



Environmental and Social Report 2014

Message from the President

Achieving a Sustainable Society



Business Combination with Applied Materials

The Tokyo Electron Group plans to combine with Applied Materials, Inc. in 2014 with the aim of becoming a global innovator in the semiconductor and display production equipment industries. I am confident that the business combination will contribute substantially to the further development of the semiconductor and semiconductor production equipment industry and a sustainable society. By bringing together the complementary state-of-the-art technologies and services of each company, we intend to create new development capabilities and a world class financial foundation, accelerate ground-breaking technological innovation and production development, and establish the highest quality management systems with support capabilities that can respond accurately and in a timely manner to advanced customer needs.

The business combination will also be an opportunity for TEL Group employees to open doors to a wide range of new challenges and we will strive to create an enthusiastic work environment with a global focus that prizes diversity. We believe that this in turn will further develop our employees' talents and allow us to continue growing as a cutting-edge global technology firm.

Review of 2013

This year we once again made CSR the center of our corporate principles and established a company-wide CSR infrastructure led by our dedicated division. For example, we established new structures for corporate governance, appointed a director responsible for implementing CSR, established CSR organizations within group companies including main overseas group sites, and created a CSR implementation structure that is directly linked to management. On a practical level, we incorporated the EICC[®] (Electronics Industry Citizenship Coalitions[®]), into our business activities



based on the 10 Principles of the United Nations Global Compact which TEL Group joined in 2013, and identified and took steady measures to address social issues in our business. As a result of these efforts, in fiscal 2014 we achieved our target of halving product energy consumption by fiscal 2015. In order to realize our CSR goals across our entire supply chain, we started working together with our suppliers to create joint CSR initiatives such as creating CSR structures, green procurement strategies, and measures to address conflict minerals. We recognize that society is constantly moving forward, and this year we helped design a next-generation science curriculum as well as continue our support for education and social welfare programs in regions affected by the Great East Japan Earthquake.

We strongly believe that CSR is a crucial element in the foundation of our corporate activities. Establishing stable and reliable operations is a universal measure for building a sustainable society, and as such, it is our duty to continue developing effective and innovative CSR initiatives for the future.

This report and future information disclosures

Fulfilling the requests and expectations of stakeholders is a fundamental role of business enterprises. We consider Materiality essential to effective communication and sought to present the information that our stakeholders consider highly important in a transparent and straightforward manner when preparing this report. We will also disclose information on future company developments and report to stakeholders by posting on our website and issuing news releases in a timely manner.

We request your continued support as the TEL Group takes new steps into the future.

Tetsuro Higashi
Chairman, President & CEO
Tokyo Electron Limited

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Scope of report

Tokyo Electron Group
(49 consolidated companies)
(Tokyo Electron and its subsidiaries in Japan
and overseas)

Period covered

Fiscal 2014 (April 1, 2013–March 31,
2014). However, some information for
fiscal 2015 has also been included.

Publication timing

Publication of this report: July 2014
(Japanese), August 2014 (English)
Publication of the next report:
September 2015 (Japanese), November
2015 (English)
Publication of the previous report:
September 2013 (Japanese), November
2013 (English)

Guidelines referred to in preparing this report

Environmental Reporting Guidelines
2012 issued by Japan's Ministry of
the Environment
Sustainability Reporting Guidelines Version
3.1 published by the Global Reporting
Initiative (GRI)

Tokyo Electron Group CSR History



1963 Foundation—We wanted to create the ideal company

Founded by Tokuo Kubo and Toshio Kodaka in November 1963, Tokyo Electron (TEL™) began as Tokyo Electron Laboratories Incorporated, with funding from Tokyo Broadcasting System (TBS) and capital of over five million yen.

Before Tokyo Electron, Kubo and Kodaka had worked for general trading companies and directly experienced the impact of the expansion of the electronics industry in the United States through their business deals. At this time, the United States economy was growing at a rapid pace, and with the birth of semiconductors in the industry, the ambitious young men achieved much success during this period by focusing on the electronics market and establishing one venture business after another. Inspired by the excitement of the United States, and possessing a strong desire to personally contribute to the cutting-edge advances being made at the time, the two men decided to become independent and start their own venture. In the ideal company that the founders envisioned, they would combine the after-sales service functions of a specialized trading company with the manufacturer capabilities that were not possible with a general trading company. Employees would be able to freely discuss and share their ideas, and together would form a company that was highly profitable, efficient, and continuously growing, in return giving back to its employees, shareholders, customers, and society as a whole. This new company would constantly seek to be on the cutting edge of technology, as well as stay constantly vigilant and alert to changing market needs.

These traditions continue to this day at Tokyo Electron, and we take pride in our workplace and consider our employees part of the TEL family. Of course, we also place a high priority on our shareholders, and profit is the first item in our new revised Management Policies. As a manufacturer, the commitment to stay on the cutting edge of the electronics field remains unchanged from when Tokuo Kubo and Toshio Kodaka started the company fifty years ago. The ideas inherited from the time of the company's inception, the TEL Spirit, form the cornerstone of our CSR activities.

1994 Standardized, Environment and Safety Center established

(Present Corporate Environment Promotion Department and Corporate Safety Promotion Center)

ISO 9001 acquisition begins

1995 Customer Satisfaction is established as the new corporate slogan

Tokyo Electron strove to achieve customer orientation and continuously work to establish the "Globally Excellent Company" we envision.



1997 ISO 14001 acquisition begins

1998 Strengthening and maintenance of the corporate governance framework

Code of Ethics established Ethics Committee and Compensation Committee established

In order to construct the framework to become a "Globally Excellent Company," reorganization of the management structure was started, with efforts made to begin maintaining fairness and transparency.

1999 Received the Fourth Disclosure Award from the TSE Safety First established

Corporate Profile

Company name: Tokyo Electron Limited (TEL)
Address: Akasaka Biz Tower, 5-3-1 Akasaka,
Minato-ku, Tokyo, Japan 107-6325
Established: November 11, 1963
Representative: Tetsuro Higashi, President & CEO
Main business: semiconductor production equipment
business, flat panel display (FPD)
production equipment business
Capital: 54,961,191,468 yen
Number of employees: 1,551
Number of group employees: 11,355
Number of locations:

In Japan: 9 companies; 29 locations
Outside Japan:
40 companies in 15 countries; 48 locations
Worldwide total:
49 companies in 16 countries; 77 locations
(As of April 1, 2014)

Semiconductor production equipment



Coater/developers
CLEAN TRACK™ LITHIUS Pro™ Z



Plasma etch system
Tactras™



Thermal processing system
TELINDY PLUS™



Single wafer deposition system
Triase+™



Single wafer cleaning system
CELLESTA™ -i



Wafer prober
Precio™

FPD production equipment



FPD plasma etch/ash system
Impressio™



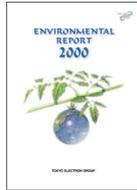
Inkjet printing system for
OLED panel manufacturing
Elius™2500

Toward a Sustainable Society

2000 Nomination Committee established

Started publishing the Environmental Report

We began publishing this report as our corporate pledge to preserve the global environment as a business. We explain our environmental policies, and specific plans for action in implementing those policies and the results of such actions in this report.



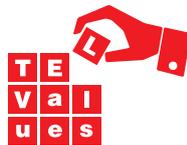
2001 Corporate Message “People. Technology. Commitment.” established

Our corporate message clearly conveyed that we would serve as a backbone to an advanced information-based society, and make efforts to achieve a prosperous future.



2006 TEL Values established

TEL Values were established as action guidelines composed of five items for TEL Group employees around the world to share, and act as a driving force for growth.



2007 Human resources education institution TEL UNIVERSITY established

The goals of TEL UNIVERSITY are to strengthen knowledge, skills, and management training, as well as leadership development.

Environmental slogan Technology for Eco Life established



2009 Information Security Committee established

2013 CSR Promotion Department established

Organized for CSR promotion directly connected to management

Joined the United Nations Global Compact

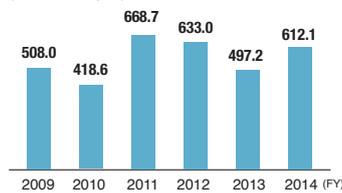
The TEL Group was registered as a member company of the United Nations Global Compact in July 2013. In support of the Ten Principles, the TEL Group will work to maintain a harmonious pursuit of both its corporate activities and a sustainable society.



* TEL is a registered trademark or a trademark of Tokyo Electron Limited in Japan and/or other countries.

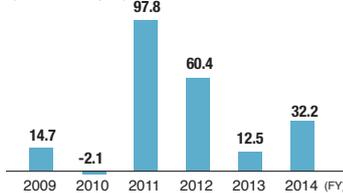
Consolidated net sales

(Unit: Billion yen)



Consolidated operating income

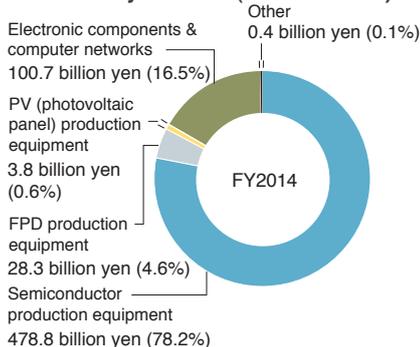
(Unit: Billion yen)



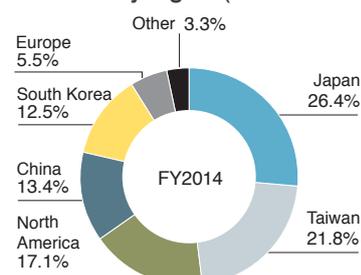
Assets (Unit: Billion yen)

	2013	2014
Total	775.5	828.5
Cash & cash equivalents	240.1	268.1
Trade notes, accounts receivables	100.5	129.0
Inventories	135.6	168.2
Other current assets	45.1	56.0
Tangible assets	135.6	112.3
Intangible assets	59.9	29.5
Investment & other assets	58.4	65.1

Net sales by division (Consolidated)



Net sales by region (Consolidated)



Liabilities & Net Assets

	2013	2014
Total	775.5	828.5
Net assets	605.1	590.6
Debt	166.6	224.4
Other liabilities	3.7	13.5

(As of March 31, each year)

Editorial Policy and Selective Report Issues (Materiality)

This report is based on Version 3.1 of the Global Reporting Initiative (GRI)* international guidelines, and in keeping with the TEL Group's materiality which was clarified this time, the editorial policy is to report on the status of activities. As a global company, the TEL Group complies with international CSR initiatives and regulations such as the United Nations Global Compact and GRI, and social issues are checked against our own CSR management and managerial resources, clarifying the selective report issues (materiality).

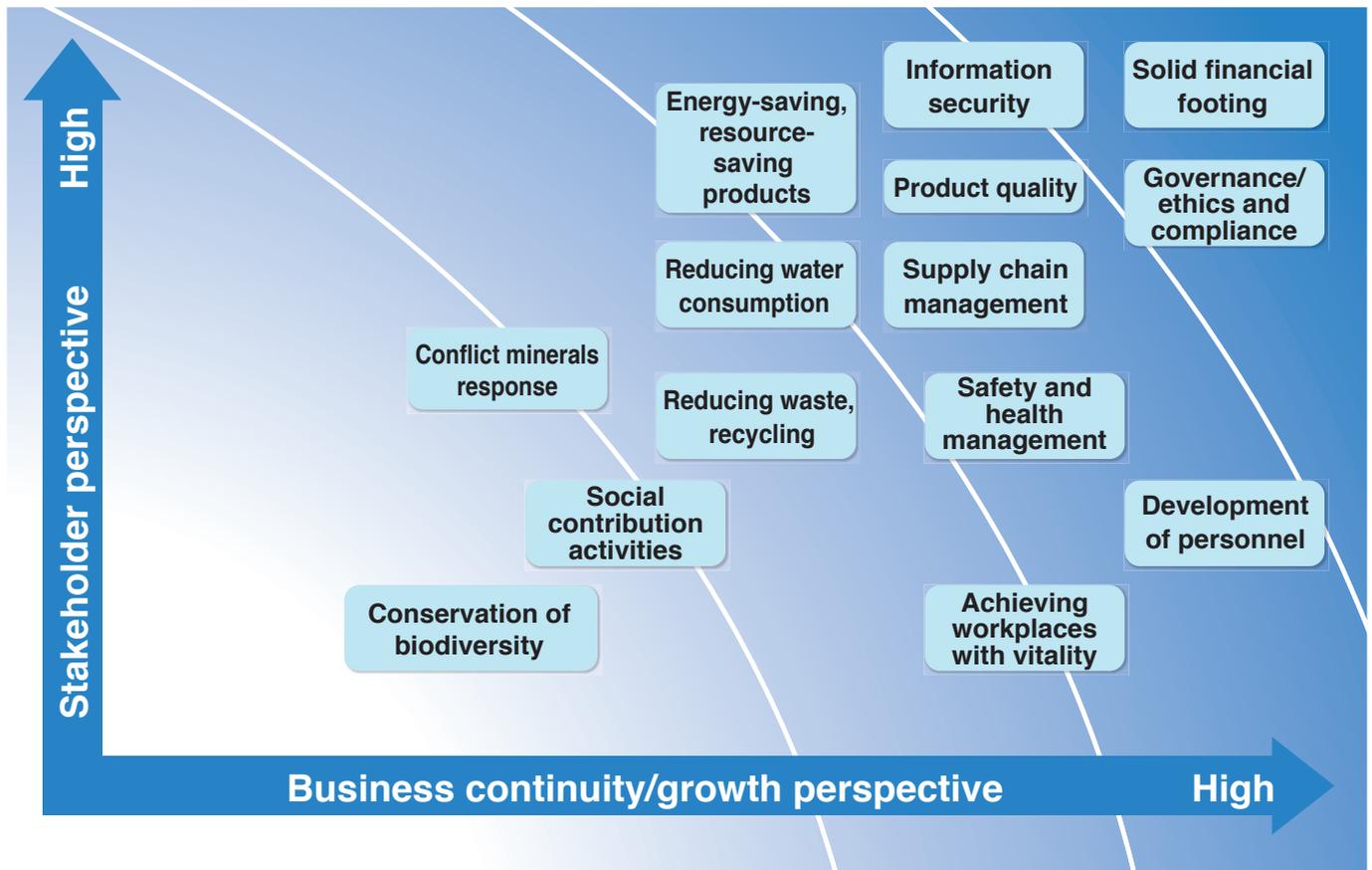


List of selective report issues

Issues	Outline	Main stakeholders	Reference point
Solid financial footing	<ul style="list-style-type: none"> Establish a strong financial footing 	Shareholders Investors	Annual Report
Information security	<ul style="list-style-type: none"> Put in place a framework for preventing information leaks Safe and effective utilization of information assets 	Customers	p. 10
Governance/ethics and compliance	<ul style="list-style-type: none"> Business ethics and compliance results 	Shareholders Investors	p. 8, pp. 10–11
Achieving workplaces with vitality	<ul style="list-style-type: none"> Create a workplace that achieves a good work-life balance for all employees 	Employees	pp. 12-13
Development of personnel	<ul style="list-style-type: none"> Support the development of skills by employees Build a framework for development of skills 	Employees	p. 13
Safety and health management	<ul style="list-style-type: none"> Carry out safety activities for work, design, and education, etc. Create a comfortable workplace environment 	Employees	p.12, pp. 14–15
Product quality	<ul style="list-style-type: none"> Achieve high quality to obtain customer's trust Achieve efficient and stable quality control 	Customers	p. 16

* See CSR Goals on pages 28 and 29 of this report for details about materiality

Selective report issues matrix



Issues	Outline	Main stakeholders	Reference point
Supply chain management	<ul style="list-style-type: none"> • Optimization of the entire supply chain 	Suppliers	p. 17
Conflict minerals response	<ul style="list-style-type: none"> • Improving the system related to the conflict minerals problem 	Customers Suppliers	p. 17
Energy-saving, resource-saving products	<ul style="list-style-type: none"> • Promoting environmentally friendly product design • Provide customers with environmental value 	Customers	pp. 20–22
Reducing water consumption	<ul style="list-style-type: none"> • Effective use of resources 	Local community Administrative organization	p. 22
Reducing waste, recycling	<ul style="list-style-type: none"> • Preventing environmental pollution from waste • Proper management and processing of regulated chemical substances 	Local community Administrative organization	pp. 22–23
Conservation of biodiversity	<ul style="list-style-type: none"> • Promoting initiatives for biodiversity conservation and improving the framework 	Local community	p. 19
Social contribution activities	<ul style="list-style-type: none"> • Initiatives for the development of young people as future leaders • Supporting community-based citizenship activities and revitalization efforts in response to local needs 	Local community Administrative organization	pp. 24–26

Corporate Governance

Against a backdrop of ongoing business globalization, Tokyo Electron Group maintains a management philosophy that puts emphasis on improving corporate value for all its stakeholders. To this end, the Company considers it important to strengthen corporate governance. The TEL Group is building a highly effective, optimized corporate governance structure, and upgrading and strengthening its internal control system and risk management system

Corporate governance

Tokyo Electron is endeavoring to establish and operate optimal and highly effective structures of governance based on its three basic principles: (1) Ensure the transparency and soundness of business operations; (2) Facilitate quick decision-making and the efficient execution of business operations; and (3) Disclose information in a timely and suitable manner.

The corporate governance framework

Tokyo Electron uses the audit & supervisory board system based on the Companies Act of Japan, and furthermore has established its own Nomination Committee¹ and Compensation Committee² to increase the transparency and objectivity of management. The Company has also adopted the executive officer system to facilitate quick decision-making. Moreover, Tokyo Electron has been disclosing the individual remunerations of representative directors since 1999 in recognition of the importance of managerial transparency for shareholders.

The executive compensation program for corporate directors and audit & supervisory board members was adopted with the intention of tying compensation more closely to financial results and shareholder value, raising corporate competitiveness, and enhancing management transparency. The compensation for

corporate directors consists of a monthly fixed remuneration and a performance linked compensation, and the compensation for audit & supervisory board members consists only of a monthly fixed remuneration, to maintain independence from management. Retirement allowance systems, which constituted a significant part of fixed compensation for corporate directors and audit & supervisory board members with a strong monthly fixed remuneration, have been abolished since the 43rd Annual Shareholders' Meeting (Fiscal Year of 2006, March).

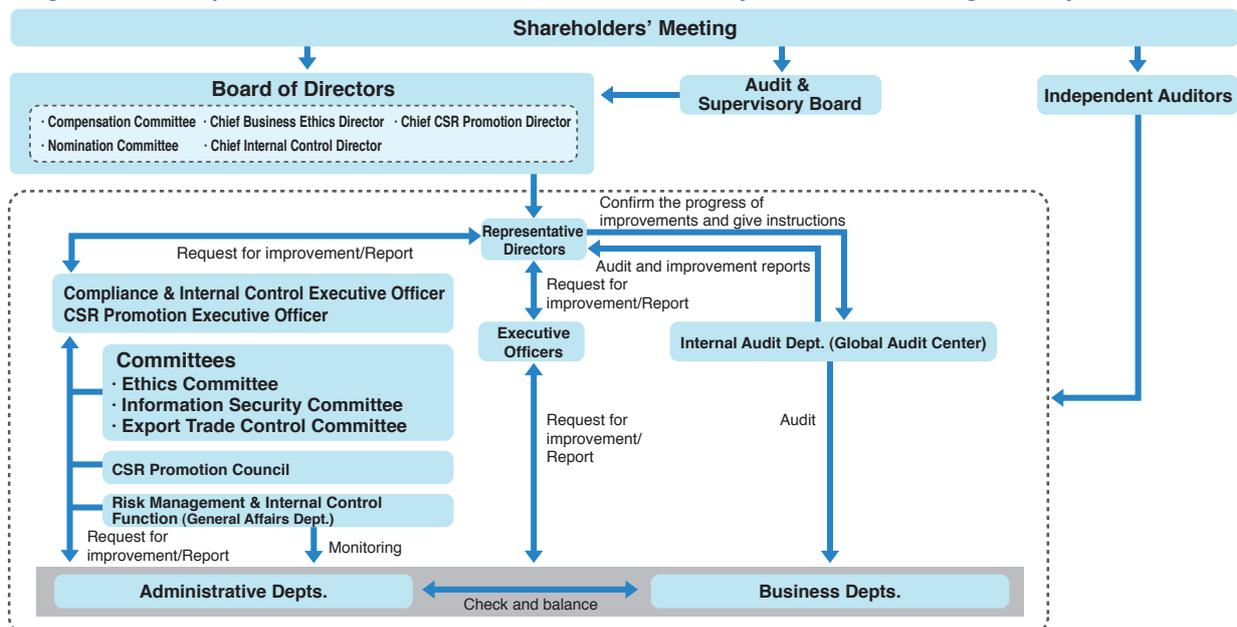
The Board of Directors

The Board of Directors consists of nine directors, two of whom are outside directors. Directors serve one year terms in order to ensure that Tokyo Electron can respond quickly to changing business conditions, and to more clearly define management accountability.

The Audit & Supervisory Board

Tokyo Electron has four audit & supervisory board members, three of whom are outside audit & supervisory board members. The audit & supervisory board members not only attend meetings of the Board of Directors, the Top Management Conference and other important business meetings, but also conduct operations audits and accounting audits, evaluate risk management, and audit the performance of duties by directors.

Diagram of the Corporate Governance Framework, Internal Control System and Risk Management System



1 *1 Nomination Committee: This committee nominates candidates for directors and a candidate for CEO, which it submits at the meeting of the Board of Directors for approval.
 2 *2 Compensation Committee: This committee develops proposals on the executive compensation program and the compensation to be paid to representative directors, which it submits at the meeting of the Board of Directors for approval.



Approach to CSR

The Tokyo Electron Group believes that achieving sound and continuous growth as a business enterprise is our primary responsibility for contributing to social development through the provision of leading-edge products, technologies, and services. To achieve this, not only must we provide high-quality products and services, but we must be a company that is esteemed from the perspectives of good-faith and fair corporate activities, pursuit of safety and environmental preservation, respect for human rights and ethics, crisis management, corporate governance, and compliance. The Tokyo Electron Group will continue to carry out initiatives based on its CSR Policy and in response to the opinions of our many stakeholders.

Main initiatives for fiscal 2014

In 2013, we established a specialized CSR department and appointed a CSR Promotion Director to the company in order to create a structure of governance that directly connects CSR to management. Briefings were held in Japan as well as key locations in Asia and the West to promote CSR and establish a company-wide CSR foundation. At the newly established CSR promotion meeting consisting of the seven CSR promotion departments and related directors, we identified CSR objectives for individual departments, established benchmarks to measure progress, and then began targeted measures to achieve our goals.

In January 2014, a visiting lecturer gave a seminar on the EICC® Code of Conduct published by EICC®, a CSR promotional organization for the electronics industry. About 130 people affiliated with CSR promotion attended the lecture via video conferencing with the head office and locations in Japan and overseas.

CSR Promotion Framework



EICC® internal seminar

TEL Group CSR Policy

1. Corporate Activities

The Tokyo Electron Group will provide safe and high-quality products and services to customers around the world and contribute to the realization of an enriched society.

2. Business Ethics

The Tokyo Electron Group acts in compliance with the laws and regulations of each country, international regulations, and in accordance with strict business ethics. We do not engage in any conduct that impedes fair and open market competition.

3. Respect for Individuals

The Tokyo Electron Group respects the character and individuality of each person. We recognize the diversity of employees, share a sense of mission, and promote the development of workplaces with vitality.

4. Environment

The Tokyo Electron Group seeks to achieve harmony with the global environment. We strive to reduce our own impact on the environment and contribute to reducing the environmental impact of customers by developing and providing eco-friendly products.

5. Communication with Stakeholders

The Tokyo Electron Group discloses information relating to the Group in a fair, impartial, and timely manner, strives to engage in two-way communications, and works to meet the expectations of stakeholders appropriately.

6. Social Contribution

The Tokyo Electron Group engages in social contribution activities worldwide as a good corporate citizen to contribute to the development of local communities and society.

† Glossary | * EICC®: Electronic Industry Citizenship Coalition®, an organization that sets forth a code of conduct for labor, safety and the environment for supply chains within the electronics industry.
"EICC" and "Electronic Industry Citizenship Coalition" are registered trademarks of Electronic Industry Citizenship Coalition Incorporated.

Internal control/risk management

In order to enhance the TEL Group's corporate value, and also accept responsibility for our behavior towards all stakeholders, we are making efforts to strengthen viable internal control. We are implementing practical measures in line with the Fundamental Policies concerning Internal Controls within the Tokyo Electron Group set down by the Company's Board of Directors. In addition, we are conducting actions for internal control over financial reporting based on the Financial Instruments and Exchange Law.

Risk management system

To more effectively strengthen the internal control and risk management systems of the entire TEL Group, under a Compliance & Internal Control Executive Officer, we have established a dedicated risk management and internal control function within the General Affairs Department. This function evaluates and analyzes risks that could affect the TEL Group, and works to reduce these major risks by promoting the necessary measures. The status of risk management activities is reported regularly to the Board of Directors.

In addition, the Information Security Committee and Export Trade Control Committee were established, in order to better enhance confidential information management and the export-related compliance system.

Internal audit department

The Global Audit Center is the internal audit department of the TEL Group. The Global Audit Center is responsible for auditing the business activities of the Group's domestic and overseas bases, as well as their compliance and systems, and evaluating the effectiveness of internal control systems. As necessary, the Global Audit Center also provides guidance to operating divisions.

Business continuity management

The TEL Group made an overall review of its Business Continuity Plan (BCP) from fiscal 2013. Tokyo Electron's Head Office redeveloped its BCP in fiscal 2013 to respond to large-scale earthquakes. From fiscal 2014, the BCP is being built at the plant and office-level by reviewing measures for a fast recovery in a time of disaster, and alternate production.

In addition, the TEL Group carries out an annual BCP drill involving an earthquake scenario. Emergency supplies such as food and drinkable water, and first-aid outfits for times of disaster, are made available at all times, and thorough measures involving a disaster scenario are carried out for the key systems across the entire Group.



A BCP drill

Information security

Under the TEL Group Information Security Policy and the Regulation for Management of Technical and Business Information, Tokyo Electron has put in place a framework for preventing information leaks to ensure appropriate management and safe and effective utilization of information assets.

In order to strengthen management of technical and business information across the Group, suitable operation rules are reviewed, and we regularly hold web-based education for all executives and employees of Group companies in Japan. These measures will be spread in the same way to overseas Group companies. Contracts related to information security will also be suitably reviewed, and with the goal of becoming familiarized with the contracts and comply thoroughly, we obtain consent for contract compliance – every year from all executives and employees of TEL Group companies including overseas.

In addition, a report system is established for accidents that lead to information leaks and problems (incidents) with that risk. Contents of the reports include prompt responses to each problem, and through analysis they are reflected in company-wide efforts and measures. In addition to these, information security related efforts such as information system security measures and operational management self-assessment within the TEL Group are being carried out.

Business ethics and compliance

Stakeholder trust is the cornerstone of business activities. In order to maintain trust, it is necessary to continuously act in rigorous conformity to business ethics and compliance. In line with the Fundamental Policies concerning Internal Controls within the TEL Group, all Group executives and employees are required to maintain high standards of ethics and to act with a clear awareness of compliance.

Business ethics

In 1998, Tokyo Electron formulated The Code of Ethics of the Tokyo Electron Group to establish uniform standards to govern all of its global business activities. In the same year, the company appointed a Chief Business Ethics Director and established the Ethics Committee, which is responsible for promoting business ethics awareness throughout the TEL Group. The Ethics Committee comprises the Chief Business Ethics Director, the Ethics Committee Chairman, and presidents of major Group companies in and outside Japan. The members meet semiannually, report on ethics-related issues faced by each company, and discuss measures to further improve ethical behavior and compliance.

The Code and its Q&A section are published in Japanese, English, Korean and Chinese, and the company distributes it to all Group executives and employees, including those overseas. Moreover, the Code is appropriately reviewed and revised in response to changes in environmental and social demands.

Compliance system

Tokyo Electron has appointed a Compliance & Internal Control Executive Officer from among the executive officers to raise awareness of compliance across the TEL Group and further improve its implementation. Also, Tokyo Electron has drawn up the Compliance Regulations setting out basic compliance-related requirements in line with the Code. The Compliance Regulations are intended to ensure that all individuals who take part in the business activities for the TEL Group clearly understand the pertinent laws, international standards and internal company rules, and consistently apply these rules in all of their activities.

Compliance education

Through the TEL Group's e-learning system, we provide a common web based training program covering the basics of compliance, internal control, export-related compliance, and other topics, which all executives and employees are required to complete, as well as a web based training program on insider trading and other subjects suited to one's position and job role.

In fiscal 2014, with the goal of greater understanding for new compliance problems (such as the use of social media, and anti-corruption), web-based, test-format education on business ethics and compliance was carried out for all Group executives and employees in Japan. It was also spread to overseas Group companies. All employees involved with Group companies in Japan completed the lessons, and of the overseas Group company employees, more than 80% are finished (as of May 2014). These efforts will be continued in fiscal 2015.

Internal reporting system

In the event that an employee becomes aware of any activity which may violate a law, regulation or principle of business ethics, the TEL Group operates an internal reporting system that employees may use to report their concerns. The entire Group has established an ethics hotline and a compliance hotline, and this reporting system is also in place at each overseas base. In all cases, this system ensures that strict confidentiality is maintained to protect the whistleblowers and ensure that they are not subject to any disadvantage or repercussions.



Working Together with Employees

Business growth requires that each employee, as the core of the company, be creative and have a positive attitude, flexibility, enthusiasm and a sense of responsibility. The TEL Group believes that each individual employee is the source of value creation, and we strive to respect and understand differences in values arising from one's character, individuality, or daring spirit by making the work environment a place where each employee can work to their full potential.

Easy-to-work environment

Personnel system

In order to achieve our goal of creating a visionary and innovative company full of energy, we adopted a personnel system that promotes each individual employee's growth and organizational stimulation. For example, with an evaluation system, not only results, but also the initiatives for achieving the results are important. We provide opportunities for personal growth to our employees and engage in fair evaluation of skills and treatment so that talented employees who make significant achievements are well rewarded.

Initiatives for work-life balance

The TEL Group has enhanced its childcare support system and nursing care leave system to help employees continue to pursue their careers through various life events. According to Japanese law, companies must take measures such as reducing hours worked for parents raising children under the age of three. Tokyo Electron goes beyond this minimum, giving parents of children of elementary school age or younger the option to work shorter hours, and offering additional assistance in balancing work and home life. As a result of these measures, we saw 53 employees return to work after taking childcare leave and another 70 take childcare leave in fiscal 2014.

Improving the workplace environment and employee health

The TEL Group places the highest priority on the safety and health of its employees, and in February 2012 issued a health declaration to provide services such as walking events for promotion of health, healthy meals at company cafeterias, and health counseling with doctors. In addition, we are working to continually ensure that TEL is a safe and productive workplace environment by requiring harassment prevention education for upper level management, as well as providing professional counseling services.

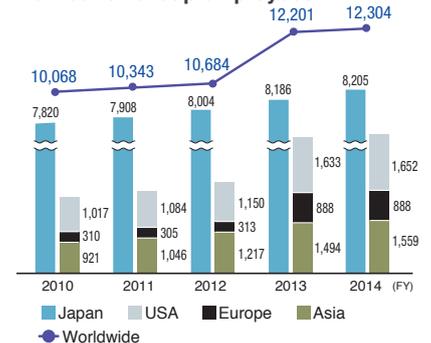
In Focus Fulfilling work and childcare

Last year, I returned to work after taking childcare leave for a second time. I currently handle administration work such as sales and accepting orders in the sales division. I have been called to the day care center when my child developed a sudden fever, but with the understanding and cooperation of my workplace, I have taken advantage of this system and been able to balance work while raising my children. At the same time, I have switched from regular office work to more comprehensive work with greater responsibility, and I was able to place importance on improving my own career. By balancing work while raising children like this, I am thankful that I am able to continue working while growing and feeling challenged.

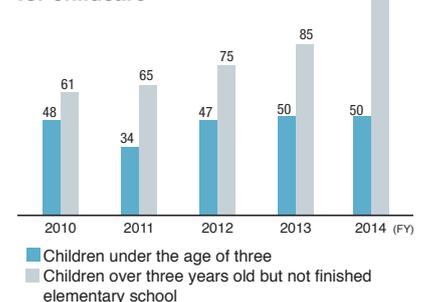


Mari Kurahashi
Clean Track Sales Dept.
Tokyo Electron Limited

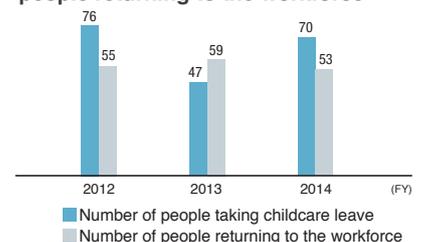
Number of Group employees



Users of shorter working hour system for childcare



People taking childcare leave and people returning to the workforce*



* Excluding Tokyo Electron Device Ltd.
Refers to Group company employees in Japan

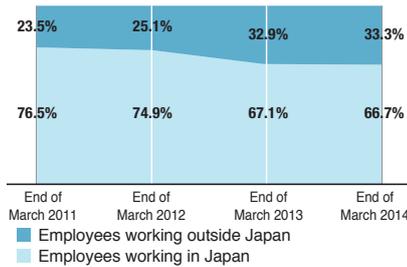
Employee retention rate three years after joining the company

94.2%

The Tokyo Electron Group has adopted an OJT System* for newly hired employees in Japan to enable them to quickly transition and work in a productive and nurturing environment. In addition, we hold regular meetings to keep up with and discuss the state of the workplace and employee relations to create a pleasant work environment for all employees.



Work location of Group employees



Initiatives for globalization and diversification

The TEL Group does business around the world, and as of March 2014, overseas sales account for 84% of the Group's total sales. Additionally, about 33% of TEL Group employees work outside Japan. In line with this shift toward globalization, even TEL Group companies within Japan are aggressively expanding overseas hiring to develop diverse workforces, with 11% (as of March 2014) of new hires being recruited from among foreign nationals.

Furthermore, along with working to create an excellent work environment the TEL Group recognizes that every person is entitled to basic human rights, and we strive to be a corporation where a diverse range of employees can work to their full potential. One of those efforts is establishing a work environment where employees with disabilities can work without any inconveniences. All of our business sites and company recreation facilities are equipped with parking spaces, washrooms, slopes, and handrails for the disabled.

Human resource development

TEL UNIVERSITY

The TEL Group has established TEL UNIVERSITY, an internal education institution with the goal of enhancing its human resources and improving the overall capabilities of the organization. TEL UNIVERSITY courses include a program that provides individual employees with world-class knowledge and skills, a leadership development program for next-generation leaders and a management and organizational training program.

Main initiatives for fiscal 2014

Our main goal for 2014 is to establish TEL as a truly global organization, one aspect of which is to allow TEL employees to further develop their English ability. All employees of the TEL Group in Japan were interviewed in English to determine the appropriate English level for them to begin studying at, and allow them to experience the fun and the difficulties of learning English firsthand. Based on its results, we developed and provided appropriate programs such as self-learning assistance and English conversation courses.

Another initiative aimed at increasing diversity is our employee training program for understanding differences in communication style between foreign cultures, and deepen mutual understanding so foreign employees are able to do their jobs smoothly in the workplace. In addition, seminars are held at TEL Group companies in Japan with the goal of improving Japanese communication and facilitation skills.

Furthermore, we hold career design seminars for individual employees to reflect and grow together with the TEL Group to improve and enrich their personal careers. Also, we offer life design seminars and consultation services to explain and discuss work and life plans before and after retirement, as well as reemployment systems after retirement.

English interview participation rate

Fiscal 2014 results (Japan)

92.0% (6,560 people)

TEL UNIVERSITY-hosted program examples

Number of participants by program for fiscal 2014

English conversation class	24 classes	129 persons
Communication and facilitation seminar	5 classes	100 persons
Global communication program	4 times	32 persons
Career design seminar	18 times	500 persons
Life design seminar	10 times	339 persons
Next-generation leaders development program	27 times	43 persons
Management	8 times	85 persons

| Glossary | * OJT system: On-the-Job Training system. This is a teaching method whereby an employee takes on actual work and cultivates their skills to gradually increase the difficulty level of their job.

Safety

The TEL Group gives the highest consideration to the safety and health of every person connected with our business activities, from top management to frontline staff. All of our staff acts in accordance with their respective responsibilities and we maintain constant awareness of potential problems and the need to continually improve our safety and health standards.

Safety promotion framework

It is important for every individual to raise their own safety awareness in order to achieve work sites where all employees can work safely. To promote safety standards, the TEL Group has established a universal framework consisting of a supervising Safety Meeting and specialized Work Safety Promotion and Equipment Safety Promotion Meeting. This organization identifies the cause of both accidents resulting in injury or damage due to equipment or human error and makes efforts to prevent similar incidents from reoccurring.

Equipment safety measures

The TEL Group examines global laws and regulation, abides by all safety regulations of the region our equipment is shipped from, and allows inspections by safety certification organizations when necessary.

In addition, we carry out risk assessments during the development phase while considering the equipment's capabilities and life cycle, and based on these results implement intrinsically safe equipment designs^{*1} to reduce these risks. We also created subcommittees and improved the safety performance with newly acquired companies by examining products with lengthy histories and sharing methods to improve them.

We will continue these efforts and enhance the safety of all of the TEL Group's equipment.

Safety promotion framework

Global safety activity promotion framework	Safety Meeting Information about common and important matters related to safety of the entire Group is shared, and intensive debates are held when necessary. Basic policies are shared and distributed to the entire Group.
	Work Safety Promotion Meeting Work safety-related matters at customer's bases and TEL Group bases are discussed from a global perspective, and put into practice.
	Equipment Safety Promotion Meeting Sharing and complying with regulations related to equipment safety will enhance safety.



In Focus Taking part in safety training

According to the survey we conducted after our employees completed their safety education, many participants indicated that they liked that the content could be applied in real-life operations.

- I knew that work needs to be temporarily stopped when trouble occurs, but I learned once again that there is no need to hesitate. I will put this into practice starting tomorrow.
- I had no idea that even a trace of alcohol could result in an explosion, or that an electrical short could cause such large sparks. I want to be aware of these things so I can avoid them when I am working, and regularly take part in training so my awareness does not fade.



Education

| Glossary | *1 Intrinsically safe equipment design: By coming up with innovative machinery design, this eliminates the causes of machinery posing a hazard to people.

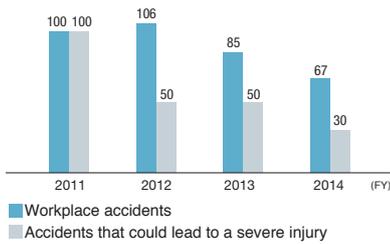
TCIR² value

0.33

As the Tokyo Electron Group carries out accident prevention activities on an ongoing basis, this facilitates a decrease in accidents. As a result, the occurrence rate of injuries from accidents during work—as indicated by the TCIR value—has maintained a world-class safety standard of less than 0.5 since 2006. In fiscal 2014 we achieved a TCIR value of 0.33.



Occurrence rate of workplace accidents (FY2011=100)



Efforts for accident prevention

As part of our social responsibility activities, the TEL Group places great importance on ensuring that everyone involved in our business can work in a safe workplace environment and enjoy good health by regularly holding safety promotion meetings in Japan and overseas. In particular, the number of accidents that could have led to severe injury³ was reduced by 70% in fiscal 2014 from the fiscal 2011 level due to our diligent efforts. In addition, the overall rate for workplace accidents⁴ including mild injuries was reduced by 33%*.

*Accidents counted with the same conditions as the previous fiscal year (excluding accidents that occurred at the four companies we acquired in fiscal 2013, and traffic accidents that occurred at the TEL Group).

Workplace initiatives

When equipment is being operated in a customer's clean room, signs indicating "in operation" are posted on the operating equipment and auxiliary systems. This eliminates the potential danger of stopping the wrong machine of the same type by mistake, and also eliminates the risk of an individual other than a worker operating the equipment by mistake.

Also, based on the Group's global guidelines we inspect the facilities and safety equipment as well as the safety standards at our customer's new factory before delivering our equipment. We examine and identify potential problems or questions regarding safety and work procedures, and work only begins after making the necessary preparations and improvements to the environment with the customer. Even after starting the equipment installation, we will run additional checks if necessary and make improvements after discussing the results with the customer.

Safety promotion activities

Nearly all accidents occur when unsafe conditions are combined with unsafe behavior. Therefore, we work to prevent unsafe conditions and behavior before they arise by having all workers share details about their work and areas to exercise caution, as well as review countermeasures for accidents and possible mistakes that can occur during operation in advance. Furthermore, we are improving the safety awareness of the workers by appointing leaders for each work group to oversee the entire worksite and having a safety manager visit the workplace to demonstrate proper caution and how to minimize risk factors that can lead to accidents or mistakes.

Safety education

We continue to put our efforts into safety education, because we believe each individual's safety awareness leads to voluntary accident prevention activities. We utilize web-based educational and awareness campaigns to eliminate workplace accidents at all TEL Group locations in Japan and overseas. Furthermore, we have implemented physical safety training in Japan. For instance, we run simulations of accidents caused by an electrical short due to a current carrying wire being cut during operation to reduce the risk of similar accidents.



Physical safety training

| Glossary | *2 TCIR: Total Case Incident Rate. This is the occurrence rate of workplace accidents (OSHA standard) per 200,000 hours worked.

*3 Accident that could lead to a severe injury: An accident that could result in a severe injury with ongoing effects.

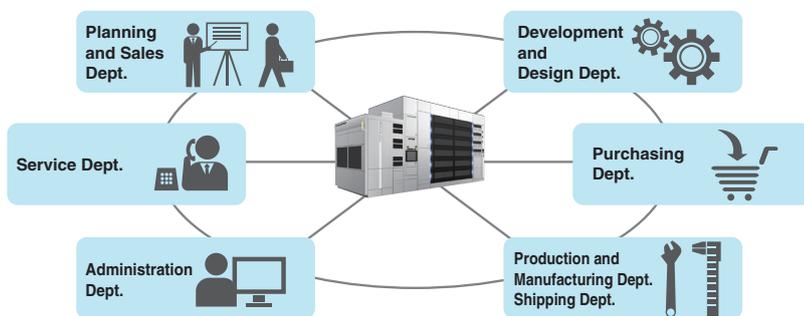
*4 Workplace accident: Following the guidelines of the United States Occupational Safety and Health Administration (OSHA), the TEL Group defines an accident involving an injury to an employee as a "workplace accident."

Quality

Each individual employee of the TEL Group strives to understand the true needs of customers, and we provide high quality products and services to satisfy our customers by continuously working to improve quality through our respective work.

The concept of high quality manufacturing

The TEL Group promotes the concept of high quality manufacturing throughout our entire company. From the Development and Design, Purchasing, Production and Manufacturing, and Shipping Departments directly responsible for our products to the Planning and Sales, Administration, and Service Departments supporting them, we constantly strive to improve quality to meet and exceed the expectations of our customers.



Aiming to increase the quality of all departments

Quality promotion framework

The TEL Group has established a cross-divisional TEL Group Quality Promotion Framework led by four working groups. These working groups cooperate with each other for efficient and stable quality control with the goal of improving customer satisfaction.

Initiatives for improving quality

In order to increase efficiency and design quality, the TEL Group employs a strategy of early detection to solve potential problems in the early phases of product development. As a result, it is highly important to correctly identify and pinpoint potential problems during the early stages of design. To guarantee the highest possible quality, we expanded our training programs created to improve design quality and skills and built a matching framework to test them.

In the future we will be increasing efforts to use appropriate analysis techniques to improve equipment design quality and build quality as well as reduce man-hours and development costs, and use evaluations to properly measure and reward employee skill and improve motivation.

In Focus From the manufacturing workplace—Improving quality and productivity through TPM activities^{*1}

The TEL Group has continued to implement TPM activities for the last 10 years to maintain and improve overall productivity. We have implemented our TPM systems throughout our offices and manufacturing locations. In addition to establishing TPM as an instrumental component of our employee training, we are also working closely with the Design and Administration departments to tackle challenges and develop new improvements to quality and productivity across all divisions.

Reduction rate of changes at the design stage

35.5% reduction

In order to improve quality, reducing the number of changes during the development and design phase is necessary. As a result of improvement efforts on an ongoing basis, the number of changes at the design phase for fiscal 2014 decreased by 35.5% from fiscal 2011.

Quality Promotion Framework



Analysis education using the Internet



| Glossary | ^{*1} TPM activities: Total Productive Maintenance or Management.

Procurement

In order to contribute to the development of society and achieve sound and sustainable growth, the Tokyo Electron Group values communications with suppliers and seeks to build a relationship that continues to grow on a global scale.

Number of companies participating in the Production Update Briefing

About **300** companies

The TEL Group prioritizes relationships with suppliers, and in order to share our business overview and policies we hold the Production Update Briefing. About 300 suppliers took part in the fiscal 2014 fall briefing.



TEL Partners Day held in fiscal 2014

CSR activities across the supply chain

In addition to daily communications, with the goal of creating better relations with suppliers, the TEL Group holds TEL Partners Day and Production Update Briefing as platforms to introduce a variety of CSR initiatives. We call for the cooperation of our suppliers on the Internet with regard to compliance with labor-related laws, such as child labor and forced labor, and to respect fundamental human rights. As a new initiative in fiscal 2014, we conducted a CSR survey with our main suppliers based on the EICC® Code of Conduct, evaluated the results, and carried out feedback. Furthermore, we revised our STQA (Supplier Total Quality Assessment) to include additional items reflecting our CSR policy. Corporate responsibility is a cooperative effort between both the company and suppliers, and we are continuing our efforts to ensure that communications with suppliers become more open and productive.

Initiatives for procurement BCP

Procurement BCP	Procurement BCP scheme	Post-disaster measures	(1) Investigate damage and evaluate impact (Procurement BER ^{*1})	Speed & accuracy
		Post-disaster measures	(2) Support recovery efforts and take procurement measures (Procurement BDR ^{*2})	
	Pre-disaster measures	(3) Establish BCP system with suppliers	Minimize risks	
	Pre-disaster measures	(4) Build relationship with suppliers based on mutual trust and respect		

Procurement BCP

The TEL Group develops disaster prevention activities and drills in cooperation with suppliers on an ongoing basis. In order to promptly identify damage and quickly take steps for recovery following a disaster, we have built a database of the production facilities our materials are procured from, and registered about 14,000 locations after reviewing the data with suppliers. We were able to use this data to quickly assess the damages resulting from earthquakes or other natural disaster in a total of nine instances in fiscal 2014. We also conduct an annual Procurement BCP Survey and use the feedback to improve our risk prevention measures together with suppliers.

Conflict mineral type

Conflict mineral name	Usage example
Tantalum	Electrolytic capacitor, IC, and refractory metal
Tin	Solder, plating, and reducing agents
Tungsten	Cemented carbide, electronic components and mechanisms
Gold	IC, plating, and connectors

Conflict minerals

The TEL Group plans to eliminate the use of raw materials and components containing conflict minerals (tantalum, tin, tungsten, and gold) from the Democratic Republic of the Congo or its neighboring countries that form a source of funds for armed groups and give rise to human rights violations and poor working conditions. Based on the results of our fiscal 2014 survey, we were able to confirm that our suppliers have increasingly taken steps toward a conflict-free industry. Starting in fiscal 2015, we plan to conduct a CFSI^{*3} survey with suppliers.

^{*1} BER: Business Emergency Response. First response taken immediately after a disaster.

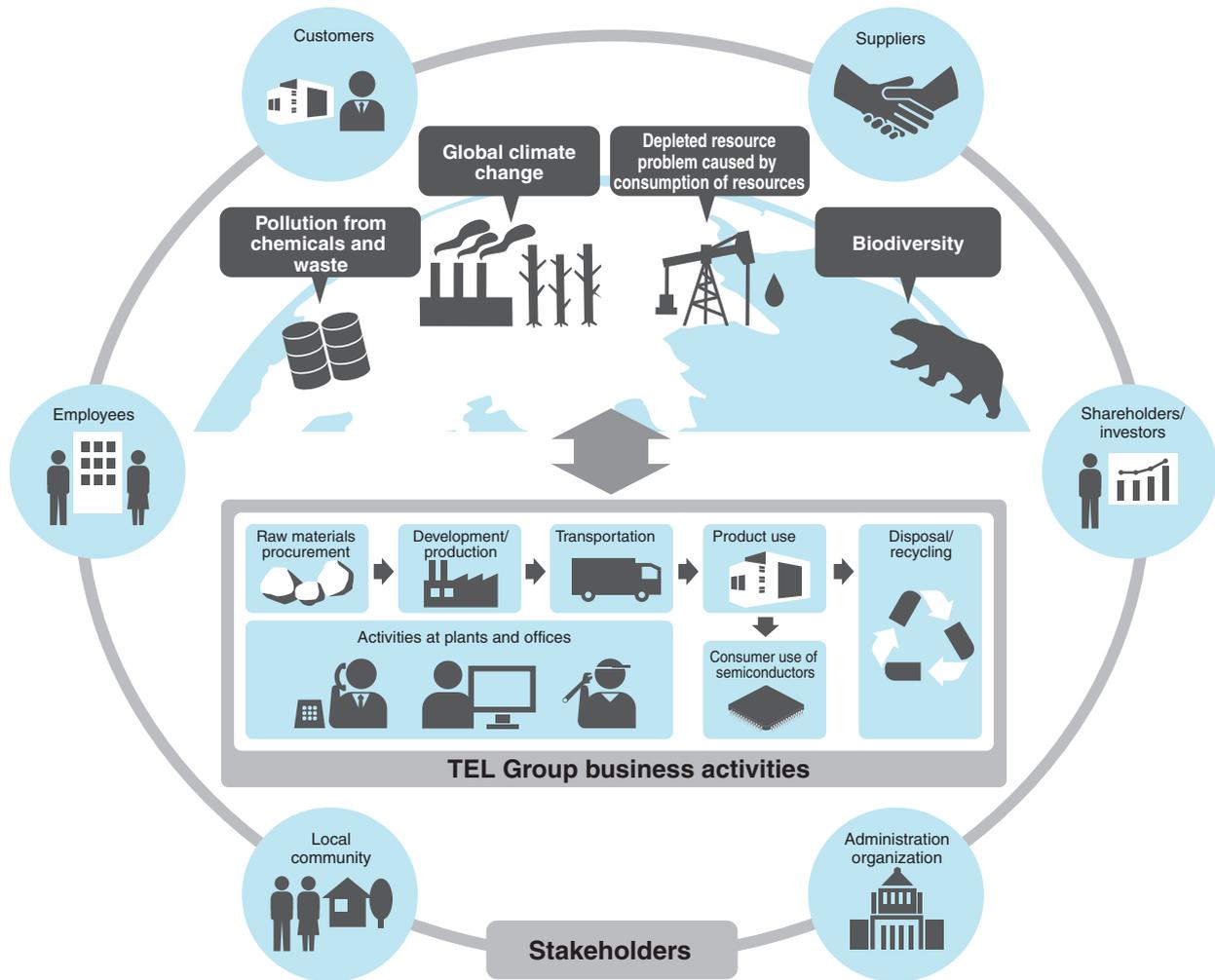
^{*2} BDR: Business Disaster Recovery. Recovery effort that is made according to the results of the damage investigation.

^{*3} CFSI: Conflict-Free Sourcing Initiative, founded by members of the EICC® and GeSI (Global e-Sustainability Initiative). Inspection and certification is being implemented to see whether or not smelters for conflict materials are being used for the Democratic Republic of the Congo or its neighboring countries that form a source of funds for armed groups.

Environment

The earth has various environmental issues, such as global climate change, depletion of resources, and pollution from waste, as well as the reduction in biodiversity as a result of these changes. The TEL Group aims to solve environmental issues through our leading-edge technology and services under the slogan of “Technology for Eco Life,” and contribute to the protection and conservation of the environment.

TEL Group business activities and environmental issues



The TEL Group’s products go through many stages in their life cycles, from product development and production, activities at plants and offices, procurement of parts, product logistics, and finally use by the customer. The result of these processes, such as greenhouse gases, discharged water and waste, and consumption of resources like water and petroleum, all have an impact on the earth’s environment that is closely linked to biodiversity. Of these, the TEL Group considers the main environmental issues to be preventing global climate change, conserving resources, eliminating waste, and biodiversity, and has set goals with a multifaceted approach to our commitment to stakeholders, risk management and enhancing corporate value. Based on these goals, the TEL Group will continue efforts to promote the development of a sustainable society.

Perspective of stakeholders	Environmental goals	Products
Perspective of Tokyo Electron Group		Procurement and logistics
Perspective of environmental issues		Plants and offices
		Environmental management

* See CSR Goals on pages 28 and 29 of this report for details about goals.

Start of environmental activities

1994

The TEL Group established a special division for environmental activities in 1994, and began environmental activities for the overall Group. ISO 14001 compliance began in 1997. The Environment Policy was established in 1998 and based on this policy we are promoting the reduction of environmental impact.



Environmental activity promotion framework

Global Environment Meeting	Product Environment Value Meeting Energy-saving/resource-saving products, etc.
	Product Environment Compliance Meeting Compliance with, and response to, laws and regulations on environmental standards for products in each country
	Operation Environment Value Meeting Reducing environmental impact of business activities; ensuring compliance

Environmental management

Environmental activity promotion framework

In order for the Group to collectively solve environmental issues the TEL Group has established the Global Environment Meeting, held twice a year to monitor the progress of our environmental goals and ensure that we are continuously improving. We also have individual meetings such as the Product Environment Value Meeting, the Product Environment Compliance Meeting and the Operation Environment Value Meeting to facilitate information sharing among concerned parties to achieve our environmental goals.

Also, the TEL Group is working to obtain an ISO 14001 certification, an environmental management standard, primarily at manufacturing subsidiaries since 1997. Currently, 10 of our locations are certified, and we will continue maintenance and certification acquisition in the future.

We ensure compliance with environmental laws, emission standards, and other voluntary standards using the frameworks we have put into place. In fiscal 2014, the Group was not involved in any environmental incidents or accidents, found in violation of environmental law, or subject to any related legal proceedings.

Environmental education

The TEL Group provides Group employees with environmental education and training to improve environmental awareness at all job levels. In fiscal 2014, we educated employees in the U.S., Europe, Korea, China, and Taiwan about the environment with an e-learning system on the Web, and we will continue to educate our employees about the environment in the future.

Biodiversity

Global climate change problems, depleted resource problems, and waste problems can cause abnormalities in the ecosystem, and have a significant impact on biodiversity. The TEL Group is working to preserve biodiversity for a sustainable society through efforts to create green space at each plant in Japan and overseas.

In fiscal 2014, ecosystem tours were held multiple times at each plant and office in Japan. Bird walks were organized around the Fuchu Office along the Tama River with sightings of rare birds such as house swifts and shrikes. Additionally, in a lecture about biomimicry we learned that the features and workings of the familiar ecosystems could serve as hints to develop new technologies, and we recreated the appearance of leaves housed inside winter buds using origami. This is called the "Miura fold" and is used for maps and cans to fold large items in a way so that they can later be opened effortlessly.

Becoming familiar with and getting to know nature is a way for us to become aware of new information and challenges, and we will continue biodiversity conservation and activities in the future.



Web-based environmental education



Ecosystem tour

Initiatives to Prevent Global Climate Change

Product initiatives

The TEL Group believes that promoting environmentally friendly product design is a crucial part of its corporate activity and we are working on reducing the energy consumption of our products as a top priority challenge. As a result, we achieved our target of reducing energy consumption by 50% (per wafer; compared to fiscal 2008) in major models of each business unit by fiscal 2015 ahead of time in fiscal 2014. In the future, we will continue to promote manufacturing that has high energy efficiency and a low environmental impact.

Main activities for fiscal 2014

- Thermal processing system TELINDY™ PE

In our thermal processing system, multiple wafers go through batch thermal processing with a heater. Using existing equipment, it was already possible to batch process 100 to 125¹ wafers, but by developing and using long type heaters that have lower power consumption, we are now able to process 150 wafers in each batch. As a result, in addition to improving productivity, we reduced energy consumption by 66%² per wafer.

*1: The number of wafers that can be batch processed will differ according to the process.

*2: Compared to the Poly-Si process on existing equipment as of 2007.

- Plasma etch system Tactras™ Vigus™

By significantly improving efficiency of internal high-frequency conversion circuits for high-frequency power of plasma production with a high level of power consumption, we reduced energy consumption by approximately 40%. In addition, an additional 30% reduction was achieved by moving a constant temperature circulator (chiller) for electrode temperature control with a similar high level of power consumption from the auxiliary equipment area closer to the equipment itself and reducing the load on internal components. Also, features such as chiller flow reduction, high-frequency power-off, and vacuum transfer pump-off, etc. were developed, and we aggressively adopted usage of an automatic sleep mode that switches to an energy saving state while idling.

- Single wafer cleaning system CELLESTA™-i

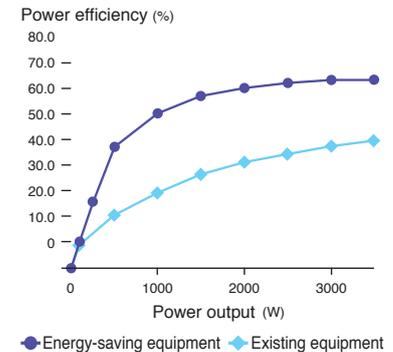
We adopt a system that is able to recycle liquid chemicals for cleaning wafers in the supply tank without disposing them in our selected models. The chamber cup of this equipment has a liquid waste separation structure, and by separating and collecting liquid waste by liquid chemical type, it is possible to recycle liquid waste. With this system, the amount of liquid waste consumed is reduced, and it contributes to reducing the customer's waste treatment costs in addition to reducing the power consumption of the heater.

Equipment category	Model	Reduction rate (%)
Plasma etch system	Tactras™ Vigus™	50
Thermal processing system	TELINDY™ PE	66
Single wafer CVD system	Triase+™ EX-II™ TiN	50
Single wafer plasma treatment system	Triase+™ SPA i	56
Coater/developers	CLEAN TRACK™ LITHIUS Pro™ Z	52
Single wafer cleaning system	CELLESTA™-i	69
Scrubber system	NS300+	69
Gas chemical etch system	Certas WING™	56
Wafer prober	Precio nano™	69

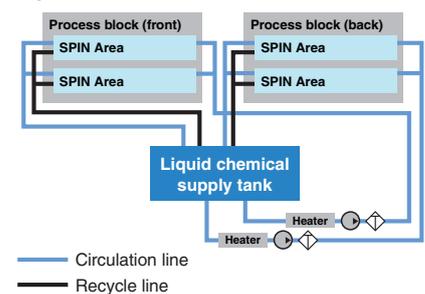
Power consumption of major models of each business unit

50% reduction

High-frequency power efficiency improvement



Liquid chemical circulation collection

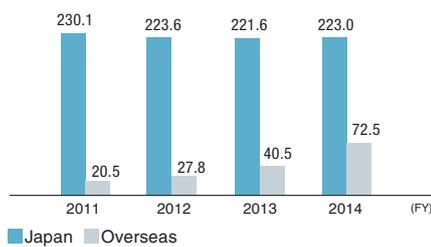


Liquid waste from the spin area is returned to the liquid chemical supply tank and reused

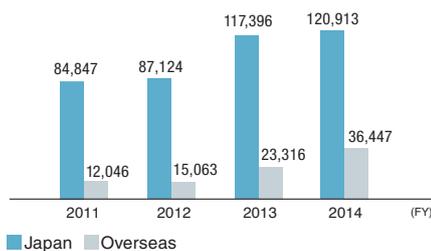
TEL Group plant and office electricity generated with PV power

22% increase

Electricity consumption
(Million kWh)

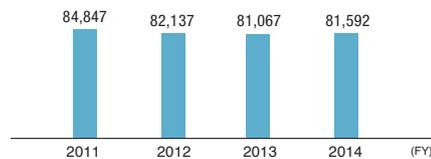


CO₂ emissions from energy consumption
(Tons)

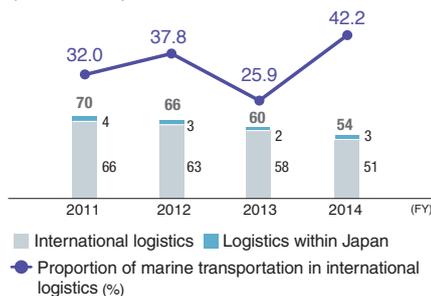


* CO₂ emissions in fiscal 2012 totaled 87,124 tons minus a 50,000 ton reduction brought about through the use of a domestic clean development mechanism (CDM)¹

CO₂ emissions in Japan with the same emission factor for electricity consumption for fiscal 2011
(Tons)



CO₂ emissions from logistics and the proportion of marine transportation
(Thousand tons)



Glossary | ¹ Domestic clean development mechanism (CDM): The approved mechanism for CO₂ emissions reduction under Japan's Domestic CDM System (a Japanese government scheme that allows small and medium-sized businesses to receive funding, technology, and technical support from large businesses in order to work collaboratively to reduce CO₂ emissions and trade the reduced amount as emission credits)
² Modal shift: A shift in the mode of transportation. Specifically, switching from conventional freight transportation by truck or aircraft to means such as marine and rail, which have a lower impact on the environment.

Plant and office initiatives

In the TEL Group, each plant and office chooses the appropriate metric (e.g., floor area) to measure their energy consumption by, and has set the goal of reducing energy consumption by at least 1% each year. In order to achieve this, initiatives such as the energy saving operation of clean rooms used in product development and manufacturing, optimum temperature settings for office cooling and heating, and introduction of equipment with leading-edge energy-saving efficiency (e.g., LED lighting) are being implemented. At TEL FSI, Inc., the boilers were replaced with new ones, reducing natural gas use by 22% from fiscal 2013. In Japan, the Taiwa Plant, Yamanashi Plant, Koshi Plant, as well as some overseas plants adopted photovoltaic power generation systems to generate renewable energy. The TEL Group generated 4,724 MWh in fiscal 2014, a 22% increase from fiscal 2013.

As a result of efforts such as this, in fiscal 2014, nine of the 14 TEL plants in Japan and overseas that set this goal achieved it. However, due to worsening power emission factors in Japan and an increase in the number of overseas plants, power consumption across the entire TEL Group was 295 GWh, about an 11% increase from fiscal 2013. CO₂ emissions from energy consumption by source* was 157,000 tons, an increase of about 11%. However, CO₂ emissions per unit of energy consumed in fiscal 2014 has decreased from our fiscal 2011 levels.

In fiscal 2015, we also plan to set targets for overseas plants as we strive to continue reduction activities on a global scale.

* We used adjusted emission factors for individual electric power providers for the emission factor for electricity consumption in Japan in fiscal 2014. For the emission factor for electricity consumption overseas, we used estimated factors calculated by the Federation of Electric Power Companies of Japan based on values published by the International Energy Agency (IEA).



Tokyo Electron Miyagi Limited Head Office

Logistics initiatives

The TEL Group is making efforts to reduce environmental impact caused by transporting its products by promoting modal shift² for domestic and overseas transport and adopting packaging methods with a smaller environmental footprint.

In fiscal 2014, we reduced CO₂ emissions of domestic and international shipments to about 54,000 tons for our products by about 10% from fiscal 2013. The share of marine transportation used for exports increased by 16 points from fiscal 2013 to 42.2%. This increase is due to the fact that there has been an increase in both semiconductor production equipment purchases shipped to our customers by sea, and FPD production equipment shipped by boat. We are promoting a modal shift by switching to marine and other transportation methods that have a lower impact on the environment, in addition to reduction of production lead time.

Efforts to conserve resources

Reducing water consumption

Based on the basic metric set by each plant, the TEL Group has set an environmental goal of keeping water consumption at the same or lower level than that of fiscal 2012. In fiscal 2014, we achieved 11 out of the 18 goals set regarding water used at TEL plants in Japan and overseas.

In order to achieve these goals, each plant is its streamlining pure water facilities used in the evaluation of semiconductor production equipment and diverting surplus water for use in other areas of the plant. In fiscal 2014, the TEL Group conducted a study to determine the amount of water used in exhaust-gas treatment equipment. Other measures currently being used to reduce water use include watering grass with rainwater, ensuring intermittent operation of cafeteria faucets, using rinse-free rice, and using toilet flushing sound simulators. We have implemented these policies across the entire TEL Group, and each plant has effectively put these measures into practice.

As a result of all of these efforts, we were able to reduce water consumption by approximately 2% in Japan compared to fiscal 2013. However, because we have recently added new plants and offices outside Japan, the TEL Group's total water consumption for fiscal 2014 increased by about 40% compared to fiscal 2013.

For fiscal 2015, we plan to set similar goals for our overseas plants that do not yet have resource consumption targets and continue our resource conservation efforts globally.

Initiatives for reducing waste

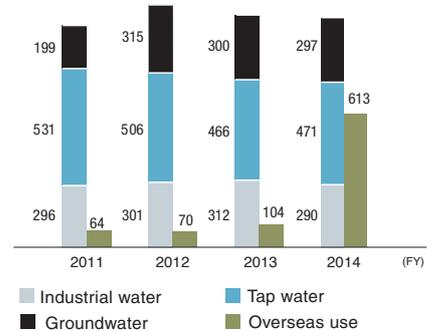
In its efforts to minimize waste, the TEL Group recycles as much generated waste as possible, and disposes of the remaining non-recyclable waste in a proper and responsible manner.

Our goal is to maintain a recycling rate* of 97% or more in Japan. With a recycling rate of 98.0% in fiscal 2014, the TEL Group has consistently achieved this goal for eight years since fiscal 2007. Also, in fiscal 2014 the Group measured the volume of waste generated at its plants and offices outside Japan, and confirmed a recycling rate of 68.6%. Tokyo Electron Taiwan Limited (TET) set a goal of a 66% or higher recycling rate and achieved a 97% recycling rate for fiscal 2014 as a result of its efforts.

We will continue to monitor the volume of waste generated as accurately as possible and implement measures to reduce waste across the TEL Group.

Water consumption

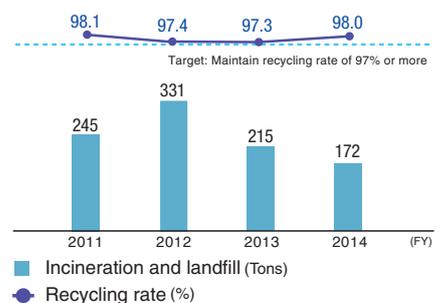
(Thousand m³)



Achieving a recycling rate of 97% or more

8 consecutive years

Recycling rate and generation of incinerated and landfill waste (Japan)

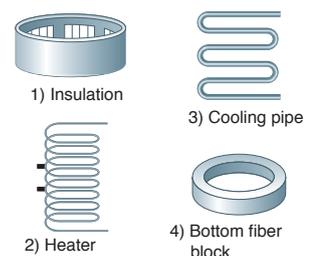


In Focus Reuse of the heater unit

Up until now, when the heater used in a thermal processing system deteriorated and could no longer be used due to continuous use, the entire heater was replaced with a new unit, however, these days replacing with reconditioned equipment that optimizes reusable parts has become mainstream. This helps to keep waste to a minimum, and also achieves cost reductions.



Replacement parts during recovery



* Recycling rate: Recycled amount ÷ amount of waste generated × 100

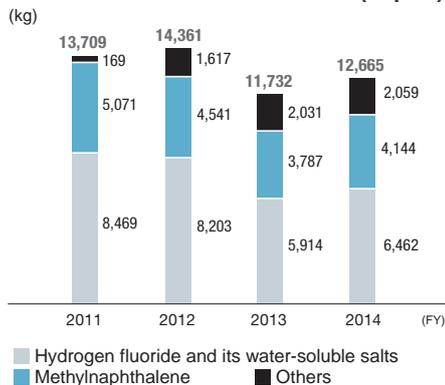
Ratio of RoHS compliant components for EU

98.5%
or more

Equipment containing 98.5% or more parts that meet the EU's RoHS

Thermal processing system
Single wafer CVD system
Wafer prober
Etch system
Coater/developers
Surface preparation system
Wafer bonding/debonding system

Volume of PRTR Class I designated chemical substances handled (Japan)



Visiting a quartz glass manufacturer

Initiatives for chemicals

Chemicals contained in products

Reducing regulated chemical substances contained in products is essential when manufacturing environmentally friendly products. We freely disclose chemical substance safety data sheets – (M) SDS – based on GHS¹ safety regulations as well as safety information on any substance of very high concern (SVHC) that is more than 0.1% present in our products, according to the EU's REACH regulation².

In addition, we strive to stay up to date on the regulatory situation in every country, respond quickly to any changes, set our own standards, and develop equipment that will reduce the use of regulated chemical substances. For example, we implemented measures to manufacture equipment that complies with the EU's RoHS Directive³ and is at least 98.5% composed of substances that meet the directive. In fiscal 2014, we achieved this standard in an additional 10 models, and as a result, nearly all of our products now comply with the RoHS Directive. Furthermore, to effectively become compliant with the EU's REACH regulation as well, we introduced a new examination process for chemicals contained in our products based on the JAMP AIS⁴. By the end of March 2015, we aim to completely switch from using our supplier's chemical survey method to the TEL Group's new examination process.

In the future, we will continue to quickly respond to all laws and regulations in every country and share our initiatives both within the TEL Group as well as outside companies to promote the global effort to reduce harmful chemical substances.

Management of chemical substances

The TEL Group uses chemical substances mainly in the development and manufacturing phases of our products, and in accordance with the Japanese PRTR⁵ law, we ensure that chemical substances regulated under the law are managed and the amount used and discharged is consistently monitored. In fiscal 2014, we handled 12,665 kg of PRTR Class I designated chemical substances. In addition, whenever we introduce a new chemical substance or change how a previous substance was used, we make sure to check for environmental, health and safety risks and take the necessary measures before adopting the new substances or method. Furthermore, we make sure to properly dispose of the hazardous substances after use through either specialist waste disposal contractors or our in-house processing equipment.

Green procurement

The TEL Group, in cooperation with our suppliers, is promoting initiatives to reduce the impact we have on the environment. We have posted the Guideline for Green Procurement on our website, and in addition to increasing awareness of the TEL Group's approach to green procurement, conducted surveys with our main suppliers, summarized and gave feedback based on the results. Using this as a foundation, we are continuing efforts with our suppliers to carry out environmental activities.

In addition, to continue to create an open dialogue between us and our suppliers, we visited a quartz glass manufacturer in fiscal 2014 that produces an important part for our semiconductor manufacturing equipment. We received a factory tour, attended a presentation on the quartz glass life cycle and the factory's environmental initiatives, and introduced the TEL Group's own environmental initiatives.

| Glossary | *1 GHS: Globally Harmonized System of Classification and Labelling of Chemicals. A system agreed upon by the United Nations that is intended to provide unified standards across various countries for the classification of hazard level, labeling and the content of (M) SDS.
 *2 REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals. A regulation pertaining to the registration, evaluation, authorization and restriction of chemicals. For products containing SVHC amounting to more than 0.1 wt% in particular, manufacturers are required to provide information on the SVHC content of their products as well as information to ensure the safe use of the products.
 *3 RoHS: Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment.
 *4 JAMP AIS: Article information sheet (AIS) promoted by the Joint Article Management Promotion-consortium (JAMP). This sheet is used to deliver basic information on regulated chemical substances.
 *5 PRTR: Pollutant Release and Transfer Register. A system under which the use of chemical substances that may be hazardous to human health and the ecosystem, their release into the environment, and their transfer (contained in waste) off the original business premises are identified, tabulated, and disclosed.

Social Contribution

—Construction of a dream-inspiring society—

At the TEL Group, we strive to nurture future generations and engaging in revitalization activities that respond to local needs based on our commitment to “allow everyone to achieve prosperity, construct a dream-inspiring society, and create new technology for the global community.” We encourage promotion of a society that takes advantage of the Tokyo Electron identity, and work to create relationships where everyone can grow together.

Support for science education (Japan)

Sponsored Science Intercollegiate

The TEL Group is a special sponsor of the Science Intercollegiate (sponsored by the Ministry of Education, Culture, Sports, Science and Technology), an event where students studying the field of natural science announce the results of their research and compete with one another. It represents the advance of Japan’s science and technology and provides skills necessary for sustainable development, fostering the learning of next-generation engineers. The TEL Group endorses this event as a place necessary for students to enjoy friendly rivalry as well as for promoting incentives for future research activities, and we support the students’ independent research activities.



Enthusiasm of students who took part in the Science Intercollegiate

Sponsored the Shinichi Hoshi Award and robot creation workshop

In 2013, Nikkei’s Shinichi Hoshi Award was established as a literary award for exploring scientific ideas. Excellent works with original ideas that look to the future and that have fresh outlooks that inspire are awarded. The TEL Group was awarded the Tokyo Electron Award. In addition, a line tracer robot workshop was held as a related event for elementary and junior high school students at the Setagaya Literary Museum in Tokyo, with TEL Group employees acting as instructors.



Awarding the Shinichi Hoshi Award

Sponsored “Let’s talk with outer space!”

The TEL Group participated as a business sponsor for “Let’s talk with outer space!—Connecting outer space and the sea” (organized by Mainichi Shimbun), an event where live transmissions are sent between Astronaut Koichi Wakata who was commander of the International Space Station (ISS), and the Shinkai 6500-manned research submersible currently conducting drills in the Pacific Ocean. Along with an Outer Space Lecture held before the live feed about the origin of space and the Hayabusa asteroid explorer, around 130 children attending the event at Roppongi Hills in Tokyo listened attentively to stories about outer space and the deep sea that they would normally be unable to hear, broadcast in real time from outer space and the depths of the ocean.



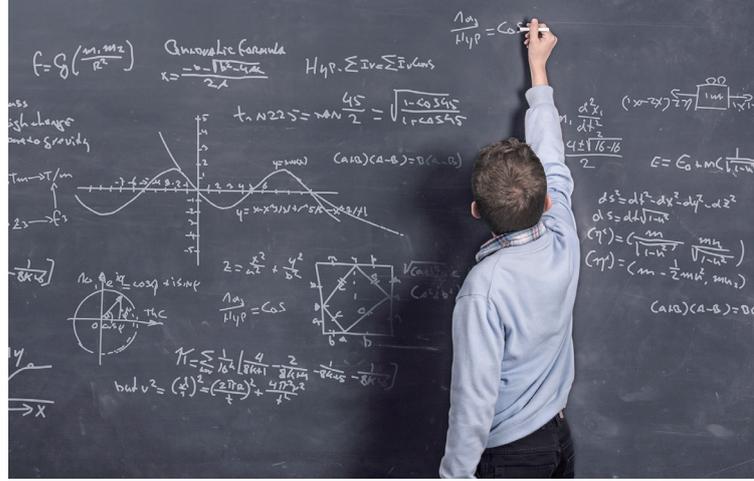
Live feed communication with astronaut Koichi Wakata

Voice Participation in a science education event

My three children took part in the “Let’s talk with outer space!” event aimed at elementary, junior, and senior high school students. I watched the children listening with rapt attention, and the phrase “sense of wonder” came to my mind. Compared to adults, children are much more curious and sensitive to the unknown and mysteries. The event was a great way for them to learn about science while having fun. Though the contribution to society is not immediately obvious, I believe that offering a great opportunity like this as a business sponsor is very meaningful.



Tetsushi Nagoya
FPD Process Equipment Dept.
Tokyo Electron Limited



Tohoku Recovery Project

Immediately following the Great East Japan Earthquake, the TEL Group's Tohoku Recovery Project team began focusing on providing a variety of ongoing support programs. In addition to monetary and item donations—such as bench coats—to the disaster-hit areas, we have carried out visiting lectures to assist learning in the disaster-hit areas, and held charity concerts.

We hope to help contribute to the recovery of disaster-stricken communities by bringing joy to the local children and residents. Our efforts were recognized and TEL was awarded a certificate of appreciation by the Minister of Health, Labour and Welfare in 2014.



Certificate of appreciation for Tohoku recovery assistance

Chronology of the Tokyo Electron Group's recovery operations



Lesson at a visiting lecture



Photo message in response to the bench coat donations

Year implemented	Content (target)	Category
	535.9 million yen cash donation (Japanese Red Cross Society and local governments)	Contributions and donations
	Inauguration of the Tohoku Recovery Project	Other
2011	Special sponsor for "Let's talk with outer space! Milky way classroom" (elementary, junior high school students)	Revitalization (education)
	Special sponsor for "Let's talk with outer space! Starry skies concert with Ayaka Hirahara" (general public)	Revitalization (culture)
	Donated 11 PV power generation systems (public facilities)	Contributions and donations
2012	Special sponsor of a reconstruction charity concert, "The Musical Sound of Recovery Reverberates in Miyagi" (general public)	Revitalization (culture)
	Donated a research facility to Tohoku University (university, research institute)	Revitalization (education)
	Providing students with workplace experience, visiting lectures (elementary, junior high school students)	Revitalization (education)
	Donated common items to about 750 locations of temporary housing (temporary housing areas)	Contributions and donations
2013	Sponsor for a Great East Japan Earthquake memorial charity ballet show, the Grand Gala Concert (general public)	Revitalization (culture)
	Sponsored "Fairies' Fly to the World" dance event (junior high school students)	Revitalization (education)
	Donated about 1,700 bench coats (for public health nurses etc., caring for disaster victims)	Contributions and donations
	Providing students with workplace experience, visiting lectures (elementary, junior high school students)	Revitalization (education)
	Participated in and sponsored Tohoku University's Tohoku Forum for Creativity (university, research institute)	Revitalization (education)

Other social contribution activities

Environmental conservation

Participated in the Corporate Afforestation Program (Tokyo Electron Tohoku)

Planting trees in Tokyo Electron Forest (Tokyo Electron Yamanashi)

CSR/groundwater recharge tree planting activities (Tokyo Electron Kyushu)

Office greening campaign (Tokyo Electron (Shanghai) Limited)

Revitalizing local communities

Sponsored a national women's corporate relay marathon or "Queen's Ekiden" in Miyagi as a special sponsor (Tokyo Electron/Tokyo Electron Miyagi)

Sponsored the Kumamoto Castle Marathon (Tokyo Electron Kyushu)

Sponsored Tokyo Electron Nirasaki Bunka Hall Naming Right Memorial Concert (Tokyo Electron Yamanashi)

Educational support activities

Organized by "Science Soccer School"

Sponsored Nikkei Education Challenge, provided lecturers

Sponsored educational radio programs: "YumeYume Engine!", "Fairies' Fly to the World"

Sponsored the All Japan High School Culture Festival

Kosen Robot Contest (Tokyo Electron FE)

Organized Mr. Denjiro's "Talk about Fun Science!"

* All activities listed without a company name were sponsored by Tokyo Electron Co., Ltd.

Activities overseas

Semiconductor scholarship programs in Korea and China

The Korea Semiconductor Industry Association has been a main supporter of education programs (taught by semiconductor and device manufacturers) for talented semiconductor engineers since 2006. As a member, Tokyo Electron Korea Limited also supports this scholarship program and since 2008 grants a scholarship to one exceptional science and engineering student studying semiconductors every year.

In addition, with the goal of contributing to the expansion of China’s industry, Tokyo Electron (Shanghai) Limited established the Tokyo Electron Scholarship at Peking University for students in the Microelectronics department.



Semiconductor scholarship award ceremony

Initiatives for the environment and social welfare in the U.S.

As part of TEL’s “Technology for Eco Life” campaign, Tokyo Electron U.S. Holdings, Inc. (TEH) is focusing its community outreach efforts on local environmental and social programs.

For more than 10 years, the U.S. headquarters of TEH in Austin has continuously participated in Keep Austin Beautiful trash clean-ups. Employees are also provided with many other opportunities to participate in environmental conservation activities such as maintaining an employee garden, and taking part in a cell phone recycling program that benefits biodiversity programs.

TEH also sponsors such non-profit organizations as the Meals on Wheels program (which delivers meals to disabled elderly people), the Juvenile Diabetes Research Foundation (which researches diabetes in children), The Nature Conservancy (a world-renown nature conservation group), and the international NGO Habitat for Humanity (which supports the construction of housing) through scholarships and volunteer initiatives. In addition, TEH is also an advocate for STEM* education programs in Texas, where their offices are located.



Habitat for Humanity activities

External evaluation (main awards received)

Category	Awards received	Sponser
Customer	2013 Preferred Quality Supplier Award (PQS award)	Intel Corporation
	Fiscal 2013 Best Supplier Award for evaluation of stable operation as an equipment manufacturer	Renesas Yamagata Semiconductor Co., Ltd.
	Excellent Partner Award	Sony Semiconductor Corporation
	Good Partner Award, Partnership Award	TOSHIBA Semiconductor & Storage Products Company
	2013 Best Supplier Award	LG Display
	2013 Best Suppliers of Equipment and Parts	Shanghai Huali Microelectronics Corporation (HLMC)
Equipment/ production	20th Semiconductor of the Year Awards Grand Prize in the semiconductor manufacturing equipment category	The Semiconductor Industry News
	Best Quality Award	Semiconductor Manufacturing International Corporation (SMIC)
Environment/ safety	Science Park Carbon Reduction Award and Parks and Green Spaces Adoption Award (Tokyo Electron Taiwan Limited)	Hsinchu Science Park Administration
	Selected as the Fiscal 2014 Excellent Foreign Invested Company for Green Development (Tokyo Electron (Kunshan) Limited)	City of Kunshan
	SEMI Technical Committee Award	Semiconductor Equipment and Materials International (SEMI)
Communication	FTSE4 Good Index Series	FTSE
	2013 Internet IR Commendation Award	Diawa Investor Relations Co., Ltd.
	Gold Award in the magazine advertising category at the Japan BtoB Advertising Awards	BtoB Advertising Association Japan

* Unless the name of the award recipient company is specified, the award is assumed to have been presented to Tokyo Electron Limited.

Comments from a Third-Party Expert

I have read the Environmental and Social Report 2014 of Tokyo Electron Limited (“the Report”) and present the following comments as a third-party, taking into account my observations concerning last year’s report.

Priority CSR issues

One feature of the Report is a clear statement at its beginning of priority CSR reporting issues from the perspectives of stakeholders and business continuity and explanations of specific details. This shows the reader that TEL places a high priority on the soundness of its financial footing, corporate governance, information security, and product quality. Reinforcement of fundamental organizational systems, in other words effective governance systems, is crucial for addressing these CSR issues. Governance is a decisive element of an organization without which CSR measures cannot be undertaken. Accordingly, it is commendable that TEL substantially increased reporting dedicated to explaining its corporate governance policy. Readers will understand that CSR programs are not just incidental to management, but are a core aspect of management principles and policies and will see the importance of organizational development from reading about these priority issues. At the end of the Report, TEL’s current progress towards its CSR targets and its many completed goals are clearly presented to the reader.

Initiatives concerning employees

Employees play important roles in addressing priority issues and achieving targets. However unlike other managerial resources, employees cannot be placed under the influence of market principles. For this reason, the Report discusses the development of work environments that are beneficial for all employees and skill development and explains the status of those measures. TEL has set a target of 20% foreign nationals within recent-graduate hiring, but measures concerning this target were still underway during the year under review so further reports in the future are desirable. As TEL continues to move toward globalization, I believe that TEL should consider increasing disclosure concerning changes in workforce composition, details concerning foreign employees, the ratio of male and female employees and managers, measures to address the shrinking workforce and population, the status

of overtime work, and financial policies including retirement pay, pensions, and stock options. TEL has an extremely high retention rate of 94.2% three years after hiring, indicating that its employee initiatives are effective, and that this will likely have a positive impact on addressing priority issues.

Environmental initiatives

TEL has set goals and has already taken measures with a global outlook to address environmental issues such as climate change, depletion of water resources, and waste. In response to climate change in particular, TEL set a goal of halving energy consumption in its major models by fiscal 2015, but goal was achieved ahead of schedule in fiscal 2014, a noteworthy accomplishment. TEL also achieved reductions in energy consumption per unit of production at nine of its 14 major plants, but total company-wide carbon dioxide emissions from energy sources increased 11% to 157,000 tons as a result of an increase in the number of overseas plants and higher power emissions factors. I expect that TEL will include its overseas plants in its comprehensive environmental management in the future.

TEL plans to combine with an American company, and it is likely that there will be a review of its CSR structures in the future. At that time, TEL should strive to maintain and enhance the successful CSR systems that it has established and to report the details to its stakeholders in an accessible manner so that it can gain the trust and understanding of the public.

(This third-party comments does not constitute an opinion on the accuracy or completeness of the information contained in this report.)

Yoshito Nakamura
Certified Public Accountant

Adjunct Instructor of Toyo University and
the Open University of Japan
Chairman of the Evaluation Committee for
Independent Administrative Institutions,
Japanese Ministry of Defense
Auditor of the Supporting Organization of JOCV
Auditor of Foundation for Accounting Research
in Construction Industry



Response to the Third-Party Comments

We are deeply grateful to Mr. Nakamura, who has provided us guidance by presenting these third-party comments since the 2010 Environmental and Social Report. His insight has helped us to steadily implement our Group’s CSR activities.

In response to comments we received last year, this year’s report includes information regarding the relationship between CSR activities and corporate governance systems, the development of systems overseas, and the status of progress regarding those systems. In addition, this year we identified priority CSR reporting issues and prepared this report based on those issues.

We are aware that the employee initiatives and comprehensive environmental management that includes overseas plants are also key issues, and we will continue to address them.



Toshiya Matsuda
Director
Corporate Environment
Promotion Dept.
Tokyo Electron Limited



Moyuru Yasuhara
Director
Corporate Branding
Promotion Dept.
CSR Promotion Dept.
Tokyo Electron Limited

Tokyo Electron Group

CSR Goals

The Tokyo Electron Group carries out CSR activities according to core subjects of ISO 26000 with medium-term goals established. For fiscal 2014, we looked into subjects that each department needs to focus on, and established specific activity themes and goals. In addition, each of these activities is linked with selective report issues (materiality; pp. 6–7).

As of June 2014

CSR Promotion of high quality management and stakeholder communication			
Selective report issues ▶ [Governance/ethical behavior and compliance] [Social contribution activities]			
Activity theme		Achievements	ISO Core subjects
High quality management	EICC internal education	[Achieved] About 130 participants in the internal seminar, expanded to overseas key location (Four companies in the US, one company in Taiwan, two companies in China, one company in Korea, and two companies in Europe)	Organizational governance
	Establish governance	[Achieved] Established CSR Promotion Meeting and initiated activities Appointed CSR Promotion Director	
Communication	Social contribution activities	[Achieved] Survey of company-wide social contribution activities (6 domestic and 6 overseas companies)	
	Improved Internet communications	[Achieved] Continued regular Internet communications and enhancement thereof Established new CSR page on intranet	
Ethics Compliance implementation and improved ethical values			
Selective report issues ▶ [Governance/ethical behavior and compliance] [Information security]			
Activity theme		Achievements	ISO Core subjects
Ethics and compliance education	Implement ethics and compliance education worldwide	[Achieved] Finished by all employees of TEL Group in Japan, and 80% of the overseas group company employees	Human rights Fair operating practices
Workplace environment free of harassment	Implementation of web-based power harassment education for the TEL Group in Japan	[In progress] Implementation of new web-based education scheduled for July 2014	
Personnel affairs Pleasant working conditions and employee career development assistance			
Selective report issues ▶ [Achieving workplaces with vitality] [Workforce development] [Safety and health management]			
Activity theme		Achievements	ISO Core subjects
Work-life balance	Continuation of measures for childcare support	[Continuing] Shorter working hour system for childcare—Under three years old: 50 users; Over three years old but not finished elementary school: 109	Labor practices
Occupational safety and health	Thorough implementation of employee healthcare by department	[Continuing] Began providing information to GMs for “employees that require health consideration”	
Diversity	Diverse workforces in line with this shift toward globalization	[In progress] Foreign nationals are 20% percent of new hires	Human rights
Workforce development	Implementation of training to understand different cultures	[Achieved] A total of 115 people participated in training to understand different cultures	
Safety Encourage an environment with the highest priority on the safety and health of all personnel			
Selective report issues ▶ [Safety and health management]			
Activity theme		Achievements	ISO Core subjects
Product safety	Equipment designs with timely support of safety regulations in all regions	[Achieved] Completed basic expansion of shipping equipment to new overseas plants	Consumer issues Labor practices
Accident prevention	Preventing accidents before they occur. If an accident occurs, investigation of the cause of the accident and preventative measures, horizontal deployment of countermeasures and prevention of similar accidents.	[In progress] Compared to fiscal 2013, the number of accidents that could have led to severe injury was reduced by 40%, and personal injuries were reduced by 20%. Work site safety check before delivery of equipment, and expansion of point and call activities.	
Safety education	Safety skills from the bottom up by including practical education	[Achieved] Provided all types of education such as advanced safety education (total 9,000 participants), online education for raising awareness of work accident prevention (10,000 participants), traffic safety education and various types of online education (4,000 participants in Japan)	
Safety management	Safety management	[Achieved] Implemented global safety meetings (twice a year), implemented safety and health committees by plant and office and safety activities by unit	

Quality			
Striving for world-class product and quality			
Selective report issues ▶ [Product and quality]			
Activity theme		Achievements	ISO Core subjects
Policy and system improvement	Share and publicize quality policies and quality systems	[Achieved] Completed implementation as planned for the seven key locations overseas Expansion of global CSR promotion activities is now possible	Consumer issues
Regulations and manuals improvement	Revision of regulations and manuals shared throughout the company	[In progress] Coordinating with related responsible departments and scheduled to complete by March 2015	

Procurement			
Development of a trusted supply chain management framework			
Selective report issues ▶ [Supply chain management] [Conflict minerals response]			
Activity theme		Achievements	ISO Core subjects
Supply chain management	CSR activities across the supply chain	[Achieved] Implemented annual surveys compliant with EICC requirements for about 300 key suppliers, and gained a grasp of the situation	Fair operating practices
	Survey of the supply chain's conflict minerals response	[Achieved] Implemented surveys for about 300 key suppliers, and learned the degree of permeation	
	Procurement BCP	[Achieved] Implemented annual surveys compliant with EICC requirements for about 300 key suppliers, and gained a grasp of the situation	Procurement

Environment			
Solve environmental issues through our leading-edge technology and services			
Selective report issues ▶ [Energy-saving, resource-saving products] [Reducing waste, recycling] [Reducing water consumption] [Conservation of biodiversity]			
Activity theme		Achievements	ISO Core subjects
Products	Reduction of environmental impact of product	[Achieved] Achieved the goal of 50% reduction in energy consumption with regard to major models of each business unit in fiscal 2014, one year ahead of schedule	Environment
	Compatibility with Chinese RoHS	[Achieved] Expanded activities for product compatibility with Chinese RoHS to overseas production sites	
	Promotion of voluntary product compatibility with Europe RoHS	[Achieved] Continue to ensure that major models of each business unit contain 98.5% or more parts that meet the EU's Restriction of the Use of Certain Hazardous	
	Compliance with environmental regulations of each country	[Achieved] Continue to ensure products' compliance with the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) framework as well as with labeling requirements based on the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and battery regulations of each country.	
Procurement and logistics	Promotion of green procurement	[Achieved] Implement progress of environmental activities surveys for about 300 key suppliers, and get a grasp of the situation	
	Reduction of environmental impact of logistics	[In progress] Promote a modal shift. Continue monitoring.	
Plants and offices	Promotion of reducing the energy consumption (Reduced 1% from the previous fiscal year)	[Achieved] In fiscal year 2014, 9 out of 14 plants that set goals' in Japan and overseas achieved them	
	Reduction of water consumption (Maintaining the level of fiscal 2012)	[Achieved] In fiscal 2014, 11 out of the 18 goals set in Japan and overseas were achieved	
	Recycling waste (Maintaining a recycling rate of 97% or more in Japan)	[Achieved] The recycle rate for fiscal 2014 was 98% in Japan, and overseas areas that set goals achieved them	
Environmental management	Environmental management	[Achieved] Maintained ISO 14001 certification for the Group's plants	
	Environmental education	[Achieved] Implemented environmental education overseas, for a total of about 10,000 participants including participants in fiscal 2013 in Japan	
	Environmental communication	[Achieved] Continue to publish Environmental and Social Report.	
	Conservation of biodiversity	[Achieved] Based on the guidelines, organized ecosystem tours multiple times at each of the plants in Japan	

Performance Summary

Environment

Category	Details	Fiscal 2014 results	Breakdown	
			Japan	Overseas
Environmental management	Number of businesses with ISO 14001 acquisitions	10	7	3
Biodiversity	Total number of ecosystem tour participations at offices in Japan	16	16	-
	Total number of ecosystem tour participants at offices in Japan	42	42	-
Logistics	CO ₂ emissions of logistics	54,230 t	3,099 t	51,131 t
	Overseas transport marine transportation rate	42.20%	-	-
Office (energy)	Energy consumption (crude oil equivalent)	79,426 KL	58,927 KL	20,499 KL
	Power consumption	295,470 MWh	222,976 MWh	72,494 MWh
	Gas consumption (crude oil equivalent)	3,877 KL	2,027 KL	1,850 KL
	Fuel consumption (crude oil equivalent)	1,160 KL	1,156 KL	4 KL
	CO ₂ emissions from energy consumption	157,360 t	120,913 t	36,447 t
	Scope1 CO ₂ emissions	11,154 t	7,550 t	3,604 t
	Scope2 CO ₂ emissions	146,206 t	113,363 t	32,843 t
	Non energy-derived greenhouse gas emissions	20,794 t	-	-
	NO _x emissions	9.7 t	-	-
	SO _x emissions	2.8 t	-	-
	Use of ozone-depleting substances	0 t	-	-
	Power generated by PV power generation systems	4,724 MWh	4,698 MWh	26 MWh
	Business trips by employees in Japan	5,707 t	5,707 t	-
	Commuting by employees in Japan	14,538 t	14,538 t	-
Plants and offices (resources)	Water consumption	1,670,000 m ³	1,058,000 m ³ Groundwater 297,000 m ³ Tap water 471,000 m ³ Industrial water 290,000 m ³	612,000 m ³
	Use of copier paper	116 t	-	-
Plants and offices (waste)	Amount of waste generated	9,965 t	8,780 t	1,185 t
	Recycled amount	9,421 t	8,608 t	813 t
	Amount incinerated or put into landfill	544 t	172 t	372 t
Plants and offices (chemical substance)	Amount of substances regulated by PRTR law No. 1 in Japan	12.7 t	12.7 t	-
Other	Product shipment (Japan)	16,331 t	16,331 t	-

Society

Category	Details	Fiscal 2014 results
Personnel & labor	Number of people taking childcare leave, acquisition rate	70 95%
	Number of people returning to the workforce after childcare leave, reinstatement rate	53 93%
	Number of people taking sick/injured child care leave	435 -
	Childcare support leave	92 -
Safety	TCIR value	0.33
Supply chain	CSR procurement survey	94%
	Supplier survey response rate	100%
	Procurement BCP survey	94%
	Conflict minerals survey	96%
Social contribution	Green procurement survey	96%
	Cash donations	5%
	Charity donations (providing donations and relief materials to charity organizations)	38%
	Community investment (expenses for supporting community activities)	57%
	Commercial initiatives (expenses for anticipated effects of advertising)	

The Tokyo Electron Group CSR Policy

Code of Ethics

I. The Code of Ethics

1. Compliance with Applicable Laws	Tokyo Electron Group board members and employees must comply at all times with the applicable laws and regulations of each country and region as well as with international regulations, in doing the global business activities, while abiding with corporate ethics and putting them into practice in a spirit of good faith.
2. Acting in Accordance with Social Conscience	Tokyo Electron Group board members and employees must act in accordance with social conscience based on a high ethical awareness.
3. Maintaining Harmonious Relationships with Local Communities	Tokyo Electron Group board members and employees must be aware that both themselves and the company are members of their local communities, and must strive to achieve mutually beneficial development while collaborating with these communities.

II. Honest and Fair Business Activities

II-1 Technology, Safety, and the Environment

4. Ensuring Safety and Pursuing Quality	Tokyo Electron Group board members and employees must ensure safety and pursue quality in all their business activities including development, manufacturing, sales, service, and administration.
5. Promoting Environmental Preservation Activities	Tokyo Electron Group must conduct its business activities while maintaining harmony with the global environment.
6. Ethics in Manufacturing	Tokyo Electron Group board members and employees must engage in manufacturing with a high ethical awareness and a spirit of good faith.

II-2 Fair Trade

7. Implementing Fair and Open Competition	Tokyo Electron Group must not engage in any conduct that hinders competition in fair and open markets.
8. Fair Business with Suppliers	Tokyo Electron Group selects suppliers based on fair standards. When conducting business with suppliers, we must not use our dominant bargaining position in a transaction to unfairly harm the interests of suppliers.
9. Handling of Confidential Information	Tokyo Electron Group board members and employees must strictly manage confidential information of the company with special care and must not disclose or improperly use confidential information during the term of their employment or after retirement from the company without following the proper procedures according to the company's internal regulations and non-disclosure agreements. In addition, the confidential information of other companies must be respected and properly managed and must not be obtained by improper means.
10. Strict Export/Import Controls	Tokyo Electron Group board members and employees must comply with all applicable laws and the company's regulations based thereon concerning the import and export of goods and transfers of technology.
11. Reasonable Exchanges of Gifts and Entertainment within the Bounds of Common Sense	Tokyo Electron Group board members and employees must not give gifts to, or receive them from, a company or individual based on a business relationship, beyond the bounds of common business practice in the relevant location. Giving or receiving gifts of cash or cash equivalents is prohibited, regardless of the amount (except for purposes recognized as appropriate in common practice, such as condolences or expressions of sympathy in some countries and regions). Furthermore, entertainment with companies or individuals with whom one has a work-based relationship must be carried out moderately within the bounds of common sense.

II-3 Relationship between the Company and Individuals

12. Prohibition of Conduct Causing Conflicts of Interests	Tokyo Electron Group board members and employees must not, without due cause, engage in conduct that is to their own personal benefit and contrary to the interests of the company (conduct causing conflicts of interests), or which runs the risk of leading to such conduct. In addition, Tokyo Electron Group board members and employees must not use their position in their work for their own personal benefit.
13. Prohibition of the Improper Use of Company Assets	Tokyo Electron Group board members and employees must not improperly use company assets for their own personal benefit.
14. Prohibition of Conduct of Harassment	Tokyo Electron Group does not allow any form of harassment in the workplace.

III. Being a Good Corporate Citizen

15. Prohibition of Insider Trading	Tokyo Electron Group board members and employees must not engage in the purchase or sale of stocks on the basis of information not disclosed to the public that they obtained in connection to their work duties or business transactions (insider trading).
16. Prohibition of Political Activities and Contributions	Tokyo Electron Group board members and employees must not engage in political activities at the workplace. In addition, Tokyo Electron Group does not make donations of money or company assets to politicians (including candidates) or political parties.
17. Prohibition of Involvement in Antisocial Forces	Tokyo Electron Group must not have any relationship, including business relationships, whatsoever with antisocial forces that are likely to disrupt the public order, safety of the public, or corporate activities. In addition, Tokyo Electron Group must not provide any financial support or accommodation for any reason to antisocial forces.
18. Respect for Individuals	Tokyo Electron Group prohibits discrimination on the basis of gender, nationality, age, race, creed, religion or any other reason, while respecting each person as an individual. Tokyo Electron Group does not use forced labor or child labor.

Personnel Policy

Respect for Human Rights	We respect the character and individuality of each person and strive to create work environments without any infringement of human rights.
Diverse Workforce	We strive to respect and understand differences in values arising from gender, nationality, age, race, creed, religion, and other attributes and to be a corporation where a diverse range of employees can work to their full potential.
Human Resource Development	We believe that each employee is the source of value creation and support the development of skills by employees.
Employee Assessment and Treatment	We provide opportunities to those employees with the enthusiasm for personal growth and engage in fair evaluation of skills and employee treatment so that employees with significant results can be rewarded.
Occupational Safety and Health	We place the highest priority on ensuring the safety and health of employees and maintain environments such that employees can work safely at our workplaces and local residents feel a sense of reassurance.
Work-Life Balance	We implement measures to enable employees to achieve a good work-life balance.

Safety Policy

Safety First	Based on the principle of "safety first," we strive to create safer products and work to maintain and improve the safety of all people involved with our products and healthy workplace environments.
Pursuit of Safe Technologies	With an awareness of the factors that impair safety and health in our various business activities, we continuously strive to create safer and more secure workplaces by making improvements concerning those factors and through intrinsically-safe equipment designs and superior service capabilities.
Management and Employees' Responsibility	All employees maintain an awareness of potential problems and of the need for improvement concerning the maintenance and enhancement of safety and health at all workplaces, and management and employees act in accordance with their respective responsibilities.
Legal Compliance	We comply with safety and health laws and regulations and international rules, take into consideration industry guidelines, and strive to promote safety and health.
Collaboration and Cooperation with Society	Based on common understanding with a broad range of stakeholders, we cooperate and collaborate with society and work to appropriately meet their expectations.

Quality Policy

Quality Always	Quality is not only the foundation for customer satisfaction, but also the foundation for meeting expected production schedules and reducing downtime. We prioritize quality over temporary cost increases.
Quality Design and Assurance	We build quality into every TEL product during the design phase by focusing on leading-edge technology. By bringing quality into our processes early and focusing on quality throughout all processes, we succeed in providing high quality products and services.
Quality and Trust	When we find a quality problem, manufacturing, sales and service departments analyze the facts and complete a thorough investigation to determine the cause, resolving the problem as quickly as possible. Our customer can trust in our commitment to address identified quality problems.
Continuous Improvement Activities	We improve quality with an effective quality management system. This includes using quality measures, improving by applying the PDCA cycle, and practicing continuous improvement activities.
Communication with Stakeholders	In addition to providing product quality information in a timely manner, we understand and align to the expectations of our stakeholders.

Environment Policy

Environmental Goals and Continuous Improvement	We continually enhance its knowledge of environmental issues to establish voluntary goals that are reviewed by Executive Management and drive continuous improvement and full regulatory compliance.
Promotion of Environmental Technology	We aim to invest in the development of leading-edge, high value products and services that directly contribute to a sustainable society.
Environmental Contribution with Product	We develop eco-friendly products through our leading-edge technology. We cooperate with our customers and suppliers to strive for the prevention and improvement of a wide range of environmental concerns.
Operational Environmental Impact Reduction and Preservation	We quantitatively analyze and reduce the environmental impact of our global operations with activity from all levels of employees and operations.
Collaboration and Cooperation with Stakeholders and Society	We actively promote collaboration and cooperation with all our stakeholders to achieve mutual understanding and conformance to expectations.

Procurement Policy

Compliance with Applicable Laws and Social Norms	We engage in procurement activities with integrity in compliance with the laws and regulations of each country and social norms based on our corporate ethics.
Priority on the Environment	We conduct procurement with full consideration for reduction of environmental impact and protection of the global environment.
Fair Business Practices	We continuously seek high-value technologies and create broad opportunities for their business transactions based on the precondition of open competition.
Partnership	We prioritize relationships of trust based on mutual understanding with suppliers and conduct activities in the pursuit of mutual continuous growth.
Information Management	We properly manage the confidential information of suppliers that we obtain in the course of business.

TEL Eco-Life Art Contest

The Tokyo Electron Group holds the TEL Eco-Life Art Contest every year as part of its activities to raise environmental awareness. Since 2009, there have been a total of 1,124 applications. You can find some of the winning works below.



Hello, what you are doing?
(Germany)



Cherry and the elephant are dancing on the green grass under the blue sky (Taiwan)



Playing in the Leaves
(USA)



A Sunflower to Two Bees
(Japan)



The flowers are cute
(Japan)



A horse under the setting sun
(South Korea)



What is happening?
(Taiwan)



Warmth
(Japan)



2012 (With the feel of a movie seen on TV recently)
(South Korea)



Flight of wind
(South Korea)



A butterfly in the daytime
(South Korea)



Radiant terraced rice fields
(Japan)



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We use green power* (Biomass, 1,000kWh) in printing and the bookbinding process of this CSR report.

* Green power has generated by power plants of Solar, Wind, Small Hydro, Geothermal and Biomass.



The main body of this report (pages 3 to 36) was printed on paper made from trees thinned from forests as part of forest invigoration efforts.



GRI Guidelines Table

1. Strategy and Analysis		Page found
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	pp. 2–3
1.2	Description of key impacts, risks, and opportunities.	pp. 2–3, 6–7, 10, 18, 28–30
2. Organizational Profile		Page found
2.1	Name of the organization.	p. 4
2.2	Primary brands, products, and/or services.	p. 4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	p. 4
2.4	Location of organization's headquarters.	p. 4
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	pp. 4–5
2.6	Nature of ownership and legal form.	p. 4
2.7	Markets served.	pp. 4–5
2.8	Scale of the reporting organization.	pp. 4–5
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Not available
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3. Report Parameters		Page found
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3.2	Date of most recent previous report.	p. 3
3.3	Reporting cycle.	p. 3
3.4	Contact point for questions regarding the report or its contents.	Back cover
3.5	Process for defining report content.	pp. 6–7
3.6	Boundary of the report.	p. 3
3.7	State any specific limitations on the scope or boundary of the report.	p. 3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not available
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	pp. 15, 21
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	pp. 21–22
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not available
3.12	Table identifying the location of the Standard Disclosures in the report.	Current page
4. Governance, Commitments, and Engagement		Page found
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	p. 8, Annual Report
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	p. 8, Annual Report
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	p. 8, Annual Report
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	p. 8, Annual Report
4.14	List of stakeholder groups engaged by the organization.	pp. 6, 18
4.17	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.	pp. 6–26
5. Disclosure on Management Approach and Performance Indicators		Page found
Economic		
Management Approach		pp. 8–9, Annual Report
Performance Indicators		
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EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	p. 31
Environmental		
Management Approach		pp. 18–19
Performance Indicators		
EN1	Materials used by weight or volume.	p. 30
EN3	Direct energy consumption by primary energy source.	pp. 21, 30
EN4	Indirect energy consumption by primary source.	pp. 21, 30
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	p. 20
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	pp. 21, 30
EN8	Total water withdrawal by source.	pp. 22, 30
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	p. 19
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	p. 19
EN16	Total direct and indirect greenhouse gas emissions by weight.	pp. 21, 30
EN17	Other relevant indirect greenhouse gas emissions by weight.	p. 30
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	pp. 20–21, 30
EN19	Emissions of ozone-depleting substances by weight.	p. 30
EN20	NOx SOx and other significant air emissions by type and weight.	p. 30
EN22	Total weight of waste by type and disposal method.	pp. 22, 30
EN23	Total number and volume of significant spills.	p. 19
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	p. 20
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	p. 22
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	p. 19
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	pp. 21, 30
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LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	p. 15
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	p. 13
LA15	Return to work and retention rates after parental leave, by gender.	pp. 12, 30
Human Rights		
Management Approach		pp. 8–9, 17
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HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	p. 17
HR7	Operations and significant 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.	p. 17
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Management Approach		p. 11
Performance Indicators		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	p. 11
Product Responsibility		
Management Approach		pp. 14, 16, 17, 19
Performance Indicators		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	p. 14
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	pp. 20, 23
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	p. 19

UN Global Compact Table

The Ten Principles		Content detailed	Page found
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> • Business ethics/compliance • Initiatives for globalization and workforce diversification • TEL™ UNIVERSITY (Internal organization for human resource development) 	<p>p. 11</p> <p>p. 13</p> <p>p. 13</p>
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> • CSR goals • CSR policy 	<p>pp. 28–29</p> <p>p. 31</p>
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> • Business ethics/compliance • Easy-to-work workplace • Initiatives for work–life balance • Procurement Initiatives 	<p>p. 11</p> <p>p. 12</p> <p>p. 12</p> <p>p. 17</p>
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	<ul style="list-style-type: none"> • CSR goals • CSR policy 	<p>pp. 28–29</p> <p>p. 31</p>
	Principle 5: Businesses should uphold the effective abolition of child labour.		
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> • Tokyo Electron business activities and environmental issues • Environmental management • Preventing global climate change 	<p>p. 18</p> <p>p. 19</p> <p>pp. 20–21</p>
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> • Conserving resources • Reducing waste • Management of chemical substances • Green procurement 	<p>p. 22</p> <p>p. 22</p> <p>p. 23</p> <p>p. 23</p>
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> • CSR goals • Performance summary • CSR policy 	<p>pp. 28–29</p> <p>p. 30</p> <p>p. 31</p>
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> • Corporate governance • Procurement Initiatives • CSR goals • CSR policy 	<p>pp. 8–11</p> <p>p. 17</p> <p>pp. 28–29</p> <p>p. 31</p>