

CSR Operations

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Corporate Philosophy

We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support.



Tokyo Electron considers CSR to be the embodiment of its Corporate Philosophy, which has been firmly upheld since the Company's founding. Tokyo Electron pursues sustainable operations from the viewpoints of corporate governance, legal and regulatory compliance and business ethics while creating new value through its products and services. Based on these efforts, the Company implements CSR activities to help solve social problems. Tokyo Electron will continue to pursue CSR activities to build stakeholder trust, improve corporate value and promote the growth of a sustainable and dream-inspiring society.



issues and promote improvement. Starting in fiscal 2017, the Company semiannually convenes the CSR Management Council, comprising CEO, corporate directors, and division general managers. At the same time, the CSR Promotion Committee has been reorganized into the CSR Global Promotion Committee to further enhance CSR activities at the global level.

Through these efforts, TEL is reducing the latent impact of social and environmental issues on its business while seeking to improve its competitiveness and market position to maintain sustainable business operations.

Participation in International CSR Initiatives

Tokyo Electron performs CSR activities in line with global standards and operates its businesses in a socially responsible manner throughout its supply chains. To address CSR challenges from an even broader perspective, TEL is actively engaged with global CSR initiatives, including the UN Global Compact and the EICC, an electronic industry CSR alliance.



CSR Promotion Framework

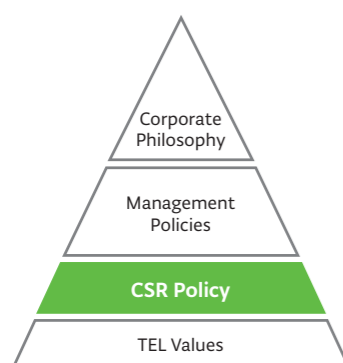
Through the end of fiscal 2016, Tokyo Electron semiannually convened a CSR Promotion Committee, consisting of the Chief CSR Promotion Director, CSR Promotion Executive Officer, and the heads of related departments. The Committee discussed CSR, set goals, and checked the progress of ongoing action plans. Tokyo Electron held Monthly CSR Meeting to share information about departmental CSR

Stakeholder Communication

Business activities are based on good communication with stakeholders and society at large. That is why Tokyo Electron considers building stakeholder trust essential to its operations. Accordingly, the Company discloses information on the progress of its initiatives and future direction of its business in a fair and timely manner through regular briefings and its corporate website. In addition, Tokyo Electron interacts with stakeholders on many occasions and through various contact points. This helps us accurately understand their views and expectations, and allows the Company to quickly reevaluate and adjust its course of business as appropriate.

Stakeholder Communication

Tokyo Electron's key stakeholders	Divisions in charge	Key communication methods
Shareholders/investors	Management, IR	Earnings announcement (quarterly), medium-term management plan briefing, interviews, factory tours
Customers	Sales, R&D, Marketing	Interviews, executive meetings, customer satisfaction survey (annual), Technology Conference
Suppliers	Procurement, Materials	Production Update Briefing (semiannual), Partners Day (annual), STQA* audit, interviews * Supplier Total Quality Assessment
Employees	Management, HR	Employee meetings, Technology Conference, interviews, global engagement survey (annual)
Local communities	Local management teams	Factory tours, participation in local activities, visits to/interviews with local authorities, social contribution activities
Governments/associations	Local management teams	Legal and regulatory compliance/notification/monitoring/advocacy, industry group activities, alliances with external organizations



CSR Policy

Tokyo Electron has developed a CSR Policy that outlines the principles and values that form the foundation of its CSR activities.

1	<b>Corporate Activities</b>	Tokyo Electron provides safe, high-quality products and services to customers around the world and works toward the enrichment of society.
2	<b>Business Ethics</b>	Tokyo Electron acts in compliance with the laws and regulations of the countries in which it operates, observes international regulations and acts in accordance with strict business ethics. We do not engage in any conduct that impedes fair and open market competition.
3	<b>Respect for Individuals</b>	Tokyo Electron respects the character and individuality of each person. We value the diversity of employees, share a strong sense of mission, and promote the development of a vibrant work environment.
4	<b>The Environment</b>	Tokyo Electron seeks to achieve harmony with the global environment. By developing and providing eco-friendly products, we strive to reduce our own impact on the environment and help our customers reduce theirs as well.
5	<b>Communication with Stakeholders</b>	Tokyo Electron discloses information in a fair, impartial and timely manner; strives to engage in two-way communications; and works to meet stakeholder expectations.
6	<b>Social Contribution</b>	As a good corporate citizen, Tokyo Electron promotes the development of local communities and the betterment of society worldwide.

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Identifying Material Issues

Based on the expectations and requests communicated by stakeholders and on the social and environmental challenges surrounding the sustainability of its businesses,

Tokyo Electron has identified issues that are material to the medium- and long-term improvement of its corporate value. Accordingly, CSR goals have been set to address these issues.

Fiscal 2017 CSR Goals

For the fiscal year ending March 2017, Tokyo Electron has set 16 goals related to 5 material issues and is working to achieve them.

Material issues	Themes	Goals
Enhancing product competitiveness	Innovation	Maintain development costs at the fiscal 2016 level.
	Environmental contribution of products	Continue initiatives to reduce per-wafer consumption of energy and pure water by 10% by fiscal 2019 (as compared with fiscal 2014).
Reinforcing responsiveness to customers	Customer satisfaction	Get 3 points or more on a 4.0 scale for every item in the customer satisfaction survey.
	Quality	Implement PDCA training and disseminate the TEL6-Step model (8D problem solving method).
	Information security	Ensure all target employees take a training course in information security.
Strengthening earnings power	Improve profitability	See Medium-term Management Plan on page 5 for details.
	Streamline operations	Keep the number of TPM programs at the fiscal 2016 level.
Maximizing dreams and drive	Create an invigorating workplace	Provide a work environment that supports continuous growth while ensuring performance-responsive, scrupulously fair treatment of employees.
	Social contribution	Maintain the number of social contribution programs at the fiscal 2016 level.
Establishing sustainable operations	Corporate governance	Improve the operation of the Board of Directors through annual effectiveness evaluations.
	Compliance and ethics	Ensure all employees take training courses in business ethics and compliance.
	Business continuity management	Provide business continuity plan (BCP) training at principal manufacturing sites and headquarters, revise the BCP manual and implement safety confirmation system training (all to be performed annually).
	Safety	TCIR*: Less than 0.5. * Total Case Incident Rate (the number of workplace injuries per 200,000 work hours)
	Environmental management	<ul style="list-style-type: none"> <li>Reduce energy consumption by 1% on a per-unit basis* from the fiscal 2016 level.</li> <li>Maintain water consumption at the fiscal 2012 level (on a per-unit basis).</li> </ul> * Energy consumption (environmental burden) divided by values closely associated with energy consumption, such as production volume, number of employees or total floor area.
	Supply chain management	Reinforce supply chain management through supply chain CSR assessment*. * Targeted at high-ranking suppliers whose aggregate business with Tokyo Electron accounts for 80% of its procurement.

Promoting Dialog with Investors

Basic Stance

Tokyo Electron endeavors to provide opportunities for constructive dialog with growing numbers of investors around the world to contribute to the Company's sustainable growth and increase corporate value over the medium and long term. Furthermore, to the extent that this is reasonable and possible, Tokyo Electron places emphasis on having the CEO and representative directors engage in direct dialog with investors.

IR Activities

Striving to maintain dialog with investors, Tokyo Electron appoints an executive officer in charge of IR and maintains a dedicated Investor Relations Department under the direct control of the CEO.

Tokyo Electron holds earnings release conferences and medium-term management plan briefings for securities analysts and institutional investors with such speakers as the CEO and the executive officer in charge of accounting. The Group also participates in IR conferences in and outside Japan, at which the executive officer in charge of IR speaks, and holds individual meetings.

The spokespersons for the IR Department hold individual meetings with investors and periodically relay the opinions of investors at these events to the CEO and the executive officer in charge of IR so that feedback can be of use in management.

Shareholders' Meeting

Tokyo Electron mails a Notice of Annual General Meeting of Shareholders to shareholders more than three weeks in advance of the meeting as one of its measures to vitalize these meetings and to promote smooth and efficient voting. It also sets the date of the Company's meeting to avoid days on which many such meetings are concentrated.

In addition, shareholders are free to cast their votes via the internet, and Tokyo Electron participates in the web-based voting platform for institutional investors operated by ICJ, Inc.

To supplement the above shareholder meeting-related initiatives, Tokyo Electron's website carries the notices, resolutions, voting results and presentation materials of shareholders' meetings.

For more details, please refer to the Tokyo Electron Corporate Governance Guidelines, published in December 2015.

[http://www.tel.com/ir/policy/cg/document/index\\_02.pdf](http://www.tel.com/ir/policy/cg/document/index_02.pdf)

Constituent of the FTSE4Good Global Index



FTSE4Good

Tokyo Electron has been a constituent of the FTSE4Good Global Index since September 2003. The FTSE4Good Global Index is a social responsibility investment (SRI) index provided by the FTSE Group, a world-leading index firm wholly owned by the London Stock Exchange.