

Third-party Review of the CSR Report (CSR Report 2005)

To enhance the reliability of the CSR Report, Toshiba requested Shinnihon Integrity Assurance Inc. (SIAI) to read the report and provide us with the findings from an independent standpoint in terms of the following: 1) whether the report is built on the basic principles of AA1000 with regard to accountability to stakeholders, and 2) whether the content of the report is built on the requirements of the GRI Guidelines.

[The GRI Content Index reviewed by SIAI.](#)

Findings of Independent Third Party

6 June 2005

Mr. Tadashi Okamura
President and Chief Executive Officer
Toshiba Corporation

1. PURPOSE AND SCOPE OF THE ENGAGEMENT

The purpose of this engagement is to provide our findings concerning the "Toshiba Corporate Social Responsibility Report 2005" ("the Report") of Toshiba Corporation ("Toshiba") in relation to each of the "AA1000 Principles (Materiality, Completeness, and Responsiveness)" at the request of Toshiba.

This report, however, does not intend to provide assurance to the Report.

2. RESPONSIBILITIES

All information included in the Report is the responsibility of the management of Toshiba. Our responsibility in performing this engagement is to report our findings concerning the Report from an independent standpoint.

3. OUTLINE OF OUR WORK

We assessed the Report by following the procedures in the assurance process described in the "AA1000 Assurance Standard" and conducting interviews with the individuals concerned with the Report.

- [AA1000 Principles and AA1000 Assurance Standard](#)
- [Evaluation Process](#)

4. FINDINGS

[Materiality]

Does the Report provide all material information that the stakeholders require?

Good points:

- Toshiba has tackled the CSR issues by going through the PDCA cycle with a dedicated CSR Governance Committee, which sets out targets and programmes for the identified issues, assesses the achievements of these targets and programmes, and manages Toshiba's CSR performance. Toshiba set up a team responsible for the preparation of the CSR reports, which selects the issues, identifies the material subjects, and determines the nature and extent of the information to be included in the CSR reports subject to the approval of the CSR Governance Committee.
- In determining material issues, Toshiba considered the following:
 - The issues, such as compliance, which have direct, short-term, and financial impact.
 - The issues relating to Toshiba's vision, the "Toshiba Group's CSR."
 - CSR activities of other organizations in the same trade and the issues which these other organizations have considered as material in their CSR reports.
 - Stakeholders' concerns and interests identified through stakeholder communication.
 - The issues concerning the UN Global Compact, the issues included in the indicators in the reporting guidelines such as the GRI Guidelines, the issues on which SRI research institutes, etc. place emphasis, and the issues of high interests to the public and media.
- We noted that, as a result of Toshiba's efforts outlined above, the Report provides a well-balanced representation of all material aspects concerning Toshiba's CSR performance

with the exception of the subject areas listed as "Issues to be addressed" below.

Material aspects covered in the Report:

- . The Management Philosophy, the Standards of Conduct, and the UN Global Compact's 10 Principles are listed in Toshiba's vision, the "Toshiba Group's CSR" and the human life & safety and the legal compliance are expressly promoted as priority issues.
- . Subjects relating to communication with the stakeholders, technological innovation, the environment, and good corporate citizenship, all of which comprise Toshiba Management Philosophy, are reported in "Highlights 2004."
- . With regard to Toshiba's CSR activities, the achievements in fiscal 2004, and the targets and programmes for fiscal 2005 are reported.
- . CSR Governance structure and implementation of CSR management are reported.
- . Promotion structure and implementation of compliance and risk management are reported together with the achievements, such as the degree to which each action taken to ensure compliance is promoted throughout the Toshiba Group worldwide and the result of employee survey on the Standards of Conduct.
- . Economic aspects of Toshiba's CSR performance, based on the "Toshiba Commitment to the Future," are reported as well as the amount of economic values distributed to stakeholders and the states of R&D (research and development) and investments in facilities.
- . With regard to the customer relations, the information on supportive activities in the event of disaster is reported in the "Topics" as the subjects of high interests to the customers.
- . Engagements with Toshiba's suppliers are reported based on the spirit of the UN Global Compact Principles as well as the information on the extent to which Toshiba, as the Toshiba Group worldwide, asks its suppliers for a compliance with the "Toshiba Group Procurement Policy Promoting Corporate Social Responsibility."
- . With regard to the relations with the employees, Toshiba's endeavors to ensure the diversity which is of high social interests, the respect for human rights required by the UN Global Compact, and the safety and health, which are material management issues, are reported.
- . Toshiba's resolution to broaden and enhance its environmental management by introducing the "Toshiba Group Environmental Vision 2010" and the "Eco-efficiency," which is the most significant index for environmental management.
- . Concrete targets and achievements related to the environmental management are provided as well as the evaluation of the achievements made by fiscal 2004. In addition, the two distinct targets for the fulfillment of the "Toshiba Group Environmental Vision 2010" are set: the improvement of the eco-efficiency of products and the innovation of the operation process.
- . With regard to the overview of the environmental impacts, the material inputs and outputs data showing the environmental impacts on the global ecosystem throughout the lifecycle, from the R&D and design to the collection and recycling, is provided for a clear understanding of the scope of the environmental management envisioned in the "Toshiba Group Environmental Vision 2010."
- . Environmental accounting is defined as a tool for environmental management, and Toshiba's unique basis for the calculation of environmental impact reduction benefits is introduced amid an absence of the established approaches to environmental accounting. In addition, an analysis of the environmental costs and benefits for the current year is provided.
- . The volumes of transaction, as well as emission or transfer, of chemical substances are reported in order to explain Toshiba's efforts to reduce the environmental impact by its business activities. In addition, the detailed information, including negative information, on the measures for prevention of the pollution of groundwater and soil is disclosed to whatever extent possible.

Issues to be addressed:

- . Toshiba should review, from the viewpoint of CSR, its current procedures regarding internal audits of legal compliance and of environmental issues, the result of which are reported to the Board of Directors. Toshiba should incorporate these internal audit procedures into the above-mentioned PDCA cycle.
- . Toshiba should hold meetings with the stakeholders to discuss the contents of the Report.
- . Toshiba should identify the norms and interests of each local community in which they operate and consider incorporating these social concerns in the CSR reports.
- . Toshiba should include the following material aspects of its CSR performance:
 - . With regard to the targets and achievements relating to Toshiba's CSR, targets set and programmes outlined for the next fiscal year should be reported including as much specific information as possible such as by what date and to what extent Toshiba aims

to achieve these.

Concrete targets and activities of the Corporate Governance Committee, which was set up during the current period, should be reported.

With regard to corporate citizenship, information relating to the foundations and nonprofit organizations which Toshiba supports should be indicated

[Completeness]

Does Toshiba have all the necessary information on the material issues?

Good points:

The team responsible for the preparation of CSR reports is composed of staff from the following divisions: CSR, Governance, Risk-Compliance, Environment, Human Resources, Social Contribution, Overseas Operations, Procurement, and Corporate Communications. This broad representation enables the team to ascertain a wide range of information relating to Toshiba's CSR.

Toshiba has fully considered the scope of the Report in terms of the entities involved, the data to be covered and the method of measuring the data, and has decided to disclose adequate information to whatever extent possible:

Toshiba indicates the scope of the entire Report (the reporting period, the organizations covered, and the scope of the data) and the methods of data calculation in the "Editorial Policy." In addition, the scopes and the methods for the data calculation which were applied to each section of the Report are further specified in each section.

Toshiba aims to expand the scope of its future CSR report. The Report covers the following:

Targets and achievements of the Toshiba Group worldwide are reported.

CSR management throughout the Toshiba Group worldwide is reported.

Compliance and risk management within the Toshiba Group worldwide are reported. Specifically, the reports on compliance cover around 400 companies including the companies bearing the name Toshiba worldwide.

Economic performances of the Toshiba Group worldwide are reported.

Customer relations across the Toshiba Group worldwide are reported.

Engagements with the suppliers of the Toshiba Group worldwide are reported.

Relations with employees of the Toshiba Group worldwide are reported, except for the challenge listed as "Issues to be addressed" below.

Corporate citizenship of the Toshiba Group worldwide are reported.

While environmental reporting covers the Toshiba Group worldwide, the data on monitoring environmental performance covers all the production bases of the Toshiba Group worldwide. The scope of the fourth voluntary environmental plan (launched in fiscal 2005) will be expanded to include staff and sales offices.

The Report contains all information required based on the selected indicators in the GRI Guidelines which Toshiba declared it had referred to.

Issues to be addressed:

Toshiba should hold meetings with the stakeholders to discuss the scope of the reporting entities and the data to be covered and the methods of analyzing and presenting the data.

Toshiba recognizes that the Report does not include all information and data relating to the CSR activities of the Toshiba Group worldwide and accepts this as one of the challenges for future reporting. The scope of report will ideally be expanded to cover the following areas:

Corporate governance within the Toshiba Group worldwide.

Relations of the Toshiba Group worldwide with its shareholders and investors.

The employee survey described in the "Listening to the voice of employees" to be expanded to include Toshiba Group companies worldwide.

Stakeholder dialogue and stakeholder communication within Toshiba Group worldwide.

Toshiba should leave a trail of its reporting process in order to ensure the verifiability of its CSR reports.

Toshiba should provide the reason for its omission of certain information required under the indicators in the GRI Guidelines and its future reporting plan.

[Responsiveness]

Has Toshiba adequately responded to its stakeholders' concerns and interests and communicated these responses in the Report?

Good points:

- . The Report covers various stakeholder concerns and interests such as Toshiba's endeavors to improve CSR reporting, services and work environment, and the need for an indicator of eco-efficiency of each product.
- . With regard to the relations with customers, the detailed policies and methods of responses to customers are reported. In addition, an example of commercialization realized by way of utilizing the voices of consumers and the numerical data in developing and improving the products, systems, and services of the Toshiba Group is given.
- . With regard to the communication with the shareholders and investors, a survey of the individual shareholders is reported.
- . With regard to the engagements with the suppliers, Toshiba's coordination with its suppliers is reported.
- . With regard to the relations with the employees, a system to listen to the voices of employees and the state of labor management relations are reported.
- . Toshiba, throughout the Toshiba Group worldwide, responds to the stakeholders' interests and the concerns of the local communities, and communicates these responses in a coherent and consistent manner.
- . Toshiba shares environmental information with its various stakeholders through the "Environment Technology Exhibition" or other ways of stakeholder communication on Toshiba's environmental performance, and understands stakeholders' concerns and interests. Toshiba uses such knowledge as a basis to further improve its environmental activities.
- . The "Factor T," which is Toshiba's unique eco-efficiency indicator for evaluating functions and environmental aspects of its product, is explained both in the Report and on the Toshiba's web site. The voices of the customers are considered in calculation of the "value" and the "environmental impact" of each product.
- . Reports on the stakeholder communication include the candid opinions of the various stakeholders and Toshiba's responses to such opinions. In addition, further information is made available on the stakeholder communication pages of the Toshiba's web site.
- . Further information on the Report, such as how the data can be accessed, is provided in an effort to respond to the various needs of the stakeholders.
- . The Report is available both in paper and on Toshiba's web site in the two languages of Japanese and English.
- . In order to maintain a comparability of Toshiba's CSR performance with other organizations and with other reporting periods:
 - . Toshiba referred to the selected indicators in the GRI Guidelines, and declared on the Toshiba's web site the indicators they referred to:
 - . LIME (the Japanese Version of Life-cycle Impact assessment Method based on Endpoint Modeling developed by the National Institute of Advanced Industrial Science and Technology) was applied in the calculation and conversion of the environmental impact into the monetary value in order for a future comparability of the Report with other organizations' reports.

Issues to be addressed:

- . Toshiba, throughout the Group worldwide, should understand and respond to the interests and concerns of stakeholders other than the local communities in a coherent and consistent manner, and should communicate these responses in a coherent and consistent manner.

5. OUR INDEPENDENCE

We, as a group company of Ernst & Young ShinNihon ("ShinNihon"), have complied with the independence requirements set forth in the Certified Public Accountants Law, the "Code of Ethics" of the Japanese Institute of Certified Public Accountants, and ShinNihon's own "Code of Ethics."

Shinnihon Integrity Assurance Inc.

Yoshinobu Shimizu
Representative Director
Certified Public Accountant



Yoshifumi Takashima
Executive Director
Certified Public Accountant



Having Received the Third-party Review

It is important to implement CSR activities based on the corporate philosophy, with consideration of the expectations and interests of stakeholders. SIAI's engagement with regard to the CSR Report was conducted from this viewpoint. From now on, we will do our utmost not only to improve our report but also to become a truly global enterprise that conducts business activities, taking the expectations and interests of stakeholders in each country and region into consideration

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