord full respect to the culture and customs of the societies in which we operate. In our business conduct, we place the highest priority on human life, safety and legal compliance, and we make concerted efforts throughout our operations to create safe and healthful workplace environments.

1. We position OHS as one of the most important issues for management, and strive to prevent occupational injury and disease in the workplace and achieve continual improvement in OHS management.
2. We comply with legally mandated requirements as well as with other standards that relate to the Toshiba Group's OHS code.
3. We set objectives and targets and act decisively to achieve the:
  - (1) Eradication of occupational accidents and disease in the workplace, and the mitigation of risks that may cause such accidents and disease;
  - (2) Maintenance and promotion of physical and mental health in order to enable all employees to bring their individual capabilities into full play
4. We expect and support our suppliers and subcontractors to engage in to promote OHS in order to ensure the safety and health of everyone involved in Toshiba Group's business.
5. We proactively disclose our commitment to OHS and the results we achieve, in order to contribute to improve the standards of OHS management in the society.

# Promotion of OHS

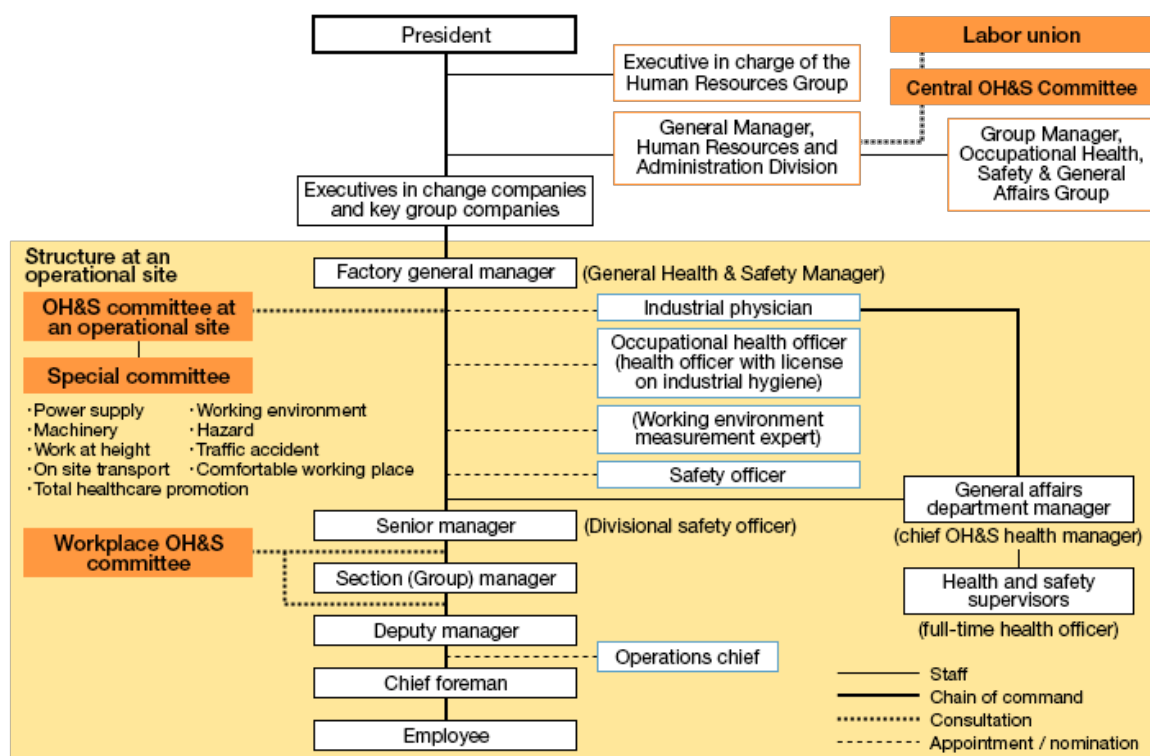
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The chart below shows the framework for the management of OHS across the Toshiba Group. Under the central guidance of the Human Resources and Administration Division, OHS activities fall within the management jurisdiction of each of the in-house companies and major Group companies and are developed at the level of operational sites (or individual Group companies). Statutory activities at each site (or Group company) include the appointment of dedicated OHS staff and the establishment of an OHS committee. Many sites and Group companies go beyond this to set up other autonomous OHS activities, such as specialist or workplace committees, which cater to the work process and the risk factors.

In order to laterally share information between Toshiba and Toshiba Group companies, we hold the Toshiba Group Health and Safety Supervisor Meeting. The Health and Safety Supervisors at Group companies and operational sites meet once a year, and report on matters such as the occurrence of work-related accidents and goals that are to be promoted across the group, as well as efforts to high priority issues and the activities undertaken at each site.

We also hold Central OHS Committee meetings to discuss issues and exchange views with the labor union and to improve the level of OHS management from the perspective of employees.

## Toshiba Group OHS Management Structure (as of April 2016)



## Toshiba's heritage of OHS activities

The history of Toshiba's OHS activities goes back to the days of Toshiba's predecessor, Tokyo Electric. In 1914, Toshibumi Gamo, then chief of general affairs, witnessed a tragic electrocution accident, and thereafter dedicated his life to safety-related activities. He became a central figure in Japan's safety movement, setting up the Association for Prioritization of Safety (Anzen Daiichi Kyokai) with Kakichi Uchida and others in 1917. The green cross that is used on safety flags in Japan is said to originally be designed by Gamo, and have been used as a symbol in the National Safety Week.

Toshiba Group has inherited this DNA and placed the top priority to employees' OHS. Thanks to the efforts made over the years, Toshiba Group's domestic occupational accident incidence (accident frequency rate) has remained below the average for the manufacturing industry in Japan.



Toshibumi Gamo

# OHS Management System

In FY2007, Toshiba Group introduced OHSAS 18001\*, an international certification standard for labor safety and health management system to its OHS management system and all manufacturing subsidiaries in Japan and major manufacturing subsidiaries overseas have been certified by external auditors. This visible OHS management system enables us to identify and assess OHS issues and make continuous improvements to reduce risks in accordance with legal compliance.

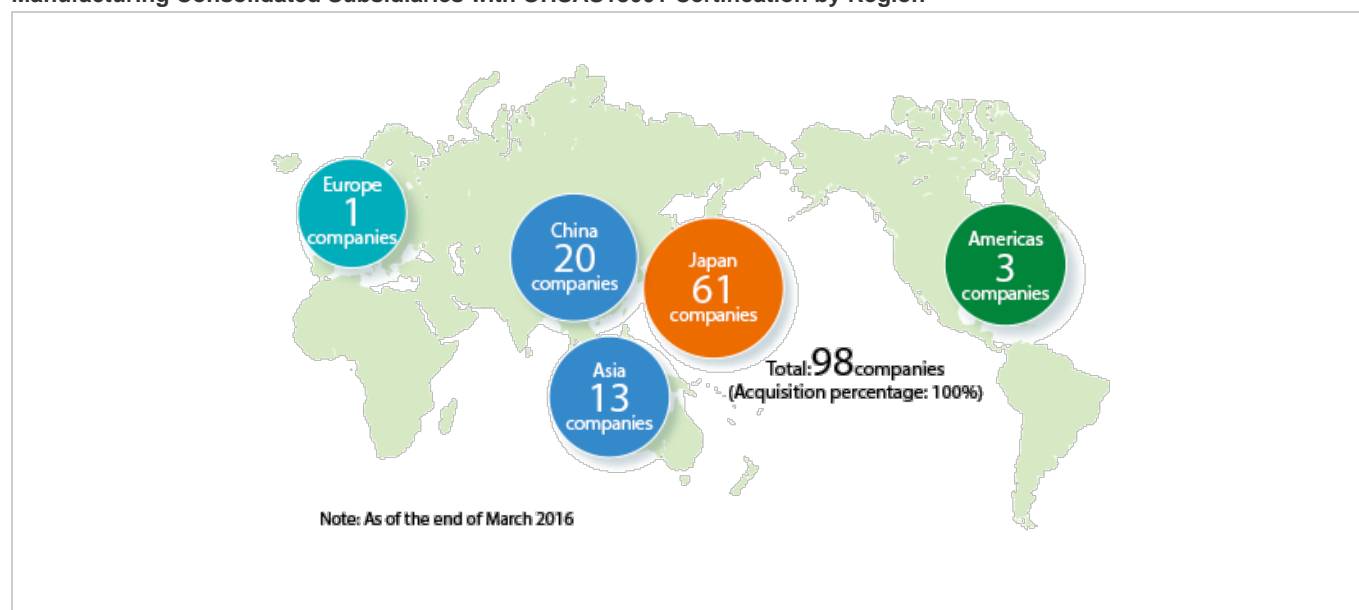
Since even before the introduction of this system, Toshiba Group has been striving to improve safety management through steady efforts of its organizations and individual employees in their daily activities. Among such efforts, small workplace groups undertake a variety of activities on an ongoing basis. These activities include workplace improvement programs, education and training for increasing risk sensitivity and activities to check whether appropriate practices are being carried out. By combining safety management based on employee networks with the OHSAS 18001-based management system, Toshiba Group will improve further its global safety management.

\*OHSAS 18001: OHS Assessment Series



OHSAS18001 Certificate of Registration

## Manufacturing Consolidated Subsidiaries with OHSAS18001 Certification by Region



# Raising Awareness and Education on OHS

## President's Messages to All Employees for National OHS Weeks

Every year, during National Safety Week in July and Occupational Health Week in October, Toshiba's President sends a message to all employees to share his unshakable determination to ensure OHS. Similarly, the top management at all business sites and all Group companies sends messages to all their employees and leads their own OHS initiatives.

## Toshiba Group OHS Congress

First held in 1975, Toshiba Group OHS Congress is held every December for the purpose of raising the level of OHS activities and generating greater awareness about OHS management. The main participants are management from Toshiba and Group companies, labor union representatives, and people in charge of OHS activities in Japan and the President's Award for Excellence is conferred to companies and operation sites that set an example for others for excellent OHS-related activities, as well as to small-group activity programs and improvement proposals. Since FY2008, the Congress has been integrated with the CSR Conference. Now the Congress is held globally and recognizes the efforts in OHS management made by overseas Group companies.

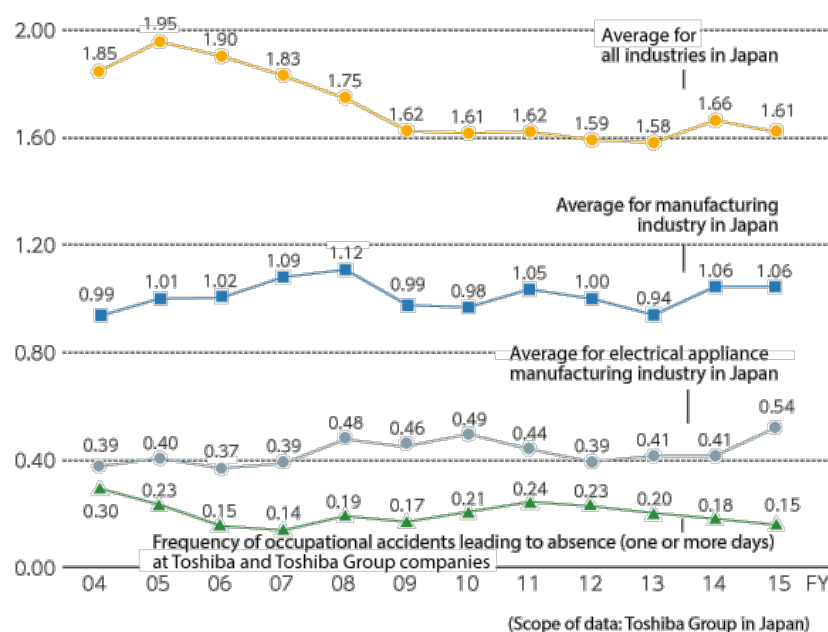
## Education on OHS

Toshiba Group endeavors to enhance our employees' understanding and skills in OHS. On top of the education required by the Industrial Safety and Health Act, we enforce education programs for employees who are newly appointed to OHS-related posts, and employees in mid-level, or practical training programs devised by each operational site.

## Occurrence of Occupational Accidents

The frequency of occupational accidents of Toshiba Group in Japan is much lower than the national average for the manufacturing industry. We will continue to implement further measures to prevent occupational accidents. In particular, we will place priority on the reduction of hazardous risks that could lead to serious injuries and diseases and conduct a risk assessment of all workplaces and tasks. Based on the results of this risk assessment, we will identify current and potential risks, review work methods, and will systematically take necessary measures to reduce and eliminate such risks as well as to improve facility and provide thorough training for employees.

### Frequency of Lost-Time Injury Frequency Rate at Toshiba Group in Japan



Note: Figures other than those for the Toshiba Group are calculated based on industrial accidents statistics issued by the Ministry of Health, Labor and Welfare.

# Ensuring Health Management

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Toshiba Group strives to raise employees' awareness of the importance of health and takes various measures to maintain their physical and mental health.

We have a system that centrally manages the results of medical checkups and medical interviews and use the data to provide health guidance and education. In addition, in cooperation with the Toshiba Health Insurance Association, we provide various services, such as mental health counseling by telephone and in person, to help each employee improve their quality of life.

Enhancing health management for employees who work abroad is also essential. Giving medical consultations before overseas business trips and provide health support based on the results of medical checkups for employees stationed in overseas offices are part of our efforts.

## Periodic Medical Checkup System

Toshiba Group operates its own system to support periodic medical checkups.

Employees can access the system over the intranet in order to complete questionnaires, change schedule for medical checkups / follow-up consultation, or view the results of medical exam. The changes in the results of medical checkups and issues related to lifestyle habits, such as diet; alcohol; smoking; exercise and mental health, are presented in charts and graphs and discussed with a physician at the consultation.

Industrial physicians and healthcare staff have constant access to medical checkup data and use them to formulate necessary health management programs.

## Interview Guidance for Employees Working Excessive Overtime

Toshiba Group is working to address the issue of long working hours by transitioning to a style of work that does not depend on overtime. On top of this, we're working hard to prevent work-related health problems by setting standards that exceed legal requirements; for example, employees who worked 80 hours overtime per month are required to receive health guidance from a physician (Interview Guidance for Employees Working Excessive Overtime).

## Overseas Medical Service Visits

In order to ensure our employees who work overseas to receive the same level of health management support as our employees in Japan, we have established a special division to provide health related services based on the results of each individual's medical exams. The services include providing employees and their family members consultation and information on local medical institutions, arranging emergency transport in line with each country's medical care system. Especially for those employees and their families who are located in parts of the world with inadequate medical care, we arrange periodic visits of industrial health specialists. The medical teams have been dispatched to countries and regions around the world, including Mexico, China, Taiwan, India, Indonesia, Thailand, Vietnam and some parts of Europe.



Overseas medical service visit to Toshiba Home Appliances Manufacturing (Nanhai) Co., Ltd.

## Mental Health

Toshiba was one of the first Japanese companies to address the issue of employees' mental health and have developed an advanced, comprehensive system of care to support our employees' work and daily life. In the future, we will enhance our programs based on the population approach (primary prevention) in addition to the high risk approach (the 2nd and the 3rd prevention) while encouraging each individual to consciously maintain their physical and mental well-being.

### Mental Health Care in Toshiba

#### 1. Workplace Care

Employees are encouraged to pay attention to their co-workers and talk to them in order to detect any unusual signs that imply poor health. This practice has become the norm in the workplace.

In order to raise health and safety awareness at each workplace, we have been promoting communication by holding periodic informal CSR workplace meetings.

#### 2. Self-care

A special magazine "Kenpo Information" published by Toshiba's health insurance association is one of the tools to promote awareness and education about mental health. We also distribute a self-care pamphlet called "Sounds Body Sounds Mind" and cover mental health related topics in various settings: workplace, female health, family, children, and elderly people.



Self-care  
Handbook

#### 3. Convalescence Support Program

In 2003, Toshiba became the first company in Japan to introduce a convalescence support program. It was revised in 2011 to facilitate employees to smoothly return to work after a lengthy absence due to mental health problems. Industrial physicians and occupational health nurses coordinate with the employee's doctor, workplace members and family to devise proposals for appropriate working hours, place and time.

#### 4. Employee Education

Since 1977 Toshiba has implemented the training of "listeners" for managerial ranks in response to the trend of times. At present, each site of Toshiba offers health-related self-care education programs to employees as well as courses for managers. An in-house training center provides optional management seminars on mental health-related topics. In FY2012, Toshiba introduced self-care e-learning programs to all Group companies to improve employees' healthcare knowledge and skills.

#### 5. On-site Health-related Consultation System

Industrial physicians and occupational health nurses at Toshiba respond to onsite health-related inquiries and coordinate with sites, households and medical institutions as required. They also respond to inquiries from workplaces as well as from individuals.

#### 6. Helpline for Mental and Physical Health

Toshiba offers an Employee Assistance Program (EAP) in conjunction with its in-house health insurance association to provide counseling for both mental and physical health issues by external specialists. The program ensures privacy of the individuals seeking help. Employee family members can also avail of the helpline.



## Method for Prevention of Brain, Heart and Lifestyle-Related Diseases

For introducing high risk approach (the 2nd and 3rd prevention), Toshiba Group has analyzed the results of regular health examinations according to a classification of jobs shared across all Group companies since FY2011. Based on the results of this analysis, the Group provides employees at high risk of developing brain and heart diseases with priority support, such as work management and health guidance.

In our programs based on the population approach (primary prevention), we set target values for improving lifestyle habits, and effect measures such as anti-smoking measures, and improvements to the canteen menu. In FY2014, we introduced a health-related education program for each age group, and support employees to maintain their health according to their stage of life.

### Activity Example: Healthy Lifestyle Support Website "Karatto"

Toshiba Group hosts a website designed to support improving of lifestyle habits and managing daily health by using the internet and mobile terminals. The website "[Karatto](#)" provides tips on developing healthier lifestyle and management of health on daily basis for employees and their families.

> ["Karatto"\(Japanese\)](#)

## Infectious Disease Countermeasures

Based on information released by the Ministry of Foreign Affairs concerning outbreaks of infectious diseases in foreign countries and their transmission, the Legal Affairs Division compiles the latest information on the matter and distributes it to the subsidiaries in the affected countries via the related divisions of supervisory in-house companies and major group companies in order to alert the employees on such risks.

Toshiba Group in Japan also provide orientation to employees assigned to work overseas and their accompanying families, on medical, safety, infectious diseases measurements and other lifestyle-related issues pertaining to the relevant country. Once the overseas assignment is confirmed, an orientation is held, including prior medical checkups and courses of vaccination.

New recruits in Japan are provided with booklets also containing information about HIV AIDS. Other awareness-raising programs also cover topics such as the prevention of HIV infection and the prohibition of unfair discrimination due to insufficient knowledge about the disease.

## OHS Management in the Supply Chain

Toshiba Group Procurement Policy was established in February 2005, which outlines Toshiba Group's procurement policy and CSR-related requirements. Toshiba Group requests suppliers to consider human rights, labor, OHS in their operations as well as environmental issues such as green procurement. We explain and request all our suppliers to comply with the Toshiba Group Procurement Policy.

- > [Toshiba Group Procurement Policy](#)
- > [CSR Management in the Supply Chain](#)

## CSR Management in the Supply Chain

In order to fulfill CSR in regards to human rights, labor, and the environment in cooperation with suppliers, Toshiba Group continues to ensure that its suppliers are also committed to improving working conditions and reducing their environmental impact.

### Medium- to Long-term Vision

Contributing to solving social issues in our supply chain through appropriate procurement transactions

- Full notification of our procurement policy to our suppliers
- Obtaining consent for the Toshiba Group Procurement Policy from new suppliers

**100%** of our new suppliers

- Keeping track of supplier activities, and advising on improvement

### FY 2015 Achievement

- Holding training sessions for suppliers :
  - Explaining the Toshiba Group Procurement Policy
  - Explaining the UN Global Compact and the EICC Code of Conduct, which are stipulated in the Procurement Policy
- Surveys of suppliers and providing instructions for improvement :
  - Checks of compliance status regarding environmental laws and regulations in China
  - CSR self-assessment (EICC Self-Assessment Questionnaire)

### Future Challenges and Approaches

We will continue to request that new suppliers consent to the Toshiba Group Procurement Policy, and to strengthen our measures to monitor and support suppliers' compliance with the policy.

We will also educate our procurement employees about important CSR issues, such as compliance and handling conflict minerals, so that they can instruct and support our suppliers.

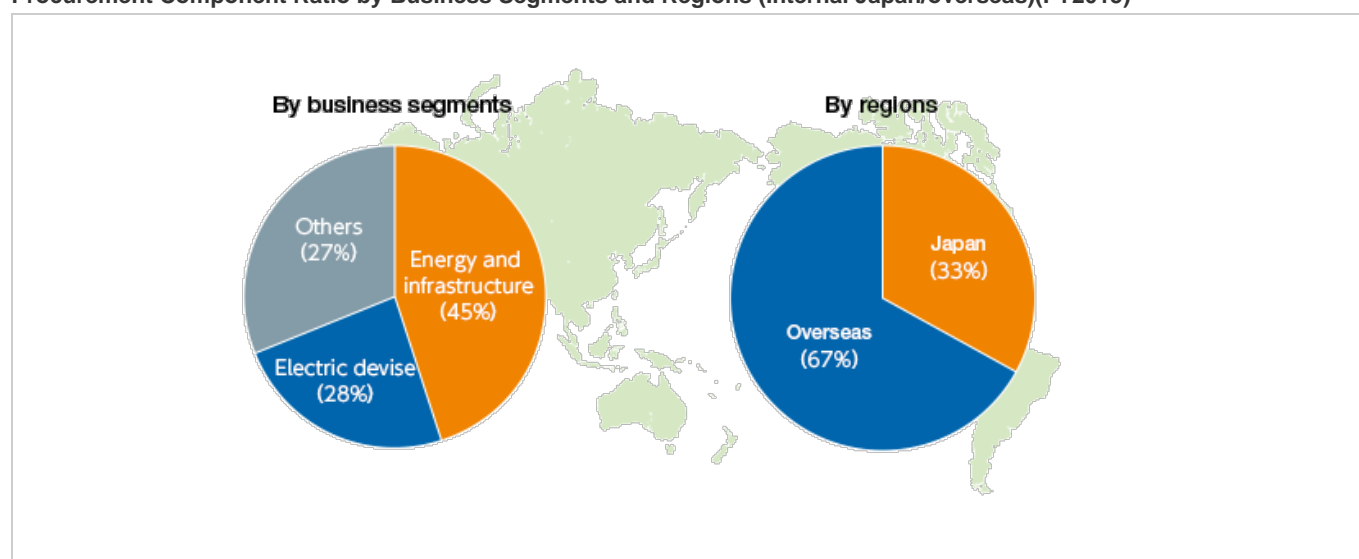
# Toshiba Group's Supply Chain

Toshiba Group procures a variety of raw materials and resources from suppliers all around the world.

In terms of the composition ratio of our procurement by business sector, energy and infrastructure accounts for 45% of our procurement costs, while electric device account for 28%. By region, overseas suppliers account for 67% of the total expenditure.

In our efforts to fulfill our CSR throughout our supply chain, Toshiba Group takes a risk-based approach that gives importance to suppliers with whom we have a continuing business with, and that takes into account factors particular to the business sector and region.

**Procurement Component Ratio by Business Segments and Regions (Internal Japan/overseas)(FY2015)**



## Toshiba Group Procurement Policy

Toshiba Group strives to build sound partnerships with suppliers through fair trading in compliance with procurement-related laws and regulations.

We request all our suppliers, who play an important role in the Toshiba Group companies' production and services, to understand and put into practice the Toshiba Group Procurement Policy. Whenever the contents of the said Policy are revised in keeping with social conditions, we inform all our suppliers both inside and outside Japan.

In addition to this Procurement Policy, we have set [the Toshiba Group Green Procurement Guidelines](#) in order to address environmental issues and [the Toshiba Group Conflict Mineral Policy](#) in order to address conflict minerals. We also have the Toshiba Group Standards of Conduct for our Group officers and employees.

Our corporate policy is to fulfill our CSR through fair trade and compliance with laws, regulations and social norms, as well as to build relationships of mutual understanding and trust together with our suppliers.

## The History of the Revision of the Toshiba Group Procurement Policy

Time	Contents
Feb 2015	We established the Toshiba Group Procurement Policy, and requested that our domestic and overseas suppliers comply with laws, regulations and social norms, give proper consideration to the environment etc.
May 2008 Revision	We expressly informed our suppliers of our policy on giving consideration to human rights and OHS, and requested that they apply the policy's standards to their own procurement activities.
May 2012 Revision	<ul style="list-style-type: none"> <li>We declared that we give priority consideration to suppliers who comply with laws, regulations and social norms and whether they take account of human rights, when selecting new suppliers and renewing contract.</li> <li>We requested that our suppliers comply with our policy to prohibit bribery to any stakeholders (taking into account international anti-corruption regulations such as the UK's Bribery Act), human trafficking or slavery (taking into account the California Transparency in Supply Chains Act in the USA), and the use of conflict minerals (taking into account Dodd–Frank Wall Street Reform and Consumer Protection Act).</li> </ul>
Oct 2014 Revision	In the Procurement Policy, we expressly requested the promotion of activities that are in keeping with the principles of the United Nations Global Compact (UNGC) and the EICC (Electronic Industry Citizenship Coalition) Code of Conduct Toshiba is a member of these initiatives.

- [Toshiba Group Procurement Policy](#)
- [Toshiba Group Green Procurement Guidelines](#)
- [Toshiba Group Conflict Mineral Policy](#)
- [Toshiba Group Standards of Conduct 3. Procurement](#)

## Cooperation with Industry Organizations

In order to drive forward its CSR management in the supply chain in accordance with global standard, in June 2011, Toshiba joined the Electronic Industry Citizenship Coalition (EICC), the electronics industry's CSR promotion organization.

In order to fulfill CSR for labor, occupational health and safety, the environment, and ethical standards throughout the supply chain, we take measures in accordance with the spirit of [the EICC Code of Conduct](#).

In FY2015, we held an EICC seminar, which was attended by 152 peoples from suppliers and Toshiba Group companies.

In the seminars, we explained Toshiba Group Procurement Policy on CSR in the supply chains and its status of the implementation as well as CSR global standard to share the same understandings.

We also requested our suppliers in Japan and overseas to perform CSR self-checks in accordance with the EICC Code of Conduct and confirmed each company's implementation status, in terms of compliance with laws and regulations, human rights, occupational health and safety, and consideration on environment.



- [EICC Membership](#)

# Promotion of the Supply Chain Management

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In April 2007, Toshiba Group set up an organization dedicated to promoting CSR procurement within the procurement department at Toshiba's Head Office, which works to promote fair dealings with all our suppliers as well as CSR management in the supply chain.

The organization coordinates with various business divisions and related divisions such as the CSR office and the Environment office.

## Training procurement employees

Compliance training of various types, such as training on the Toshiba Group Standards of Conduct and the Toshiba Group Procurement Policy, is included in our training programs for procurement personnel at all organizational levels, including the training program for new employees.

# Thorough Implementation measures based on the Toshiba Group Procurement Policy and its monitoring

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## Thorough Implementation measures based on the Procurement Policy

We request suppliers to consider CSR in accordance with Toshiba Group Procurement Policy. In FY2014, we revised the Policy and included expectations for our suppliers to act in accordance with the UN Global Compact and the EICC Code of Conduct and requested some 10,000 suppliers (cumulative numbers\*) to abide by this revised content, and got consensus from them. In FY2015, we explained the policy to our suppliers and got their consensus, also held a seminar for suppliers which explained the EICC Code of Conduct and our procurement policy.

\* As Toshiba Group companies conduct surveys based on each contract, we count only one contract in the case multiple contracts are concluded with one supplier. Additionally, the company numbers are approximate due to there being commercially sensitive information.

➤ [Toshiba Group Procurement Policy](#)

## Monitoring

Toshiba Group monitors the status of CSR management in the supply chains that have ongoing businesses at manufacturing sites at the time of quality audits and requests improvements and provides guidance as necessary. For new procurement transactions, we check the supplier's conformity with Toshiba Group's procurement and selection policies, its manufacturing sites and management structure, and whether it complies with laws and regulations on environment, human rights, and occupational health and safety. In FY2015, we checked the compliance status of our Chinese suppliers regarding Chinese environmental laws and regulations.

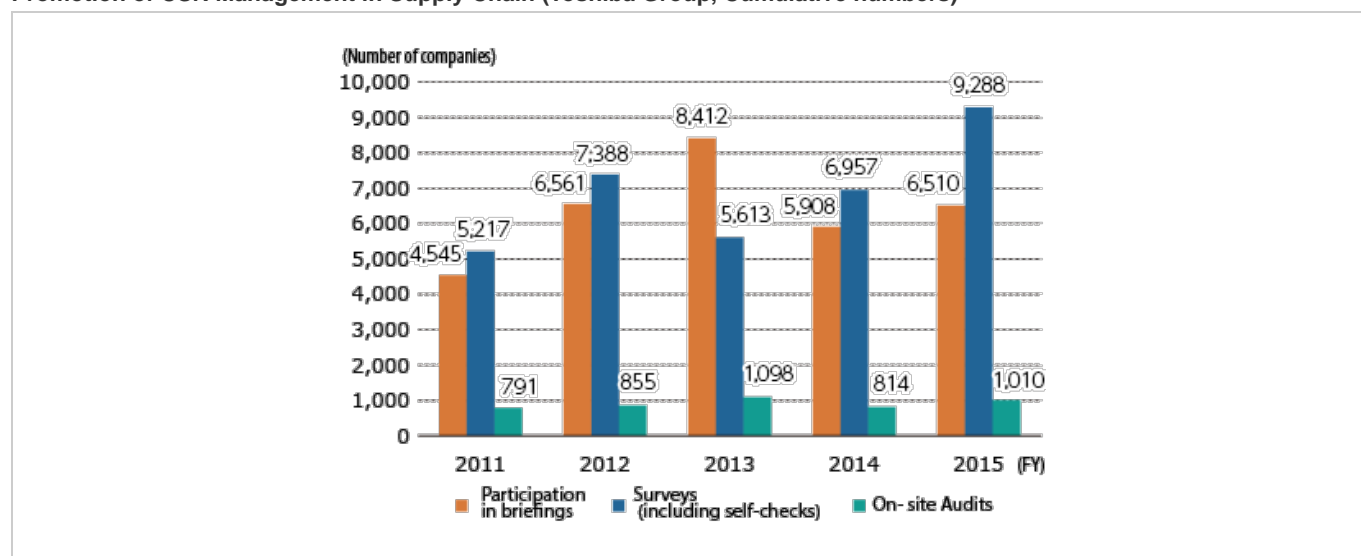
Toshiba Group holds briefings to explain to suppliers its policies on the environment, human rights, and occupational health and safety. We also conduct supplier surveys to monitor their performance in accordance with the Toshiba Group Procurement Policy (including self-assessment) at each business site.

**Suppliers participating in briefings and those covered by the survey  
(FY2015, Toshiba Group, Cumulative numbers)**

Topic	Participation in briefings	Surveys*	On - site Audit*
Human rights Safety	3,172	1,492	313
Environment	3,338	7,796	697
Total	6,510	9,288	1,010

\*The survey includes self-inspections using the EICC SAQ (Self-Assessment Questionnaire), third-party audits, and surveys/audits using our own standards.

**Promotion of CSR Management in Supply Chain (Toshiba Group, Cumulative numbers)**



## Actions on Suppliers in the Event of Breach of the Procurement Policy

If a supplier violates the procurement policy, we request the supplier to implement remedial measures and provide guidance and support as necessary. If the remedial measure is deemed to be unsatisfactory, we suspend transactions with the supplier.

**Suppliers subject to guidance & support and suspension of transactions  
(FY2015, Toshiba Group, Cumulative numbers)**

Topic	Guidance and Support	Suspension of transactions
Human rights Safety	79	4
Environment	821	4

**Examples of supplier guidance and instructions (FY2015)**

Environmental Activities	<ul style="list-style-type: none"> <li>Guidance on methods to measure noise and vibrations</li> <li>Guidance on how to preserve waste materials</li> </ul>
Human Rights and Occupational Health & Safety	<ul style="list-style-type: none"> <li>Guidance on how to preserve hazardous materials</li> <li>Instructing smelters to obtain conflict-free verification*</li> </ul>

\*Conflict-free verification: a system by which a third-party organization verifies that an organization is conflict-free; i.e. does not use conflict minerals

## Major survey items during the audit of outsourced Toshiba-brand manufacturers

Category	Survey items
CSR management at the companies audited	<ul style="list-style-type: none"><li>• Labor disputes</li><li>• Communication with employees</li><li>• Labor agreements and working hours</li><li>• Workplace safety</li><li>• Employee health conditions</li><li>• Environmental initiatives such as the acquisition of ISO14001 certification</li></ul>
CSR management with regard to the supply chain of the companies audited	<ul style="list-style-type: none"><li>• Adoption of CSR policy that encompasses consideration for human rights, labor conditions, and the environment;</li><li>• Communication of the CSR policy to suppliers and their status of compliance with the policy;</li><li>• Regulations concerning plant wastewater and air emissions</li></ul>

## Partnerships with Suppliers

Toshiba Group strives to build with our suppliers partnerships founded on mutual trust. We are working to improve these partnerships by supporting our suppliers and organizing awareness-raising activities. We do this so that our suppliers can provide a reliable supply of high-quality, appropriately priced goods that give consideration to labor conditions, OHS and the environment.

### Activity Example: Initiatives at Toshiba Information Equipment (Philippines), Inc.

In 2002, Toshiba Information Equipment (Philippines), Inc. (TIP), a production base for hard disk drives, became the first Asian company to acquire SA8000\*1 certification. TIP not only objectively listens to its employees' opinions in order to improve its work environment but has also spread this initiative to its suppliers. In order to enhance CSR management at its suppliers, TIP continues to implement monthly audits (12 suppliers per year). To date, a total of 161 audits have been conducted since 2005, when such audits began. TIP confirms the status of CSR initiatives at suppliers in accordance with the Toshiba Group Standards of Conduct, Toshiba Group Procurement Policy, SA8000 and OHSAS18001\*2

standards, EICC Code of Conduct, and other guidelines. If suppliers fail to satisfy these standards, TIP demands corrective actions be taken and provides guidance and support for improvement.

Major problems identified for improvement during audits include those related to labor conditions (e.g., working hours and holidays) as well as health and safety management in the workplace. Going forward, TIP will continue to support its suppliers in promoting CSR initiatives so as to establish long-term partnerships through auditing and guidance.

\*1 SA8000 refers to a set of international standards established by Social Accountability International for evaluating work environments.

\*2 OHSAS18001 (Occupational Health and Safety Assessment Series) is a set of standards for identifying occupational health and safety risks as well as measures to cope with the same, and it also serves to clarify where responsibilities lie.



Auditing of suppliers

### Activity Example: Participating in the supplier CSR promotion program of the department of labor and employment in the Philippines

Toshiba Information Equipment (Philippines), Inc. (TIP) is promoting the KAPATIRAN supplier partnership program, which was introduced in 2011 by the Philippine Department of Labor and Employment. This program aims to create a system in which large companies ("Big Brothers") guide and help small and medium enterprises ("Small Brothers") to be compliant with general labor standards including occupational safety and health standards. TIP was the country's first electronic company that participated in the program.

Based on the program, TIP selects 10 companies from among its suppliers each year and educates and supports these companies for a period of one year. When the program is over, TIP submits a report to the Department of Labor and Employment. In addition to on-site training, TIP also invites external instructors for a variety of training programs. Through this program TIP support its suppliers in promoting CSR management and also establishes strong partnerships with them.



Training for a supplier

➤ [Highlights of CSR Activities in 2014: Materialities and CSR management in the supply chain Annual topics](#)

## Addressing the Conflict Minerals Issue


Since Section 1502 on conflict minerals of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) enacted in January 2013, companies listed in American Exchange are required to report on the use of conflict minerals mined in the Democratic Republic of the Congo and its adjoining countries. Toshiba Group is not a listed company, however, as a part of the supply chain of listed companies, is obliged to investigate and report to our customers.

Prior to the enactment of the Act, Toshiba Group organized an internal system to address conflict minerals issues, and established the Toshiba Group Conflict Mineral Policy and publicized it on its website in October 2011. For humanitarian reasons, Toshiba Group's policy prohibits the use of raw materials such as tin, tantalum, tungsten, and gold mined in the Democratic Republic of the Congo and its neighboring countries which violate human rights.



## Toshiba Group Conflict Mineral Policy

We are developing and implementing a policy prohibiting use of tin, coltan, wolframite, tantalum, tungsten\*1, and gold, whose extraction or trade supports conflict in the Democratic Republic of Congo or adjoining countries, and/or contributes to inhumane treatment, including human trafficking, slavery, forced labor, child labor, torture and war crimes in the region.

- We will manage our supply chain appropriately in accordance with  the OECD (Organisation for Economic Co-operation and Development) Due Diligence Guidance (PDF:3.5MB) for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
- We will carry out our due diligence with our supply chain using the EICC-GeSI\*2 Conflict Minerals Reporting Template (CMRT) developed by EICC and GeSI.
- Once a validated supply chain is established through initiatives such as full-fledged smelter verification under EICC-GeSI's Conflict-Free Smelter (CFS) Program or development of a mineral tracing program, we will procure minerals through such validated supply chain.
- Our efforts are not intended at altogether banning procurement of minerals from the DRC and adjoining countries but to assure sourcing from responsible sources in the region.

We request our suppliers to cooperate with us in our efforts to assure procurement of non-conflict minerals in accordance with the Toshiba Group Conflict Mineral Policy.

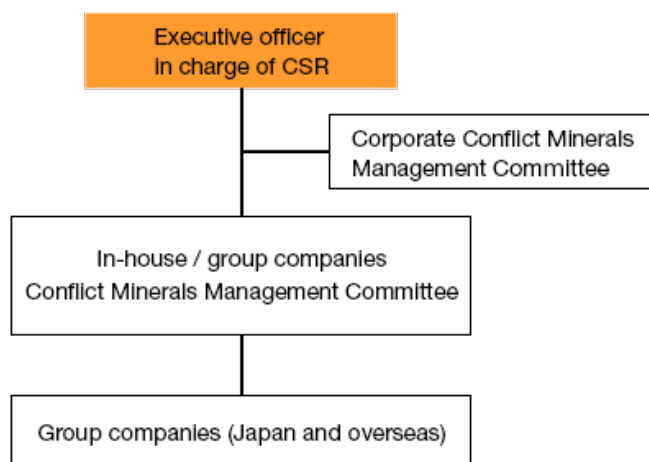
\*1 Derivatives of cassiterite, coltan and wolframite

\*2 Global e-Sustainability Initiative (an initiative for achieving integrated social and environmental sustainability through ICT)

## Toshiba Group's Promotion Structure for the Use of Conflict-Free Minerals

Headed by an Executive Officer in charge of CSR, the Conflict Minerals Management Committee consisting of related corporate divisions promotes activities in accordance with the Toshiba Group Conflict Mineral Policy Guidelines. Each in-house company appoints a person responsible for conflict minerals and they share information at the In-house Conflict Minerals Management Committee meetings.

### Toshiba Group's Promotion Structure for the Use of Conflict-free Minerals



## Conflict Minerals Survey

In FY2011, we conducted a survey of Toshiba Group suppliers on their understanding of conflict minerals and the use of them as well as on details about the smelters.

In June 2013, we started a survey using EICC/GeSI Conflict Minerals Reporting Template (CMRT). We surveyed 1,800 suppliers that might use 3TG\* in FY2015.

We also participated in JEITA's Conflict Minerals Inquiry Briefings as a presenter. We explained to approx. 800 participants about the current state of the conflict minerals issue, and about how to survey and collect information about specific smelters.

JEITA HP :

 [JEITA Conflict Minerals Inquiry Briefings \(English\) \(PDF:326KB\)](#)

\* Tin, tantalum, tungsten, and gold

## Cooperation and communication with external organizations

In order to solve the issue of conflict minerals, and to promote the practice and awareness of conflict-free procurement, we actively join industry organizations and public-private partnership projects, as well as engaging in communication with NGOs.

### Key examples of external cooperation and dialogues regarding conflict minerals

Organizations and Projects related	Toshiba Group Activities
EICC*1	Joined in June 2011
CFS*2	Participate in meetings and workshops as a member
JEITA*3 Responsible Minerals Trade Working Group	Joined in November 2011 and promote the cooperation with industry organizations.
	Joined the Conflict Free Sourcing Working Group within the Responsible Minerals Trade Working Group in May 2014, and has worked to promote and raise awareness of conflict-free minerals procurement in cooperation with the automobile and electrical industries of Japan.
	As a member of this working group, issued a document to smelters which have not got Conflict-Free Certification demanding to comply certification program
PPA*4	Contributing to efforts to cut off sources of funding for armed groups and provide economic support to the Democratic Republic of the Congo and its neighboring countries since November 2011.
US NGO Enough Project*5 and Japanese NGO A SEED JAPAN*5	Exchanged views in February 2012
US NGO Responsible Sourcing Network*5	Joined a CSR mission to the U.S. organized by the CBCC*6 and held dialogues in February 2014
Japanese NGO A SEED JAPAN	Exchanged views in January 2015

\*1 Electronic Industry Citizenship Coalition

\*2 Conflict Free Sourcing Initiative

\*3 Japan Electronics and Information Technology Industries Association

\*4 The Public-private Alliance for Responsible Minerals Trade, a public-private project advocated by the U.S. government.

\*5 NGOs working on Conflict Minerals issues

\*6 Counsel for Better Corporate Citizenship

➤ [JEITA Responsible Minerals Trade Working Group](#)

 [Toshiba Group Conflict Minerals Initiatives \(PDF:178KB\)](#)

# Green Procurement/Green Purchase

## Green Procurement

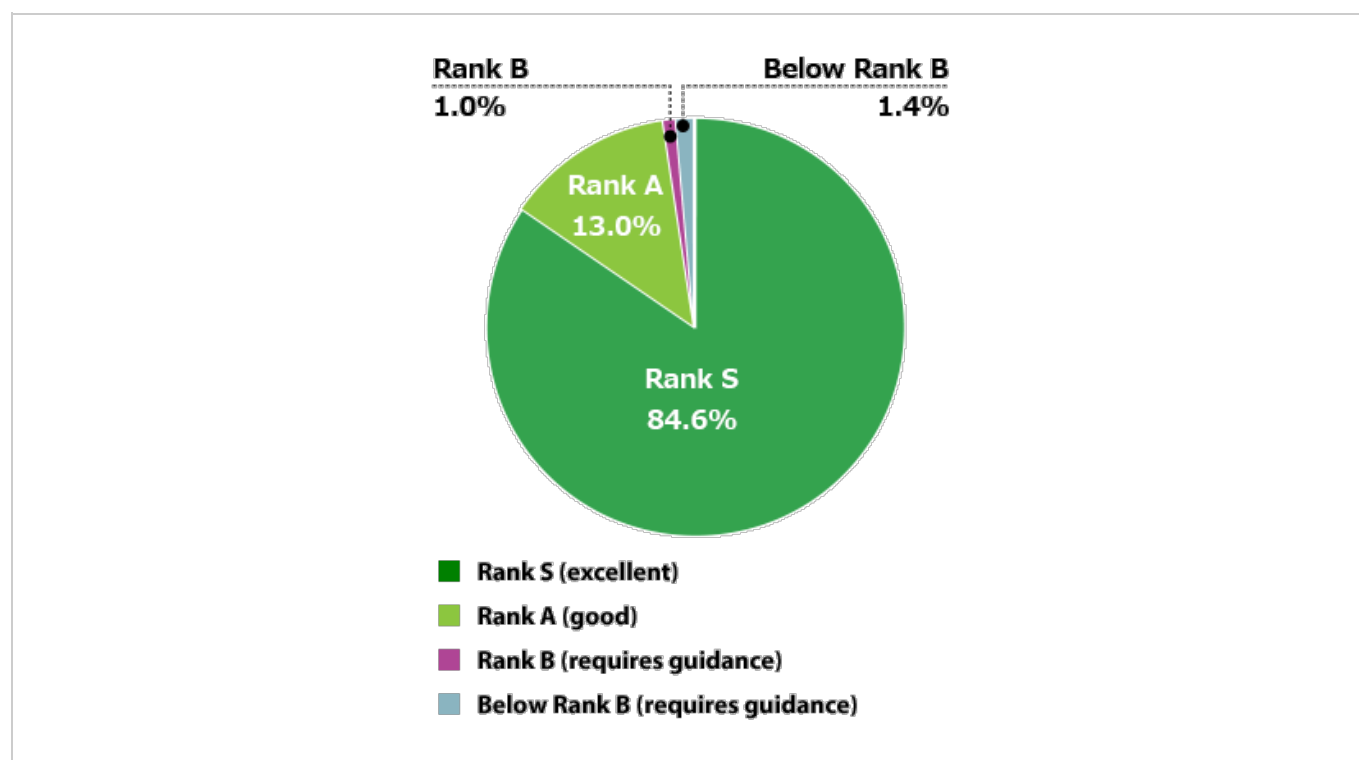
Toshiba Group promotes green procurement as a part of our environmental considerations in the manufacturing processes. Following our Green Procurement Guidelines established in 1999, we endeavor to procure products, parts and materials that have a low environmental impact from suppliers who actively promote environmental protection. We revise the Green Procurement Guidelines whenever necessary in order to respond to circumstances such as stricter regulations on chemicals contained in products. We published Ver.4.1\* of our Green Procurement Guidelines in February 2015 by adding Endosulfan, hexabromocyclododecane, certain polycyclic aromatic hydrocarbons, 4-phthalate ester, and the Rank B substances (substances requiring control) to the list of environment-related substances.

We ask our suppliers for their understanding and cooperation regarding green procurement, evaluate their environmental performance, and conduct inquiries and assessments of chemical substances contained in the goods procured.

With regard to the environmental performance, we conduct a voluntary assessment of the level of greenness of suppliers (Toshiba standards) based on the environmental standard ISO 14001. In selecting suppliers, we accord priority based on the ranks of the suppliers and also urge them to improve their level of greenness.

➤ [Green Procurement Guidelines \(English, Japanese and Chinese\)](#)

**The level of greenness of suppliers during FY2015 was 97.6%**  
(includes Rank S and Rank A)



## Green Purchase: Stationery and Other Office Supplies

With regard to procurement of stationery and other office supplies, Group companies strive to select procurement items that have lower environmental impacts. For example, environmentally conscious products such as Eco Mark certified products, products made of recycled materials, recyclable products, and products that can be separated for collection are registered as environmentally recommended products for procurement by Toshiba Group.

We are implementing green procurement for personal computers, copiers, copier paper, stationery and other office supplies.

➤ [Green Procurement Guidelines \(English, Japanese and Chinese\)](#)

## Reducing CO<sub>2</sub> Emissions in the Supply Chain

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Toshiba Group endeavors to keep track of and calculate the total amount of GHG\*1 emissions throughout the supply chain. We use a calculation method based on the guidelines released by the Ministry of the Environment\*2, calculate the amount of emissions in every category, then compare the values with the previous year's by category.

We consider the promoting of effective measures throughout the life cycle to be important. We do this by ascertaining the amount of emissions used in such a way, quantitatively and by category.

\*1 CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>

\*2 Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain

➤ [Environmental Activity: Ensuring transparency of supply chain GHG emissions from corporate activities in all categories](#)

## Quality Control

Toshiba Group aims to contribute to society by providing safe, reliable and high-quality products and services that satisfy our customers. In this endeavor, we adhere to the Group management principles, which are based on respect for people, observe relevant laws and regulations, and focus on our customers first and foremost.

### Medium- to Long-term Vision

Our aim is to develop personnel on a global scale who can contribute to improving product quality.

#### Quantitative Target

Holding and Enhancing training related to quality awareness

Domestic:

- Hold 21 training programs at Toshiba's in-house training center etc.

Overseas:

- Hold seven training 9 programs at 7 sites.

(FY2016)

### FY 2015 Achievement

- Conducted product quality training (7 programs) in China, attended by a total of 307 people. The trainers have been replaced with local staff trained at Toshiba.
- Three new product quality programs commenced in Vietnam (October) and Malaysia (November), attended by a total of 273 people.

### Future Challenges and Approaches

As we localize more production in China and other Asian countries, we will strive to improve product quality even further, enhancing our development of personnel by expanding our training programs related to quality awareness on a global scale.

## Quality Control Policy

Based on Toshiba Group Quality Control Policy, our biggest mission is to provide our customers with safe and reliable products, services and systems, and we are working to improve the quality from our customers' point of view. By increasing our sensitivity to potential risks and dealing with them swiftly, we strive to eliminate product accidents and provide unrivaled customer satisfaction.

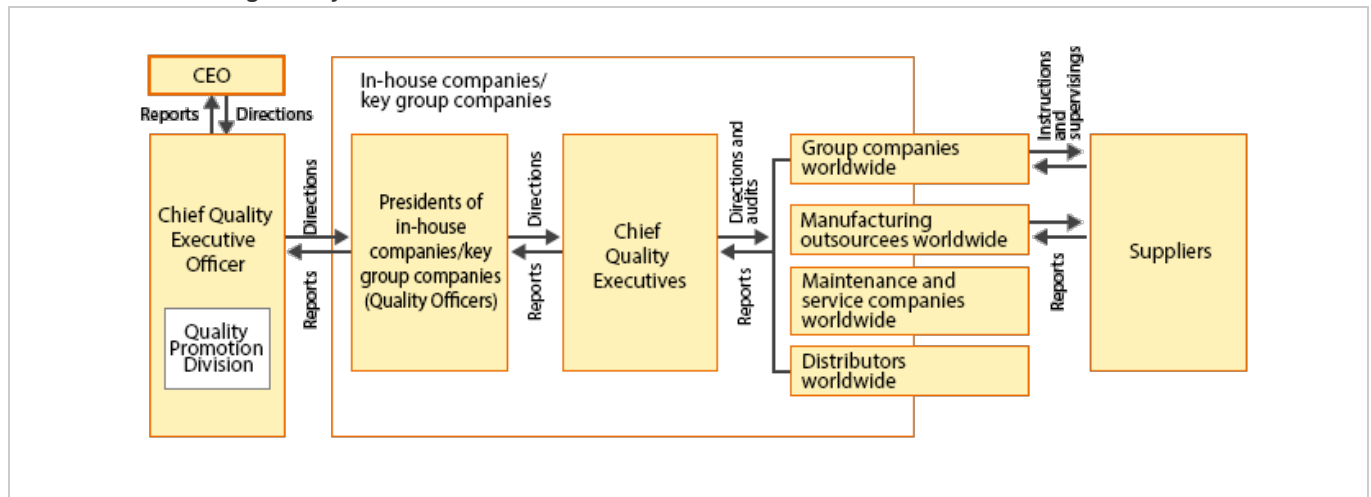
### Toshiba Group's Basic Policy on Product Assurance: Standards of Conduct

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

## Structure of Promoting Quality Control

Under the global quality control structure, the Chief Quality Executive Officer is responsible for quality control throughout the Group, while Chief Quality Executives are in charge of quality control within in-house companies and key group companies. The Chief Quality Executive Officer convenes periodic meetings to develop policies and discuss quality control measures with the Chief Quality Executives, who are responsible for providing guidance and conducting audits of factories, suppliers, maintenance and service companies and manufacturing outsources worldwide to enhance the quality level throughout product life cycles, from development and production to final disposal and recycling.

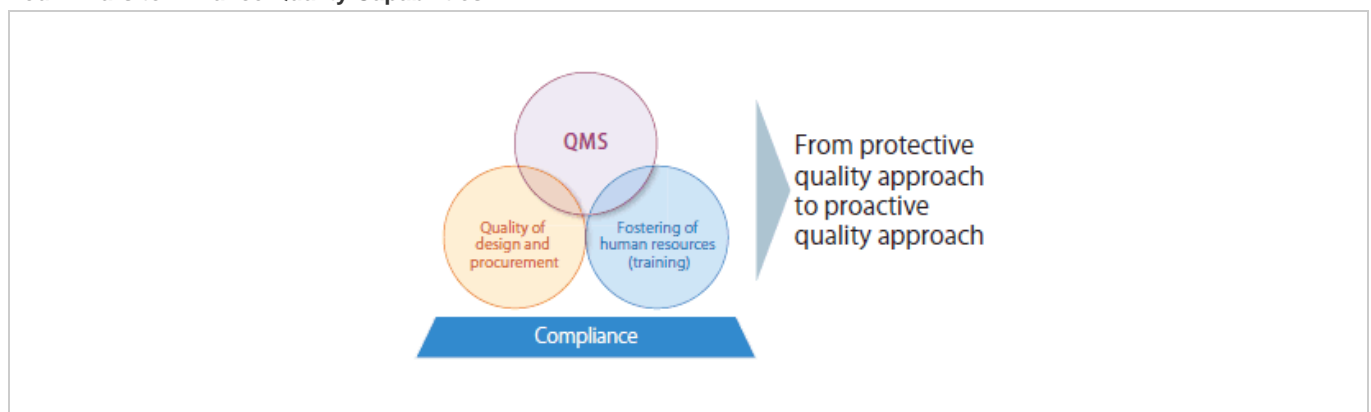
### Structure of Promoting Quality Control



## Initiatives Aimed at Enhancing Quality Capabilities

Toshiba Group takes a proactive approach instead of a protective one to strengthen its capabilities to ensure quality. Of the four main pillars of quality enhancement initiatives listed below, we focus on improving the Quality Management System (QMS), not simply obtaining ISO 9001 certification but also improving the system by means of raising the quality of design and procurement, the root cause of defects, as well as by enhancing the training of personnel who can support the development of the system. Compliance is the foundation for all these activities.

### Four Pillars to Enhance Quality Capabilities



## Improving the QMS

Toshiba Group obtains certifications including ISO9001, which is the basis of quality management systems; ISO/TS16949, a more advanced system and for in-vehicle equipment. Rather than merely assessing whether products meet the requirements of these standards, we also endeavor to improve their effectiveness. Therefore, we evaluate the products' maturity annually, based on the eight principles of QMS and other guidelines. By comparing the results with those of previous assessments, we identify issues, and devise and implement appropriate measures.

### Status of QMS (ISO9001 and Others) Certified at Manufacturing Sites as of March 2016

	Targeted sites	Certified sites	Percentage of certificate
Toshiba Corp.	12	11	91.7%
Toshiba Group companies in Japan	62	49	79.0%
Toshiba Group companies overseas	45	44	97.8%
Toshiba Group TOTAL	119	104	87.4%

## Training Personnel in Charge of Quality Assurance

We established the Toshiba Quality Training System to foster personnel who can contribute to quality improvement at all concerned divisions. We develop and promote education programs to improve awareness on quality management depending upon the requirements of each division, as well as to improve skills on reliability techniques and quality control methods.

In order to foster personnel that are capable of taking charge of quality assurance, we develop and implement 21 quality training programs, including methods of analyzing the causes of product accidents and preventing them, for employees in all divisions related to product life cycles. In FY2015, a total of 1,379 employees participated in the training programs from Japan and overseas countries. We also provide compliance training and e-learning on the Electrical Appliance and Material Safety Law for 101,003 Group employees and overseas subsidiary staff at a Group-wide level in FY2015 and the execution rate was 99.98%.

### Activity Example: Enhancement of Local-based Training

Toshiba Group is focusing on the training of quality control in overseas companies. The Toshiba China Academy, a training institute of Toshiba China Co., Ltd., plays a central role in Toshiba Group in improving the skills of quality assurance personnel and the level of education system.

As of FY2015, we improved the training system yet further, replacing the lecturers from visiting product quality division staff from Toshiba with local lecturers trained in each respective country. We held seven programs, suited to the needs at each location, at seven locations such as Shenyang, Hangzhou and Guangzhou. The programs were held 11 times, and 307 people attended. We also began new training programs in Vietnam and Malaysia in FY2015, and a total of 273 people attended three programs.

Even in the future, we are endeavoring to strengthen our human resources development globally, with particular focus on China and other Asian countries, where many of our manufacturing sites are located.



Training by local instructor in China

## Improving the Quality of Design

In order to enhance our capabilities to ensure product quality at the design stage, Toshiba Group is promoting FMEA (Failure Mode and Effects Analysis) mainly for design work as part of our Design for Quality (DFQ) initiatives. In order to further invigorate FMEA activities, we actively exchange information between workgroups, in a manner appropriate to the nature of each activity, and develop instructors so that the activities will be well-established in each business unit. As such we make every effort to prevent defects from upstream.

## Securing Cooperation from Suppliers to Ensure Quality

Suppliers are Toshiba Group's indispensable business partners and ensuring the quality of procurement items is being increasingly important. In order to ensure the quality of procurement items, we distribute TOSHIBA Quality Assurance Guidelines for Suppliers summarizing Toshiba Group's quality assurance policy and supplier expectations. Toshiba Group's divisions that handle procurement, quality assurance, and engineering operations cooperate depending on the types and importance of the procurement items and perform audits of suppliers at appropriate intervals in order to ensure quality of these items.

### ➤ CSR Management in the Supply Chain



Toshiba Quality Assurance Guidelines for Suppliers (Japanese)

## Maintaining Product Quality for Emerging Countries and Outsourced Products

The development of new products for emerging markets continues to accelerate. In order to ensure stable product quality in each country and territory and prevent quality problems, Toshiba Group has prepared guidebooks on subjects such as product specifications, user environments, and country-specific problems while taking benchmarking against other companies' products into consideration.

With the recent diversification in production methods, use of ODM (original design manufacturing ) in which manufacturing, including development and design, is outsourced to third party organizations and EMS (electronics manufacturing service) in which only production is outsourced, is increasing. Against this backdrop, we have put together a guidebook on matters concerning how to ensure production quality and safety using important control and audit points, and various case studies, and we request contractors to follow it.



Emerging Country Quality Guidebook (Japanese)



Global Guidebook for the use of ODM/EMS (Japanese)



## Disclosure of Information on Quality

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In the event that incidents related to quality occur, information is disclosed on the Toshiba website in order to notify customers of such incidents as quickly as possible.

➤ [Important announcements for customers using Toshiba products \(Japanese\)](#)

The Ministry of Economy, Trade and Industry (METI) has been announcing serious product accidents since the revised Consumer Product Safety Act came into force on May 14, 2007. On our website, Toshiba Group actively discloses all serious product accidents announced by METI, even those in which METI has not made our company name public, because it has not yet been determined whether the accidents were caused by the use of our products.

➤ [Accident report based on the Consumer Product Safety Act \(Japanese\)](#)

## Product Safety

Based on Toshiba Group Basic Policy on Product Safety and Toshiba Group Standard of Conduct, we ensure customer safety and positively disclose full information of safety to customers.

### Medium- to Long-term Vision

- Eradicating serious product incidents arising from our corporate negligence
- Proactively disclosing information on serious product incidents

### FY 2015 Achievement

The number of violations of Electrical Appliances and Material Safety Law

Target 0 → Achievement 0

### Future Challenges and Approaches

Our “Group-wide Safety No. 1 Working Group” will play a more active role in strengthening our measures to guarantee product safety. We will also boost our efforts to swiftly retrieve products after a recall has been announced in order to ensure the safety of our customers in the market.

## Basic Policy on Product Safety

In keeping with the Toshiba Group Basic Policy on Product Safety, Toshiba Group endeavors to comply with relevant laws and regulations, to ensure product safety, and also to proactively disclose reliable safety information to our customers. Furthermore, we continually research safety-related standards and technical standards (UL Standards\*1, CE Marking\*2 etc.) required by the countries and regions where we distribute products, and display the safety compliance of our products in accordance with the relevant standards and specifications.

### Toshiba Group Basic Policy on Product Safety

1. We comply with the applicable laws and regulations on product safety in Japan and overseas.
2. We widely gather information on product safety incidents and disclose such information in a proactive manner.
3. We swiftly report product safety incidents to the competent authorities in accordance with laws and regulations.
4. In the event of a serious incident attributable to any of our products, we swiftly institute a product recall and notify customers without delay.
5. We issue alerts, as necessary, and employ warning labels to encourage safe use.
6. We thoroughly analyze the causes of any product safety incident and strive to prevent recurrence.

\*1 UL Standards: Safety standards issued by Underwriters Laboratories Inc., a US-based non-profit organization that sets, assesses and certifies the safety of materials, products and equipment.

\*2 CE Marking: This marking verifies a product's compliance with the safety standards applied by member states of the European Union (EU). Certain products are not allowed to be distributed within the EU unless they bear this marking.

# Structure of Response to the Occurrence of Product Accidents

If an employee discovers information on accidents involving Toshiba products in the market, he/she promptly alerts the accident response staff in the relevant departments. Then the necessary measures are discussed and enacted by the Company CPL Committee\*1, chaired by a senior executive, or if necessary, the Corporate CPL Committee. In the event of a serious accident attributable to a product that is likely to recur, we inform customers of the danger and request that they cease using such products, promptly report to the competent authorities, and establish countermeasures as soon as possible.

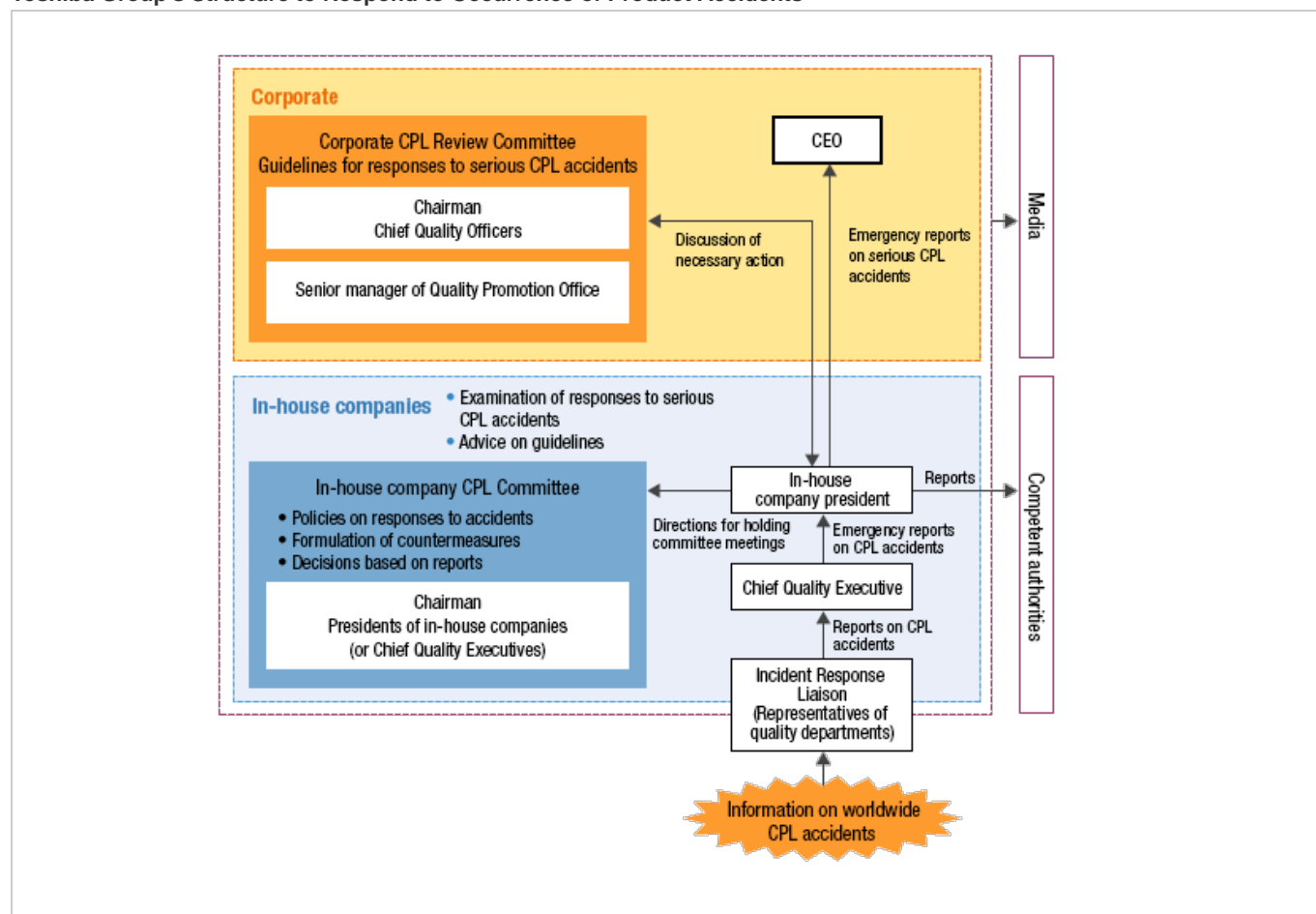
Furthermore, we are developing an information system to enable swift communication with quality assurance divisions and top management regarding information on product accidents obtained by repair and service staff as well as on how such incidents are being handled by Toshiba.

In FY2015, Toshiba disclosed a total of 46 accidents in the list of serious product accidents on our website\*2: 27 cases that were suspected to have been caused by products, 15 cases in which the causes unknown, 2 cases in which they were unknown that if the accidents had not been caused by the products, and 2 case in which they were determined that the accidents had not been caused by the product.

\*1 CPL Committee: CPL is an abbreviation combining CL (contractual liability) and PL (product liability). The Company CPL Committee promptly determines measures to deal with product accidents and quality issues.

\*2 [Accident report based on a Consumer Products Safety Act \(Japanese\)](#)

## Toshiba Group's Structure to Respond to Occurrence of Product Accidents



# Preventing Occurrence and Recurrence of Serious Product Accidents

In 2011 we created the “Guidebook for Preventing Reoccurrence of Accidents,” which is a compilation of accident cases that have occurred since 2004 in Toshiba Group. The Guidebook was distributed to division managers and meetings were held to explain the content to the persons in charge of quality issues in the Group in order to strengthen measures to prevent reoccurrence of accidents. In addition, the information was converted into an e-book for access by personnel in charge of quality and safety-related issues in the Company via the intranet. A serious accident not only signals an alarm for the quality and safety of products, but also can provide precious insight into product development and assessment. We will promote the system of sharing information within the Group and strive to prevent reoccurrence of product accidents.



Guidebook for Preventing Reoccurrence of Accidents (Japanese)

## Activity Example: Promoting Product Safety Information Sharing

In Toshiba Group, the plans and results of product safety-related activities of in-house companies and key group companies are investigated and the information is shared by the Group.

To boost these activities, in FY2011, the persons in charge of product safety issues in in-house companies and Group companies began holding meetings to exchange opinions and information. By learning about the aspects of safety that vary depending on the nature of products, they have contributed to improving product safety.

Such product safety exchange meetings were rated highly by third parties and cited by the Ministry of Economy, Trade and Industry as a reason for officially commending Toshiba as a company that excelled in taking product safety measures.

In FY2013, we further developed these activities and launched a Group-wide Safety No. 1 Working Group. The Working Group systematically reviews and promotes initiatives including formulating safety design standards common to all Toshiba Group companies and creating a database to share information on examples of products that do not comply with safety standards.

## Education of Product Safety

Since FY2008, we have been particularly working on reinforcing our management system, ensuring compliance with the Electrical Appliances and Material Safety Law in Japan (hereinafter “the Law”), since the Law has an important bearing on the Group’s products. The Chief Quality Executives and the person in charge of the Law initiated a revision of the internal regulations and have created common audit items related to the Law for the entire Group. We also verify the business notification status and compatibilities of the technical standards based on the Law. Furthermore, education through e-learning is provided to all concerned employees in Japan and overseas. 101,003 people took the training in FY2015 and the participation ratio was 99.98%.

## Disclosure to Ensure Safe Use of Products

Although products are equipped with various safety features, they may not be sufficient to ensure complete safety if products are in use for very long periods of time or the operating environment or conditions are extreme.

To ensure safe use of products, Toshiba Group describes correct handling of products in users’ manuals and, if necessary, through alerts placed in newspapers and on the website, or by means of leaflets, educational materials, etc.

## Disclosure of information to Toshiba product users

### Notices to ensure safe use of products

Refrigerator, Japanese-style electric heater, electric stove, electric blanket, rice cooker, etc.

- [Notices to ensure safe and correct use of products \(Japanese\)](#)

### How to reduce the power consumption of Toshiba products

Audiovisual/digital equipment and home appliances

- [How to efficiently reduce power consumption \(Japanese\)](#)

### What to do during a power outage for Toshiba products

Audiovisual/digital equipment and home appliances

- [What to do with home appliances during a power failure \(Japanese\)](#)

### Housing equipment

- [What to do with Toshiba Carrier products during a power failure \(Toshiba Carrier Corporation\)\(Japanese\)](#)
- [How to resume operation of emergency lights and guide lights after a power failure \(Toshiba Lighting & Technology Corporation\)\(Japanese\)](#)
- [Precautions regarding the operation of lighting control equipment during and after a power failure and for reduction of power consumption \(Toshiba Lighting & Technology Corporation\)\(Japanese\)](#)

### Systems, energy, and social infrastructure

- [How to operate a home photovoltaic power generation system in autonomous operation mode during a power failure\(Japanese\)](#)
- [Commitment to safety, security and comfort \(Toshiba Elevator and Building Systems Corporation\)\(Japanese\)](#)

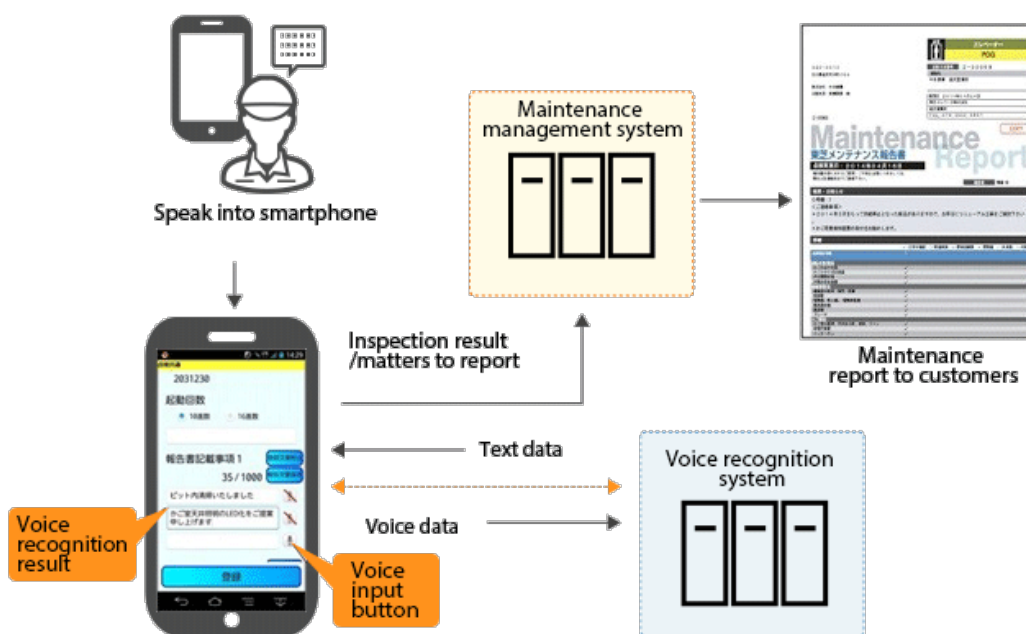
### How to prevent Toshiba products from toppling over

Audiovisual/digital equipment and home appliances

- [Measures to prevent equipment from toppling over \(Japanese\)](#)

## Activity Example: Voice recognition system incorporated in maintenance services

Toshiba Elevator and Building Systems Corporation introduced a system in which matters to be reported during regular checks of elevators and escalators can be recorded as maintenance reports using a voice recognition system.



Maintenance staff voice-record the details and the state of the inspection on-site into a smartphone during the inspection. The recorded sound data is converted into text, and recorded as text data in an app installed on the smartphone. As the staff can record just by speaking a few words even during maintenance operations, this allows us to provide as required precise information to customers more quickly. It also improves safety by reducing the workload of maintenance staff.

In the future, we will improve this system further, and evaluate how to apply it in times of emergency, for example after earthquakes.

### Activity Example: Education on the proper way of using elevator and escalator

Toshiba Elevator and Building Systems Corp. organizes nationwide safety campaigns to provide instructions concerning the correct use of elevators and escalators, mainly to children in kindergartens and elementary schools. This event, held at kindergartens and community spaces in residential buildings, has been continuing for over the last 30 years, thanks to the cooperation of local communities, including the children and guardians who participated in such events.

Recently, owing to the growing concern in case of earthquake, we held a safety campaign, using a trailer caravan to demonstrate how to respond in a situation in an elevator during an earthquake or power failure, in FY2015 totally 2,760 participants were joined to our events.

Furthermore, the Company also promoted local resident-oriented activities, including making a presentation at a lecture session held by the Shinagawa Ward CSR Council.



Elevator / Escalator safety campaign at a kindergarten



Safety Campaign Using a Trailer Caravan

# Response to Long-term Use Product Accidents

To ensure safety of consumers, we have asked our long-term users of CRT TVs to conduct safety checks. For refrigerators, to prevent electrical fire or smoke caused by long-term use and deterioration, we distributed flyers requesting customers to stop using products that had been used for more than 25 years since the purchase.

We also provide information on inspection and labeling system for long-term use products and also provide consultations.


➤ [Inspection and labeling system for long-term use products \(Japanese\)](#)

## Activity Example: Raising awareness to prevent accidents due to long-term use of household electrical appliances

In order to prevent accidents attributable to the deterioration of home appliances over long-term use, in April 2008, the METI promoted consumer awareness on this issue by distributing nationwide cautionary circulars. To further raise awareness on this issue, Toshiba Group distributes cautionary flyers during repair visits, publicizes information on its website and has put in place a call center\* to respond to inquiries from customers. In April 2009, the Consumer Product Safety Act was revised, and inspection and labeling system for long term use of products was enforced. While complying with the requirements under this system, Toshiba Group is providing necessary information to the customers who use its website as well as consultations through the call center\*.

\* An inquiry center for providing guidance on the long-term use of home appliances (In Japan)



 Cautionary circulars (Japanese) (PDF:423KB)

# Disclosure of Product Safety and Quality Information

In the event of a serious defect or accident resulting from a Toshiba product or service, we promptly report the details to the competent authorities in accordance with prevailing laws and regulations. Also, in order to notify customers of such accidents as quickly as possible, depending upon the severity of damage or frequency of occurrence, we disclose product accident information directly to our customers via newspapers, websites, etc.


Through our corporate website, we disclose information on accidents involving our products as posted on the website of the Consumer Affairs Agency. We also proactively disclose information concerning serious accidents, even when it is unclear whether such accidents are attributable to Toshiba products or not.

➤ [Important announcement for customers using our products \(Japanese\)](#)



Also, we prepare flyers on products that are subject to recall and have particularly high risks of causing a fire, such as air conditioners, CRT TVs, LCD TV / DVD combos, VCRs, humidifiers, halogen lamp equipment, and compact fluorescent lights. We are also developing activities to recall our products more quickly, such as checking whether customers have any defective products when visiting them for repairs or inspections, distributing product flyers at post offices and checking whether there are any products subject to recall in high-risk nursing care facilities.



 Flyer showing products subject to recall (Japanese) (PDF:554KB)

With respect to the vertical washer-dryer that was made prior to recall in FY2013, we are requesting all Toshiba Group employees, including not only their families but also their relatives, neighbors and friends, to provide product information and to cooperate in repairing defective products.

## Safety Considerations for Electromagnetic Waves

Toshiba Group is involved in standardization work of [the International Electrotechnical Commission \(IEC\)](#) through the activities at [the Japan Electrical Manufacturers' Association \(JEMA\)](#) for home appliances and the activities at [the Association of Radio Industries and Businesses \(ARIB\)](#) for radio communication. These activities allow Toshiba Group to keep abreast of the latest information. We are adhering to the standards specified by these organizations to ensure safety for electromagnetic waves.

## Enhancement of Customer Satisfaction

Feedback from our customers is the origin of all our ideas. In order to increase customer satisfaction, all Toshiba Group employees operate from a customer perspective. This applies not just to those who work in direct contact with customers, such as those in sales and after-sales services, but in all divisions, from development, design, manufacturing, product quality, staff, and so on.

### Medium- to Long-term Vision

The Toshiba Group's goal is to provide high-quality services in all business areas.

### FY 2015 Achievement

We set a "Special month to improve Customer Satisfaction," and ran education and training on CS for all employees

### Future Challenges and Approaches

We will continue to provide CS training and education for our employees, in particular our Customer Satisfaction Improvement Month activities. Moreover, we will set up a committee for further improvement of service and product quality, and promote the sharing of measures and information.

## Toshiba Group Customer Satisfaction Policy

Toshiba Group Standards of Conduct states that Toshiba Group Companies makes the voice of customers the starting point for all ideas and provides products, systems and services that deliver customer satisfaction based on the customers' requirements.

Adhering to the Toshiba Group Customer Satisfaction Policy established in 2003, Toshiba Group endeavors to sincerely and quickly respond to the voice of customers, employ them to develop new products, and protect customer information.

➤ [Toshiba Group Standards of Conduct 2. Customer Satisfaction](#)

### Toshiba Group Customer Satisfaction Policy

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

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

# Customer Satisfaction (CS) Promotion Structure

## CS Promotion Structure

For cross-functional activities in accordance with the Toshiba Group Customer Satisfaction Policy, working groups (WGs) by subject have been set up.

### CS Promotion Structure



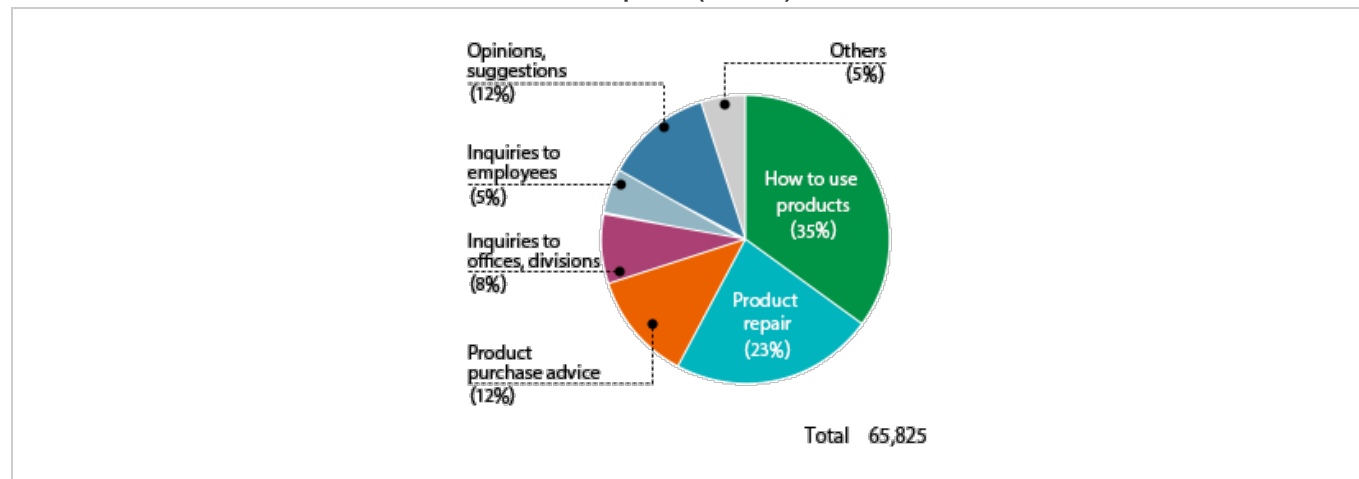
## Customer Support

We have set up call centers for different product groups and services in various countries. Each call center formulates its own targets for improving the quality of customer support.

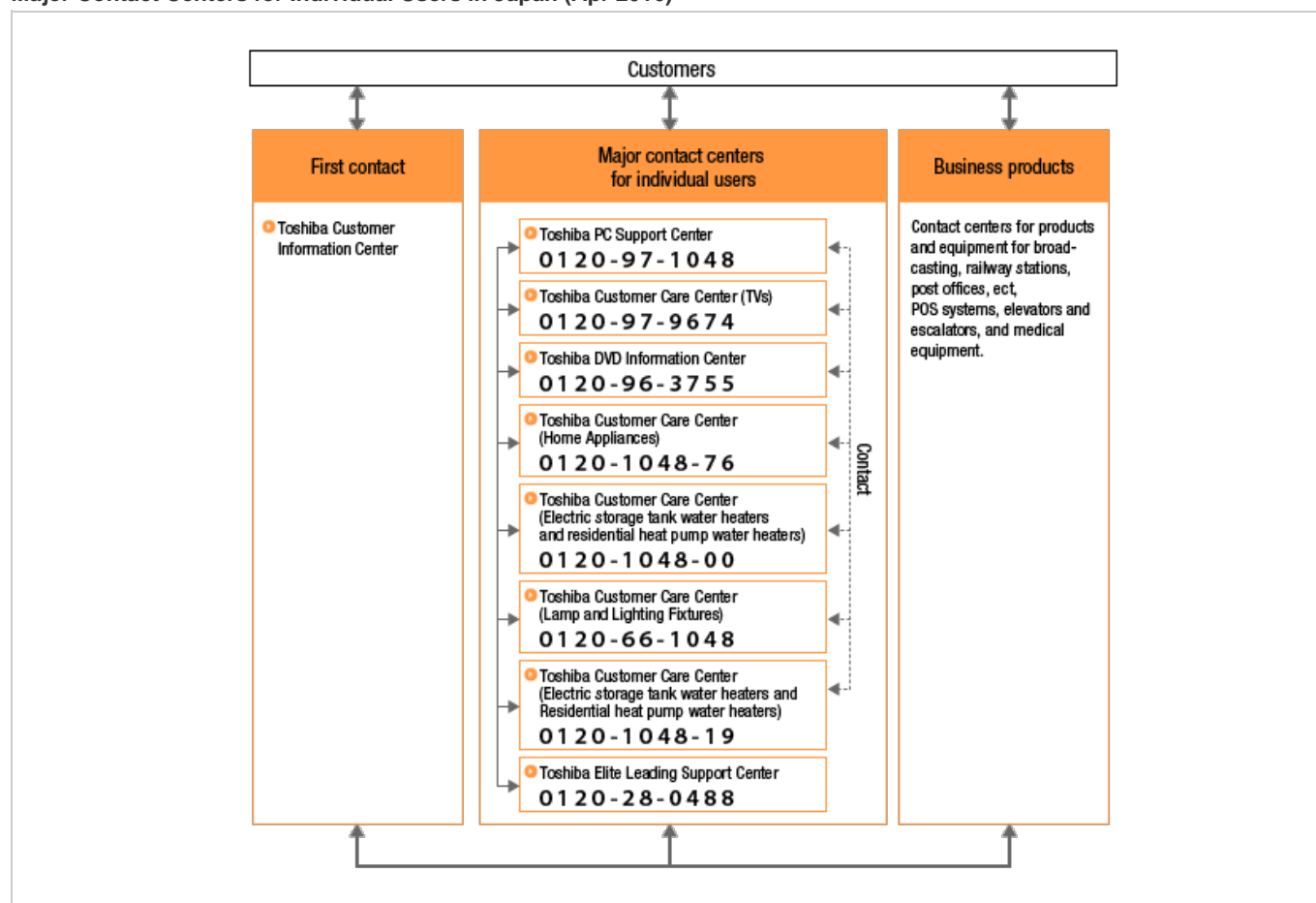
Toshiba Group in Japan responds to customer inquiries concerning the products and services offered by Group companies, both in Japan and overseas, through the Toshiba Customer Information Center. It is open 24 hours a day, 365 days a year, and provides cross-divisional services to our customers, by guiding them to our specialized call centers, and forwarding calls to the division in charge, etc.

➤ [General customer support](#) > [Inquiries \(Japanese\)](#)

### Toshiba Customer Information Center: Breakdown of Inquiries (FY2015)



## Major Contact Centers for Individual Users in Japan (Apr 2016)



## Improvement of Support to Customers

### Initiatives for After-sales Services

In order for each after-sales services division in the Toshiba Group to share their issues and tackle service improvement Group-wide, we have established an After-sales Service Enhancement Working Group.

This working group's activities include surveying service sites to identify issues, training for service engineers, and sharing case studies for improving CS.

Moreover, in order to share information related to maintenance services, we also have an Information Sharing Enhancement Working Group, as well as After-sales Service Meetings by region to share information within each region and strengthen cooperation.



KIZUKI training to improve receptiveness in after-sales services

## Initiatives for Handling Inquiries from Customers

We have a Contact Center Enhancement Working Group, which is aimed at improving the quality of response at Toshiba Group call centers. This working group plans and implements telephone response skill training, CS awareness surveys of contact center staff, and self-checks of response quality.

In November 2015, we held the 8th Contact Center Competition. A total of 27 participants from 21 call centers competed in a contest of response quality, in order to encourage overall improvement. Moreover, when the Act on the Elimination of Disability Discrimination was enforced in April 2016, points to consider when taking calls were collated as guidelines.



Contact Center Competition

## Education and Training of Employees on Dealing with Customers

Toshiba Group provides education and trainings for employees to understand the importance of customer satisfaction, and to learn the skills necessary for dealing with customers. We also provide a variety of manuals, including the Customer Service Manual and the Collection of Telephone Responses to Customers, and raise employees' customer service awareness through employee briefings and publication of information on the company website.

We also conduct e-learning for employees in order to improve CS. In FY2015, the topic was "Improving Customer Satisfaction: Making Customer Feedback the Origin of All Ideas," and 99% of the 64,865 domestic Group employees received the training. We plan to continue this e-learning in the future.

## Sharing and Utilization of Voice of Customers

At Toshiba Group, all parties concerned, including top executives, share information on customers' complaints, opinions, and requests about our products and services received through our daily sales, repair, and service activities, and via telephone or the internet, in order to improve the quality of our products and repair services.

### Activity Example: Constructed a New Facility Training Building

Toshiba Elevator and Building Systems Corp. constructed a new facility training building on the site of the Toshiba Fuchu Complex in FY2013. This new building, which also functions as a showroom, is designed for providing maintenance services for elevators and building facilities as well as for conducting engineer trainings in order to improve facility construction skills. The building is equipped with a high-rise elevator shaft for skills training on the maintenance of high-speed elevators. Such elevators have been increasing in number in recent years as increasingly taller buildings are erected. This facility training aims to ensure safety and comfort during high-speed elevator operation. In addition, the East Japan Service Information Center, which provides round-the-clock support services, including remote monitoring of Toshiba elevators and building facilities, relocated to this building and expanded its office in order to provide a variety of technologies designed to ensure security for customers. A maintenance support system that makes use of mobile phones is also available to facilitate speedy recovery from damages suffered due to an accident or large-scale earthquake.



Toshiba Elevator and Building Systems Corp. facility training building

### Activity Example: Providing Various Services around the Clock throughout the Year

Toshiba TEC Solution Service Corp., in charge of POS system maintenance, monitors networks around the clock throughout the year for customers with service contracts and provides support, remote maintenance, and failure recovery services.

In order to enhance the level of customer satisfaction, the company solicits customer opinions to understand customer needs and mobilizes them to improve the level of services as well as daily operations.



TOSHIBA TEC Solution Service Corp.  
Contact Center

## Inspections and Audits of Customer Support

Since 2005, self-audits of major call centers have been continuously performed once a year using the Contact Center Quality Checklist unique to Toshiba.

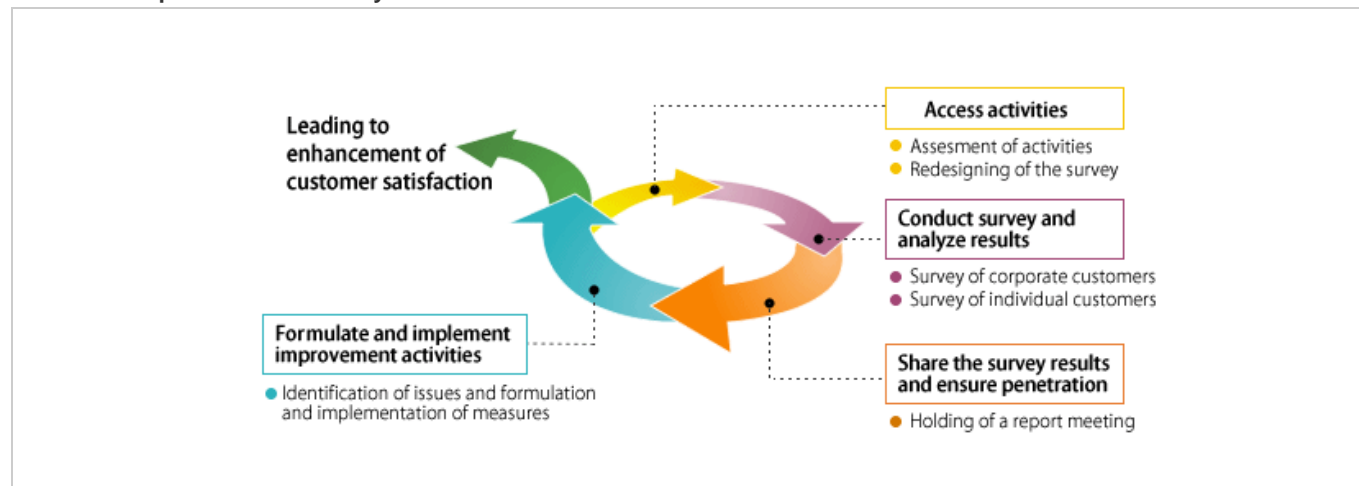
High priority items with low implementation status are focused, and targets are set. Accordingly, measures for improvement are implemented, such as customer response skill training, monitoring, etc.

## Customer Satisfaction (CS) Survey

Toshiba Group conducts a CS survey (also called Voice of Customer survey) on corporate and individual customers for implementation of a PDCA (Plan-Do-Check-Act) cycle for continuous improvement of customer satisfaction.

Since FY2005, the CS survey has been conducted Group-wide, covering individual and corporate customers to find out their views on Toshiba Group's products, prices, repair services, etc. The findings are shared among the personnel concerned, including senior executives, and are executed in activities to enhance CS.

### Toshiba Group's CS Promotion Cycle



# Policy on Customer Information Protection

Toshiba Corp. was quick to recognize the importance of protection of personal data, and in 2000 established the Toshiba Personal Data Program based on JIS Q 15001, a management system standard in Japan, and in 2001 obtained the Privacy Mark certification. Toshiba Corp. strives for continual improvement on management system and accordingly, renewed the Privacy Mark certification eight times at present.



In addition, 21 Toshiba group companies in Japan which are required to handle large volume of customer's personal data properly on consignment in connection with outsourcing have acquired Privacy Mark certification respectively as of Mar 2016.

Toshiba Corp. clearly states the purpose while using customers' personal data and, in principle, obtains such information directly based on the consent of customers and other individuals. The majority of the information is basic personal data essential for contacting customers or providing services, such as name, address, telephone number, and email address.

Toshiba appropriately handles personal data in accordance with internal regulations and rigorously controls personal data using a framework integrated with the data security management structure.

The principal purposes of use of personal data with Toshiba Corp. are published on the following website.

➤ [Purpose of Personal Information Use](#)

## Support for Customers' Business Continuity

At Toshiba Group, we assist our customers' business continuity, providing them with the latest technologies, products and systems.

### Activity Example: Achieving a Stable Electricity Supply in Times of Emergency with a Hydrogen-based Autonomous Energy Supply System

Toshiba's Energy Systems & Solutions Company is offering H2 One™, a hydrogen-based autonomous energy supply system that uses renewable energy and hydrogen and is suitable for a diversity of purposes.

In March 2016, we received an order from the East Japan Railway Company for a BCP\*-model H2 One™, which can supply its own required energy without relying on system power supply, even when vital utilities are severed in the event of disasters such as earthquakes. This system, which is set to begin operating in Spring 2017, has been installed in Kawasaki City's Musashi-Mizonokuchi Station, on the JR Nambu Line. Its tanks store hydrogen produced by electric power provided by the solar panels, and in the event of emergencies, it can use this hydrogen to generate power using fuel cells, and supply energy for lighting in parts of the station building. It also provides electricity in ordinary times, and controls the quantity of produced and stored hydrogen, and of generated power in an optimum manner, using the hydrogen-based energy management system H2EMS™.

Through providing H2 One™, Toshiba will continue to strengthen communities against disasters, and protect business continuity in emergencies, through providing a stable energy supply.

\*BCP: Business Continuity Plan

### **Activity Example: Providing BPO\* services to manage supplier information for procurement activities**

Toshiba's Industrial ICT Solutions Company provides services that support customers to continue their business activities. One such service is the Supply Chain Watching Service for BCP, which handles the collection, maintenance and renewal of supplier information on behalf of customers, with regards to the procurement of raw materials, parts and so on. In the event of a disaster, the service surveys how the situation will affect customers.

Through this service, which utilizes the Toshiba Group's experience and knowhow regarding operating procurement systems, we will assist our customers to formulate BCPs, support them in the event of disasters, and contribute to the better management and use of supplier information.

\*BPO: Business Process Outsourcing



## Universal Design

Toshiba Group is promoting universal design (UD), in order to contribute to the realization of a society where everyone can live at ease and in comfort, regardless of age, gender and physical ability.

### Medium- to Long-term Vision

By providing products and services that can satisfy diverse users, Toshiba will contribute to making more comfortable lifestyles and a safer society.

### FY 2015 Achievements

- Started offering the RECAIUS™ cloud service, which can support people in a variety of activities
- Conducted e-learning programs on universal design for all employees of the Toshiba Group
- Issued Universal Design Guidelines (office version)
- Presented an exhibit at Shibuya 2020 – Super Welfare Expo, and presented Toshiba's initiatives there

### Future Challenges and Approaches

Toshiba Group will further each employee's understanding of the concept of universal design, and will create UD products and services that incorporate user feedback and ideas. We will also promote UD in the workplace.

## Policy Related to Universal Design

To promote universal design throughout Toshiba Group, we have established our UD Principle, Vision and Guidelines.

### Toshiba Group Universal Design Principle

Toshiba Group creates valuable products for providing peace of mind and delight to each individual user.

Toshiba Group contributes to achieving a society where everyone can live comfortably and enjoy peace of mind regardless of age, gender and abilities.

### Toshiba Group Universal Design Vision

Making the unusable usable, making the difficult easy.

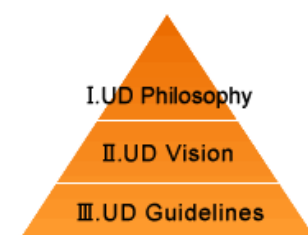
Toshiba's Universal Design makes products more user-friendly and safer.

Our aim is to design attractive products that even more consumers will want to use, through innovation and constantly improving the ease of use and convenience of our products.

### Toshiba Group Universal Design Guidelines

- Design that conveys the product's ease of use
- Simple and intuitive use
- Minimize physical effort
- Provide the same effectiveness for all users, regardless of the user or the user's environment or circumstances
- Pursue safety and reduce users' psychological anxieties

(The Guidelines consists of the above five main principles and 15 sub-principles.)



# Universal Design Promotion Structure

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Toshiba Group incorporates UD principles into the development process through network of representatives from each business unit, and disseminates information about Toshiba's UD both inside and outside the Group.

## Universal Design Advisor System

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Toshiba Group has a UD Advisor System in place, in which employees with disabilities and non-Japanese employees are invited to participate. Thanks to this system, registered employees can contribute to the development and evaluation of UD products, stepping beyond their own department.

With the e-STUDIO5005AC/e-STUDIO5008A series of Digital Multifunction Peripherals(MFP), visually impaired UD advisors evaluated the main control panel. Based on their opinions, we aimed to create a high-contrast display that was easy to see and understand. Moreover, the "Simple Copy" and "Simple Scan" which only display frequently used functions, have a simple layout with large main buttons, in order to achieve a universal design that is easy to use, regardless of ability or disability.



e-STUDIO5005AC



Simple Copy  
High Contrast Display



Evaluation by Universal Design Advisor

- > [e-STUDIO5005AC series](#)
- > [e-STUDIO5008A series](#)

## Development of Universal Design Products and Services

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Toshiba develops products in areas as wide-ranging as consumer electronics, home appliances, information equipment, and public facilities. In doing so, we adopt a human-centered design process that emphasizes users' perspective, and incorporate as many customer needs as possible. For information about our initiatives and our products, please visit [the Toshiba's Universal Design website](#).

**Toshiba's  
UNIVERSAL DESIGN**

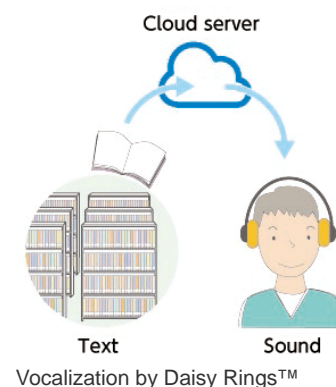
### Activity Example: Commencement of RECAIUS™ cloud service to support people in various activities

In July 2015, Toshiba began offering RECAIUS™, a cloud service that can detect words and people contained in sounds and images, interpret their intentions and the situation, and communicate the result comprehensively to users. Part of the service, the text-to-speech editor DaisyRings™, is a cloud service that can easily create vocalized\* content for those who find it difficult to read text due to visual impairments or dyslexia. It has possible uses in libraries, schools and administrative organizations, and even by ordinary companies for vocalizing documents such as product manuals.

The simultaneous interpretation service, another part of RECAIUS™, interprets even long sentences as sequences, breaking them up into segments of appropriate length, thus allowing smooth conversations between people who speak different languages.

\*Vocalize: electronically convert text to speech

> [RECAIUS™ \(Japanese\)](#)



## Promotion of Universal Design

### E-learning for all employees

In order to further deepen each and every Toshiba Group employee's understanding of UD, we conducted e-learning programs on UD for all Toshiba Group employees. The e-learning training was first held for the whole company in FY2008, and has since targeted all new employees. In FY2015, we renewed our teaching materials, and administered the training again for all Toshiba Group employees.

### Establishment of universal design guidelines for Toshiba offices

The Toshiba Group issued UD Guidelines (office version) in FY2015, in order to prepare a workplace environment that was comfortable for all the diverse employees who worked for us. These are guidelines to be referred to when arranging a new workplace or refurbishing an existing one. The guidelines not only deal with facility arrangement, but also explain what kind of people are included in the diverse workforce at Toshiba, as well as their general characteristics, so that we can build workplaces based around its people.

### Transmitting information to external company

Toshiba's UD efforts have created a great impact on the quality of many people's lives. Toshiba recognizes that such efforts should be communicated to and shared with as many people as possible, and participates in the International Association for Universal Design, Association for Electric Home Appliances, etc. to create social awareness of universal design, in FY2015.

- > [International Association for Universal Design](#)
- > [Association for Electric Home Appliances \(Japanese\)](#)

### Activity Example: Proposal of new energy society at welfare symposium

At the Shibuya 2020 – Super Welfare Expo in November 2015, we exhibited H2 One™, our hydrogen-based autonomous energy supply system.

At the symposium, a Toshiba designer gave a presentation about designing energy and cities for the future. We proposed our vision of a new safe and comfortable society that uses alternative energy sources, including our concept for using H2 One™ to build cities where electric wheelchairs can travel without worrying about power supply.



Presentation by Toshiba's designer

## Support for Local Communities Developments

For Toshiba Group, it is our responsibility as a good corporate citizen not just to resolve issues faced by local communities through business, but to develop business activities that are rooted in the area as a member of the local community.

### Medium- to Long-term Vision

As a corporate citizen, Toshiba Group aims to win the trust of communities in countries and regions across the globe.

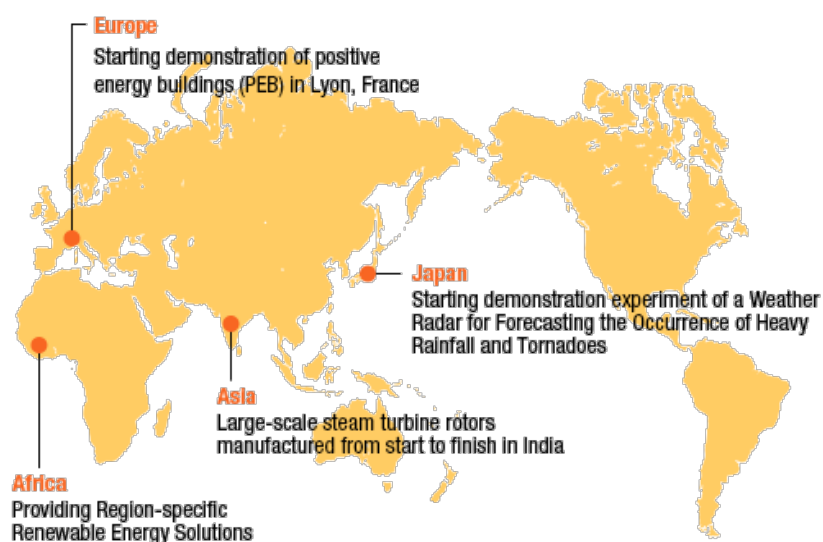
### FY 2015 Achievement

Contributed to the realization of a sustainable society through business, such as a demonstration of a "positive energy" building, and installation of facilities at the Kaleta Hydroelectric Plant in Guinea.

### Future Challenges and Approaches

We will contribute to solving issues in local communities, in order to make sustainable society a reality. We will also advance the localization of our management with regard to human resources, procurement and other aspects, respecting the cultures and customs of each country, in order to maintain business activities that are firmly rooted in the local communities.

#### Major Achievements in FY2015



# Policy on Support for Local Communities' Developments

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Toshiba Group contributes to the development of local communities and solution to issues imposed on them through our business activities. At our manufacturing sites, we have been making efforts to localize management, foster management development, and promote local procurement. We have also contributed to the development of social infrastructure in developing and emerging countries in addition to the development of products that meet the needs of local communities. Furthermore, we have set our policy on the relationships with local communities in Toshiba Group Standards of Conduct.

➤ [Toshiba Group Standards of Conduct 19.Community Relations](#)

## Structure of Support for Local Communities' Developments

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The General Affairs division at each site or company is responsible for handling relations with local communities, including constant communications with communities associations and other organizations.

## Check and Evaluation of Local Impacts of Establishing New Operational Sites

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When establishing new business operations, all group companies at Toshiba Group adhere to laws and regulations, engage in dialogue with local authorities and residents and strive to maintain harmony with the community. Once operations are underway, the companies disclose information about their business activities and environmental protection initiatives and thus engage in fruitful communication with local residents.

Development of good relations with local communities is one of the points checked in internal management audits. For manufacturing sites, the Toshiba Environmental Audit also evaluates the extent to which operations have an impact on the local environment. Furthermore, 174 manufacturing sites which were targeted in all Toshiba Group companies have acquired ISO 14001 certification.

- [Toshiba Group Environmental Audit System](#)
- [Sites that have acquired ISO 14001 certification](#)

# Solving Regional Social Issues through Business

## Sustainable Development Goals (SDGs)

In September 2015, the "2030 Agenda for Sustainable Development" was unanimously adopted at the U.N. Headquarters in New York. The 2030 Agenda commits to "leaving no one left behind," and sets 17 sustainable development goals (SDGs) as a guideline that is important if the international community is to eradicate poverty and achieve sustainable development by 2030.

Through our business in energy, infrastructure and storage, Toshiba will contribute to solving global-scale issues related to these goals, and to realizing a sustainable society, working with various countries and organizations.



## Demonstration Test of Positive Energy Buildings (PEB) Commences in Lyon, France

The Lyon Smart Community Demonstration Project in France, which the New Energy and Industrial Technology Development Organization (NEDO) has entrusted to Toshiba, is now conducting its demonstration test of positive energy buildings (PEB). Positive energy buildings generate more energy than it consumes.

The PEBs featured in the project are equipped with: (1) energy-generating equipment such as photovoltaic systems, cogeneration, and absorption chillers; (2) energy storage systems such as batteries and thermal storage tanks; and (3) energy-saving equipment such as LED lighting and energy management systems to optimize building energy performance.

The Toshiba Group aims to contribute to building sustainable cities and to fighting the effects of climate change.



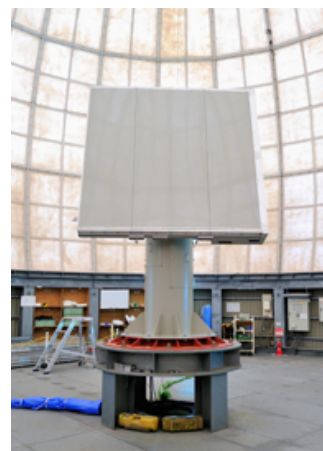
The HIKARI Buildings where PEB is being demonstrated



## Starting demonstration experiment of a Weather Radar for Forecasting the Occurrence of Heavy Rainfall and Tornadoes

Since July 2015, Toshiba has been running a demonstration experiment of a system that uses a phased-array weather radar to detect warnings of localized heavy rainfall, in collaboration with Osaka University and Osaka Prefecture. This experiment, which is planned to run for two years, is part of the "Enhancement of Societal Resiliency against Natural Disasters" program, an initiative led by Cabinet Office, Government of Japan. The phased-array weather radar has been installed in Osaka University's Suita Campus, and the experiment is being conducted with help from National Institute of Information and Communications Technology (NICT).

This radar allows three-dimensional observations of rain distribution in just 30 seconds. This function is expected to contribute to realizing a disaster-resilient society by preventing various types of accidents, and securing civilian life and safety in many ways: prior activation of sewage pumps that take time to start up; giving instructions to people working in the sewage system to stop work; providing evacuation guidance for people living in mountainous areas and river basins, and more.



A phased array weather radar

## Providing Region-specific Renewable Energy Solutions

The Kaleta Hydroelectric Plant, Guinea, in which China International Water & Electric Corp. contracted with Toshiba Hydro Power(Hangzhou) Co., Ltd. to deliver each 3 units of Hydroelectric turbines and generators, were completed, and began commercial operation in September 2015.

Hydroelectric generation is known as an ecofriendly method with minimal CO<sub>2</sub> emissions, and TOSHIBA has delivered more than 2,300 hydroelectric turbines(57,000 megawatts plus) around the world.

Toshiba continues providing region-specific renewable energy solutions such as hydroelectric, geothermal, wind and solar power generations even in the future.



The Kaleta Hydroelectric Plant, Guinea

## Developing Business Activities based on Local Communities

### Large-scale steam turbine rotors manufactured from start to finish in India

In August 2015, Toshiba JSW Power Systems shipped low-pressure steam turbine rotors to be used in Unit 2 of the Super-critical Thermal Power Station in Kudgi, India. This is the first time that 800MW-scale rotors have been fully manufactured—including processing, assembly and testing—and shipped within India.

In India and in the surrounding regions of Southeast Asia, the Middle East and in Africa, power demand is expected to continue growing. As such, our wish is that by supplying products from locations closer to our customers in the global market, we can shorten delivery times and reduce CO<sub>2</sub> emissions at the same time.

Toshiba will continue to recruit and cultivate local engineers, and to contribute to creating jobs, nurturing talents, and developing the energy industry in the country.



Turbine rotor manufactured in India



## Support for the Employment and Independence of Intellectually Disabled People— Toshiba With Corporation

Toshiba With Corporation is a Toshiba Group subsidiary established in 2005 which mainly consists of intellectually disabled people, and supports the independence of the people. At Toshiba With, employees are engaged in business operations for cleaning, printing, mail delivery, and health care within Toshiba Group. Through these operations, they learn about work responsibilities, sense of purpose, and enjoyment in work, along with social rules and manners in order to achieve independent living.

The independence of the people with intellectual disabilities requires not only employment opportunities, but also support in living, including lifestyle and health management. To this end, the company works in close collaboration with disabled people's families and local support organizations to create a unified support system.

We will continue to support promoting awareness and understanding of disabilities, fostering employee self-reliance, so everyone may play a more active role in society.



Cleanup work by Toshiba With employee

## Universal Design Networking Event for Students from Tsukuba University of Technology

In September 2015, Toshiba held a networking event for 15 students from the National University Corporation Tsukuba University of Technology, an institution of higher learning for the hearing impaired and the visually impaired.

At the networking event, we introduced case studies of universal design initiatives, accounts of corporate life from hearing-impaired Toshiba Group employees, and so on. There was an active Q&A session, and we were thanked at the end by the participating students and their supervising teachers.



Discussion at the networking event

## Certification as Yokohama-model Regional Contribution Company

In October 2014, Toshiba was certified as a Yokohama-model Regional Contribution Company, by the City of Yokohama, with the top rating. The certification is awarded to companies that: 1) have an awareness of the region and its communities, 2) conduct social business with a view toward contributing to the region, and 3) aim to grow and develop together with the region, based on specific standards. CSR activities of the entire Toshiba Group were highly rated, as were locally rooted activities Toshiba carried out in Yokohama at the Yokohama Complex, Keihin Product Operations and Toshiba's Kanagawa branch.



**YOKOHAMA**

Certification logo of  
Yokohama-model  
Regional  
Contribution  
Company

## Community-based Hazard Prevention Activities

In 1952, when there was a fire at Kitashiba Electric's transformer plant, the company was able to minimize the damage thanks to the cooperation of local citizens, such as the fire brigade, in putting out the fire. Since then, we have been actively engaging in hazard prevention activities, hand in hand with the local community.

We hold joint emergency drills with the local fire brigade every year since 1985. When a fire occurred in 2006 near our factory, we were the first to arrive at the site, and we led the effort to extinguish the fire, rescue people and control traffic in the surrounding area. From the many years of engaging in activities, all of our employees understand the necessity of these hazard prevention activities.



Emergency drill with the local fire brigade

## Communication with Local Communities through Science Seminars for Children

Since its establishment in 1992, Toshiba Yokkaichi Operations has held an annual environment meeting with the local municipality. At the meeting, we report the results obtained from the measurement environment data on air and water quality emissions from our facilities and exchange opinions with municipality representatives.

In collaboration with the Yokkaichi City Board of Education, we offer classes at regional elementary and junior high schools and display exhibitions in science seminars for children in an attempt to raise children's interest in science and manufacturing.



Explaining the world of nanometers in a science seminar for children

## Consideration for Employees' Exercise of Civil Rights

Toshiba set up a new leave system called "Saiban-in" (Lay Judge) System Leave to coincide with the commencement of the Lay Judge System from May 2009 in Japan. This leave facilitates the employees to participate as citizen jurors in criminal court procedures.

Based on the law for implementation of the "Saiban-in" system in criminal court procedures, the salary per day for the employee selected to participate in such system amounts to the basic salary per day. Also, based on the above law, the number of leave days provided under this system equals to the maximum number of participation days under the Lay Judge System.

## Contribution to Local Communities through Job Creation and Tax Payment

Toshiba Group expands its business around the world. The jobs created contribute to local communities, especially the production facilities that employ a considerable number of local people. By paying taxes in accordance with national laws and regulations, the group companies make an economic contribution to the regions where they operate. The local taxes paid by employees augment the contribution, particularly in areas where production facilities are located.

## Social Contribution Activities

Toshiba Group actively engages in a range of social contribution activities as a decent corporate citizen that is “Committed to People, Committed to the Future,” as our Group slogan states. We focus our activities on five key areas, namely: protection of the natural environment; science and technology education; promotion of sports and culture; social welfare; and international exchanges and friendship. We also play an active role in providing disaster relief.

### Medium- to Long-term Vision

Our aim is that every Toshiba Group operational site, and each and every employee working there, will take the initiative in contributing to society.

### FY 2015 Achievement

Number of social contribution programs

Achievement **1,330** programs

### Future Challenges and Approaches

We will continue to provide more information and opportunities to our employees, so that as many of them as possible can get involved in activities that contribute to society.

## Toshiba Group Basic Policy on Social Contribution Activities

Toshiba Group has set the following basic policy on social contribution activities which is embodied Toshiba Group's slogan of "Committed to People, Committed to the future."

The five key areas of activities stated in the Toshiba Group Basic Policy on Social Contribution Activities are all related to social issues that Toshiba Group regards as important. We strive to the utmost to make the most of our knowledge gained through business and of our resources in conducting these activities.

In these endeavors, we keep track of the results and impact on business through regular dialogues with stakeholders, and reevaluate and decide on our course of action accordingly.

### Toshiba Group Basic Policy on Social Contribution Activities

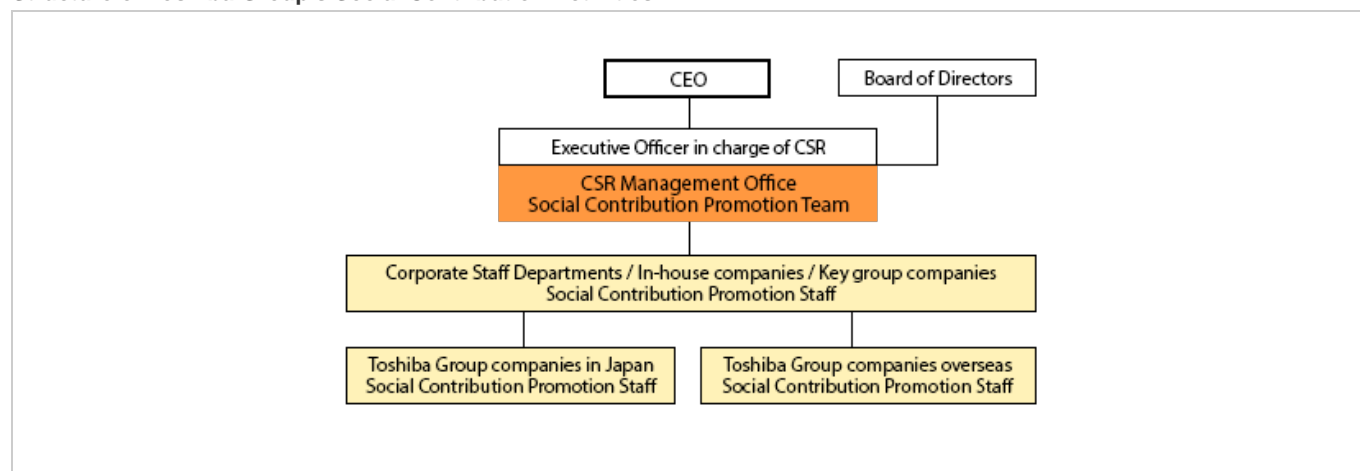
1. In accordance with the Basic Commitment of the Toshiba Group and Toshiba Group Standards of Conduct, we make vigorous efforts to contribute to society.
2. In contribution to society, we focus on the following fields: protection of the natural environment, science and technology education, promotion of sports and culture, social welfare, and international exchange and friendship.
3. We support employees' voluntary activities.

# Structure of Toshiba Group's Social Contribution Activities

Toshiba Group has established a social contribution promotion team in the CSR Management Office, as well as social contribution promotion staff on a Group-wide level, at each operational site, branch and associated company. We all adhere to the policy in planning and pursuing our social contribution initiatives.

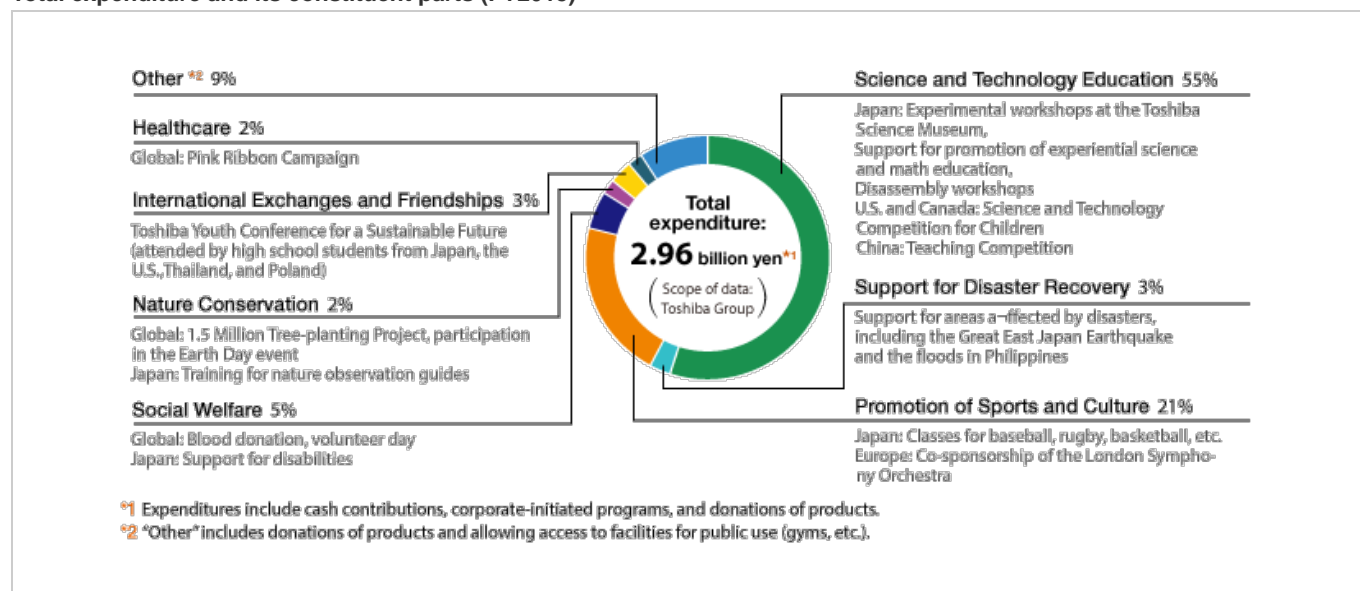
With regard to donations to disaster relief and to NPOs and NGOs, we assess the legality and appropriateness of such donations before doing so, based on our in-house regulations.

## Structure of Toshiba Group's Social Contribution Activities



# Social Contribution Activities: Total Expenditure and its Constituent Parts

## Total expenditure and its constituent parts (FY2015)



## Social Contribution Award: Toshiba “ASHITA” Award

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In order to invigorate our social contribution activities, Toshiba Group has been evaluating and giving awards to domestic and overseas activities since FY2005. Every year we evaluate the previous fiscal year's activities from nine perspectives—goals, the extent of employee involvement, originality, continuity, social impact, collaboration with external organizations, and so on—and CEO awards those activities that have achieved excellent results.

In FY2015, 1,330 programs were carried out throughout the year, and four activities including the conserving marine turtle in Penang Island (TOSHIBA TEC MALAYSIA MANUFACTURING SDN. BHD.) were awarded.

➤ [Ashita Award for CSR Excellence](#)

## Toshiba Group Simultaneous Social Contribution Activities

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Toshiba Group held the Toshiba Group Simultaneous Social Contribution Activities targeted December 5, the International Volunteer Day set by the United Nations. The aim of this initiative was to make a significant social contribution that cannot be achieved by individuals, through the simultaneous participation of all Toshiba Group employees.

Toshiba Group's operational sites and companies worldwide conducted 502 local activities, each suited to the local area in question.

The initiative's concept, and the number of activities and participants, were highly commended and given an award at the 6th Make a CHANGE Day Awards\*.

\*The 6th Make a CHANGE Day Awards was an event hosted by Japan's Make a CHANGE Day Planning Committee, in order to promote volunteer and civic action.

➤ [Toshiba Group Simultaneous Social Contribution Activities](#)

## Social Contribution Activity Examples

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### Science and Technology Competition for Children in the U.S. and Canada

Since 1992, Toshiba Group has worked with the National Science Teachers Association to host the ExploraVision Awards (EVA), a science and technology competition for k-1 to k-12 in the United States and Canada.

EVA is a competition aiming to encourage dreams in which children make predictions about technologies that they believe will become feasible within 20 years based on today's science and technology. The program celebrated its 23rd anniversary in June 2015, commemorating its long history as a Japanese company's science education support program in North America.



Presentation by winning team

The number of participant totals more than 350,000 in the past. In FY2015 applications from 15,473 children and 5,041 teams have been filed. Each year we invite eight teams that have made excellent proposals to attend an awards ceremony held in Washington, D.C. We also provide opportunities for each winning team to present their award-winning work and visit their local Congressional representatives to report on their winning EVA. Toshiba employees cooperate in holding the event and guiding teams on their visits.

➤ [Social Contribution Activities - Science and Technology Competition \(North America\)](#)



## Scientific exchange program for Japanese and American high school students

As a new initiative to promote science education, Toshiba has been holding the TOMODACHI Toshiba Science & Technology Leadership Academy since 2014, a special summer vacation project aimed at scientific exchange between Japan and the U.S., in collaboration with the Toshiba International Foundation. This program uses the approaches in the U.S.-developed Next Generation Science Standards (NGSS) to teach scientific thinking, and to nurture and support students' future career prospects.

In FY2015, the program was held in August. Discussions unfolded on the topic of "building a resilient and smart society," taking into account perspectives such as global environmental issues, population problems, and disaster prevention, and the participants engaged in hands-on scientific learning.



High school students in active debate

➤ [Science Exchange Program Targeting Japanese and American High School Students](#)

## Supporting Early Childhood Development in Tanzania

Tanzania is one of the 48 Least Developed Countries in the world, defined by UN. Although increasing numbers of children attend elementary school, only 33% of children attend preschool, we call community childcare facilities. There are various social issues underlying this figure, such as poverty and poor awareness about education for young girls. Shinyanga area, the target of the project, is an impoverished area in inland Tanzania.

The project's goal is to build 10 community child care facilities in Shinyanga (with a total capacity of 1,000 children) for 3-6 year olds. By working to develop these facilities, train teachers, monitor operations, and promote awareness among the local adults concerning preschool education, the project aims to support children's development and growth, and thus also to promote employment among mothers.



Literacy education at community childcare facilities

➤ [Supporting Early Childhood Development in Tanzania](#)

## Sending doctors and dentists to areas around the Toshiba factory in the Philippines

Toshiba Information Equipment (Philippines), Inc. has been providing medical and dental examination services to promote and improve the physical well-being of intended beneficiaries in the nearby community since 2006.

In February 2016, the company dispatched a team consisting of doctors, dentists, nurses, and many employee volunteers to Bunan district and they worked for 130 local residents. In addition, it offered education programs on occupational health and safety as well as environmental protection to residents after their examinations.

Since 2006, the team has visited more than 23 districts and provided medical exams for more than 6,700 people.



Medical examination for local residents by dispatched doctors

## International exchange and promotion of culture

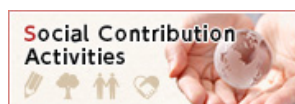
Since FY2014, the Toshiba International Foundation (TIFO) has been holding Toshiba Youth Club Asia (TYCA), an international exchange program for high school students from Japan and the ASEAN countries.

The theme for FY2015 was "TYCA Asian Vision 2035," and the program was held over eight days in December. A total of 10 high school students from Thailand, Singapore, Indonesia, Malaysia and Brunei, and seven Japanese high school students, listened to lectures by experts, went on field trips, and held group discussions about what they themselves can do in the future, and then they presented their own vision.

Through TYCA, TIFO will go on providing opportunities to high school students from Japan and ASEAN countries, who have diverse cultures and values, to discuss the future of Asia, bearing in mind social issues.



Discussions by high school students from various Asian countries



Website: [Social Contribution Activities](#)

# Ensuing the Safety of Fukushima Daiichi Nuclear Power Station

## Cooperation and support to ensure the safety of Fukushima Daiichi Nuclear Power Station

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Toshiba Group has been conducting relief activities, sincerely hoping for the earliest possible recovery and reconstruction of the areas and people affected. Toshiba Group is also continuing to provide cooperation and support in maintaining the stability of the power station and advancing its decommissioning.

Since immediately after the accident at the Fukushima Daiichi Nuclear Power Station, Toshiba Group has been working to the best of its ability to eliminate the consequences and ensure safety in response to a request by the government and the Tokyo Electric Power Company, Incorporated (TEPCO).

As a company engaged in nuclear power generation, we take the accident very seriously and have remained united in our resolve to overcome every difficulty.

### Preventing the release and discharge of radioactive materials

#### Actions for step 1 (occurrence of the earthquake to July 2011)

In April 2011, the government and TEPCO developed a preliminary roadmap consisting of three steps for termination of the accident. In step 1, where we effectively reduced the high radiation dose rate, Toshiba Group worked to prevent the nuclear-contaminated cooling water injected into the damaged plants from flowing out into the ocean. Under harsh work conditions with blackouts and high levels of radiation, we built and began operating a circulation cooling system designed to purify and recycle contaminated water in order to cool the reactor core within the short period of two months. As a result, we were able to control the increase in contaminated water, preventing it from flowing outside the power plant premises.

### Achieving a stable state of cold shutdown

#### Working toward step 2 (August to December 2011)

A contaminated water treatment system developed by an overseas manufacturer was initially installed to deal with the emergency. The operation of this system led Toshiba to conclude that in order to process the massive amounts of contaminated water, it was necessary to improve the system's treatment capabilities and ensure its stable operation. Consequently, we proposed to TEPCO that we develop a new system in cooperation with partner companies in the United States and Japan. We commenced development in May and began operating the new system in August.

The new system, which we named SARRY™,\*1 was highly valued for its stable operational performance and high decontamination ability, and came to be used as the primary decontamination device from October onward. The stable operation of SARRY allowed us to effectively cool the nuclear reactors through the circulation cooling system, and to help achieve a state of cold shutdown for the Fukushima Daiichi Nuclear Power Station's Units 1 through 3 in December.

\*1 SARRY™ : Simplified Active Water Retrieve and Recovery System



## Decommissioning initiatives from FY2012

Toshiba developed quadruped robots to perform investigations and recovery work in places unapproachable by humans and then actually deployed these robots to worksites at the power station. In addition to SARRY™, the contaminated water treatment system, we developed and installed Multi-Radionuclide Removal System (MRRS), which reduces the concentration of radioactive substances being treated to a level such that the environment is not affected. Also we provided and set large tanks which store water disposed by MRRS™. At the same time, outside the nuclear power station, Gammasight™, which is a gamma camera capable of rendering radiation levels visible, continues to be used effectively in decontamination work.



Quadruped robot



Whole view of Multi-Radionuclide Removal System (MRRS) (from TEPCO's website)



Disposed water tanks (from TEPCO's website)

### **Gammasight™ a high-performance, small-size portable gamma camera capable of rendering the effects of radiation visible**

Smaller in size and higher in performance than gamma cameras used in the power plant, this portable gamma camera renders the distribution of radiation effects, which are difficult to identify using ordinary dose rate meters alone, visible using different colors, thereby allowing decontamination to be performed effectively and efficiently as well as contributing to ensuring the safety and security of local residents.



Gammasight™

# Stakeholders

Toshiba Group's business activities involve relationships with diverse stakeholders. Here we clarify definition of each stakeholder, points of communication, and responsibilities of Toshiba group.

## Major Stakeholders



# Examples of Communications



## Customers

### Key responsibilities

- Supplying products in a stable manner
- Providing safe, secure products and services that offer great value
- Creating environmentally conscious products and services
- Promoting universal design
- Providing appropriate product information
- Offering excellent customer relations and support
- Managing customer information appropriately

### Major means of identifying stakeholders' views and requests

- Routine sales activities
- Call center (via phone, email, etc.)
- Monitoring system
- Customer satisfaction (CS) survey

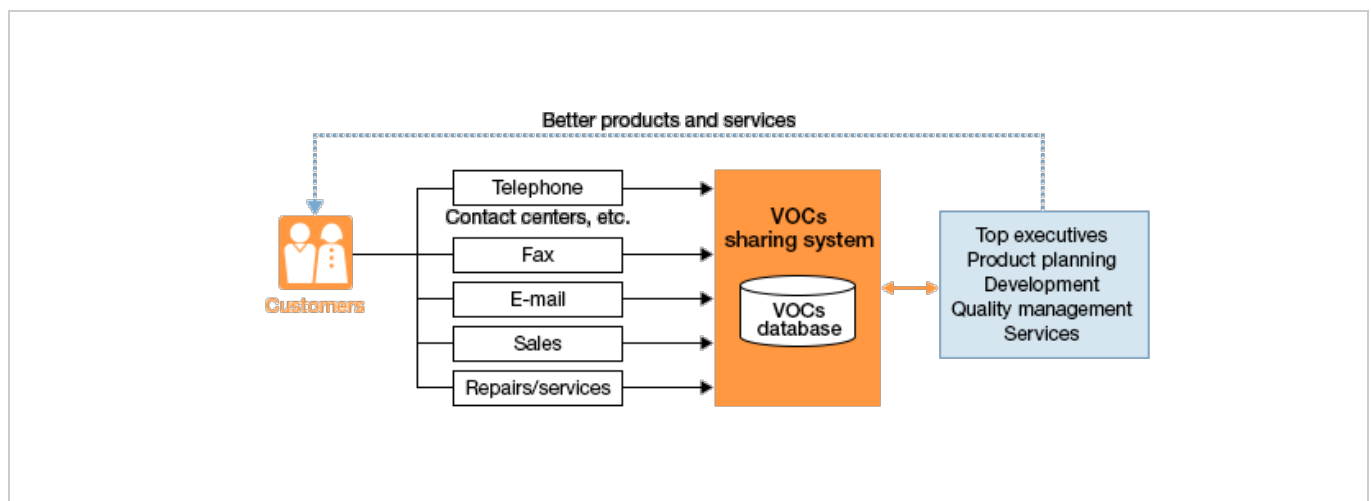
Communication with Customer [Point of contact: Customer Satisfaction Division]

## Share and refrection of customer voices

We receive comments and requests for products and services in our daily operations, which are shared among related personnel including top management, and use them to improve product quality and repair services.

➤ [Sharing and Utilization of Voice of Customers](#)

### Framework for Reflecting VOC in Business Activities





## Shareholders/Investors

### Key responsibilities

- Disclosing information in a timely and appropriate way
- Providing an appropriate return of profits
- Maintaining and enhancing corporate value
- Responding to the needs of SRI organizations

### Major means of identifying stakeholders' views and requests

- General Meeting of Shareholders
- Meetings with investors
- Questionnaire survey
- Investor Relations (IR) website

Toshiba recognizes that improvement needs to be made regarding the disclosure of information, which was not carried out appropriately or in a timely fashion at the time of the account processing issue. In order to prevent this from happening again, we are implementing measures such as revising the regulations on information disclosure, and clarifying the methods for gathering information. On top of this, we newly established a Public Relations & Investor Relations Division in April 2016, which is an organization under the President's direct supervision, as part of our redesign of the information disclosure system.

Toshiba will continue to actively disclose risk and other information, so that the disclosure structure throughout the entire Toshiba Group may provide information promptly, and contribute to our shareholders' and investors' profits.

### Communication with Shareholders

[Point of contact: Legal Affairs Division and Public Relations & Investor Relations Division]

## Publication of Shareholder Newsletters

Toshiba Group strives to communicate with individual shareholders through our shareholder newsletters.

- [Shareholder Newsletter \(Japanese\)](#)

## Enhancement of IR Website

On the IR page on our website, we strive to provide all our investors with information that will affect investing decisions, fairly and in an easy-to-understand form. We have also begun live audio streaming of some of our information sessions in FY2015, in response to requests from investors.

- [IR website](#)
- [Questionnaire survey on the IR website](#)

## General Meeting of Shareholders

On June 25, 2015, Toshiba held its ordinary general meeting of shareholders at the Ryogoku Kokugikan sporting arena in Tokyo, which was attended by 3,178 people. At the ordinary general meeting, we gave reports on the investigations regarding the propriety of our account processing, and also got approval regarding the selection of Directors.

Moreover, on September 30 of the same year, Toshiba held an extraordinary general meeting of shareholders at the Makuhari Messe convention center, which was attended by 1,924 people. At this meeting, we gave reports about the account processing issue, our business performance, and the consolidated financial statements, as well as the content of the financial statements and the results of their audit. We also received approval regarding changes made to our Articles of Incorporation, and on the selection of Directors.

We will continue to put extra effort into running our general meetings of shareholders, so that our shareholders may have a better understanding of Toshiba.

**Communication with Investors [Point of contact: Public Relations & Investor Relations Division]**

## Communication with Institutional Investors and Securities Analysts

In FY 2015, Toshiba held seven sessions regarding the account processing issue for media organizations, institutional investors and securities analysts, on top of our usual financial briefing sessions, and meetings for explaining our business plan. We committed to disclosing information, with the President/CEO and, when necessary, relevant executives including external directors, attending the sessions to give explanatory presentations.

In addition to these, we attempt to communicate with institutional investors and securities analysts throughout the year, through attending seminars hosted by securities companies, and visiting and interviewing Japanese or foreign investors.



## Suppliers

### Key responsibilities

- Selecting suppliers fairly and engaging in fair trading practices
- Respecting human rights in the supply chain
- Promoting environmental management in the supply chain

### Major means of identifying stakeholders' views and requests

- Routine procurement activities
- Briefing session on procurement policy
- CSR survey
- Clean Partner Line

**Communication with Suppliers [Point of contact: Procurement Office]**

## Request to suppliers for promoting CSR management

We ask suppliers to promote CSR management through regular meetings to explain procurement policy and daily procurement operations. In FY2014, we revised our procurement policy so that the priority requirement when choosing new suppliers upon starting or continuing business relationships is to comply with laws and ordinances as well as social codes, and we made this revision fully known to each of Toshiba Group's approx.10,000 suppliers (cumulative total). Furthermore, we held the briefings for our suppliers regarding the EICC Code of Conduct in Japan in FY2015.

- [Explaining about the new procurement policy](#)
- [Cooperation with Industry Organization](#)



## Employees

### Key responsibilities

- Conducting fair assessment and treatment
- Respecting human rights and diversity
- Optimizing human resources and promoting their growth
- Supporting diverse working styles
- Maintaining and enhancing skills and capabilities
- Ensuring occupational health and safety

### Major means of identifying stakeholders' views and requests

- Employee morale survey (TEAM Survey)
- Dialogues, information exchange meetings
- Leadership Survey (360-degree survey)
- Intranet
- Risk hotline
- Consulting services for employees

**Communication with Employees [Point of contact: Human Resources and Administration Division / Legal Affairs Division / Management Reform Division]**

## Employee morale survey (TEAM survey) and disclosure of results

Toshiba has conducted the employee morale survey (TEAM survey) since FY2003, as a way to gain feedback from employees. Through this survey, we periodically monitor the level of understanding among our employees towards the company's measures, and how widespread this understanding is.

In FY 2015, we released a message from our President based on the survey results, and disclosed information about the results, using the survey to create a more open corporate culture. We also introduce opinions that employees voiced in the survey on the intranet Renewal Portal Site, and communicate with employees, for example by giving the company's answers to these opinions.

## Leadership survey (360-degree survey)

In December 2015, we conducted a leadership survey (360-degree survey). The aim is for senior management to grow through identifying their own strengths and weaknesses objectively, so that they can build and lead a more sound organization through stronger leadership. The survey targeted approximately 180 senior managers in a diversified manner, asking the members themselves, their supervisors, peers and subordinates, about their attitudes and behavior regarding work.

## CSR workplace meetings

We hold CSR workplace meetings, so that managers and the employees they manage can talk and think together, and share feelings and opinions, in order to build a work environment where everyone feels free to discuss any matter.

In FY2015, the theme was "Towards Reviving the Toshiba Group," and participants discussed fundamental causes of the account processing issue, and what should be done by the company and by themselves towards reviving Toshiba Group. The meetings were attended by a total of approximately 90,000 employees across 8,300 workplaces in Japan.

## Improved distributing of information by opening a "Renewal Portal Site" intranet site

Toshiba opened a "Renewal Portal Site" intranet site, which contains the information regarding the account processing issue and our measures for reforming our corporate culture. On this page, we publish messages from senior management, results of the leadership survey (360-degree survey), the employee morale survey (TEAM Survey), and the CSR workplace meetings, as well as other information.



## Local communities

### Key responsibilities

- Respecting different customs and cultures
- Engaging in social contribution activities in local communities
- Preventing accidents and disasters at business sites
- Supporting neighboring communities in case of a disaster

### Major means of identifying stakeholders' views and requests

- Dialogues, information exchange meetings
- Factory visits
- Employees' participation in community activities

**Communication with Local Communities [Point of contact: Each company and business site]**

## Environmental communication

We communicate information about our environmental efforts, such as factory visits and nature-watching sessions. This is so that a wide range of stakeholders, such as the communities around our factories and offices, schools, customers, companies, and students, may learn about Toshiba Group's activities, and think about the environment together with us.

- > [Environment](#)
- > [Support for Local Communities Developments](#)



## Governments and public bodies

### Key responsibilities

- Complying with laws and regulations, and paying taxes
- Supporting government policies toward solving social issues

### Major means of identifying stakeholders' views and requests

- Dialogues and proposals via economic associations and industry associations

**Communication with Governments**

**[Point of contact: Each company, business site, and Corporate Communications Office]**

## Participation in Industry Associations

Toshiba actively participates in the activities of Keidanren (Japan Business Federation), Japan Electrical Manufacturers' Association, the Japan Electronics and Information Technology Industries Association, the Home Electric Appliances Fair Trade Conference, the Association for Electric Home Appliances, the World Business Council for Sustainable Development (WBCSD), the World Economic Forum (WEF), and other industry organizations to help address various issues such as the realization of a sustainable society and protection of the global environment.

### Examples of Participation in Industry Organizations

- Japan Machinery Federation  
Chairman: Tadashi Okamura, Advisor, Toshiba Corporation
- WBCSD  
Vice Chairman: Masashi Muromachi, President, Toshiba Corporation
- Japan Institute of Logistics Systems
- Keidanren
- Japan Electronics and Information Technology Industries Association
- Home Electric Appliances Fair Trade Conference

\* As of May 2015



## NPOs • NGOs

### Key responsibilities

- Providing support to solve diverse global issues
- Collaborating with and helping local communities solve their social problems
- Collaborating on our priority areas of corporate citizenship

### Major means of identifying stakeholders' views and requests

- Dialogue through collaboration
- Exchange of views at stakeholder dialogues

### Communication with NPOs and NGOs

[Point of contact: CSR Management Office and Corporate Environment Management Office]



## Support for and collaboration with NPOs and NGOs

We are making the most of our strengths to establish partnerships with NPOs and NGOs across a wide range of areas such as environmental protection, human rights, and social contribution by holding active dialogues with such organizations.

We review our support for and collaboration with NPOs and NGOs based on criteria such as the degree of contribution to solving social problems, relationships with Toshiba's priority business sectors, creativity, pioneer spirit, and relations with local communities.

### Activity Example: Support for Promotion of Experiential Science and Math Education

We develop various curriculums that include evaluation methods for training teachers and for school education, in order to spread "experiential science education by seeing, touching, trying, and thinking," together with Real Science, an NPO presided by mathematician Dr. Jin Akiyama. Moreover, we let children experience the fun of science and mathematics through workshops at Toshiba Science Museum and at children's recreation centers, and through outdoor experience activities. Through these efforts, we are endeavoring to educate individuals who will contribute to society through science and technology.

➤ [Experiential Science Education](#)



Toshiba Experiential Science Education

### Activity Example: Forest Maintenance at Tokyo Metropolitan Area

The Toshiba Hamakawasaki Plant has set up country hedges\* in collaboration with the NPO TR Net (run by Dr. Yuji Kishi, Professor Emeritus at Keio University). We have made leaf mold by piling up branches and leaves of kaizuka juniper trees that we cut down in order to brighten the forest floor in the greenery by the Plant, in an attempt to attract and gather diverse life forms, including insects and small animals above and under the ground.

\*country hedge: fence made of natural materials, where diverse life forms can live.



Creating country hedges at the Hamakawasaki Plant



The installed country hedge

➤ [Conservation of Biodiversity](#)

## Activity Example: Support for Recovery from Disasters

### ■ Support in the Aftermath of Disasters

Toshiba Group has supported the swift recovery from the disasters collaborating with NPOs and NGOs. Some of our relief efforts: Earthquake in Nepal in FY2015, Earthquake in Yunnan, China in FY2014, Typhoon in Philippines, US Tornado, Earthquake in Philippines and China Sichuan in FY2013, Torrential rain in Philippines in FY2012, US Tornado in FY2011.

### ■ Response to the Great East Japan Earthquake and Recovery Support Activities

To support the Fukushima Organic Cotton Project, an initiative run by Iwaki OtentoSUN Enterprise Cooperative, a total of 175 Toshiba employees visited the area in four volunteering visits starting in December 2014, and contributed to revitalizing the region. Toshiba also supports NPOs that tackle disaster recovery in Tohoku, through the corporate consortium Michinoku Partners, which is run by the NPO ETIC.

> [Disaster Relief](#)



Fukushima Organic Cotton Project

## Activity Example: Support and Collaboration with Human Rights Organizations

In collaboration with the public-service corporation Save the Children Japan, we are supporting to establish pre-schools in rural area of Tanzania. In December 2015, as part of the Toshiba Group Simultaneous Social Contribution Action, we collected donations from employees and held presentation meeting of the project with the project manager at Save the Children Japan and staff from Toshiba Africa (Pty) Ltd, who went to survey the area in August, lots of employees participated in the event.

> [Respect for Human Rights](#)



Pre-school in rural area of Tanzania

## Dialogue with environmental stakeholders

Reflecting feedback from environmental NGOs in promoting our environmental management by holding periodic stakeholder dialogues with them.

> [Environmental Stakeholder Dialogue](#)



### Global environment

#### Key responsibilities

- Mitigating climate change
- Reducing waste discharges
- Reducing release of chemicals
- Conserving biodiversity

> [Environment](#)

# Toshiba Group Standards of Conduct

These Toshiba Group Standards of Conduct have been established in order to make our management principles and management vision a reality and as a basis to guide our activities so that we can operate under the principles of fairness, integrity and transparency and contribute to the formation of a sustainable society.

Since its first establishment in May 1990, Toshiba Group Standards of Conduct have been updated as necessary, in light of the social and environmental change. This new edition issued in October 2014 places a greater emphasis on respect for human rights, supply chain management, and compliance awareness.

Toshiba Group Standard shall, on their adoption by each Toshiba Group company by resolution of the board of directors or other appropriate corporate actions, apply to all directors and employees, including advisors and contract employees.

## Introduction

- |  |  |
|--|--|
| 1. <u>Human Rights</u>                                 | 11. <u>Engineering Ethics</u>                      |
| 2. <u>Customer Satisfaction</u>                        | 12. <u>Intellectual Property Rights</u>            |
| 3. <u>Procurement</u>                                  | 13. <u>Accounting</u>                              |
| 4. <u>Production and Technology, Quality Assurance</u> | 14. <u>Corporate Communications</u>                |
| 5. <u>Marketing and Sales</u>                          | 15. <u>Advertising</u>                             |
| 6. <u>Competition Law and Government Transactions</u>  | 16. <u>Workplace</u>                               |
| 7. <u>Bribery</u>                                      | 17. <u>Information Security</u>                    |
| 8. <u>Environment</u>                                  | 18. <u>Company Assets and Conflict of Interest</u> |
| 9. <u>Export Control</u>                               | 19. <u>Community Relations</u>                     |
| 10. <u>Antisocial Groups</u>                           | <u>Scope and Implementation</u>                    |

## Introduction

As the Toshiba Group looks to become an enterprise trusted by society, we have set up management principles: respecting humanity, creating new values, and contributing to the lives and cultures of different countries around the world. At the same time, we operate our business under a management vision in which we aim to make adequate profits and sustainable growth and to bring our customers comfort and joy through the professional expertise and actions of each of our personnel and the collective efforts of our people.

These Toshiba Group Standards of Conduct (hereinafter called the “SOC”) have thus been established in order to make our management principles and management vision a reality and as a basis to guide our activities so that we can operate under the principles of fairness, integrity and transparency and contribute to the formation of a sustainable society.

Each of the directors, corporate auditors, and officers (hereinafter called the “Directors”) and employees (hereinafter called the “Employees”) of Toshiba Group should comply with the SOC and strive to operate a sound and high quality business as a part of a global enterprise which emphasizes a balance between the environment, human rights and local communities under the principle of giving the highest priority to life, safety and compliance with laws, regulations, social standards and ethics.

# 1. Human Rights

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## 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. comply with all applicable laws and regulations concerning human rights in each country and region, understand international standards, and respect human rights, and shall not condone use of either child labor or forced labor;
2. take appropriate measures in the event that Toshiba Group becomes aware of violation of human rights and demand that suppliers redress any violations of human rights; and
3. seek to raise awareness among related stakeholders with respect for human rights.

## 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. accept and accommodate different values, and respect the character and personality of each individual, observe the right to privacy and human rights of each individual; and
2. avoid any violation of human rights based on race, religion, sex, national origin, physical disability, age or sexual orientation, and avoid physical abuse, sexual harassment, power harassment (i.e., bullying or harassment by superiors in the office) or violation of the human rights of others;

# 2. Customer Satisfaction

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## 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall supply products, systems and services (hereinafter called “products and services”) that are based on voice of customer comments that satisfy customer needs and requirements, and that comply with laws, regulations and contracts.

## 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. supply safe and reliable products and services;
2. provide reliable information regarding products and services in an appropriate manner;
3. respond to requests and consultations from customers in an honest, prompt and appropriate manner; and
4. respect voice of customer and endeavor to develop and improve products and services that satisfy customer needs.

### 3. Procurement

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#### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. comply with all applicable laws, regulations and practices established by industry and international organizations;
2. provide suppliers (hereinafter including prospective suppliers) with equal opportunities for transactions with Toshiba Group;
3. conduct procurement in such a manner as to fulfill corporate social responsibilities together with the suppliers; and
4. conduct procurement based on mutual understanding and trust with suppliers.

#### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. prioritize suppliers that:
  - abide by all applicable laws, regulations and social standards, and take seriously human rights, good labor practices, occupational safety and health, and environmental protection;
  - have sound finances;
  - can supply goods and/or services to Toshiba Group with emphasis on appropriate quality, price and delivery lead-time;
  - can provide a stable supply of goods and/or services as well as flexibly and quickly respond to demand fluctuations;
  - possess technology that contributes positively to Toshiba Group products;
  - have a plan to prevent interruptions in the supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain; and
  - require their suppliers to observe a procurement policy equivalent to that of Toshiba Group.
2. prior to procurement of necessary goods and services, undertake a comprehensive and fair evaluation in accordance with the standards set forth below:
  - environmentally friendly;
  - appropriate quality and reasonable and economically rational pricing; and
  - deliver on schedule and with a stable supply;
3. refrain from receiving any personal benefits from suppliers with regard to corporate procurement, and fulfill contractual obligations to suppliers in good faith, ensuring that all transactions fully comply with ethically sound commercial practices and with all applicable laws and regulations to protect suppliers; and
4. ensure that all purchases are authorized by the relevant purchasing, procurement or subcontractor departments in accordance with Toshiba Group internal regulations.

## 4. Production and Technology, Quality Assurance

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### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. observe all applicable laws and regulations, as well as contracts related to production, technology and quality assurance; and
2. promote constant technological innovation and product improvement and strive to supply safe, reliable and high quality products and services that meet customers' needs and incorporate the most advanced technologies.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. assure the fulfillment of warranty commitments giving priority to customer satisfaction, and ensuring the safety of products;
2. promote the research and development of advanced technologies, products and services, and the continuous improvement of technology infrastructure; maintain basic technological and functional infrastructure so as to respond in a timely and appropriate manner to changes in the technological environment and to develop products and services that effectively utilize advanced technologies; and
3. in case Directors or Employees obtain information regarding an accidents involving any product or service, or the safety of any product or service, verify such information instantly and take appropriate measures in accordance with all applicable laws and internal regulations, including information provision, product recalls, and warning notices and labeling.

## 5. Marketing and Sales

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### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. comply with all applicable laws and regulations (including prohibitions on commercial bribery and kickbacks) and conduct fair marketing and sales activities in accordance with proper corporate ethics; and
2. deliver superior products and services that satisfy customer needs and requirements.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. follow sound and fair business practices in all dealings with customers;
2. promote marketing and sales that comply with all applicable laws and regulations (including prohibitions on commercial bribery and kickbacks), observe sound business practices and respect socially accepted ideas; and
3. endeavor to understand customer needs from their perspective and deliver optimal products and services

## 6. Competition Law and Government Transactions

### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. comply with all applicable laws and regulations enacted for the purpose of maintaining free and fair competition (hereinafter called "Competition Laws") in all business activities, including in all transactions with any government;
2. prepare and properly implement Competition Laws compliance programs and company rules on marketing activities that set out corporate policies and procedures for assuring compliance with applicable Competition Laws and related regulations; and
3. observe all applicable laws, regulations and lawful business practices in all government transactions, and not engage in activities such as bid obstruction (Note 1) .

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. observe the Competition Laws compliance programs as well as company rules on marketing activities and promote free and fair business activities;
2. avoid, whether express or implied, agreements or understandings with competitors relating to pricing (including quotations and bids), the volume of production and sales, allocation of markets, customers or territories, or restrictions on production capacities or technology. The prohibition of such agreements is not limited to those actually recorded in writing by way of memoranda or minutes, but also extends to oral agreements;
3. if the customer is a government agency, observe the company rules on marketing activities toward government agencies and not engage in activities such as bid obstruction or competitor coordination on orders (Note 2), and not provide false information, such as false estimates of contract prices, to any governmental agency or its officials (hereinafter including past officials);
4. not organize or participate in meetings, make pledges or arrangements, or exchange information or engage in any other activities which may result in suspicion of engaging in the activities set forth in paragraph 2 and 3 above;
5. not require distributors or dealers to agree to or maintain resale prices for any Toshiba Group Company product;
6. not allow third parties (including sales representatives) to engage in activities prohibited under paragraphs (2) to (5) above; and
7. when hiring former government officials, strictly examine the candidate in accordance with all applicable laws and regulations and the internal regulations of the governmental agency in which he or she worked, and, if such candidate is hired, not allow him or her to engage in marketing activities aimed at such governmental agency, except to the extent permitted by law.

Note1: Herein, "bid obstruction" means, when dealing with a government agency, inquiring about the agency's intentions regarding which prospective bidder will be contracted or the possible bid price, or acting in order for the agency to realize its such intentions.

Note2: Herein, "competitor coordination on orders" means exchanging information or coordinating with competitors regarding which prospective bidder will be contracted, bid prices and other information.

## 7. Bribery

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### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. observe all applicable laws and regulations, and lawful business practices, prohibit illegal or improper payments against lawful business practices; and
2. not provide any illegitimate benefits or favors to any politicians or political organizations.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. neither make nor offer, either directly or indirectly, any payment or anything of value, whether in the form of compensation, business entertainment, gift, contribution, gratuity, or other form, that is illegal or prohibited by any applicable law or regulation, in any dealings with any government agencies, their officials, or members of any political party (including holders of a political office or candidates for such office) (except for cases that do not violate applicable laws or regulations and are considered socially acceptable), and shall not engage in sales transactions, loan transactions and the like (including guarantee transactions) that are not at arm's length;
2. not pay monies or offer benefits to any politicians (including former members of any legislative body, or current or former secretaries of any such politicians) or any company a politician may be involved with, regardless of the form such monies or benefits take (for example "commissions" or "consulting fees"), in connection with marketing toward governmental agencies;
3. refrain from offering cash or other benefits to representatives of foreign governments as a means to gain unlawful benefits or profits when conducting international business transactions;
4. not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;
5. ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;
6. not make contributions to political parties or committees, unless permitted to do so by applicable laws, regulations, and company rules; and
7. respect the established practices of any customer, government entity or other party, as well as all applicable laws and regulations, regarding the provision of or the restrictions or controls over the acceptance of business entertainment, gifts or other business courtesies by its employees or officials.



## 8. Environment

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### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. strive to promote a sustainable environment with the recognition that the Earth is an irreplaceable asset and that there is a collective obligation to leave it to future generations in a sound state;
2. comply with all applicable international, regional and national standards, laws, regulations, agreements, industry guidelines and company rules related to the environment;
3. contribute to society by developing and offering excellent products that incorporate technologies for environmental protection; and
4. strive to reduce the environmental impact of business activities.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. endeavor to do research and development activities and product manufacturing that reduce the impact on the environment, and also work proactively to maximize the efficient use of energy, reduce the use of natural resources and recycle in the course of all business activities in order to prevent global warming and efficiently use resources;
2. continually improve environmental activities by implementing action plans from both short-term and long-term perspectives through daily operations;
3. conduct periodic measurements and inspections and maintain records accordingly. When there is an irregularity, promptly take corrective and preventive measures;
4. perform timely and appropriate environmental impact assessments during the planning of new plants and plant relocations, investment in production facilities, product planning and design and the purchase of new parts, components or materials;
5. try to avoid the use or emission of any substance that, although not prohibited by applicable laws or regulations, is recognized as a threat to the environment by the government or public environmental authority of any country or region in which Toshiba Group operates. If such a substance should be used by Toshiba Group Companies, for whatever reason, every effort shall be made to minimize its environmental impact through application of the best available technology and know-how;
6. try to maintain good and open communication channels for disclosure of sufficient information regarding our environmental activities; and
7. pay due consideration to environmental issues in every-day life, including global warming, and actively participating in environmental activities of local communities.

## 9. Export Control

### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. refrain from any transactions that may undermine the maintenance of global peace and security;
2. comply with all applicable export laws and regulations in each country and region of operation, and with those of the United States if we are engaged in transactions involving U.S. products and technological information; and
3. prepare and implement export control compliance programs (hereinafter called the "Export Control Programs") that stipulate corporate policies and procedures for assuring compliance with the foregoing laws and regulations.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. refrain from any transactions that may undermine the maintenance of global peace and security or any product or technology transactions that may violate the following laws and regulations:
  - all applicable export control laws and regulations in each of the countries and regions where Toshiba Group operates
  - the export control laws and regulations of the United States applicable to transactions involving U.S. products and technological information;
2. assure strict management of transactions from the initial inquiry through the delivery of products and services by observing detailed procedures for control of transactions stipulated in the Export Control Program; and
3. prevent our products from being used for development and manufacturing of conventional weapons and weapons of mass destruction by verifying the end use and the end user of products and technology.

## 10. Antisocial Groups

### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall not have any relationships, including business transactions, with antisocial groups (Note1).

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. refuse participation or contributions by antisocial groups in our business activities, and not promote their activities(Note2) ;
2. refuse any unjustifiable demand (Note3) decisively and unequivocally; and
3. comply with all applicable laws and regulations governing money laundering (concealing the origins of money obtained illegally).

Note1:Herein, "Antisocial Groups" means any groups or individuals pursuing illicit financial gain by violence, power and fraudulence.

Note2:Herein, "promote their activities" means subscription to or purchase of publications or books, purchase of goods, endorsement by advertisement, offering of services, offering of cash or goods, and any other activities providing benefits or favors.

Note3:Herein,"Unjustifiable demand" means a demand or other action related to business activities made by a member of criminal organization with the threat of violence.

## 11. Engineering Ethics

### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. engage in technology activities with a high level of ethics; and
2. comply with all applicable laws, regulations and contracts.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. utilize their expertise, skills and experience to contribute to the health and happiness of humans and the safety of society;
2. rely on scientific facts and recognize changes in all applicable laws, regulations, and conventional wisdom to make fair and independent judgments and act honestly and with good faith;
3. continuously seek to improve their expertise and capabilities to create new and innovative technology and offer safe and excellent products and services;
4. endeavor to foster future engineers and bestow technology to them; ; and
5. promote more active communication with relevant parties to create an open-minded and transparent working environment.

## 12. Intellectual Property Rights

### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. comply with all applicable laws and regulations associated with patent law, copyright law and other intellectual property rights (Note) laws; and
2. protect the results of intellectual activities with intellectual property rights, make extensive use of those rights, and respect the legitimate intellectual property rights of third parties.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. proactively acquire and utilize intellectual property rights in order to strengthen business competitiveness;
2. understand and observe company rules providing that intellectual property rights in any invention, utility model, design for or actual work, such as mask work (i.e., the layout of an integrated circuit chip), computer program or digital content, that is determined to have been made by anyone during the period of his or her services for or employment by a Toshiba Group Company, and the ability to apply for such rights, belong to the Toshiba Group Company;
3. adequately maintain intellectual property rights and take appropriate measures against infringement of these rights by a third party; and
4. respect and take due care of the legitimate intellectual property rights of third parties.

Note: Herein, "intellectual property rights" means patent rights, utility model rights, design patent rights, trademarks, copyrights, mask work rights, trade secrets, and any other such rights.

## 13. Accounting

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### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall comply with all applicable laws and regulations regarding accounting and conduct proper accounts management and financial reporting in accordance with generally accepted principles.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. maintain proper and timely accounts in accordance with generally accepted accounting principles;
2. promote the prompt release of accurate accounts; and
3. endeavor to maintain and improve the accounting management system, and establish and implement internal control procedures for financial reporting.

## 14. Corporate Communications

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### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. endeavor to obtain the understanding of stakeholders, including customers, shareholders and the local community, with respect to corporate activities, products and services, and further improve public recognition of Toshiba Group and its corporate image by means of positive and timely corporate communications activities on business information (Note), such as corporate strategy and financial data; and
2. ensure that management policies are well communicated within the company, and promote information sharing as a means of raising morale and creating a sense of unity.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. conduct corporate communications with integrity on the basis of objective facts;
2. conduct corporate communications by appropriate means, to enable customers, shareholders, potential investors and the members of the community of each country or region to obtain a reasonable understanding of Toshiba Group's activities; and
3. obtain prior consent from the persons responsible for corporate communications before disclosing business information to analysts and to the media, including newspapers, magazines and television stations.

Note: Herein, "business information" includes but is not limited to information regarding actions or activities which may raise the suspicion of such actions prohibited by these SOC (hereinafter called "Risk Compliance Information").

## 15. Advertising

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### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. use advertising activities to increase public awareness of the Toshiba brand and public awareness of, and trust in, Toshiba Group; and
2. seek heightened awareness of Toshiba Group as a global company and a “good corporate citizen” at national and regional levels.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. increase public trust in the Toshiba brand and acquire the good will and trust of the people in each of the countries or regions in which Toshiba Group operates, thereby creating an environment whereby sustained business development and sales promotion activities may be achieved;
2. not use advertising to cast third parties in a negative light in an attempt to make Toshiba Group appear more favorable, or for any other negative purpose; and
3. not make reference to politics or religion in advertising, cause offense or show disrespect by implying discrimination based on race, religion, sex, national origin, physical disability, age or sexual orientation.

## 16. Workplace

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### 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. develop a working environment where Employees may perform their duties creatively and efficiently so that they may achieve a work/life balance (i.e., balance between work and home); and
2. endeavor to ensure a safe and comfortable working environment for Employees.

### 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. accomplish their tasks to the utmost of their abilities, in light of their authority and the responsibilities assigned to them by the company, and endeavor to learn continuously and to improve their own abilities;
2. realize employees' work/life balance through various ways of working so that they can maximize their capabilities to the fullest extent;
3. cultivate a workplace environment that encourages the development of open-minded, cooperative and orderly work activities; and
4. maintain safety, cleanliness and good order in the workplace and endeavor to prevent industrial accidents, and try to maintain good health.

# 17. Information Security

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## 1. Toshiba Group Corporate Policy

Toshiba Group Companies shall:

1. properly manage and protect corporate information (Note)(hereinafter including the Toshiba brand and other intangible assets);
2. respect proprietary information and maintain corporate information as confidential, and prohibit disclosure or improper use of corporate information; and
3. strive to prevent information security incidents, and take recovery and corrective measures immediately in the event of an incident.

## 2. SOC for Toshiba Group Directors and Employees

Directors and Employees shall:

1. not disclose or divulge corporate information, either during or after employment, without following appropriate internal procedures;
2. not use corporate information or company assets to benefit themselves or any third party, to harm the interests of Toshiba Group, or for any other improper use, either during or after employment;
3. not disclose or divulge to the company any confidential or proprietary information belonging to any third party acquired prior to their employment in violation of their obligations to such third parties, including inter alia, former employees and clients;
4. protect any personal data, in accordance with all applicable laws, regulations and company rules, including observance of lawful and appropriate procedures for obtaining and maintaining personal data, and use personal data only for appropriate purposes;
5. observe information security regulations, and endeavor to protect corporate information and use corporate information only in a proper manner;
6. not to use any company-owned information technology equipment or services for any personal purposes;
7. not hurt the informational interests of third parties, such as accessing third party information without authorizations; and
8. not be party to any illegal insider trading (i.e., using nonpublic corporate information in trading the shares or the like of a company)

Note: Herein, "corporate information" means all information, including personal information, third party information such as customer and supplier information and company information (hereinafter including information relating to third parties) that is handled by the Directors and Employees in the course of conducting business, except information open to the public.

## 18. Company Assets and Conflicts of Interest

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### **Toshiba Group Corporate Policy**

Toshiba Group Companies shall:

1. properly manage company assets (hereinafter including the Toshiba brand and other intangible assets); and
2. always act in the best interest of the company.

### **2. SOC for Toshiba Group Directors and Employees**

Directors and Employees shall:

1. refrain from diverting or appropriating company assets for personal use and endeavor to maintain company assets;
2. refrain from making improper use of company equipment and facilities;
3. not make unauthorized use of their position or authority within the company to benefit themselves or any third party or to impair the credibility or brand name of the company; and
4. avoid business relationships with customers, suppliers, and competitors of the company that would pose a conflict of interest.

## 19. Community Relations

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### **Toshiba Group Corporate Policy**

Toshiba Group Companies shall:

1. contribute to and cooperate with all local communities in which Toshiba Group operates in order to perform its duties as a member of these communities and engage and collaborate with a wide range of stakeholders such as nonprofit organization, nongovernmental organization, administrative organization and international body;
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;
3. make appropriate donations in each country and region where Toshiba Group operates, after considering the contribution to the community, the public nature and the reasons for making donations; and
4. try to improve the brand image in all aspects of their relationships with the communities.

### **2. SOC for Toshiba Group Directors and Employees**

Directors and Employees shall:

1. assure that Toshiba Group Companies undertake all activities in harmony with the community, by respecting the local culture and community traditions and customs;
2. actively participate in developing communication with the local community, to encourage and maintain mutual respect and understanding;
3. actively participate in community social and voluntary activities;
4. act responsibly and with integrity as a member of society; and
5. aspire to exhibit honesty and integrity in words and actions with an awareness of being member of Toshiba Group, whether at the workplace, in public places, or online.

# Scope and Implementation

## 1. Scope of the SOC

1. These SOC shall, on their adoption by each Toshiba Group Company by resolution of the board of directors or other appropriate corporate actions, apply to all Directors and Employees, including advisors and contract employees;
2. The SOC does not state or establish legal obligations on the part of the Toshiba Group and does not create any legal rights or claims on the part of any person. Instead, the SOC sets forth the values of the Toshiba Group and the expectations that the Toshiba Group has for its Directors and Employees. In many instances, these values and expectations exceed applicable legal obligations.

## 2. Implementation of the SOC

1. Each Toshiba Group Company shall appoint a "Chief Implementation Administrator" to assume overall responsibility for implementation of the SOC. The Chief Implementation Administrator of Toshiba Corporation shall be the Chief Risk-Compliance Management Officer;
2. Each Chief Implementation Administrator may appoint, as necessary, "Implementation Administrators," who shall be responsible for the implementation of each article of the SOC. Within Toshiba Corporation, the Company President of each in-house company and the General Manager of each staff division shall assume the role of Implementation Administrator. In this capacity, they are responsible for implementation of the SOC in their in-house companies or divisions and also for guiding implementation in Toshiba Group Companies for which they are responsible;
3. The corporate staff division of each Toshiba Group Company in charge of any of the items of these SOC shall formulate relevant rules or compliance programs and shall support that Toshiba Group Company's Implementation Administrators and any related companies by providing information and advice on formulating implementation rules and on developing educational programs;
4. Toshiba Corporation's Corporate Representatives responsible for overseas business in their respective regions shall guide, support and cooperate with Toshiba Group Companies' overseas offices and subsidiaries in implementing the SOC in the businesses for which they are responsible; and
5. Toshiba Corporation's Risk Management Division, Corporate Communication Division and Legal Affairs Division shall be the bodies responsible for the maintenance of the SOC and the promotion and support for the adoption and implementation of the SOC by the Toshiba Group Companies.

## 3. In-house Information Reporting System and Protection of Information Providers

1. Toshiba Group Companies shall establish an in-house information reporting system to ensure that Toshiba Group Directors and Employees are able to report Risk Compliance Information (Note) directly to Chief Implementation Administrators or the division responsible for risk-compliance matters;
2. Directors and Employees of each Toshiba Group Company are to report any Risk Compliance Information they have to their supervisors immediately or provide such information using the in-house information reporting system;
3. The Chief Implementation Administrators, the divisions responsible for risk-compliance matters and supervisors who receive Risk Compliance Information must respond and act promptly and appropriately; and
4. Directors and Employees who provide Risk Compliance Information for good reason and in good faith must not be treated disadvantageously on the grounds that they provided such information.

## 4. Disciplinary Action

Any conduct in violation of these SOC shall be subject to disciplinary measures up to and including dismissal, according to and as set forth in each Toshiba Group Company's Disciplinary Rules/Staff Handbook.

Note: "Risk Compliance Information" means any information regarding actions, or activities which may raise the suspicion of actions prohibited by these SOC.



# Participation in External CSR Organizations

## Active Participation in and Cooperation with External CSR Organizations

Toshiba Group promotes participation and collaboration with external CSR organizations, industry associations, government, international organizations and NGOs.

### Membership in CSR-related organization

- [UN Global Compact](#)
- [Electronic Industry Citizenship Coalition \(EICC\)](#)
- [World Business Council for Sustainable Development \(WBCSD\)](#)
- [World Economic Forum \(WEF\)](#)
- [Science and Technology in Society Forum \(STS Forum\)](#)
- [Businness for Social Responsibility \(BSR\)](#)
- [Council for Better Corporate Citizenship \(CBCC\)](#)

## UN Global Compact

In January 2004 Toshiba joined the United Nations Global Compact, pledging to adhere to universal principles covering human rights, labor and the environment. The Global Compact is a voluntary corporate citizenship initiative proposed by UN Secretary-General Kofi Annan in 1999 at the World Economic Forum (annual meeting in Davos). The Global Compact envisages that in the course of business, companies' fulfillment of their corporate social responsibilities through compliance with internationally recognized principles concerning human rights, labor, the environment and anti-corruption will lead to the emergence of a sustainable global economy.

As a participant of the United Nations Global Compact, in 2007, Toshiba participated as an advisory to the project utilizing GRI guidelines for "Communication on Progress (COP)", a report of the progress on the implementation of Global Compact principles.

Toshiba clarifies the implementation progress of the ten principles of the Global Compact by submitting a COP advanced level report once per year.

- [United Nations Global Compact "Communication on Progress \(COP\)"](#)
- [United Nations Global Compact](#)



Then President Tadashi Okamura signed the Global Compact in January 2004.



Certificate

## 10 Principles of the UN Global Compact

### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

### Labor Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in respect of employment and occupation.

### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies

### Anti-Corruption

10. Businesses should work against all forms of corruption, including extortion and bribery.

> [The Ten Principles](#)

## EICC Membership

The Electronic Industry Citizenship Coalition (EICC) is the electronics industry's CSR promotion organization committed to fulfill CSR for labor, occupational health and safety, the environment, and ethical standards throughout the supply chain. It is founded in October, 2004, and as of April 2015 105 companies all over the world have joined. Toshiba Joined in June 2011 to promote supply chain CSR based on global standard.

> [EICC](#)



## World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD), led by the CEOs of about 200 global corporations, aims to realize a sustainable future for business, society, and the environment.

WBCSD provides constructive business solutions to realize sustainable societies by displaying leadership, offering effective opinions, and taking concerted action. Toshiba is a member of WBCSD, and has served as a member of the WBCSD Executive Committee as one of its Vice

Chairmen since 2014. As a co-leader of zero emission cities which is business solution of the Energy & Climate cluster, Toshiba aims to act globally to contribute to the realization of sustainable societies.



> [WBCSD](#)

## Participation in the World Economic Forum

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The World Economic Forum (WEF) brings together corporate CEOs, political leaders, scholars, journalists, and others who take global leadership roles to discuss important issues facing the world such as those related to the environment, energy, and health. Toshiba is a WEF strategic partner, and at the 2015 annual meeting in Davos, we participated in the Infrastructure & Urban Development Community Initiative, which discusses how to achieve sustainable infrastructure and economic development. We also actively participate in annual meeting and science technology dialogues held in Germany, Malaysia and Italy.

> [World Economic Forum](#)

## Participation in the STS Forum

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The Science and Technology in Society (STS) forum, which aims to ensure appropriate development of science and technology, gathers scientists, policymakers, business leaders, journalists, and others in one place to discuss and exchange opinions about issues related to science and technology as well as society from the perspective that these are issues shared by humanity. Toshiba has participated in the STS Forum since 2004. In addition, as a Council member, then Chairman is actively involved in guiding the direction of the Forum's activities.

> [STS Forum](#)

## Participation in BSR

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Business for Social Responsibility (BSR) is a global nonprofit organization for CSR activities which is established in the U.S. in 1992. 250 or more global organizations and companies had participated as a member, and Toshiba joined in 2003.

We engaged in stakeholder dialogues facilitated by BSR, and participated in Study Forums on human rights and supply chain CSR.

> [BSR](#)



## Participation in CBCC

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Council for Better Corporate Citizenship (CBCC) is an association, established in 1989 by Keidanren (Federation of Economic Organizations), which supports Japanese company to be accepted by regional communities as "Good corporate citizen" as well as promotes CSR activities in practice. Toshiba joined CBCC from its establishment, and currently takes part in activity as a member of planning committee.

> [CBCC](#)

# History of CSR Activities

 Concerned with environmental issues

FY2015	<ul style="list-style-type: none"> <li>Started investigation into the cause of accounting issue, and addressing various measures for recurrence prevention.</li> <li>Held seminars to explain Global Compact and EICC Code of Conduct for both suppliers and people from Toshiba Group companies.</li> </ul>
FY2014	<ul style="list-style-type: none"> <li>Revised Toshiba Group Standards of Conduct and added Respect for Human Rights as Article 1.</li> <li>Revised Toshiba Group Procurement Policy and requested some 10,000 suppliers (cumulative numbers) to abide by this revised content.</li> <li>Commenced Toshiba Group Simultaneous Social Contribution Activities</li> </ul>
FY2013	<ul style="list-style-type: none"> <li>Organized "Business &amp; Human Rights Workshop" for human resource managers from 9 Asian countries.</li> <li>Newly established "Social Contributions by Business" category to Social Contribution Award.</li> <li>Introducing T-Compass, a new concept of environmental management. </li> </ul>
FY2012	<ul style="list-style-type: none"> <li>Continued implementation of the PDCA cycle according to ISO 26000. Surveys of some 10,000 suppliers regarding their approaches to issues related to conflict minerals and CSR promotion.</li> <li>Achievement of 0.67 trillion yen in sales of excellent ECPs (Environmentally Conscious Products with the industry's highest level of environmental performance in terms of KPIs). </li> </ul>
FY2011	<ul style="list-style-type: none"> <li>Implementation of PDCA cycle of checking, identification of issues, planning, action, and evaluation based on ISO 26000.</li> <li>Established Toshiba Group Conflict Mineral Policy.</li> <li>Revised Toshiba Group Procurement Policy and requested that suppliers continue to promote CSR in the supply chain.</li> <li>Formulation of the Fifth Environmental Action Plan. </li> <li>Reviewing the BCP based on the experience of the Great East Japan Earthquake and the floods in Thailand.</li> </ul>
FY2010	<ul style="list-style-type: none"> <li>Strengthened CSR management based on the principles of ISO 26000</li> <li>Initiated workplace meetings focusing on integrity</li> <li>Introduction of a system for visualizing working hours</li> <li>UD advisor system expanded to include non-Japanese employees</li> <li>Announcement of the new concept for environmental management at a business policy briefing(Greening of Process, Greening of Products and Greening by Technology") </li> </ul>
FY2009	<ul style="list-style-type: none"> <li>Ending production of general-use incandescent bulbs</li> <li>Formulation of Toshiba Group Biodiversity Guidelines </li> <li>Establishment of Sign Language Club</li> <li>Enforcement of the requirement to leave the office at the regular time for at least two days during the Family Week in Japan</li> </ul>

FY2008	<ul style="list-style-type: none"> <li>▪ Collaboration with NPOs to promote experiential science education. (Supporting the activities of experiential science education research organizations)</li> <li>▪ 1st Toshiba Cup Contest among students specializing in science and math education at teacher-training universities in China to present their creative teaching plans.</li> <li>▪ Reorganization of home appliance call centers (change to product-wise call centers)</li> <li>▪ Implementation of on-site CSR audit (related to human rights, occupational health and safety, the environment) of suppliers in Thailand.</li> <li>▪ Issue of Environmental Report. 🌱</li> <li>▪ Announcement to allow the peak out of Toshiba Group's greenhouse gas emissions in 2012 and thereafter reduce the absolute emissions. 🌱</li> </ul>
FY2007	<ul style="list-style-type: none"> <li>▪ Toshiba Group Environmental Vision 2050 is established. 🌱</li> <li>▪ Structures and systems for Quality Control at Toshiba Group is reinforced.</li> <li>▪ Ethical education to Technical Employees in Japan and overseas is provided.</li> <li>▪ Toshiba Group Fourth Voluntary Plan is extended from FY2010 to FY2012, with New Targets Added. 🌱</li> <li>▪ Statutory Ratio of Employment of People with Disabilities is fulfilled in all the subject Group Companies in Japan.</li> </ul>
FY2006	<ul style="list-style-type: none"> <li>▪ Toshiba Group CSR Month is established.</li> <li>▪ Toshiba Group Standards of Conduct is revised.</li> <li>▪ The Clean Partner Line, a whistleblower system for suppliers and other business partners, is established.</li> <li>▪ Toshiba Group 1.5 Million Tree-planting Project is launched.</li> <li>▪ The New EASTER comprehensive audit system is put in place. 🌱</li> </ul>
FY2005	<ul style="list-style-type: none"> <li>▪ Toshiba With Co., Ltd., a special subsidiary for employment of the disabled, is established.</li> <li>▪ Toshiba Group CSR Conference is held.</li> <li>▪ Toshiba "ASHITA" Award is established.</li> <li>▪ The philosophy, policies and criteria for universal design are established.</li> <li>▪ Standards of Conduct concerning Sales to Government and Authorities are established and thoroughly implemented.</li> <li>▪ Participates in the Eco-Products International Fair 🌱</li> </ul>
FY2004	<ul style="list-style-type: none"> <li>▪ Toshiba Group Standards of Conduct is applied throughout the Group.</li> <li>▪ CSR report is issued.</li> <li>▪ An organization dedicated to promotion of equal opportunity is established.</li> <li>▪ Toshiba Group Procurement Policy based on CSR is established.</li> <li>▪ Toshiba Group Environmental Vision 2010 is announced. 🌱</li> <li>▪ Fourth Voluntary Environmental Plan is introduced. 🌱</li> </ul>
FY2003	<ul style="list-style-type: none"> <li>▪ Company with committees system is adopted.</li> <li>▪ CSR Division is established.</li> <li>▪ CSR Website is opened.</li> <li>▪ Factor T, an eco-efficiency indicator, is introduced. 🌱</li> <li>▪ Joins Business for Social Responsibility (BSR), an international CSR association based in the U.S.</li> <li>▪ Health and safety management system is introduced.</li> <li>▪ Toshiba Group Standards of Conduct is revised.</li> <li>▪ Joins UN Global Compact</li> </ul>
FY2002	<ul style="list-style-type: none"> <li>▪ Internal free agent system is introduced.</li> <li>▪ Zero emissions of waste is achieved. 🌱</li> </ul>
FY2001	<ul style="list-style-type: none"> <li>▪ Japanese version and international version of the Standards of Business Conduct are integrated.</li> </ul>

FY2000	<ul style="list-style-type: none"> <li>▪ Corporate risk management system is established.</li> <li>▪ Environmental accounting is introduced. 🌱</li> <li>▪ Third Voluntary Environmental Plan is introduced. 🌱</li> <li>▪ Green procurement is introduced. 🌱</li> </ul>
FY1999	<ul style="list-style-type: none"> <li>▪ In-house company system is introduced.</li> <li>▪ Environmental report is issued. Environmental Protection &amp; Recycling Planning Center is established. 🌱</li> <li>▪ Toshiba Customer Information Center is established.</li> </ul>
FY1998	<ul style="list-style-type: none"> <li>▪ Executive officer system is introduced.</li> </ul>
FY1996	<ul style="list-style-type: none"> <li>▪ Second Voluntary Environmental Plan is introduced.</li> </ul>
FY1995	<ul style="list-style-type: none"> <li>▪ ISO 14001 certification is obtained. 🌱</li> </ul>
FY1993	<ul style="list-style-type: none"> <li>▪ First Voluntary Environmental Plan is introduced. 🌱</li> </ul>
FY1992	<ul style="list-style-type: none"> <li>▪ ExploraVision Award is started in the U.S.</li> <li>▪ Family-care leave, child-care leave and short-time working hours systems are introduced.</li> </ul>
FY1991	<ul style="list-style-type: none"> <li>▪ Corporate Environmental Protection Council is established. 🌱</li> <li>▪ Toshiba Group Environmental Exhibition is started. 🌱</li> <li>▪ Toshiba Thai Foundation is established.</li> </ul>
FY1990	<ul style="list-style-type: none"> <li>▪ Basic Commitment of the Toshiba Group and the slogan are established.</li> <li>▪ Toshiba Standards of Business Conduct and Toshiba International Standards of Conduct are established.</li> <li>▪ Toshiba America Foundation is established.</li> </ul>
FY1989	<ul style="list-style-type: none"> <li>▪ Basic Policy for Environmental Protection is established. 🌱</li> <li>▪ Environmental auditing is introduced. 🌱</li> <li>▪ Toshiba International Foundation is established.</li> </ul>
FY1988	<ul style="list-style-type: none"> <li>▪ Environmental Protection Center is established. 🌱</li> </ul>
FY1975	<ul style="list-style-type: none"> <li>▪ Toshiba Group Health and Safety Convention is introduced.</li> </ul>
FY1973	<ul style="list-style-type: none"> <li>▪ Toshiba Management Philosophy is established.</li> </ul>
FY1971	<ul style="list-style-type: none"> <li>▪ Consumers Department is established.</li> </ul>

# GRI Content Index

This report contains Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines.

C: CSR website

E: Environmental website

IR: IR website

O: Other website

\*Core performance indicator

(Evaluations as of December 2016)

## General Standard Disclosures

Section	Indicator	References
Strategy and Analysis		
G4-1*	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	C: CEO Commitment E: CEO Commitment IR: From the CEO
G4-2	a. Provide a description of key impacts, risks, and opportunities.	C: CEO Commitment C: FY2015 Performance Indicators E: CEO Commitment E: Environmental Vision 2050 E: Progress in the Fifth Environmental Action Plan IR: From the CEO
Organizational Profile		
G4-3*	a. Report the name of the organization.	C: Company Overview
G4-4*	a. Report the primary brands, products, and services.	C: Toshiba Group Business Overview
G4-5*	a. Report the location of the organization's headquarters.	C: Company Overview
G4-6*	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	C: Toshiba Group Business Overview
G4-7*	a. Report the nature of ownership and legal form.	C: Company Overview C: Stakeholders
G4-8*	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	C: Toshiba Group Business Overview

G4-9*	<p>a. Report the scale of the organization, including:</p> <ul style="list-style-type: none"> <li>▪ Total number of employees</li> <li>▪ Total number of operations</li> <li>▪ Net sales (for private sector organizations) or net revenues (for public sector organizations)</li> <li>▪ Total capitalization broken down in terms of debt and equity (for private sector organizations)</li> <li>▪ Quantity of products or services provided</li> </ul>	<p>C: Toshiba Group Business Overview</p> <p>C: Company Overview</p>
G4-10*	<p>a. Report the total number of employees by employment contract and gender.</p> <p>b. Report the total number of permanent employees by employment type and gender.</p> <p>c. Report the total workforce by employees and supervised workers and by gender.</p> <p>d. Report the total workforce by region and gender.</p> <p>e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p>	<p>C: Diversity Promotion</p> <p>C: Number of Employees by Region and Business Segment (as of March 31, 2015)</p>
G4-11*	<p>a. Report the percentage of total employees covered by collective bargaining agreements.</p>	<p>C: Number of Employees by Region and Business Segment (as of March 31, 2015)</p>
G4-12*	<p>a. Describe the organization's supply chain.</p>	<p>C: Stakeholders</p>
G4-13*	<p>a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:</p> <ul style="list-style-type: none"> <li>▪ Changes in the location of, or changes in, operations, including facility openings, closings, and expansions</li> <li>▪ Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)</li> <li>▪ Changes in the location of suppliers, the</li> </ul>	<p>C: CSR Reporting Policy (Significant Change during the Reporting Period)</p>
Commitments to External Initiatives		
G4-14*	<p>a. Report whether and how the precautionary approach or principle is addressed by the organization.</p>	<p>C: Human Rights</p> <p>C: Risk Management and Compliance</p> <p>C: Quality Control</p> <p>C: Product Safety</p> <p>E: Greening of Products (Environmentally Conscious Products)</p>
G4-15*	<p>a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.</p>	<p>C: Participation in External CSR Organizations</p> <p>C: Company Overview (Membership in CSR-related organizations)</p>



G4-16*	<p>a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> <li>▪ Holds a position on the governance body</li> <li>▪ Participates in projects or committees</li> <li>▪ Provides substantive funding beyond routine membership dues</li> <li>▪ Views membership as strategic</li> </ul>	<p>C: Company Overview (Membership in CSR-related organizations)</p> <p>C: Stakeholders</p> <p>C: Participation in External CSR Organizations</p>
Identified Material Aspects and Boundaries		
G4-17*	<p>a. List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	<p>C: Toshiba Group Business Overview (Business Structure)</p> <p>O: Management Structure</p> <p>O: Business Overview (Business Domains)</p>
G4-18*	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	<p>C: CSR Reporting Policy</p> <p>E: Editing Policy</p>
G4-19*	a. List all the material Aspects identified in the process for defining report content.	C: Identifying Material Issues
G4-20*	<p>a. For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> <li>▪ Report whether the Aspect is material within the organization</li> <li>▪ If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> <li>– The list of entities or groups of entities included in G4-17 for which the Aspect is not material or</li> <li>– The list of entities or groups of entities included in G4-17 for which the Aspects is material</li> </ul> </li> <li>▪ Report any specific limitation regarding the Aspect Boundary within the organization</li> </ul>	<p>C: CSR Reporting Policy</p> <p>E: Editing Policy</p>
G4-21*	<p>a. For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <ul style="list-style-type: none"> <li>▪ Report whether the Aspect is material outside of the organization</li> <li>▪ If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified</li> <li>▪ Report any specific limitation regarding the Aspect Boundary outside the organization</li> </ul>	<p>C: CSR Reporting Policy</p> <p>E: Editing Policy</p>
G4-22*	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	C: Financial Results
G4-23*	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	C: CSR Reporting Policy (Significant Change during the Reporting Period )

Stakeholder Engagement		
G4-24*	a. Provide a list of stakeholder groups engaged by the organization.	C: Stakeholders
G4-25*	a. Report the basis for identification and selection of stakeholders with whom to engage.	C: Stakeholders
G4-26*	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	C: Stakeholders
G4-27*	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	C: Stakeholders
Report Profile		
G4-28*	a. Reporting period (such as fiscal or calendar year) for information provided.	C: CSR Reporting Policy E: Editing Policy
G4-29*	a. Date of most recent previous report (if any).	
G4-30*	a. Reporting cycle (such as annual, biennial).	
G4-31*	a. Provide the contact point for questions regarding the report or its contents.	C: Inquiries about CSR and Environmental Activities
GRI Content Index		
G4-32*	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	C: CSR Reporting Policy
Assurance		
G4-33*	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	E: Third-Party Evaluation

Section	Indicator	References
Governance		
Governance Structure and Composition		
G4-34*	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	IR: Governance Overview
G4-35	a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	C: CSR Management
G4-36	a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	C: CSR Management E: Environmental Management Structure
G4-37	a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	IR: Governance Overview
G4-38	a. Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> <li>▪ Executive or non-executive</li> <li>▪ Independence</li> <li>▪ Tenure on the governance body</li> <li>▪ Number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>▪ Gender</li> <li>▪ Membership of under-represented social groups</li> <li>▪ Competences relating to economic, environmental and social impacts</li> <li>▪ Stakeholder representation</li> </ul>	IR: Corporate Governance
G4-39	a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	IR: Directors and Executives
G4-40	a. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> <li>▪ Whether and how diversity is considered</li> <li>▪ Whether and how independence is considered</li> <li>▪ Whether and how expertise and experience relating to economic, environmental and social topics are considered</li> <li>▪ Whether and how stakeholders (including shareholders) are involved</li> </ul>	IR: Governance Overview

G4-41	<p>a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> <li>▪ Cross-board membership</li> <li>▪ Cross-shareholding with suppliers and other stakeholders</li> <li>▪ Existence of controlling shareholder</li> <li>▪ Related party disclosures</li> </ul>	<p>IR: Corporate Governance C: Toshiba Group Standards of Conduct</p>
Highest Governance Body'S Role in Setting Purpose, Values, and Strategy		
G4-42	<p>a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.</p>	<p>C: CSR Management IR: Corporate Governance E: Environmental Management Structure</p>
Highest Governance Body'S Competencies and Performance Evaluation		
G4-43	<p>a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.</p>	C: CSR Management
G4-44	<p>a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</p> <p>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.</p>	IR: Corporate Governance
G4-45	<p>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</p> <p>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</p>	<p>IR: Corporate Governance C: Structure of Risk Management and Compliance</p>
G4-46	<p>a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.</p>	C: Structure of Risk Management and Compliance
G4-47	<p>a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.</p>	C: Structure of Risk Management and Compliance
G4-48	<p>a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.</p>	C: CSR Management

Highest Governance Body'S Role in Evaluating Economic, Environmental and Social Performance		
G4-49	a. Report the process for communicating critical concerns to the highest governance body.	C: Stakeholders C: Risk Management and Compliance (Whistleblower System) IR: Shareholders' Meeting
G4-50	a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	-
Remuneration and Incentives		
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none"> <li>▪ Fixed pay and variable pay: <ul style="list-style-type: none"> <li>– Performance-based pay</li> <li>– Equity-based pay</li> <li>– Bonuses</li> <li>– Deferred or vested shares</li> </ul> </li> <li>▪ Sign-on bonuses or recruitment incentive payments</li> <li>▪ Termination payments</li> <li>▪ Clawbacks</li> <li>▪ Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees</li> </ul> <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>	IR: Compensation
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	IR: Compensation
G4-53	a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	C: Stakeholders C: Risk Management and Compliance (Whistleblower System) C: Fair Evaluation and Talent Development IR: Shareholders' Meeting
G4-54	a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-
G4-55	a. Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-

Section	Indicator	References
Ethics and Integrity		
G4-56*	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	C: Toshiba Group Standards of Conduct
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	C: Risk Management and Compliance (Whistleblower System)
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	C: Risk Management and Compliance (Whistleblower System)

## Specific Standard Disclosures

Section	Indicator	References
Economic		
Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	IR: Financial Indicators
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	IR: Business Risk Factors E: Environmental Vision 2050
G4-EC3	Coverage of the organization's defined benefit plan obligations	C: Toshiba Corporate Pension Plan
G4-EC4	Financial assistance received from government	-
Aspect: Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	C: Fair Evaluation and Talent Development
Aspect: Indirect Economic Impacts		
G4-EC7	Development and impact of infrastructure investments and services supported	C: Social Contribution Activities O: Support for Disaster Recovery
G4-EC8	Significant indirect economic impacts, including the extent of impacts	E: Environmental Accounting
Aspect: Procurement Practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	C: CSR Management in the Supply Chain C: Support for Local Communities Developments

Environmental		
Aspect: Materials		
G4-EN1	Materials used by weight or volume	E: Overview of Environmental Impacts
G4-EN2	Percentage of materials used that are recycled input materials	E: Efficient Use of Resources
Aspect: Energy		
G4-EN3	Energy consumption within the organization	E: Overview of Environmental Impacts
G4-EN4	Energy consumption outside of the organization	E: Making GHG emissions in the supply chain visible for all categories
G4-EN5	Energy intensity	E: Reducing energy-derived CO <sub>2</sub> emissions
G4-EN6	Reduction of energy consumption	E: Progress in the Fifth Environmental Action Plan E: Reducing total GHG emissions E: Reducing energy-derived CO <sub>2</sub> emissions E: Reducing CO <sub>2</sub> emissions associated with product logistics E: Reductions in CO <sub>2</sub> emissions from employees' business travel E: Use of renewable energy E: Making GHG emissions in the supply chain visible for all categories E: Mitigation of Climate Change
G4-EN7	Reductions in energy requirements of products and services	E: Creation of Excellent ECPs E: Mitigation of Climate Change E: Product Eco-efficiency E: Greening by Technology/Low-Carbon Energy Technologies
Aspect: Water		
G4-EN8	Total water withdrawal by source	E: Overview of Environmental Impacts E: Efficient use of water resources
G4-EN9	Water sources significantly affected by withdrawal of water	-
G4-EN10	Percentage and total volume of water recycled and reused	E: Overview of Environmental Impacts E: Efficient use of water resources
Aspect: Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	E: Conservation of Biodiversity
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	E: Conservation of Biodiversity
G4-EN13	Habitats protected or restored	E: Conservation of Biodiversity
G4-EN14	Total number of iucn red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	E: Conservation of Biodiversity

Aspect: Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	E: Overview of Environmental Impacts E: Reducing total GHG emissions E: Reducing energy-derived CO <sub>2</sub> emissions E: Reducing CO <sub>2</sub> emissions associated with product logistics E: Reductions in CO <sub>2</sub> emissions from employees' business travel E: Use of renewable energy E: Making GHG emissions in the supply chain visible for all categories
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	E: Making GHG emissions in the supply chain visible for all categories
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	E: Making GHG emissions in the supply chain visible for all categories
G4-EN18	Greenhouse gas (GHG) emissions intensity	E: Reducing energy-derived CO <sub>2</sub> emissions
G4-EN19	Reduction of greenhouse gas (GHG) emissions	E: Reducing energy-derived CO <sub>2</sub> emissions E: Mitigation of Climate Change E: Greening by Technology/Low-Carbon Energy Technologies
G4-EN20	Emissions of ozone-depleting substances (ODS)	E: Management of ozone-depleting substances
G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	E: Overview of Environmental Impacts E: Management of substances that have impacts on the atmosphere and hydrosphere
Aspect: Effluents and Waste		
G4-EN22	Total water discharge by quality and destination	E: Overview of Environmental Impacts E: Management of substances that have impacts on the atmosphere and hydrosphere
G4-EN23	Total weight of waste by type and disposal method	E: Overview of Environmental Impacts E: Reducing the total waste volume
G4-EN24	Total number and volume of significant spills	E: Soil and groundwater purification
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	E: Conservation of Biodiversity
Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	E: Greening of Products/Creation of Excellent ECPs
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	E: Overview of Environmental Impacts E: Recycling end-of-life products globally E: Recycling of end-of-life products in Japan



Aspect: Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	E: Risks and compliance
Aspect: Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	E: Overview of Environmental Impacts E: Reducing CO2 emissions associated with product logistics
Aspect: Overall		
G4-EN31	Total environmental protection expenditures and investments by type	E: Environmental Accounting
Aspect: Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	-
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	E: Making GHG emissions in the supply chain visible for all categories
Aspect: Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	-
Social		
Labor Practices and Decent Work		
Aspect: Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	-
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	C: Diversity Promotion (Toshiba Corporate Pension Plan)
G4-LA3	Return to work and retention rates after parental leave, by gender	C: Diversity Promotion(Supporting employees in balancing work with childcare/nursing care)
Aspect: Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	-
Aspect: Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	-
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	C: Frequency of Occupational Accidents Leading to Absence at Toshiba Group
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	-
G4-LA8	Health and safety topics covered in formal agreements with trade unions	C: Occupational Health and Safety (Promotion Framework)

Aspect: Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	-
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	C: Fair Evaluation and Talent Development
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	-
Aspect: Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	I: Directors and Executives C: Diversity Promotion
Aspect: Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	No discrimination with regard to male and female compensation within the same category
Aspect: Supplier Assessment for Labor Practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	-
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	C: CSR Management in the Supply Chain
Aspect: Labor Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	C: Risk Management and Compliance
Human Rights		
Aspect: Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	C: Risk Management and Compliance Education
Aspect: Non-discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	-
Aspect: Freedom of Association and Collective Bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	C: Policy and Management System on Human Rights C: CSR Management in the Supply Chain/Thorough Implementation measures based on the Toshiba Group Procurement Policy and its monitoring

Aspect: Child Labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	C: CSR Management in the Supply Chain/Thorough Implementation measures based on the Toshiba Group Procurement Policy and its monitoring
Aspect: Forced or Compulsory Labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	C: CSR Management in the Supply Chain/Thorough Implementation measures based on the Toshiba Group Procurement Policy and its monitoring
Aspect: Security Practices		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	-
Aspect: Indigenous Rights		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-
Aspect: Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	C: Policy and Management System on Human Rights
Aspect: Supplier Human Rights Assessment		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	C: CSR Management in the Supply Chain/Thorough Implementation measures based on the Toshiba Group Procurement Policy and its monitoring
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	C: CSR Management in the Supply Chain
Aspect: Human Rights Grievance Mechanisms		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	C: Risk Management and Compliance
Society		
Aspect: Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	C: Support for Local Communities Developments E: Conservation of Biodiversity/Initiatives at production sites E: Management of Chemicals/Reducing emissions of chemical substances E: Environmental Management at Production Sites/Soil and groundwater purification
G4-SO2	Operations with significant actual and potential negative impacts on local communities	C: Support for Local Communities Developments (Structure for Community-related Corporate Citizenship Activities)

Aspect: Anti-corruption		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	C: Risk Management and Compliance
G4-SO4	Communication and training on anti-corruption policies and procedures	C: Risk Management and Compliance
G4-SO5	Confirmed incidents of corruption and actions taken	C: Risk Management and Compliance (Response to Compliance Violations)
Aspect: Public Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	-
Aspect: Anti-competitive Behavior		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	C: Risk Management and Compliance
Aspect: Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	C: Risk Management and Compliance
Aspect: Supplier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	-
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	C:CSR Management in the Supply Chain
Aspect: Grievance Mechanisms for Impacts on Society		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	C: Risk Management and Compliance
Product Responsibility		
Aspect: Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	C: Quality Control C: Product Safety E: Greening of Products/Creation of Excellent ECPs
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	C: Product Safety
Aspect: Product and Service Labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	C: Risk Management and Compliance (Product Safety Information and Advertising) E: Greening of Products/Creation of Excellent ECPs
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	C: Risk Management and Compliance (Product Safety Information and Advertising)
G4-PR5	Results of surveys measuring customer satisfaction	C: Customer Satisfaction (CS) Survey

Aspect: Marketing Communications		
G4-PR6	Sale of banned or disputed products	C: Risk Management and Compliance (Product Safety Information and Advertising)
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	C: Risk Management and Compliance (Product Safety Information and Advertising)
Aspect: Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	C: Risk Management and Compliance (Information Security Management)
Aspect: Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	C: Product Safety

# Comparison with the UN Global Compact

As a signatory to the UN Global Compact, Toshiba submits Communication on Progress (COP) reports regarding the implementation progress of the ten principles of the Global Compact. The Global Compact sets forth universal principles on human rights, labor, the environment and anti-corruption advocated by the United Nations.

➤ [Participation in CSR-related organizations](#)

C: CSR website

E: Environmental website

(Evaluations as of December 2016)

Global Compact Ten Principles		References
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	C: Respect for Human Rights C: Employment and Labor Relations/ Respecting Employees Human Rights C: Diversity Promotion C: Occupational Health and Safety C: Risk Management and Compliance C: CSR Management in the Supply Chain C: Quality Control C: Product Safety C: Stakeholders (NPOs/NGOs)
Principle 2	Make sure that they are not complicit in human rights abuses.	C: Respect for Human Rights C: Employment and Labor Relations/ Respecting Employees Human Rights C: Risk Management and Compliance C: CSR Management in the Supply Chain
Labor		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	C: Employment and Labor Relations C: Risk Management and Compliance C: CSR Management in the Supply Chain
Principle 4	The elimination of all forms of forced and compulsory labor	C: Respect for Human Rights C: Risk Management and Compliance C: Respecting Employees Human Rights
Principle 5	The effective abolition of child labor	C: Risk Management and Compliance C: CSR Management in the Supply Chain
Principle 6	The elimination of discrimination in respect of employment and occupation.	C: Diversity Promotion C: Risk Management and Compliance C: CSR Management in the Supply Chain C: Support for Local Community Development

Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	C: Stakeholders (Governments and public bodies) E: Environment
Principle 8	Undertake initiatives to promote greater environmental responsibility	C: Product Safety C: Stakeholders (Governments and public bodies) E: Environment
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	C: Stakeholders (Governments and public bodies) E: Environment
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	C: Risk Management and Compliance C: Stakeholders (Governments and public bodies)

# Comparison with ISO 26000

Toshiba strive to evaluate our CSR initiatives according to the core subjects as well as to expand our CSR initiatives and CSR reporting.

➤ [Effective use of ISO 26000](#)

C: CSR website

E: Environmental website

IR: IR website

O: Other website

(Evaluations as of December 2016)



Core Subjects	Issues	References
6.2 Organizational governance		C: CSR Management
		C: Stakeholders
		C: Stakeholder Dialogue
		IR: Corporate Governance
6.3 Human rights		
6.3.3	Due diligence	C: Respect for Human Rights
6.3.4	Human rights risk situations	C: Respect for Human Rights
6.3.5	Avoidance of complicity	C: Respect for Human Rights
6.3.6	Resolving grievances	C: Respect for Human Rights
6.3.7	Discrimination and vulnerable groups	C: Respect for Human Rights
6.3.8	Civil and political rights	C: Respect for Human Rights
6.3.9	Economic, social and cultural rights	C: Respect for Human Rights
6.3.10	Fundamental principles and rights at work	C: Respect for Human Rights
		C: CSR Management in the Supply Chain
6.4 Labor practices		
6.4.3	Employment and employment relationships	C: Employment and Labor Relations
		C: Fair Evaluation and Talent Development
		C: Diversity Promotion
6.4.4	Conditions of work and social protection	C: Diversity Promotion
		C: Occupational Health and Safety
6.4.5	Social dialogue	C: Employment and Labor Relations
		C: Fair Evaluation and Talent Development
6.4.6	Health and safety at work	C: Occupational Health and Safety
6.4.7	Human development and training in the workplace	C: Fair Evaluation and Talent Development



6.5 The environment		
6.5.3	Prevention of pollution	E: Outline of Environmental Impacts
		E: Impacts on Air and Water
6.5.4	Sustainable resource use	E: Greening of Process
		E: Total Amount of Waste
		E: Efficient Use of Water
		E: Use of Renewable Energy
6.5.5	Climate change mitigation and adaptation	E: Reducing total GHG emissions
		E: Reducing energy-derived CO <sub>2</sub> emissions
		E: Reducing CO <sub>2</sub> emissions associated with product logistics
		E: Employees' Business Travel
		E: Use of Renewable Energy
		E: Mitigation of Climate Change by Products and Services
		E: Greening by Technology
		E: Making CO <sub>2</sub> emissions in the supply chain visible
6.5.6	Protection of the environment, biodiversity and restoration of natural habitats	E: Biodiversity
6.6 Fair operating practices		
6.6.3	Anti-corruption	C: Risk Management and Compliance
6.6.4	Responsible political involvement	C: Risk Management and Compliance
		C: Stakeholders (Governments and public bodies)
6.6.5	Fair competition	C: Risk Management and Compliance
6.6.6	Promoting social responsibility in the value chain	C: CSR Management in the Supply Chain
		C: Risk Management and Compliance/ Export Control
6.6.7	Respect for property rights	C: Risk Management and Compliance
		C: Research & Development and Intellectual Property

6.7 Consumer issues		
6.7.3	Fair marketing, factual and unbiased information and fair contractual practices	C: Product Safety
6.7.4	Protecting consumers' health and safety	C: Quality Control
		C: Product Safety
6.7.5	Sustainable consumption	C: Quality Control
		C: CSR Management in the Supply Chain
		E: Greening of Products
		E: Excellent ECPs
		E: Advertisements
6.7.6	Consumer service, support, and complaint and dispute resolution	C: Enhancement of Customer Satisfaction
6.7.7	Consumer data protection and privacy	C: Risk Management and Compliance
		C: Enhancement of Customer Satisfaction
6.7.8	Access to essential services	C: Enhancement of Customer Satisfaction
6.7.9	Education and awareness	C: Quality Control
		C: Product Safety
6.8 Community involvement and development		
6.8.3	Community involvement	C: Support for Local Community Development
		O: Social Contribution Activities
		C: Stakeholders
		C: Risk Management and Compliance
6.8.4	Education and culture	C: Support for Local Community Development
		O: Social Contribution Activities
6.8.5	Employment creation and skills development	C: Support for Local Community Development
6.8.6	Technology development and access	C: Support for Local Community Development
6.8.7	Wealth and income creation	C: Support for Local Community Development
6.8.8	Health	C: Support for Local Community Development
6.8.9	Social investment	C: Support for Local Community Development
		C: Stakeholders (Governments and public bodies)
		C: Stakeholders (NPOs/NGOs)

# Evaluation by External Parties

Awarding entity / Name of the award	Evaluation	Recipient	Period
Quality Related			
The 8th Union of Japanese Scientists and Engineers (JUSE) Quality Management Level Research by JUSE cosponsored by Nikkei inc. <u>Reference website: JUSE</u>	9th place overall (5th place in the electrical appliance manufacturer category)	Toshiba Group	Oct 2014
This award is given every 3 years, and next time will be in 2016.			
Customer Related			
GOOD DESIGN AWARD 2015 GOOD DESIGN BEST 100 	H2One™ Hydrogen-based Autonomous Energy Supply System Quantum cryptographic communication system	Toshiba Corporation	Oct 2015
iF DESIGN AWARD 2016 	H2One™ / Hydrogen-based Autonomous Energy Supply System TruRecorder / Mobile and stationary application dynaPad N72 / Tablet	Toshiba Corporation	Febr 2016
Environment Related			
Evaluation of products and technologies			
The Energy Conservation Center, Japan (ECCJ) Energy Conservation Grand Prize for Excellent Energy Conservation Equipment FY2015	Chairman's prize, The Energy Conservation Center Drum-type washing and drying machine TW-117X3 series	Toshiba Lifestyle Products & Service Corporation	Jan 2016
	Honorable mention LED TV Regza G20X series	Toshiba Lifestyle Products & Service Corporation	Jan 2016
	General director's prize, Agency for Natural Resources and Energy LED High ceiling lighting appliances Square standard models / Square standard series	Toshiba Carrier Corporation	Jan 2016
	Chairman's prize, The energy conservation center, Japan Air-cooled Heat Pump Module Type Chilling Unit Universal Smart-X3 series	Toshiba Corporation	Jan 2016
Japan Resilience Award 2016	Highest resilience award Independent Energy Supply System Utilizing Renewable Energy and Hydrogen H2One™	Toshiba Corporation	Mar 2016

Evaluation of business activities			
Award for model effort for green action held by Environment Ministry FY2015	Environment minister's award Early assessment system which supports drainage treatment, and local communication at drainage area	Oita Works, Toshiba Corporation	Dec 2016
Kawasaki City Environmental Merit Award 2015 Awards FY2014	Advanced measure for global warming	Komukai Complex, Toshiba Corporation	Jun 2016
Department of Industrial Works (DIW), Ministry of Industry 3Rs Award (Thailand)	Waste management in regard to 3R	Toshiba Semiconductor (Thailand) Co., Ltd	2015
3R Packaging Awards (Singapore)	Gold prize To reduce packaging waste	Toshiba TEC Singapore Pte Ltd.	Jun 2016
IT168 MFP evaluation award (China)	Total prize of ecological innovation Innovative circulation technology	Toshiba TEC Information Systems (Shenzhen) Co., Ltd.	2015
Product and Technology Related			
The New Technology Development Foundation 48th Ichimura Prizes: The Ichimura Prizes in Industry	Contribution Prize Development of high speed and safe wireless LAN technology	Toshiba Corporation	Apr 2016
The Japan Electrical Manufacturers' Association 65th JEMA TECHNICAL AWARD	Excellent Award Development of world's smallest lightning arrester for GIS applying super high voltage element	Toshiba Corporation	Apr 2016
	Excellent Award Development of small vacuum valve with high voltage and large breaking capacity		
6th Monozukuri Nippon Grand Award	Minister of Economy, Trade and Industry Prize Development and mass production of epoch-making flexible printed circuit board which is bonded by molecular level	Sulfur Chemical Laboratory Inc. / Meiko Electronics Co., Ltd. / Toshiba Corporation	Nov 2015
One Step on Electro-Technology The Institute of Electrical Engineers of Japan	Practical Operation of Slip Frequency Type Vector Control Induction Motor Drive	Toshiba Corporation / YASUKAWA Electric Corporation	Feb 2016
Local Commendation for Invention of Kanto 2014 Japan Institute of Invention and Innovation	Chairman prize of Kanagawa institute of invention and innovation Manufacturing equipment and process of sealed secondary battery (Patent number: 5197701)	Toshiba Corporation	Nov 2015
THOMSON REUTERS Top 100 Global Innovators 2015 	Selected as THOMSON REUTERS Top 100 Global Innovators (Selected for the 5th consecutive year since 2011)	Toshiba Corporation	Nov 2015
The Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology	The Young Scientists' Prize Research on MIMO signal processing for high speed wireless LANs	Toshiba Corporation	Apr 2015

# CSR Reporting Policy

## Our effort to report on the priority issues for our stakeholders and those for Toshiba Group

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In editing the CSR Report, we examine and take into consideration the issues material for both our stakeholders as well as the Group, then verify the results using a Toshiba-specific index for determining materiality. Based on this, we have edited this CSR Report 2016 with the two new features described below.

CSR Report 2016 has the following three points:

1. **Reporting CEO commitment to engage in CSR management of Toshiba Group.**
  - [CEO Commitment](#)
2. **Disclosing CSR Performance categorized into ESG (Environmental, Social and Governance) and enhancing the contents**
  - [CSR Performance](#)
3. **Reporting the process of identifying material issues, and FY2015 performances**
  - [Identifying Material Issues](#)

### Organizations covered in this report

In principle, Toshiba Group (Toshiba Corporation and its 551 consolidated subsidiaries in Japan and overseas) are covered in this report, but individual entities are indicated in cases where information does not pertain to Toshiba Group.

Note: "Toshiba" in this report refers to Toshiba Corporation. "Toshiba Group in Japan" refers to Toshiba corporation and its 161 consolidated subsidiaries in Japan. "Toshiba Group overseas" refers to 390 consolidated subsidiaries overseas.

### Reporting period

This report focuses on the results of activities in FY2015 (from April 1, 2015 to March 31, 2016).

It also covers issues related to the inappropriate accounting issue and our approach to Toshiba Group's revitalization.

### Publication

Current issue: June 2016 (next issue scheduled for June 2017; previous issue: December 2015)

### Reference Guidelines

- GRI (Global Reporting Initiative)  
Sustainability Reporting Guidelines ver. 4  
This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.
- United Nations Global Compact [COP(Communication on Progress) Advanced level]
- Environmental Reporting Guidelines 2012, Ministry of the Environment of Japan
- Environmental Accounting Guidelines 2005, Ministry of the Environment of Japan
- ISO 26000

# Reporting Media and Disclosure Items on the Corporate Website

Toshiba Group provides non-financial information in our CSR Report and financial information in our Annual Report. Recognizing our responsibility to provide detailed non-financial information, especially on environmental issues, we also publish the Environmental Report separately from the CSR Report.

We also provide the latest information on related matters in a timely manner through our corporate website.

## Annual Report/Investor Relations (IR) Website

In the Annual Report, we primarily report on Toshiba Group's business performance as of the end of the fiscal year and on our three-year midterm management plan.

We have referred to the IIRC's International Integrated Reporting Framework, and in order to provide information essential as an integrated report, we have expanded non-financial information and the ESG section.

On the IR website, we aim to provide Toshiba's corporate information in a timely manner. An IR website optimized for mobile phone access is also available.



Annual Report  
(Issued in January 2017)



> [IR website](#)

### Key reporting items (IR website)

- IR News
- Management Policy
- Financial Data
- IR Library
- Stock and Bond Information
- For individual investors

## Environmental Report/Environment Website

On the environment website, we provide not only information on the Group's environmental activities in a timely manner, but also environmental reports on our production sites and Group companies.

In the Environmental Report, we provide a detailed description of the global environmental activities of Toshiba Group as a whole.



Environmental Report  
(PDF file)  
(Issued in December  
2016)



> [Environment website](#)

### Key reporting items (Environment website)

- Topics
- Green of Product
- Green by Technology
- Green of Process
- Green Management



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

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Inquiry page on Toshiba website (general inquiries)

**URL <http://www.toshiba.co.jp/csr/en/contact/>**

The CSR Reprt is available on the Toshiba website

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