

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
			(2) Support recovery efforts and take procurement measures (Procurement BDR ^{*2})	
	Pre-disaster measures	(3) Establish BCP system with suppliers	Minimize risks	
		(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.

| Glossary | ^{*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.