

# 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.)

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# 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.



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