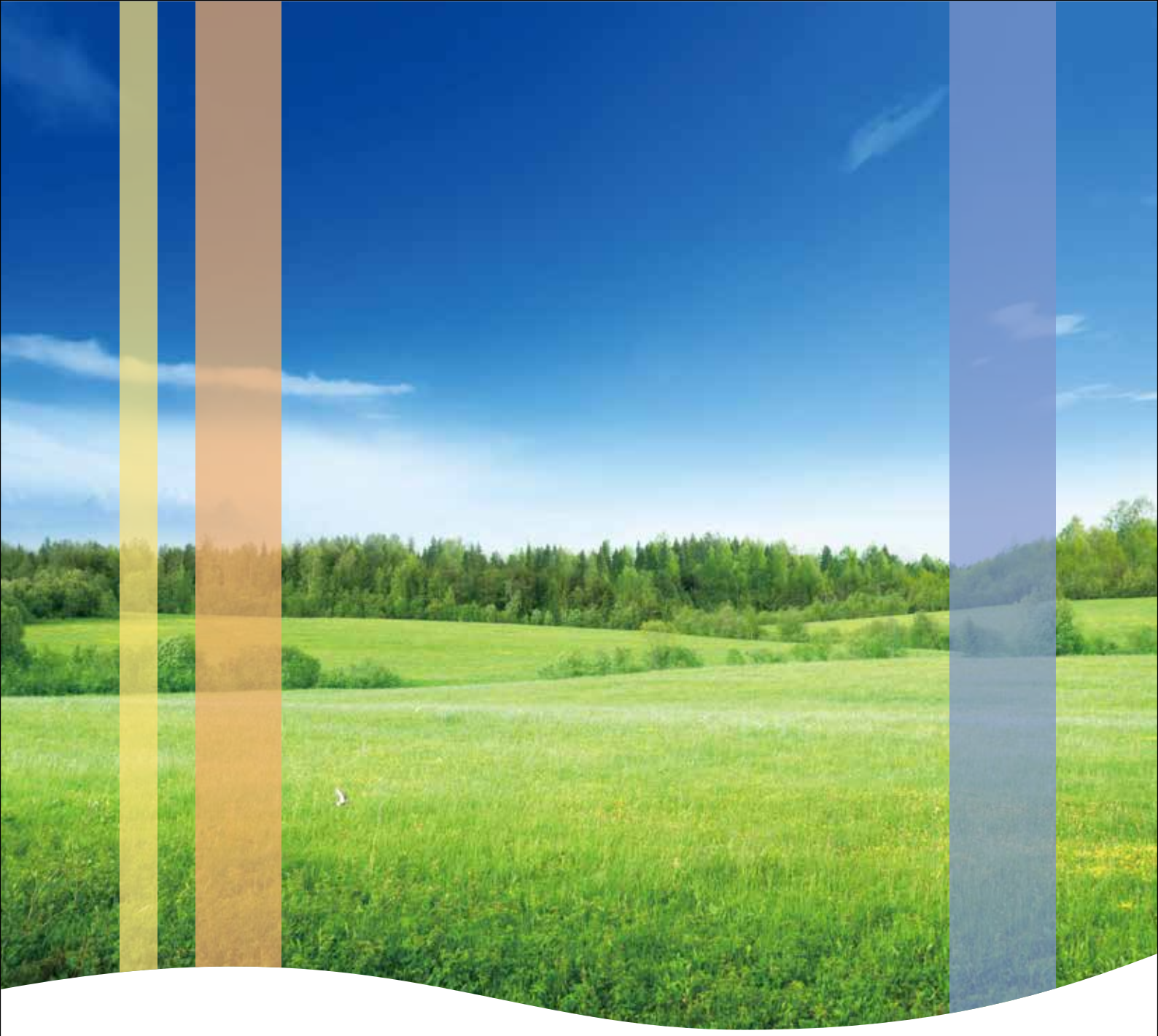


Environmental and Social Report 2015

TOKYO ELECTRON LIMITED

Tokyo Electron Group

Corporate Philosophy

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

PEOPLE. TECHNOLOGY. COMMITMENT.™

Vision

A real global company generating high added-value and profits to Semiconductor and FPD industries through innovative technologies and groundbreaking solutions with diverse integrated technologies

Management Policies

The Management Policies contain the management values which Tokyo Electron holds as important in achieving the Corporate Philosophy. They express the manner of thinking that underscores the general rules of management in eight points.

1 Profit is Essential

The TEL Group aims to contribute to the development of society and industry and enhancement of corporate value while emphasizing the pursuit of profit.

2 Scope of Business

The TEL Group leads markets by providing high-quality products in leading-edge technology fields with a focus on electronics.

3 Growth Philosophy

We will tirelessly take on the challenges of technological innovation to achieve continuous growth through business expansion and market creation.

4 Quality and Service

The TEL Group strives to understand the true needs for achieving customer satisfaction and securing customer trust while continuously improving quality and service.

5 Employees

Employees are the source of the creation of value, and TEL Group employees perform their work with creativity, a sense of responsibility, and a commitment to teamwork.

6 Organizations

The TEL Group builds optimal organizations that maximize corporate value where each employee can work to their full potential.

7 Safety, Health and the Environment

The TEL Group gives the highest consideration to the safety and health of every person connected with our business activities as well as to the global environment.

8 Social Responsibility

With a full awareness of our corporate social responsibility, we strive to gain the esteem of society and to be a company where employees are proud to work.

Contents

Editorial Policy

Tokyo Electron creates its Environmental and Social Report to inform stakeholders of the Tokyo Electron Group's corporate roles and responsibilities for the development of a sustainable society, as well as specific initiatives based on them. This fiscal year 2015 report features a Materiality (important sustainability issues) review, goals and progress of efforts aimed at resolving pertinent issues, and performance data.

The TEL Group is committed to promoting and improving CSR activities at Group plants and offices, while proactively disclosing the progress of such efforts. We hope these efforts will help our stakeholders understand us better and we invite suggestions and feedback for further communication.

Scope of report

Tokyo Electron Group (46 consolidated companies)
(Tokyo Electron and its subsidiaries in and outside Japan)

* In April 2014, Tokyo Electron Device Limited changed from a consolidated subsidiary to an equity-method affiliate.

Period covered

Fiscal year 2015 (April 1, 2014-March 31, 2015). However, some information for fiscal year 2016 has also been included.

Publication timing

Publication of this report: July 2015 (Japanese), August 2015 (English)
Publication of the next report: July 2016 (Japanese), August 2016 (English)
Publication of the previous report: July 2014 (Japanese), August 2014 (English)

Guidelines referred to in 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)

Corporate Profile (as of April 1, 2015)

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, Representative Director, President & CEO (as of June 19, 2015)
Main business:	Semiconductor production equipment business, flat panel display (FPD) production equipment business
Capital:	54,961,190,000 yen
Number of employees:	1,486
Number of Group employees:	10,854
Number of locations:	In Japan: 9 companies; 28 locations Outside Japan: 37 companies in 15 countries; 48 locations Worldwide total: 46 companies in 16 countries; 76 locations

Main Products

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™

Gas chemical
etch system
Certas LEAGA™

Single wafer cryokinetic
cleaning system
ANTARES™

Electrochemical
deposition system
Stratus

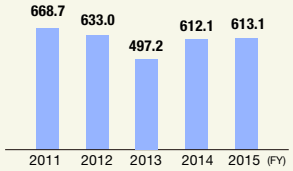
FPD production equipment

FPD plasma etch/
ash system
Impressio™

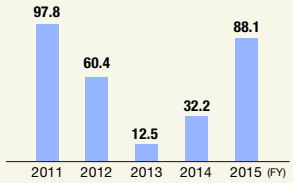
Inkjet printing system for
OLED panel manufacturing
Elius™2500

Financial Data (Billion yen)

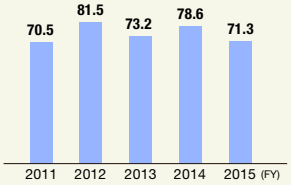
Consolidated net sales



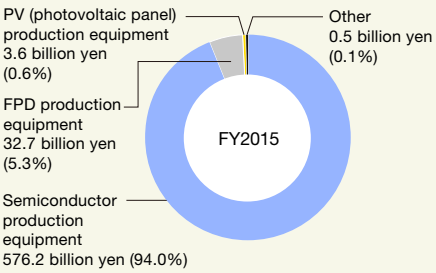
Consolidated operating income



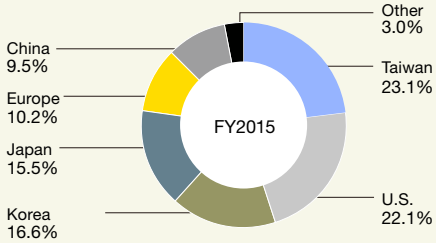
R&D expenses



Net sales by division (Consolidated)



Net sales by region (Consolidated)



Assets	2014	2015
Total	**828.5**	**876.1**
Cash & cash equivalents	268.1	317.6
Trade notes, accounts receivables	129.0	110.8
Inventories	168.2	175.5
Other current assets	56.0	66.7
Tangible assets	112.3	106.8
Intangible assets	29.5	27.5
Investment & other assets	65.1	70.8

Liabilities & Net Assets	2014	2015
Total	**828.5**	**876.1**
Net assets	590.6	641.1
Debt	13.5	0
Other liabilities	224.4	234.9

(As of March 31, each year)

Note: Figures are rounded down to the nearest 100,000,000 yen.

Message from the President

Transforming for Sustainable Growth

Tetsuro Higashi
Representative Director
President & CEO
Tokyo Electron Limited

New challenges and innovation

"We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support"—guided by this Corporate Philosophy, the Tokyo Electron Group as a member of the electronics industry is committed to contributing to the further development of the industry and a sustainable society.

Although Tokyo Electron Limited (TEL) had been preparing for a business combination with U.S.-based Applied Materials, Inc. since September 2013, the business combination agreement was terminated in April 2015. Despite both companies having made their utmost efforts and contributed to discussions aimed at gaining the approval of the relevant authorities, the business combination did not go ahead because there remained a gap between our view and the view of the United States Department of Justice. The business environment surrounding not just TEL but the semiconductor production equipment industry as a whole has reached a turning point; however, our fundamental policy of undertaking drastic reforms in order to ensure our own growth and contribute to the industry as a "Globally Excellent Company" remains unchanged.

Through the business combination process, we reaffirmed the strength of TEL's world-class corporate culture. With confidence and pride in that strength, and with the determination to make the required changes, we developed our new Medium-term Management Plan with a vision as part of our effort to enhance our corporate value.

Enhancing the TEL Group's operating base and corporate governance

In fiscal year 2015, we proactively undertook restructuring reforms for further profitability improvement. We withdrew from the unprofitable business of photovoltaic panel production equipment, consolidated business locations, and sold some stocks of Tokyo Electron Device Limited, which is engaged in the electronics components and computer networks segments, changing it from a consolidated subsidiary to an equity-method affiliate. With these measures, our gross profit margin, ROE, and free cash flow for fiscal year 2015 all improved dramatically year over year. We will step up efforts to enhance our operating base for further business growth.

Under the new operating structure announced in May of this year, the next generation of leaders were appointed to senior management and a new position of Chief Operating Officer (COO) was established, reporting to the President and Chief Executive Officer (CEO). The rejuvenated management and the newly created position are intended to lead the acceleration of operations with the goal of boldly differentiating our main business in this rapidly changing and intensely competitive environment. Furthermore, the addition of experienced top executives from overseas subsidiaries to our executive officer team is expected to enhance our competitiveness at the global level.

Joining EICC®

The electronics industry, to which the TEL Group belongs, is becoming ever more challenging. Business activities must be conducted from a socially conscious perspective and must contribute to the sustainability of society.

To ensure our efforts to that end are broadly in line with international standards, TEL joined the United Nations Global Compact in July 2013. Moreover, having already conducted CSR activities prior to fiscal year 2015, in June 2015, we joined the Electronic Industry Citizenship Coalition® (EICC®), a CSR alliance that sets forth a code of conduct in relation to labor, safety, the environment, and ethics for the global electronics supply chain. Even before joining, TEL had incorporated the EICC® Code of Conduct into its corporate activities, identified social issues related to its business, and steadily implemented initiatives to address those issues. With EICC® membership, we now aim to proactively launch and implement such initiatives on a Group-wide basis and work with suppliers to promote CSR throughout the industry as a whole.

Product stewardship—product development for improved environmental performance

Having undergone a tremendous evolution involving a series of performance improvements and cost reductions, semiconductors have played an important part in the development of our advanced information-and-communications-driven society. For further advancement, there are growing expectations for technological innovation of both semiconductors and semiconductor production equipment. Meanwhile, reducing environmental impact is indispensable to the formation of a sustainable society. Under the slogan of “Technology for Eco Life,” the TEL Group is developing equipment to solve environmental issues.

To limit the environmental impact of its products during customer use, the TEL Group conducts life cycle assessments to reduce their energy consumption. In fiscal year 2014, we achieved a 50% reduction of energy consumption for our major models (per wafer compared to fiscal year 2008). Subsequently, in fiscal year 2015, we set a goal of reducing both energy and pure water consumption by 10% from the fiscal year 2014 level within the next five years.

Together with stakeholders

To develop together with society, the TEL Group is building relationships through our ardent efforts to fulfill our strong commitment to addressing social issues, such as developing the next generation and making community-based contributions according to local needs. The TEL Group is also committed to enhancing its corporate value by fostering employee engagement and incorporating opinions from customers, suppliers, shareholders and other stakeholders into its business activities.

Last year, TEL identified materiality (important sustainability issues) that will drive long-term value creation in light of social issues. This year, we verified these again with stakeholders from the perspectives of business continuity and growth and identified 20 issues, including some new ones. We will now prioritize them to make optimal use of our management resources.

We will continue to sincerely welcome feedback from stakeholders to accelerate our transformation and achieve our own corporate growth and that of society. We greatly appreciate your continued support and understanding.

Identifying Materiality (Important sustainability issues)

The Tokyo Electron Group identifies the materiality of its social responsibility by taking into account potential risks in its business activities in light of changing international social and environmental needs, as well as through stakeholder communications. The TEL Group also periodically examines the validity of the identified materiality and reports the progress of activities to stakeholders as part of its responsibilities.

Process of identifying materiality

Step 1

Identify social issues surrounding our business

Based on guidelines like the Ten Principles of the United Nations Global Compact and EICC®[1]—a code of conduct for the electronics industry—and feedback from stakeholders, a review was carried out by the Chief CSR Promotion Director, the CSR Promotion Executive Officer, and the seven key departments in charge of CSR promotion. Social issues affecting our business environment were identified.

[1] EICC® (Electronic Industry Citizenship Coalition®) sets forth a code of conduct in relation to labor, safety, the environment, and ethics for supply chains in the electronics industry.

Step 2

Check the relevance of the issues to business based on the size of impact

Based on the relevance of the social issues identified in Step 1 with respect to the TEL Group's business sustainability, issues that are or will be high impact were identified.

Step 3

Revisit the validity of materiality

Based on the materiality identified in the previous fiscal year, the Materiality Review Meeting, attended also by external experts, was held to discuss the validity of each outstanding issue and issues to be added, from the perspectives of business continuity/growth and stakeholders.

Key outcomes at the Material Review Meeting

- Customers in the electronics industry expect speedy innovation. We should consider adding "promoting innovation" and "protecting and using intellectual property" to further enhance the strength of the TEL Group.
- Human resource development is indispensable to continuing innovative product development and is also a source of competitiveness. It is more important than ever to improve employees' skills and abilities, respect diversity, and offer vital workplaces that make it possible for everyone to work hard and achieve their goals.
- In enhancing governance and compliance to meet the growing demands of society, it is crucial to recognize issues and address them on a Group-wide basis. Stakeholder communication will play an increasingly important role in ensuring transparency and accountability of business operations.

Materiality Review Meeting (March 25, 2015)

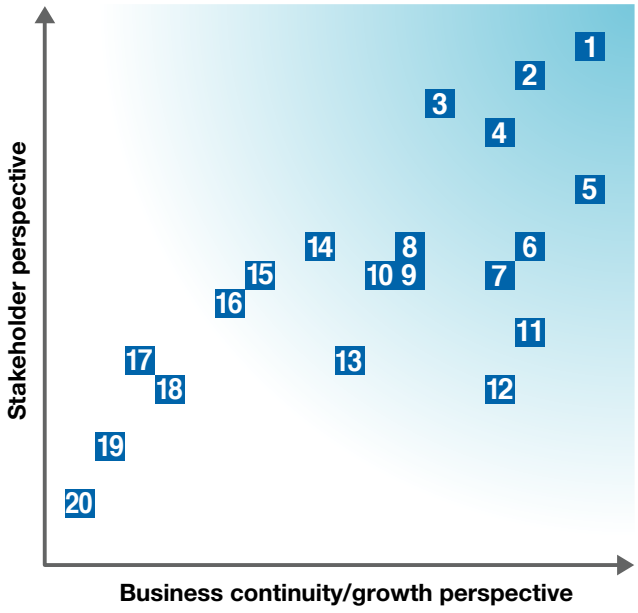
Identified materiality

The TEL Group will promote and improve its CSR activities based on the following.

	Issues	Reported by/on
1	Solid financial footing	Annual Report
2	Governance/ethics and compliance	p.8, 12–15
3	Stakeholder communication	pp.7–8
4	Product quality	p.9, 18–27, 31–32
5	Innovation management	p.10
6	Supply chain management	p.9, 21, 27, 32
7	EHS[1] management	p.8, 9, 16–19, 22–27, 31–32
8	Business continuity/BCP[2]	p.13
9	Environmental contribution of products	p.9, 22, 24–25, 31
10	Information security	p.8, 13
11	Diversity	p.8, 16–17, 32
12	Workplaces with vitality	p.8, 16–17, 32
13	Protecting and using intellectual property	p.11
14	Product life cycle management	pp.8–9, 18–27, 31–32
15	Promoting energy savings	p.9, 22–27, 31
16	Reducing water consumption	p.9, 24, 26, 31
17	Conflict minerals	p.9, 21, 32
18	Reducing waste/recycling	p.9, 24, 27, 31
19	Social contribution activities	p.8, 28–29, 32
20	Biodiversity conservation	p.9, 23

[1] EHS: environment, health and safety
[2] BCP: business continuity plan

Materiality matrix



Stakeholder Communication

Our belief in stakeholder communication

The TEL Group strives to maintain good relationships and build trust with stakeholders who have, or are likely to have, an impact on its business. To help our stakeholders properly understand the value of the TEL Group, we ensure transparency and accountability of our operations by disclosing information in a fair, impartial and timely manner. Communication with stakeholders is imperative for us to understand their expectations for the future of the Group, and can help us minimize our social and environmental risks and identify areas needing improvement. Such stakeholder communications shape our business with further opportunities, advantages and competitiveness.

Use of stakeholder communication

Business cannot be undertaken without stakeholders and society. We identify important stakeholders who are essential to the TEL Group's business. For these stakeholders, we clarify our roles and responsibilities related to the corporate functions they face in daily business. While helping such stakeholders fully understand the progress of our business activities and future plans, we make use of the feedback obtained from the communication for our business at an early stage.

Measures against stakeholder communication-related risks

To act in a fair and timely manner with regard to stakeholders obtaining our information, we periodically file our official report to the public domain and make our press release and information available on our official website. To secure communication channels with any stakeholders, contact information is clearly indicated on the website.

TEL's key stakeholders	Functions in charge	Key communication methods
Shareholders/investors	Management, IR	Earnings announcement (quarterly), interviews, overseas roadshow (once or twice/year)
Customers	Sales, R&D, Marketing	Interviews, executive meetings, survey (annual), Technology conference
Suppliers	Procurement	Business Update Briefing (biannual), Partners Day (annual), STQA[1] audit, interviews
Employees	Management, HR	Employee meetings, Technology conference, interviews, survey (annual)
Local communities	General Affairs	Factory tours, participation in and hosting local events and contributions, interviews
Governments/associations	General Affairs	Compliance to laws/regulations, filing to the public domain, monitoring and advocacy, coalition with industry and external groups

[1] STQA: Supplier Total Quality Assessment

Examples of stakeholder communication

Example 1: FTSE4Good Global Index

Tokyo Electron selected for inclusion in the FTSE4Good Global Index

In recognition of our initiatives in communication and disclosure, FTSE, a wholly owned company of the London Stock Exchange, has selected Tokyo Electron for the FTSE4Good Global Index every year since September 2003. The Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

Example 2: Technology Conference

The TEL Group considers building networks for communication with customers and within the Group as indispensable for driving innovation and making effective use of information assets. We hold the Technology Conference internally and externally for information sharing and multifaceted communication. Both participating customers and employees have provided favorable feedback on the conferences.

Technology Conference

Tokyo Electron Group
CSR Goals

To measure the progress of CSR initiatives, the Tokyo Electron Group examines sustainability issues to be prioritized by functions and sets annual targets and goals. Each target and goal is linked with Materiality (important sustainability issues; p. 6).

Targets/Materiality		Fiscal year 2015		Fiscal year 2016		
		Theme	Goals and results	Theme	Goals	
CSR	**Sustainability management and stakeholder communication** **Materiality:** Governance/ethical behavior and compliance Stakeholder communication Social contribution activities	Sustainability management	[Goal] CSR management [Results] Ongoing. Biannual CSR Promotion Council drives progress. Launched monthly briefing for timely operations.	Sustainability management	CSR management	• Take full advantage of existing CSR management systems. • Regular reporting to management
			[Goal] EICC® initiative [Results] Ongoing. Held internal seminars (twice; participants totaled 120).		EICC®	Establish a system for EICC® promotion and provide internal education.
		Communication	[Goal] Stakeholder engagement [Results] Ongoing. Improved transparency in environmental and social reporting. Social contribution activities.	Communication	Stakeholder engagement	Set the policy and implementation plan.
					Disclosure	Enhance transparency and accountability.
				Social contribution	Social contribution activities	• Set the policy and implementation measurements. • Increase voluntary programs.
Ethics	**Embed ethics into practice** **Materiality:** Governance/ethics and compliance Information security	Ethics and compliance education	[Goal] Annual ethics and compliance education worldwide [Results] Achieved. 9,200 executives and employees worldwide were subject to the education.	Ethics and compliance management	Improve the management system.	• Review the current system • Formulate an improvement plan
		Harassment-free workplace	[Goal] Raise ethics awareness. [Results] Achieved. 7,400 executives and employees in Japan were subject to the web-based education.	The Code of Ethics	The Code of Ethics in line with society's concerns	• Check conformity with the EICC® code of conduct. • Review The Code of Ethics.
Human Resources	**Better workplace and career development** **Materiality:** EHS management Diversity Workplaces with vitality	Diversity	[Goal] Recruit foreign national graduates. Diversify the workforce for the globalization of business. [Results] Ongoing. Foreign nationals accounting for 11.1% of new hires (joined in April 2014).	Diversity	Diversity management initiatives and understanding and respect for different values	Leverage diverse workforce and help individuals unleash their full potential. (Further raise employee awareness.)
			[Goal] Cross-cultural understanding [Results] Achieved. Provided cross-cultural training.			Understand and respect different values in global operations. (Promote internal personnel exchange and communication.)
		Occupational safety and health	[Goal] Employee healthcare Identify and respond quickly for employee health. [Results] Ongoing. Started employees' healthcare alerts to supervisors.			Better workplace to empower women (Analysis of current issues, and formulate action plans.)
		Work-life balance	[Goal] Support employees in balancing work and family. [Results] Achieved. Reviewed the nursing care support system. Ongoing. Monitored users of the shorter working hours system.	Work-life balance	Support for balancing work and family	Improve working behavior to balance work and family by offering support systems.
Safety	**Safety and health first for everyone** **Materiality:** Product quality EHS management Product life cycle management	Product safety	[Goal] Safety compliance in product design [Results] Achieved. • Complied with TS (TEL Standard) with regard to safety for all the group's products. • Complied with KC-Mark (Korea Certification Mark) and Korea's Occupational Safety and Health Act.	Product safety	Safety compliance in product design	• Appropriately respond to requirements for equipment safety compliance of customer RFQ (request for quotation). • Develop product safety engineers. • Check safety compliance of newly developed equipment.
		Accident prevention	[Goal] Accident prevention. Implement cause-analysis and intelligence sharing to prevent similar accidents. [Results] Achieved. • Conducted safety patrols, new Fab safety checks. • Reduced TCIR* by 28% and potential severe injury by 38%, year on year. * TCIR: Total Case Incident Rate. This is the occurrence rate of workplace accidents (Occupational Safety and Health Administration (OSHA) standard) per 200,000 hours worked.	Accident prevention	Accident prevention. Implement cause-analysis and intelligence sharing to prevent similar accidents.	• Reduce TCIR by 38% and potential severe injury by 50% year on year. • Continue safety patrol, new Fab safety checks, and preventive measures.
		Safety education	[Goal] Improve safety behavior including practical education. [Results] Achieved. • Advanced safety update (participants totaled 8,900) • Accident prevention (participants totaled 15,000) • Traffic safety (participants in Japan totaled 1,100)	Safety education	Improve safety behavior including practical education.	Advanced safety update (goal: 100% attendance) Accident prevention (participant number goal: over 15,000)
		Safety management	[Goal] Clarify policies and organize group-wide function. [Results] Achieved. • Held global safety meeting (three times). • Promoted safety activities in each facility.	Safety management	Clarify policies and organize group-wide function.	• PDCA at the global EHS meeting and each company's safety meeting • Check and correct safety activities in all countries/regions.

Targets/Materiality		Fiscal year 2015		Fiscal year 2016		
		Theme	Goals and results	Theme	Goals	
Procurement	**Developing a reliable supply chain management framework** **Materiality:** Product quality Supply chain management Product life cycle management Conflict minerals	CSR activities across the supply chain	[Goal] Conduct the 2nd annual supplier CSR survey and check improvement (of average score). [Results] Achieved. Conducted the 2nd survey, which is compliant with EICC® requirements, with key suppliers covering more than 80% of procurement by amount and identified improvements made (at 25% of the suppliers).	CSR activities across the supply chain	Conduct the 3rd supplier CSR survey with key suppliers covering more than 80% of procurement by amount.	
		Conflict minerals	[Goal] Conduct the 1st conflict minerals survey. [Results] Achieved. Conducted the 1st conflict minerals survey in CFSI (Conflict-Free Sourcing Initiative) format, with key suppliers covering more than 80% of procurement by amount, and identified 117 smelters certified to CFSP standard (Conflict-Free Smelter Program).	Conflict minerals	Conduct the 2nd conflict minerals survey. Improve data accuracy.	
		BCP	[Goal] Conduct the 4th procurement BCP survey and check improvement (of average score). [Results] Achieved. Conducted the 4th survey with key suppliers covering more than 80% of procurement by amount, identified improvements made (at 41% of the suppliers), and conducted improvement activities at low-scoring suppliers.	BCP	Conduct the 5th procurement BCP survey with key suppliers covering more than 80% of procurement by amount.	
Quality	**Launching quality improvement activities globally** **Materiality:** Product quality Product life cycle management	Quality improvement	[Goal] Reduce accidents resulting in property damage. [Results] Achieved. Reduced by 7.7% year on year.	Quality improvement	Reduce accidents resulting in property damage	Based on a reduction plan, reduce accidents resulting in property damage caused by products by 20% year on year across the Group.
		Quality management	[Goal] Improve quality documents and review the periodic review process. [Results] Ongoing 1. Improving Group-wide common quality documents by working with related departments in charge on an ongoing basis. 2. Strengthened the periodic review.	Improving customer satisfaction	Improve quality of equipment training	Survey of training participants: Goal: Average score of 4 or above (out of 5) Provide customers and service engineers with training curriculums that cover knowledge and operation skills required for equipment safety and safe operations, as well as maintenance methods, to improve customer satisfaction and service quality.
					Improving customer satisfaction	Customer satisfaction survey: Goal: Score 3 or above (out of 4) in all items. Conduct survey, analysis, action and review activities continually to improve quality and services and deliver even more value to customers.
				Compliance	Check compliance with Group-wide common regulations and manuals (PDCA).	
Environment	**Solving environmental issues through our leading-edge technology and services** **Materiality:** Product quality Supply chain management EHS management Environmental contribution of products Product life cycle management Promoting energy savings Reducing water consumption Reducing waste/ recycling Biodiversity conservation	Products	[Goal] Reduce environmental impact of products (set new goals). [Results] Achieved. Set the goal of reducing energy (based on SEMI S23) by 10% (from FY2014 by FY2019). Set the goal of reducing pure water by 10% (from FY2014 by FY2019).	Products	Reducing environmental impact of products	Develop a roadmap for understanding the current situation and achieving the goals.
			[Goal] Comply with Chinese RoHS. [Results] Achieved. Expanded activities for product compatibility with Chinese RoHS (Restriction of Hazardous Substances) to overseas production sites.		Compliance with Chinese RoHS	Global launch
			[Goal] Promote voluntary product compliance with European RoHS. [Results] Achieved. Complied with 98.5% or more parts of major products to European RoHS.		Promoting voluntary product compliance with European RoHS	Continue to ensure that major models of each business unit contain 98.5% or more compliant parts.
			[Goal] Comply with environmental regulations of each country. [Results] Achieved. Complied with REACH and chlorofluorocarbon regulations in Europe, as well as GHS, battery regulations, and energy efficiency regulations of each country. Strengthened overseas systems.		Compliance with the environmental regulations of each country	Continue to ensure products' compliance with REACH and chlorofluorocarbon regulations in Europe, as well as GHS, battery regulations, and energy efficiency regulations of each country. Strengthen overseas systems. Strengthen supply chain management.
		Plants and offices	[Goal] Promote energy consumption reduction (Reduce by 1% year on year). [Results] Achieved. 11 out of 12 plants achieved their goals.	Plants and offices	Promoting a reduction in energy consumption	Reduce energy consumption: Reduce by 1% year on year. Continue activities.
			[Goal] Reduce water consumption (Maintain the level of FY2012). [Results] Achieved. 10 out of 15 goals were achieved.		Reducing water consumption	In Japan: Maintain the FY2012 level. Outside Japan: Maintain the benchmark year level. Continue activities.
			[Goal] Recycling waste (Maintain a recycling rate of 97% or more in Japan). [Results] Achieved. The recycling rate was as high as 98.9% in Japan and 88.2% outside Japan.		Recycling waste	In Japan: Recycling rate of 97% or higher Outside Japan: Recycling rate higher than the previous fiscal year
		Procurement and logistics	[Goal] Green procurement [Results] Achieved. Conducted the 2nd annual survey with key suppliers covering more than 80% of procurement by amount and identified improvements made. With a 100% response rate, confirmed improvements at 46% of the suppliers.	Procurement and logistics	Green procurement	Continue activities. Based on analysis of survey results, plan activities, conduct the 3rd green procurement survey, and improve evaluation of low-scoring suppliers.
			[Goal] Reduce environmental impact of logistics. [Results] Ongoing. Continuing activities.		Reducing the environmental impact of logistics	Continue activities.
		Environmental management	[Goal] Environmental management system [Results] Achieved. TEL Group manufacturing plants have been ISO 14001 certified.	Environmental management	Environmental management system	Respond to 2016 revisions.
			[Goal] Environmental education [Results] Achieved. Provided working-level managerial personnel with education on design for the environment.		Environmental education	Provide web-based education on design for the environment.
			[Goal] Design for the environment [Results] Achieved. Developed guidelines on design for the environment.		Design for the environment	Develop education programs and implement them for procurement.
			[Goal] Environmental communication [Results] Achieved. Continued to publish Environmental and Social Report.		Environmental communication	Continue to publish Environmental and Social Report.
			[Goal] Biodiversity conservation [Results] Achieved. Based on the guidelines, organized and participated in ecosystem tours at each area in Japan.		Biodiversity conservation	Based on the guidelines, conduct ecosystem tours multiple times at each plant in Japan. Hold symposiums. Create a list of conservation activity targets in key areas.

Feature Article

Challenge to Technological Innovation

Dramatic improvement of performance of semiconductors has been achieved with miniaturization and the use of larger wafers. This evolution has been supported by semiconductor production equipment, and Tokyo Electron is committed to taking on challenges for innovative technological development to provide greater value to customers.

Innovation Management

Application-oriented device development

The emergence of smartphones gave rise to a new need for "application-oriented" semiconductor device development, with a focus on functions and performance demanded by users. This development requires not only differentiation in device design, but also diversification of materials and process technology. As a manufacturer of semiconductor production equipment, TEL has addressed all technological possibilities and worked on technological development with a system comprehensively prepared for future technologies. This system includes in-house development and joint development with customers, as well as mid- to long-term cooperation with universities and consortia for promising technologies.

Taking on challenges for miniaturization and higher performance

With ever-growing demand for further miniaturization and higher performance of semiconductors in recent years, TEL is working on the development of innovative equipment.

We are jointly developing EUV (extreme ultraviolet) exposure technology, which is expected to serve as a next-generation lithography technology, with imec[1] and other global consortia and exposure equipment manufacturers. As for multiple patterning technology, which achieves miniaturization with unique deposition and etching technologies, we are developing a process that focuses on reducing patterning cost, aiming to bring the 10-nanometer node to practical use.

Meanwhile, we are demonstrating the equipment and process technology for 3DI (three-dimensional integration) technology, which allows production of higher performance semiconductors with three-dimensional chip stacking. We accomplish this through process integration evaluation with a consortium.

[1] imec: A world-leading nanoelectronics research center. imec conducts joint research with businesses around the world on technology for information and communications, healthcare, and energy for technological innovation based on scientific knowledge.

ALD System
NT333™
This semi-batch ALD deposition system based on a concept different from the conventional ALD method can achieve high-quality nanoscale deposition while maintaining high productivity.

Metallization System
Trias*e*+™ EX-II™ TiN
This is the latest single wafer metal deposition system for next-generation devices. Featuring low temperature, excellent step coverage, and thin-film controllability, this system can handle various deposition materials.

High-speed, large-scale data processing and power-saving device development

To achieve the goals of future device development—high-speed, large-scale data processing and power-saving devices—we are conducting research on next-generation semiconductors using new materials that outperform conventional silicon. We are working on commercialization of gallium arsenide (GaAs) for higher-speed processing and graphene for power-saving devices, as well as undertaking research and development of silicon photonics[2] as a communication technology with low power consumption.

As an initiative to achieve lower power consumption with next-generation devices, we are focusing on MRAM and participating in an industry-government-academia joint research program at Tohoku University's Center for Innovative Integrated Electronics Systems (CIES), to which we provided support for construction.

[2] Silicon photonics: Technology for forming integrated circuits on silicon by using photonic devices

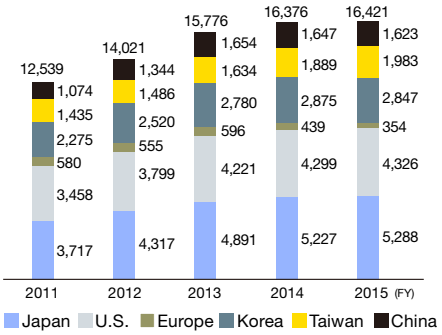
Tohoku University, Center for Innovative Integrated Electronics Systems (CIES)

Protecting and Using Intellectual Property

Policy for intellectual property activities

A fundamental tenet of the Tokyo Electron policy for intellectual property (IP) activities is to contribute to an increase in corporate revenues by supporting TEL's business activities in both existing and new market sectors by protecting TEL's IP. With this policy, TEL is developing an IP portfolio to protect its own products in line with its technological and product strategies. Furthermore, TEL fully respects IP rights of third parties. TEL strives to minimize the risk of potential disputes, which could interfere with our business activities, by actively monitoring developments in technology, products, and IP rights, and taking appropriate measures.

Number of Active Issued Patents



Operation of intellectual property activities

TEL allocates IP personnel to product development centers and manufacturing facilities, where R&D are performed, as well as to corporate headquarters, where our sales and marketing departments are concentrated, in order to have them work closely with the departments to develop an IP portfolio and minimize the risk of IP disputes. IP personnel also educate engineers and disseminate information to increase awareness and knowledge of IP. In developing the IP portfolio, these personnel organize invention disclosure campaigns and invention mining sessions to ensure R&D achievements be entitled to IP rights. Additionally, for each area of business and R&D, they regularly convene IP committees, composed of IP staff and managers as well as sales/marketing managers and R&D managers. These committees discuss and make decisions about portfolio development and optimization, as well as policies and options for minimizing the risk of IP disputes, in view of market, technological and competitive trends and cost-benefit analyses.

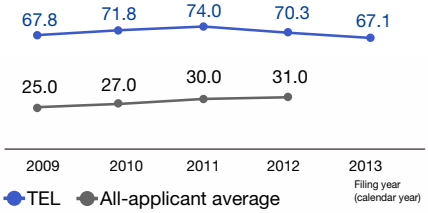
Invention mining session

Achievements of intellectual property activities

For the protection and effective use of IP in regions where TEL and its customers operate their business, TEL files patent applications not just in Japan but also in other countries. At TEL, the global application rate (percentage of applications for inventions filed in multiple countries) has remained at around 70% for five consecutive years, surpassing by far the average of other Japanese companies. Moreover, TEL fully examines the details and patentability of invention disclosures before filing. Thus, TEL achieved a 74% and 62.8% success rate (or "allowance rate") for applications filed in Japan and in the United States, respectively, in 2013. These figures exceed the average success rates in each country. Additionally, TEL takes low-cost procedures such as direct transaction with local patent firms for filing foreign patent application. Efficient portfolio development with a high success rate and low operating costs is one of the sources of TEL's competitiveness.

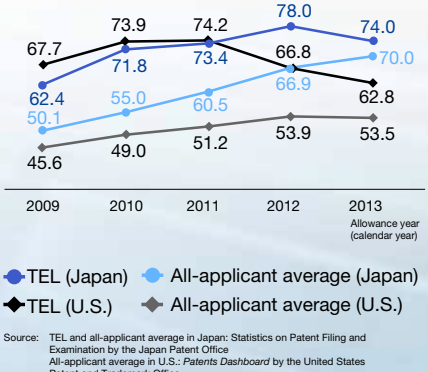
TEL's portfolio contributes not only to the differentiation of its own products and enhancement of its competitive advantage but also to revenue improvement through licensing and selling to other companies.

Global Application Rate at Japanese Companies



Source: Statistics on Patent Filing and Examination by the Japan Patent Office
* TEL's global application rate in 2013 was compiled by TEL. Japan Patent Office data has not been released.

Patent Allowance Rate



Source: TEL and all-applicant average in Japan: Statistics on Patent Filing and Examination by the Japan Patent Office
All-applicant average in U.S.: *Patents Dashboard* by the United States Patent and Trademark Office
TEL (U.S.): TEL

Corporate Governance

As the globalization of its business progresses, the TEL Group believes that enhancing corporate governance is crucial to achieving management that emphasizes improving corporate value for all stakeholders. The TEL Group is building an optimal corporate governance structure that is highly effective at improving and strengthening its internal control system and risk management system.

Corporate Governance

Tokyo Electron endeavors 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

Adopting an audit and supervisory board system based on the Companies Act of Japan, Tokyo Electron has established its own Nomination Committee[1] and Compensation Committee[2] to increase the transparency and objectivity of its management. The Company adopted the executive officer system to facilitate decision-making and, in 2015, established its Corporate Senior Staff (CSS), mainly comprised of its executive officers, as a global body for the deliberation of TEL Group strategies. Moreover, recognizing the importance of managerial transparency for shareholders, Tokyo Electron has been disclosing the remuneration of individual representative directors in its business reports since 1999.

[Report for the fiscal year ending March 31, 2015: http://www.tel.com/ir/stocks/asm/document/52_01.pdf]

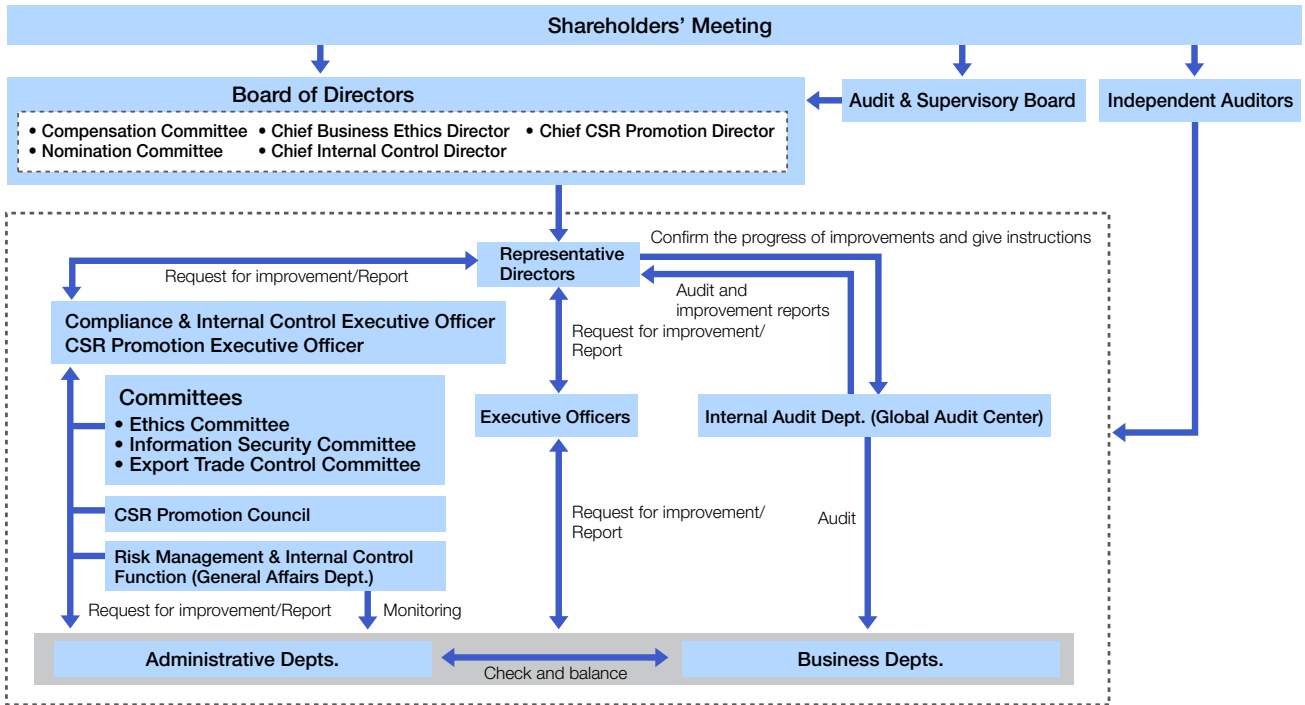
1 Nomination Committee: This committee nominates candidates for directors and a candidate for CEO, which it submits at the meeting of the Board of Directors for approval.
2 Compensation Committee: This committee develops proposals for the executive compensation program and the compensation to be paid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

Compensation for corporate directors and Audit & Supervisory Board Members

Tokyo Electron has adopted the following executive compensation program with the intention of tying compensation more closely to financial results and shareholder value, raising corporate competitiveness, and enhancing management transparency.

1. The compensation for corporate directors consists of a monthly fixed remuneration and a performance-linked compensation.
2. The performance-linked compensation system for corporate directors is designed to align compensation more clearly with financial results and increases in shareholder value. It takes into account consolidated net income and consolidated return on equity (ROE), two performance indicators of consolidated business results. Necessary adjustments are then made when there are special factors that should be taken into account, such as principal performance indicators for the term under review, including profits and losses, and so on. In principle, performance-linked compensation comprises cash bonuses and stock-based compensation. Performance-linked compensation is limited to five times the fixed yearly remuneration. The ratio of cash bonuses to stock-based compensation has generally been one-to-one. Stock-based compensation consists of granting share subscription rights with a set strike price of one yen per share and a three-year vesting period before the granted stock options may be exercised.
3. The performance-linked compensation of outside directors does not include stock-based compensation.
4. The compensation for Audit & Supervisory Board Members consists only of a monthly fixed remuneration, to maintain independence from management.
5. Retirement allowance systems for corporate directors and Audit & Supervisory Board Members have been abolished since the end of fiscal year 2005, as part of the revisions to Tokyo Electron's executive compensation program.

Diagram of the Corporate Governance Framework, Internal Control System, and Risk Management System (as of April 2015)



The Board of Directors

The Board of Directors consists of 13 directors, two of whom are outside directors. Directors serve a one-year term in order to ensure that Tokyo Electron can respond quickly to the changing business environment, as well as to more clearly define management accountability. To ensure and maintain the soundness and appropriateness of business practices, notwithstanding the rapidly changing market environment and technological industry trends, management by people who have specialized knowledge and experience in the industry is essential. Based on this premise, the Board of Directors is mainly composed of internal directors, but outside directors are also invited to join in order to objectively ensure the effectiveness of board decisions.

The Audit & Supervisory Board

Tokyo Electron has five Audit & Supervisory Board Members, three of whom are outside Audit & Supervisory Board Members. The Audit & Supervisory Board Members attend meetings of the Board of Directors and other important business meetings, audit the directors' performance of duties, determine audit policy and the division of auditing duties among Members at Audit & Supervisory Board meetings, and examine the Group's execution of operations. Through these and other measures, Audit & Supervisory Board Members work to provide effective auditing.

Internal Control/Risk Management

In order to enhance the TEL Group's corporate value and remain accountable for our actions to all stakeholders, we are making efforts to strengthen viable internal control. This involves implementing practical measures that are in line with the Fundamental Policies concerning Internal Controls within the Tokyo Electron Group, set out by Tokyo Electron's Board of Directors. We are also conducting activities for internal control over financial reporting based on the Financial Instruments and Exchange Act of Japan. In response to the May 2015 changes to the Companies Act and the Ordinance for Enforcement of the Companies Act, Tokyo Electron has updated the Fundamental Policies concerning Internal Controls within the Tokyo Electron Group. The Company is working to strengthen internal control systems as a corporate group and to improve the audit system of the Audit & Supervisory Board in terms of concreteness and robustness.

Risk management system

To more effectively strengthen the internal control and risk management systems of the entire TEL Group, Tokyo Electron appoints a Compliance & Internal Control Executive Officer. Furthermore, the Company has established a dedicated risk management and internal control function within the General Affairs Department to manage and reduce risks through necessary measures such as, for example, analyzing risks that could affect the TEL Group and instructing responsible departments to conduct self-assessments of major identified risks. The function also regularly reports the status of risk management activities to the Audit & Supervisory Board Members and the Board of Directors.

Auditing by internal audit department

The Global Audit Center is the internal audit department of the TEL Group. This department is responsible for auditing business activities undertaken at the Group's domestic and overseas locations, 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

After 2012, the TEL Group redeveloped its Business Continuity Plan (BCP) at the headquarters to respond to large-scale earthquakes. The BCP is being developed at the plant and office levels by reviewing measures for early recovery and alternate production following a disaster.

Emergency supplies, such as food and drinking water, along with first-aid outfits for times of disaster, are made available at all times and thorough measures involving a disaster scenario are carried out across the entire Group.

Information security management

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 leakage to ensure appropriate management and safe and effective use of information assets.

In order to strengthen management of technical and business information across the Group, we review operation rules, as needed, and regularly provide web-based education for all executives and employees of Group companies in Japan and overseas. We also review rules related to information security. To get across the contracts and ensure rule compliance, we obtain consent for rule compliance from all executives and employees of TEL Group companies, including those overseas, every year.

Additionally, we have established a system for reporting incidents that lead to actual information leakage as well as those with that possibility. In light of these reports, we respond promptly to each incident and integrate analysis results into Group-wide efforts and measures.

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 Tokyo Electron Group, all Group executives and employees are required to maintain high standards of ethics and to act with a clear awareness of compliance.

Improving 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 of Ethics is reviewed, as appropriate, in response to changes in the expectations of society. In January 2015, an anti-corruption statement was added to the introduction based on Principle 10 of the UN Global Compact about working against corruption including extortion and bribery.

The Code of Ethics and its Q&A section are published in Japanese, English, Korean and Chinese and disclosed on the intranet to enable all Group executives and employees, including those overseas, to view them at any time.

[Code of Ethics: http://www.tel.com/environment/corp_governance/compliance/ethical.htm]

Compliance system

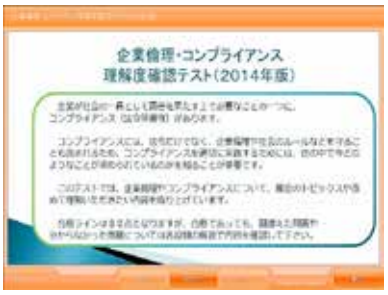
Tokyo Electron has appointed a Compliance & Internal Control Executive Officer from among its executive officers to raise awareness of compliance across the TEL Group and further improve its implementation. The Company has also drawn up the Compliance Regulations, setting out basic compliance-related requirements in line with the Code. The Compliance Regulations are intended to ensure that all individuals who take part in the business activities of 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, export-related compliance, and other topics. All executives and employees are required to complete this training, as well as a web-based training program on insider trading and other subjects tailored to specific positions and job roles.

In fiscal year 2015, we completely redesigned the existing basic compliance education program to include details on how to handle the confidential information of other companies and specific cases of conflict of interest. We provided the new education program to all executives and employees of Group companies in Japan. As of March 2015, we are providing web-based education on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors of Japan to all executives and employees of Group companies in Japan to ensure fair transaction.

We also provided web-based, test-format education on business ethics and compliance to all Group executives and employees in fiscal year 2015, including those overseas, as we did in the previous year. These efforts will be continued every year.



Web-based, test-format education

Internal reporting system

In the event that an employee becomes aware of any activity that 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. An ethics hotline and a compliance hotline have been established for all Group companies, and this reporting system is also in place at each overseas location. In all cases, this system ensures that strict confidentiality is maintained to protect whistleblowers and ensure that they are not subject to any disadvantage or repercussions. There has been no violation of compliance that could have had a major impact on the Company's business or local community in fiscal year 2015.

Approach to CSR

The Tokyo Electron Group believes that achieving sustained growth through sound business practices forms part of its corporate social responsibility to stakeholders. To achieve this, we must not only provide high-quality products and services, but we must also be a company that is esteemed in terms of good faith, fair corporate activities, the pursuit of safety and environmental preservation, respect for human rights and ethics, crisis management, corporate governance, and compliance.

The Tokyo Electron Group carries out initiatives based on its CSR Policy and in response to the opinions of its stakeholders.

CSR Promotion Framework

Key initiatives for fiscal year 2015

In fiscal year 2015, the CSR Promotion Council, comprising seven CSR promotion departments and CSR promotion executives, set specific indicators for department-specific issues and measured achievements. Separate from the biannual council meeting, a monthly working-level liaison meeting was established to actively discuss CSR issues in a timelier manner. To promote EICC® on a company-wide basis, the TEL Group held internal seminars and invited guest lecturers to make presentations. The events were attended by around 120 people in charge of CSR promotion.

Internal presentation on the EICC® Code of Conduct

Participation in CSR Initiatives

To work on CSR issues from a broad perspective and make improvement efforts, the TEL Group proactively participates in various initiatives.

Since July 2013, the TEL Group has been a member of the United Nations Global Compact. In support of its Ten Principles, the TEL Group will continue to work to maintain the harmonious pursuit of both its corporate activities and a sustainable society.

The TEL Group decided to join EICC® in June 2015. EICC® sets forth a code of conduct for labor, safety, the environment, and ethics to be used in the management of supply chains.

TEL Group CSR Policy

❶ 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.

❷ Business Ethics
The Tokyo Electron Group acts in compliance with the laws and regulations of each country and with international regulations, as well as in accordance with strict business ethics. We refrain from engaging in any conduct that impedes fair and open market competition.

❸ Respect for Individuals
The Tokyo Electron Group respects the individuality and unique character of each person. We recognize and appreciate the diversity of our employees, share a sense of mission with them, and promote the development of workplaces with vitality.

❹ 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 our customers by developing and providing eco-friendly products.

❺ 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.

❻ 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.

Working Together with Employees

Business growth requires that each employee, as the core of the company, have creativity, a positive attitude, flexibility, enthusiasm, and a sense of responsibility. The Tokyo Electron Group seeks to be a corporation where a diverse range of employees can work to their full potential.

Worker-friendly Environment

Personnel system

In order to achieve our goal of creating an inspired, innovative and energetic company, we adopted a personnel system that promotes both the growth of individual employees and the organization as a whole. For example, our evaluation system values not only results, but also the initiatives taken to achieve them. We also provide our employees with opportunities for personal development. Furthermore, we engage in fair treatment and skills evaluation, so that talented employees who make significant achievements are well rewarded, and managerial personnel have incentives matched to their level of responsibility (job grade).

Initiatives for work-life balance

We have enhanced our childcare support system and nursing care leave system to help employees continue to pursue their career while experiencing various life events. According to Japanese law, for example, companies must take measures such as reducing regular working hours for parents with 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, as well as offering additional assistance in balancing work and family life (see the graph on the right). As a result of these measures, in fiscal year 2015, 52 employees (95% of the total number of eligible employees) took childcare leave, and another 46 returned to work after taking childcare leave. At the same time, about 34% of female employees in Japan are successfully balancing work and family as working mothers, continuing to develop their careers.

Improving employee health and the workplace environment

The TEL Group places the highest priority on safety and health of its employees. In February 2012, we issued a health declaration stating our commitment to providing our employees with services like walking activities to promote health, healthy meals at company cafeterias, physical health counseling with doctors, and mental health counseling.

In fiscal year 2015, we organized health seminars and various events with a “healthy diet” theme, while holding events to measure body composition, bone health, and blood vessel age to help employees understand the state of their health.

Additionally, we are making continued efforts to ensure that TEL is a safe and productive workplace by providing all employees with mandatory education for preventing workplace harassment, as well as external professional counseling services.

Employee retention rate three years after joining the company

93.6%

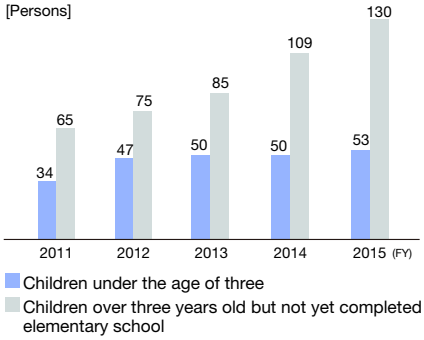
* Average in recent five years; refers to Group company employees in Japan excluding Tokyo Electron Device Limited

To enable new hires to quickly get oriented in their workplace and comfortable with performing their duties, the TEL Group has adopted an Off-JT System[1] and an OJT System[2]. We also hold regular interviews to keep up-to-date with and discuss the state of the workplace and employee relations, in order to ensure a pleasant work environment for all employees.

[1] Off-JT System: Off-the-job training system. The system allows employees to develop their skills off the job, such as by participating in collective training and attending classes.

[2] OJT System: On-the-job training system. This education method allows employees to learn through the performance of actual work and to hone their skills through a gradual increase in the level difficulty.

Users of shorter working hour system for childcare



* Refers to employees of Group companies in Japan excluding Tokyo Electron Device Limited

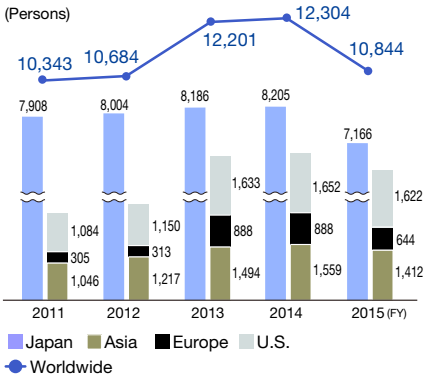
Examples of healthy meals at company cafeterias

Initiatives for globalization and diversification

The TEL Group globally operates its business. As of March 2015, sales outside of Japan make up 85% of the Group's total sales. Meanwhile, about 34% of TEL Group employees work outside Japan.

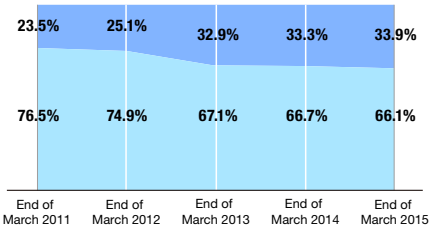
Recognizing that every person is entitled to have his or her basic human rights respected, the TEL Group works to create an excellent work environment and strives to be a corporation where employees with diverse backgrounds and abilities can work to their full potential. One such effort is establishing an environment where physically-challenged employees can work without any inconvenience to promote employment of those who are physically-challenged. As a result, the proportion of physically-challenged employees is 2.0% at TEL and 1.9% at all Group companies in Japan.

Number of Group employees



* Excluding Tokyo Electron Device Limited in fiscal year 2015

Proportion of employees working in Japan and outside Japan



* Data as of the end of March 2015 excludes Tokyo Electron Device Limited.

Human Resource Development

TEL UNIVERSITY

The TEL Group has an internal education institution, TEL UNIVERSITY, for strengthened people development as well as enhanced capabilities of the entire organization. TEL UNIVERSITY courses include such programs that provide individual employees with world-class knowledge and skills, leadership development programs for next-generation leaders, and management and organizational training programs.

Main initiatives for fiscal year 2015

For TEL Group employees working around the globe, ability to communicate is one of the most important skillsets. In fiscal year 2015, we held seminars on improving communication and facilitation skills at TEL Group companies in Japan. To help employees from different cultures understand each other, achieve common goals, and unleash the full extent of individual and organizational abilities, we provided a cross-cultural communication program in which 1,420 employees participated. As for English learning, we improved English conversation and self-learning courses so that each employee can choose a class that suits his or her duties and current skill level.

Furthermore, we hold career design seminars to help individual employees think about the way they live and work, and to take proactive and positive action accordingly.

Examples of programs hosted by TEL UNIVERSITY

Number of participants by program for fiscal year 2015

English conversation class	478 classes	2,742 persons
Communication seminar	15 classes	250 persons
Cross-cultural communication program	42 times	1,420 persons
Career design seminar	12 times	290 persons
Next-generation leaders development program	10 times	10 persons
Management training	4 times	69 persons
Semiconductor seminar	6 times	89 persons

Voice <Balancing Work and Childcare>

I took childcare leave twice, and I am now using the reduced working hours system for childcare. Particularly in the first year after returning to work, I often had to take a sudden leave of absence when my child became sick. There was a time when I couldn't make it to work more than half the time in any one week, and I found it difficult to pursue my career in this condition. Fortunately, many of my colleagues are aware of the importance of mothering. Thanks to the understanding and support of people around me, I have been able to balance my work and family responsibilities.

I am so grateful, not only for the childcare support system, but also for a work environment that allows me to continue to work and pursue my career development while raising my children.

Risa Kawano
Intellectual Property Department
Tokyo Electron Limited

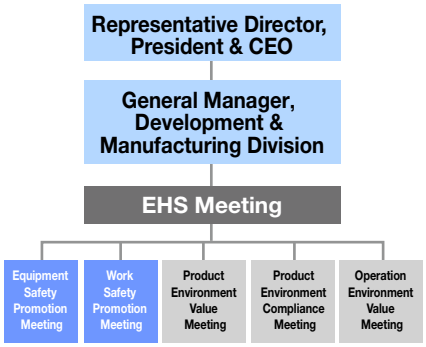
Safety

The Tokyo Electron Group performs a range of business activities including development, manufacturing, transportation, installation, and maintenance with the highest priority on the safety and health of all personnel from top management to frontline staff and makes proactive and continuous improvements to enhance safety and promote good health.

Safety Promotion Framework

Raising safety awareness for all individuals is crucial if we are to provide worksites where all employees can work safely. With the safety slogan of "safety first," the TEL Group has established the Equipment Safety Promotion Meeting and the Work Safety Promotion Meeting under the supervising EHS Meeting. The Equipment Safety Promotion Meeting enhances safety by ensuring compliance with safety standards and equipment-safety-related laws and regulations. The Work Safety Promotion Meeting discusses, and puts into practice, matters related to work safety at customer locations and TEL Group locations, from a global perspective. These meetings identify causes of accidents resulting in injury and/or damage, due to either equipment or human error, and make efforts to prevent similar incidents from reoccurring.

EHS promotion framework



Equipment Safety Design

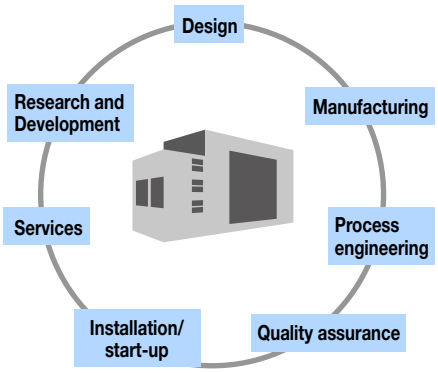
The TEL Group carries out risk assessments in consideration of the product life cycle, even from the development phase. Based on the assessment results, the TEL Group implements intrinsically safe equipment design[1] to reduce the risks that machines pose to humans. The Group also examines and ensures compliance with changing laws and regulations around the globe, abiding by all safety regulations of the regions our equipment is shipped to, and allowing inspections by safety certification organizations when necessary.

Safety considerations in the phases of equipment design and development have become increasingly important in recent years. Today, compliance with international safety standards and guidelines is a requirement for equipment to be recognized as being safe for use. Since 2007, the TEL Group has provided web-based equipment safety education to help its engineers learn about safety in the context of equipment design. This gives them the basic safety knowledge required in terms of risk assessment and introduces examples of accidents. In the coming fiscal year, we plan to revise the education program to include the latest accident cases and new safety standards to further educate our engineers.

As a result of these efforts, there were no serious injuries caused by product design in fiscal year 2015.

[1] Intrinsically safe equipment design: Innovative machinery design that eliminates the causes of machinery-related hazards posed to people.

Implementation of risk assessment



Topics <TEL FSI, Inc. Received Governor's Safety Award from Minnesota Safety Council[2]>

In recognition of its outstanding activities for accident prevention and labor safety, TEL FSI, Inc. received the Governor's Safety Award for Meritorious Achievement from the Minnesota Safety Council. The council has presented the Governor's Safety Awards every year since 1934 to honor businesses that are conducting outstanding safety activities. The council selects award winners by comparing recent injury and illness data with national industrial data for past years and examining the operation of comprehensive safety programs.

[2] Minnesota Safety Council: A non-governmental, non-profit organization established in 1928 to improve the quality of life of people in Minnesota through the elimination of preventable work-related accidents.

Initiatives for Work Safety

To secure the safety of all people involved in its business, including regular employees, temporary staff, subcontractors, and customers, the TEL Group continuously improves its activities to prevent work-related accidents. This is accomplished by identifying and analyzing potential risks in workplaces and sharing the knowledge group-wide.

Each plant and office is aggressively promoting safety activities by establishing a system under which representatives from each department conduct safety patrols at least once a month to solve problems by their own initiative. This is in addition to a management system based on OHSMS[1]. New plants and offices outside of Japan aim to establish similar systems for safety management. To prevent unsafe conditions and behavior that may lead to accidents, all workers share details about their work and work areas before performing their duties. This works as a cautionary exercise, providing countermeasures against possible accidents and mistakes that can occur during operation. Moreover, each work group has an appointed leader who oversees the entire worksite to minimize risk factors that could lead to accidents or mistakes. Additionally, to further raise workers' safety awareness, a safety manager visits the workplace to demonstrate how to exercise caution against risk factors.

When we deliver a product to a new plant or production line, we check its facilities, equipment and safety standards against our Group regulations in advance. This way, we can identify any ambiguities with regard to safety and solve problems, if any, to improve the environment for safe operation.

As a result of these continued safety activities in and outside of Japan, the number of accidents in fiscal year 2015 with the potential for severe injury dropped by about 40% from fiscal year 2014. The overall rate for workplace accidents, including mild injuries, decreased from 110 in fiscal year 2014 to 80 this fiscal year (a decrease of 28%), when including data of the four companies acquired[2] in fiscal year 2013. The TCIR[3] value also declined to 0.24 from 0.37.

[1] OHSMS: Occupational Health and Safety Management System. A management system to reduce the potential for work-related accidents and improve the level of safety and health management by defining a series of PDCA (plan, do, check, act) processes under the safety and health policy set by senior management.
[2] Four companies acquired: TEL Magnetic Solutions Ltd., TEL Solar AG, TEL FSI, Inc., TEL NEXX, Inc.
[3] TCIR: Total Case Incident Rate. The number of workplace accidents (Occupational Safety and Health Administration standard) per 200,000 hours worked.

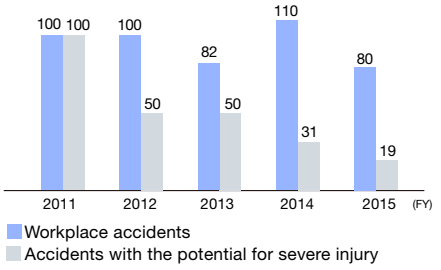
[TCIR]

0.24

The TEL Group carries out accident prevention activities on an ongoing basis to reduce the number of accidents. As a result, the occurrence rate of injuries from accidents during work—as indicated by the TCIR value—has remained at a world-class safety level of less than 0.5 since 2005. In fiscal year 2015, we achieved a TCIR value of 0.24.

Occurrence rate of workplace accidents

(FY2011 level as 100)



Safety Education

To improve individual employees' awareness of safety, the TEL Group provides web-based education. In fiscal year 2015, we provided update advanced safety education to all workers involved with our Group. The aim was to renew their awareness of work rules, which were established with reference to past accidents, as well as rules for wearing protective gear.

Additionally, to eliminate accidents, we provide five web-based education courses[4] at our offices and plants around the world, along with risk prediction training. The latter is designed to prevent accidents by predicting potential risks in the workplace and has proved statistically effective. In fiscal year 2015, about 1,500 persons participated in the training and raised their awareness of accident prevention.

The TEL Group also requires all new hires to take safety education while providing safety information to its suppliers as part of its thorough efforts for accident prevention.

[4] Web-based education courses focusing on five themes: being caught in a driving unit, ergonomics (backache), pointing and calling, exposure to liquid chemicals, and work safety rules.

Safety education (risk prediction training)

Quality

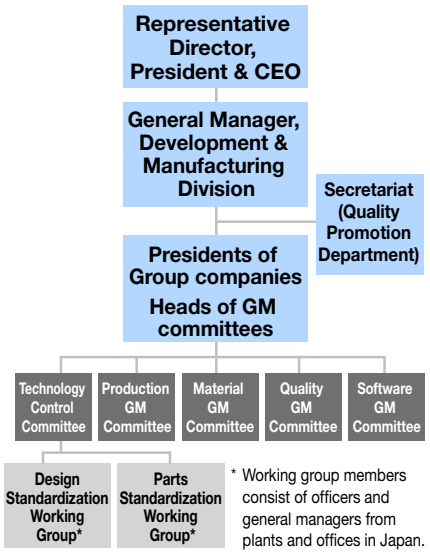
The Tokyo Electron Group provides high-quality products and services. We include the entire process from development through manufacturing, installation and maintenance. We also focus on the quality of the entire customer experience. For us, the satisfaction and trust of our customers is proof of our quality.

Quality Promotion Framework

To promote Group-wide quality activities, the TEL Group has established a quality promotion framework headed by the President and, below him, the Senior Executive Vice President, who is also General Manger (GM) of the Development and Manufacturing Division. Important quality issues and common issues are addressed through mutual cooperation between the presidents of the Group companies and the Quality GM. For cross-divisional quality promotion activities, the TEL Group has established five working groups, namely, the Technology Control Committee, Production GM Committee, Material GM Committee, Quality GM Committee, and Software GM Committee. These committees cooperate with each other for efficient and stable quality control, with the goal of improving customer satisfaction.

The TEL Group has also promoted the acquisition of ISO 9001 quality management system standard certification. Since 1997, 10 locations, primarily manufacturing companies, have obtained the certification and plan to maintain it.

Quality Promotion Framework

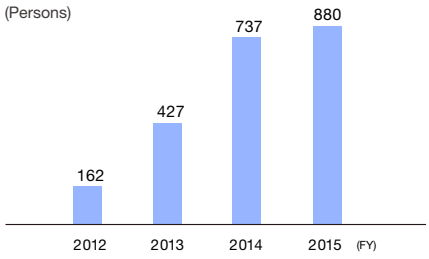


Initiatives to Improve Quality

Quality Management and Quality Control Examination (Certification) (QM/QC Examination)

To promote high-quality manufacturing according to customer needs, the TEL Group carries out cross-sectional quality improvement activities on an ongoing basis not only at directly involved departments such as development and design but also at departments concerned with planning/sales, administration and services. As part of these efforts, we encourage Group employees to take the QM/QC Examination and get certified. Administered by the Japanese Standards Association and the Union of Japanese Scientists and Engineers, this examination is a major quality certification test, with the number of holders in Japan totaling more than 278,000 (as of March 2015). The certification enables employees to improve their awareness and skills in the area of quality control, improve the quality of their work, and provide customers with high-quality products. With this initiative, which started in fiscal year 2012, the number of certified employees has increased each year to reach a cumulative total of 880 as of the end of fiscal year 2015.

QM/QC Certification Holders



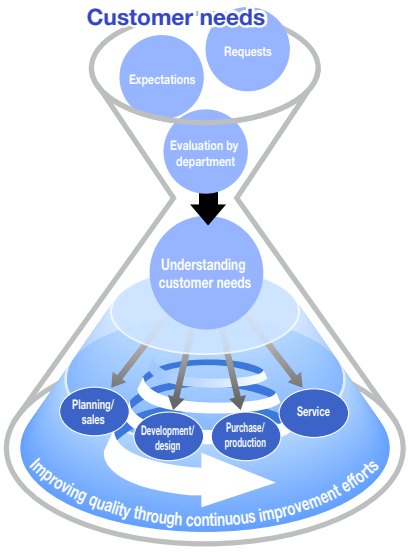
For customer satisfaction

To incorporate customers' opinions and provide products and services of higher quality, we have conducted a customer satisfaction survey since 2003. In fiscal year 2015, we went one step further and established a mechanism to help the entire TEL Group incorporate customer opinions in order to provide products and services that satisfy customer needs in a more effective manner. In an effort to accurately understand customer opinions so that we can reflect them in our products and services, we include in the written survey specific questions that help us design improvement activities at a working level.

We share the results of the survey across the Group and clarify departments in charge before we carry out the formulation, execution, and follow-up of an improvement plan. We carry out these PDCA activities on a continual basis so as to deliver even greater value to our customers.

As a result of these quality improvement activities aimed at better customer satisfaction, quality costs (that is, complaint-related costs) have decreased for three consecutive years since fiscal year 2012. In each of the recent two years, the costs decreased by 15% on a year-over-year basis.

Conceptual Image of Understanding Customer Needs



Procurement

The high-value manufacturing that the Tokyo Electron Group strives for is based on the functions of all materials and components that make up the products and the pursuit of high quality. We value communications with suppliers and seek to grow manufacturing on a global scale with our suppliers based on ongoing trusting relationships.

Supply Chain Communication

In addition to daily communications, the TEL Group holds the Production Update Briefing and TEL Partners Day as platforms for enhancing relationships with suppliers. At these events, we introduce CSR initiatives and honor outstanding suppliers. In our procurement policy, meanwhile, we call for the cooperation of our suppliers regarding compliance with labor-related laws, such as prohibitions against child labor and forced labor, and respect for fundamental human rights. This policy is published on our website.

Our specific activities include regularly conducting Supplier Total Quality Assessment (STQA) audits with critical suppliers. In fiscal year 2015, we conducted our second supplier CSR survey, with key suppliers accounting for more than 80% of our procurement by amount. The survey, which conforms with the EICC® Code of Conduct, identified improvements made in 25% of suppliers' CSR activities compared to the previous year. We provided the suppliers with feedback on the survey results to make two-way improvement efforts.

In June 2015, the TEL Group joined the EICC® to continue to promote EICC®-compliant supply chain CSR.

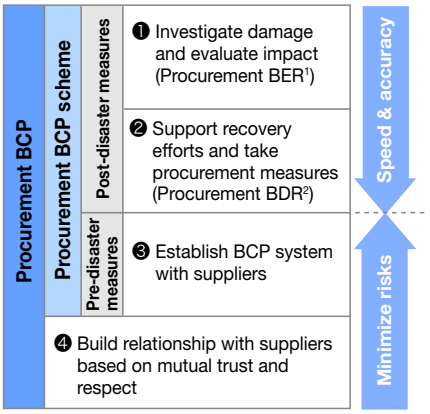
TEL Partners Day held in fiscal year 2015

Procurement BCP

Together with suppliers, the TEL Group has prepared a disaster protocol on an ongoing basis. A database of the location map of procurement sources plays a major role when crises arise. Every year we update the database so that we can promptly identify damage and quickly take steps for recovery following a disaster. In fiscal year 2015, we updated about 14,000 locations and checked on the impact caused by the three disaster cases that occurred during the year.

We have also conducted an annual survey on BCP system readiness to reduce risk in business continuity with our suppliers. In fiscal year 2015, we conducted a procurement BCP survey with key suppliers, who together account for more than 80% of our procurement by amount, and identified that 41% of them had improved from the previous year. We provided the suppliers with feedback on survey results for future improvement activities.

Initiatives for procurement BCP



[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 findings of the damage investigation.

Conflict Minerals

The TEL Group plans to eliminate the use of raw materials and components containing conflict minerals from the Democratic Republic of the Congo, or its neighboring countries, which form a source of funds for armed groups and give rise to human rights violations and poor working conditions.

In fiscal year 2015, we conducted a survey on countries of origin and smelters of conflict minerals in CFSI[3] format. The survey identified 117 CFSP[4]-certified smelters related to products that we procure. We will conduct the survey every year to make joint efforts with our suppliers to improve the response rate, survey method, and data accuracy.

[3] CFSI: Conflict-Free Sourcing Initiative. Founded by members of the EICC® and GeSI (Global e-Sustainability Initiative) to inspect and certify conflict material smelters to see whether or not they are being used for the benefit of the Democratic Republic of the Congo or its neighboring countries, which provide funds for armed groups.
[4] CFSP: Conflict-Free Smelter Program. The CFSP is promoted and led by the CFSI.

Conflict mineral type

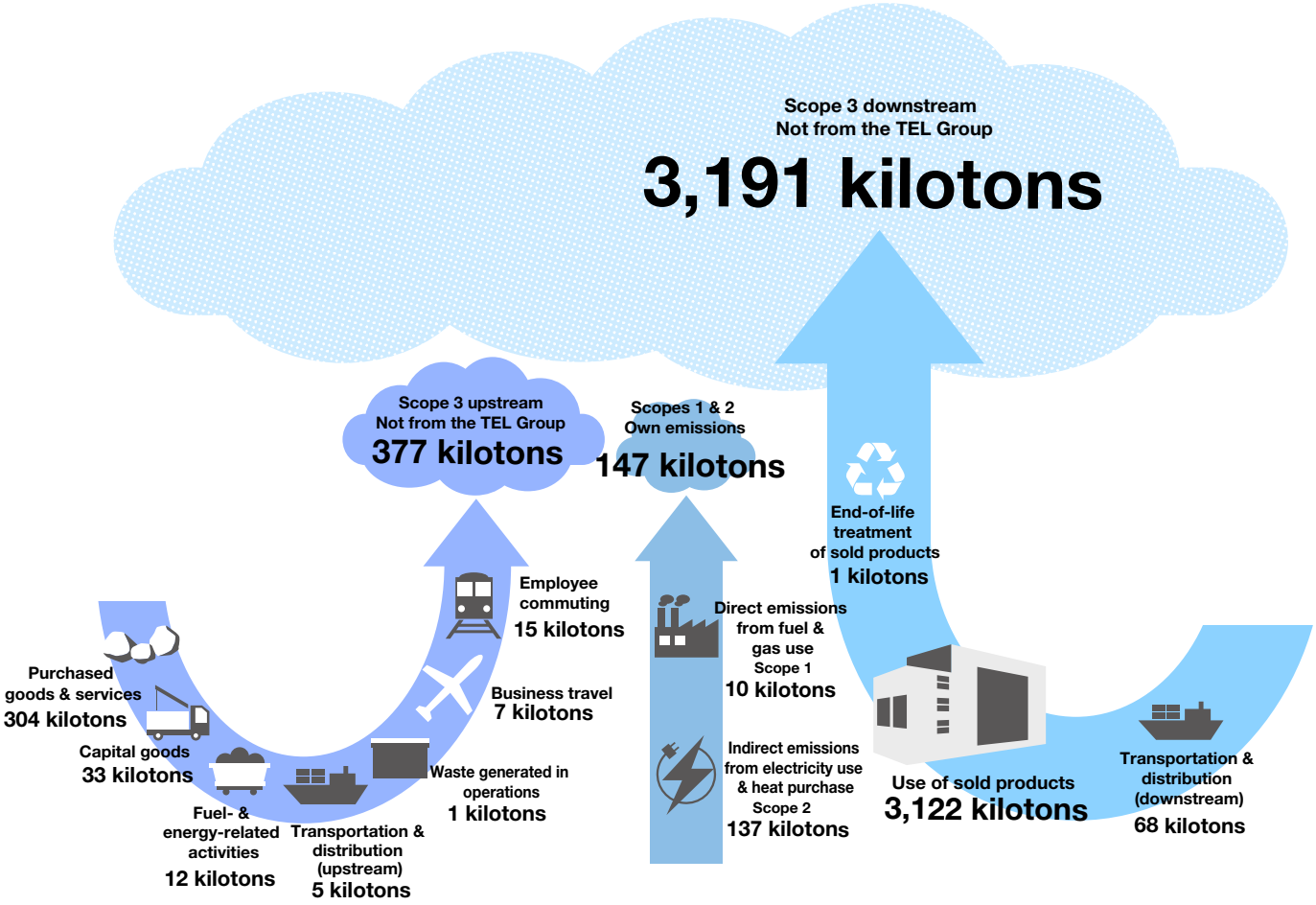
Conflict mineral name	Usage example
Tantalum	Electrolytic capacitor, IC, and refractory metal
Tin	Solder, plating, and reducing agents
Tungsten	Cemented carbide and electronic components and mechanisms
Gold	IC, plating and connectors

Environment

The TEL Group aims to solve environmental issues through our leading-edge technology and services under slogan of "Technology for Eco Life." We strive to contribute to the establishment of a sustainable society by reducing the Group's impact on the consumption of resources, on biodiversity and on climate change by taking actions that both directly and indirectly contribute to the protection and conservation of the environment.

CO_2 Emissions across the Value Chain

With the recent trend among businesses toward measuring and controlling not only their direct greenhouse gas (GHG) emissions but also CO_2 emissions across their value chains (linkages for providing products and services to customers; chains of activities such as procurement, development, production, sales and services), the TEL Group measures these emissions in compliance with international GHG accounting standards, the GHG Protocol.



The GHG Protocol categorizes GHG emissions across the value chains into three scopes:
- Scope 1: Direct GHG emissions from use of fuel and gas owned or controlled by the company
- Scope 2: Indirect GHG emissions from use of electricity, steam and heat purchased by the company
- Scope 3: Emissions from corporate value chains excluding scopes 1 and 2, such as product transportation, employee business travel, and major outsourced production processes

Scope 3 is divided into upstream activities, which include emissions associated with purchased or procured products and services, and downstream activities, which include emissions associated with sold products and services.

The TEL Group's direct emissions associated with fuel and gas use (scope 1) and emissions from electricity use and heat purchase (scope 2) add up to 147 kilotons, or about 4% of the total. Indirect emissions (scope 3), which are not from the TEL Group, total 3,568 kilotons, or about 96%. In particular, use of sold products, which is one of the 10 categories related to the TEL Group, makes up 84% at 3,122 kilotons. Therefore, the TEL Group is stepping up efforts to reduce CO_2 emissions, including reducing the energy consumption of equipment and peripheral devices, ensuring the effective operation of equipment systems, and promoting the energy-saving operation of customers' factories, and will continue its initiatives to reduce environmental impacts for the development of a sustainable society.

Environmental Management

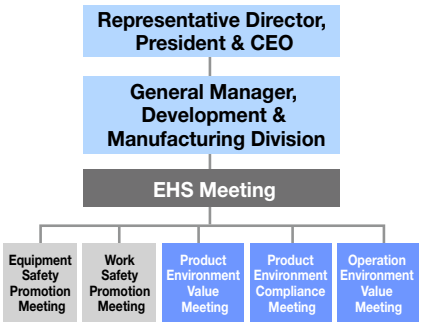
Environmental activity promotion framework

In order to promote environmental activities across the Group, Tokyo Electron has established the EHS Promotion Center at its headquarters. Executives of Group companies appoint members of the Product Environment Value Meeting, the Product Environment Compliance Meeting, and the Operation Environment Value Meeting, all of which carry out activities to achieve environmental goals. Meanwhile, the biannual EHS Meeting checks the progress toward the environmental goals for continued improvement.

Since 1997, the TEL Group has been working to obtain certification for the ISO 14001 environmental management standard, primarily at its manufacturing subsidiaries. Currently, eight locations are certified and we will continue to acquire and maintain the certification.

As a result of checking and maintaining compliance with environmental laws, emission standards, and other voluntary standards, the TEL Group was not involved in any environmental incidents or accidents, was not found to be in violation of any environmental law, and was not subject to any related legal proceedings in fiscal year 2015.

EHS promotion framework



Environmental education

Recognizing the importance of complying with environmental laws and regulations and reducing environmental burdens, we established an education program for working-level managerial personnel in fiscal year 2015. We held lectures on the importance of manufacturing environmentally friendly products—explaining related environmental laws and regulations, statutory procedures, and penalties contained in them—and how to save energy when using products, as well as how to save resources and recycle. Three hundred and thirty people took the course. In fiscal year 2016, we will launch the program at seven locations outside Japan and provide web-based education in order to reach more participants.

Number of participants in design for the environment program

330 persons

The design for the environment program was established to provide customers with products that are compliant with laws and regulations and designed to reduce environmental impact. In fiscal year 2015, 330 persons participated in the program.

Biodiversity

Business activities of the TEL Group do impact biodiversity while also benefitting from it. Based on our recognition of this, we are making efforts to conserve biodiversity and improve the related framework.

The goal of biodiversity conservation activities in fiscal year 2015 was to hold ecosystem tours at least twice at plants and offices in Japan. The Yamanashi Plant held a lecture on biomimicry, in which participants observed how the owl's powder down repels water and learned about the various properties of spider silk. Observing nature in this way provided participants with opportunities to find helpful hints for their own daily operations. CO_2 emissions from these programs and the related travel were carbon offset[1].

We will continue activities for biodiversity conservation.

[1] Carbon offset: The making of a monetary investment in an activity elsewhere that abates greenhouse gas emissions to compensate in whole or in part for GHG emissions from one's own activities.

Ecosystem tour

Topics <Environmental Debriefing>

Since 2009, the Tohoku Plant has invited its neighbors (representatives of community associations) as well as representatives of the local business, government and academic communities to its Environmental Debriefing for the Local Community to exchange opinions and deepen mutual understanding. The environmental and social commitment is explained, goals and achievements of the TEL Group are reported and a tour of plant facilities and production lines is provided. As of fiscal year 2015, a total of 137 people have participated in the debriefings.

Product Initiatives

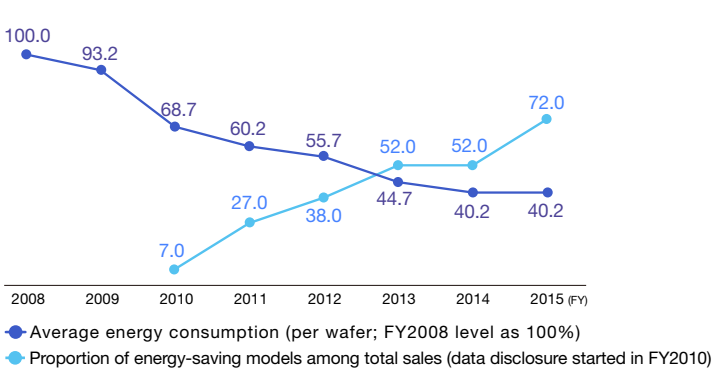
Initiatives to prevent global warming

Based on life cycle assessment, the TEL Group is lowering the energy consumption of its products to reduce the environmental impact of product use at the premises of its customers. In fiscal year 2014, the TEL Group achieved a 50% reduction in energy consumption by its major products (per wafer; compared to fiscal year 2008). For total energy assessment, the TEL Group assessed electricity, water, nitrogen, dry air, and exhaust in electricity equivalents (compliant with SEMI S23 guidelines). With a reduction in the energy consumption of products, the percentage of energy-saving models[1] as a proportion of total sales increased to 72% in fiscal year 2015.

In this fiscal year, the TEL Group set the goal of reducing energy and pure water consumption by 10% from the fiscal year 2014 level by fiscal year 2019. To that end, we will promote environmentally friendly manufacturing with the development of new technologies for further reduction of energy, water and chemical substances as well as with proactive measures against greenhouse gases.

[1] Based on in-house standards

Average energy consumption of products and proportion of energy-saving models among total sales



Initiatives to reduce environmental impact of products

Equipment category	Product	Major initiative	Major reduction: Electricity	Water	N_2	Dry air	Exhaust
Thermal processing system	TELINDY™ PE	Introducing an energy-saving heater	◎		○		
Plasma etch system	Tactras™ Vigus™	Improving high-frequency power efficiency Operating sleeping mode of a chiller	◎	○	○	○	○
Coater/developers	CLEAN TRACK™ LITHIUS Pro™ Z	Improving productivity with high throughput	○	○	○	○	○
Single wafer metallization system	Trias*e*+™ EX-II™ TiN	Lowering temperature process Improving productivity with high throughput	◎			○	○
Single wafer plasma treatment system	Trias*e*+™ SPA*i*	Not using a chiller Optimizing the exhaust system	◎	○	○		
Single wafer cleaning system	CELLESTA™ -i	Improving productivity with high throughput	○		○		○
Gas chemical etch system	Certas LEAGA™	Improving productivity with high throughput	◎	○	○	○	
Scrubber system	NS300Z	Improving productivity with high throughput		◎	○		○
Wafer prober	Precio™ series	Reducing dry air with dew point monitoring	○		◎		

Initiatives to reduce waste

The TEL Group is making proactive efforts to reduce waste generated by its products. Etch systems require periodic replacements of thermal or other parts inside the chamber, as they deteriorate due to continuous plasma processing. The TEL Group has made it possible to use deteriorated chamber parts repeatedly by re-coating them with fine ceramic, which minimizes waste generation and reduces costs.

Major energy-saving models


Thermal processing system TELINDY™ PE


Plasma etch system Tactras™ Vigus™


Coater/developers CLEAN TRACK™ LITHIUS Pro™ Z


Single wafer metallization system Trias*e*+™ EX-II™ TiN

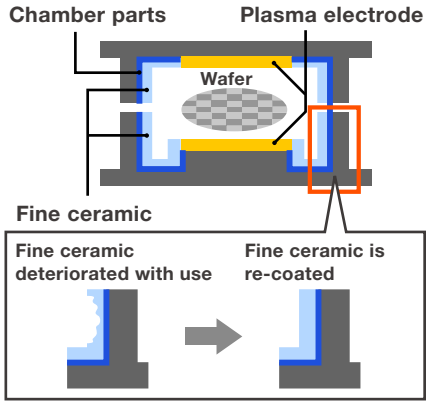

Single wafer cleaning system CELLESTA™ -i


Gas chemical etch system Certas LEAGA™


Scrubber system NS300Z


Wafer prober Precio™ series

Chamber overview



Initiatives for chemicals contained in products

JAMP AIS survey with suppliers in Japan started in

April 2015

For the manufacturing of environmentally friendly products, the TEL Group has built a system for managing chemical substances contained in products. We collect information about the laws and regulations of every country at an early stage to take appropriate actions for legal compliance. For example, when any substance of very high concern (SVHC) is present in our products at 0.1% or higher, we submit the information as required by the REACH[1] regulation. We also provide chemical safety data sheets ((M)SDS) in accordance with the GHS[2] regulations.

In addition to legal compliance, we also set our own standards to reduce chemical substances. Although TEL Group products are not subject to the EU RoHS[3] Directive, we have implemented measures to manufacture equipment that is at least 98.5% composed of substances that meet the directive since 2006. As a result, nearly all of our products now comply with the directive. Furthermore, to become more effectively compliant with regulations, including the EU RoHS Directive, REACH, and the China RoHS, we started a survey with our suppliers in Japan on chemicals contained in products based on the JAMP AIS[4] in April 2015.

We will continue to promptly identify and appropriately respond to all laws and regulations in every country, thereby promoting our global efforts to reduce harmful chemical substances.

[1] REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals. A regulation pertaining to the registration, evaluation, authorization and restriction of chemicals.
[2] GHS: Globally Harmonized System of Classification and Labelling of Chemicals.
[3] RoHS: Restriction of the use of certain Hazardous Substances in electrical and electronic equipment. The RoHS Directive restricts the presence of lead, mercury, hexavalent chromium, polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDE), and cadmium in electrical and electronic products exported to Europe.
[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.

Logistics initiatives

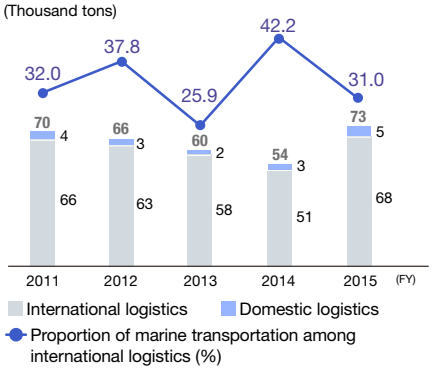
To reduce environmental impacts caused by the transportation of products, the TEL Group is promoting modal shift[5] for domestic and overseas transport and adopting packaging methods with a smaller environmental footprint. In fiscal year 2015, we achieved reduction in both CO_2 emissions and costs by improving the load factor of trucks with the introduction of shelved trolleys. The trolleys have been used for the shipment of FPD production equipment, to the shipping of semiconductor production equipment.

In fiscal year 2015, CO_2 emissions associated with domestic and international product logistics increased to 73 kilotons, up about 35% from fiscal year 2014. The share of marine transportation used for exports decreased by 11 points from fiscal year 2014 to 31%. This is because shipment of semiconductor production equipment by air increased from the fiscal year 2014 level.

We are committed to continuing efforts to reduce environmental impacts.

[5] Modal shift: A shift in the mode of transportation. Specifically, switching from conventional freight transportation by truck or aircraft to means that have a lower impact on the environment, such as marine and rail.

CO_2 emissions from logistics and the proportion of marine transportation



Topics <Global Cooperation with Industrial Organizations>

Since the 1990s, the TEL Group has been proactive in its global cooperation with industrial organizations in the areas of EHS and CSR. At SEMI[6], we serve as a member of a meeting that manages EHS activities and participate in commissions on environmental and safety laws and regulations to introduce energy-saving, resource-saving, and safety activities and promote standardization. At SEMICON Japan, an industrial exhibition, held in December 2014, we organized a sustainable forum as a central coordinator and introduced Japanese companies' technologies and products related to environmental safety to representatives of SEMI Taiwan.

[6] SEMI: A global industry association of companies that provide production equipment, materials and services for semiconductors, flat panel displays (FPDs), nano technology, micro-electromechanical systems (MEMS), photovoltaic power generation, and other related technologies.

Plant and Office Initiatives

Initiatives to prevent global warming

At the TEL Group, each plant and office sets the goal of reducing energy consumption by at least 1% year on year based on a metric of its own choosing. Initiatives to achieve the goals include energy-saving operation of clean rooms, optimum temperature settings for office cooling and heating, and introduction of equipment with leading-edge energy-saving efficiency.

Photovoltaic power generation systems have been adopted at some plants and offices in and outside Japan and the renewable energy they generated in fiscal year 2015 totaled 4,559 MWh, enough to power about 1,260 homes[1]. Meanwhile, Tokyo Electron U.S. Holdings, Inc., which has purchased green electricity since 2001, purchased 2,405 MWh of green electricity in fiscal year 2015.

With these efforts, 11 of the 12 TEL plants in and outside Japan that set their goals achieved them in fiscal year 2015. Group-wide power consumption in fiscal year 2015 was 274 GWh, down 7% year on year, and CO_2 emissions from energy consumption[2] was 147 kilotons, down about 6% year on year. Using the same emission factor for electricity consumption for fiscal year 2011, CO_2 emissions per unit of energy consumed in Japan in fiscal year 2015 decreased by 9.5% from fiscal year 2011.

[1] Based on the assumption that the electricity consumption of one home is 3,600 kWh/year

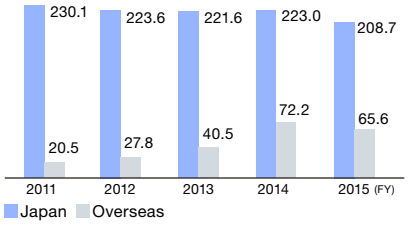
[2] For the emission factor for electricity consumption in Japan in fiscal year 2015, we used adjusted emission factors for individual electric power providers. For the emission factor for electricity consumption overseas, we used estimated factors calculated by the Federation of Electric Power Companies of Japan based on values published by the International Energy Agency (IEA).

● Example of initiatives

The Koshi Plant, one of our manufacturing sites, uses a turbo refrigerator to cool water and a heat recovery chiller. In fiscal year 2015, the plant replaced these types of heat source equipment with high energy consumption with equipment with high energy efficiency, consequently halving its energy consumption. It is estimated that the replacement cost will be recovered within five years.

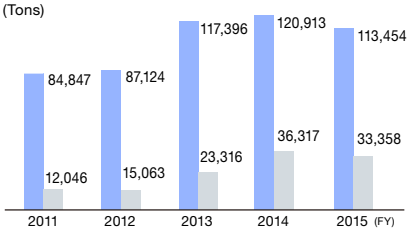
Electricity consumption

(Million kWh)



CO_2 emissions from energy consumption

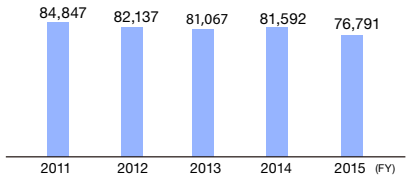
(Tons)



* CO_2 emissions in fiscal year 2012 totaled 87,124 tons minus a 50,000-ton reduction brought about through the use of a domestic clean development mechanism (the mechanism for CO_2 emissions reduction that allows small and medium-sized businesses to receive funding and technology from large businesses and trade the reduced amount of emissions as emission credits)

CO_2 emissions in Japan with the same emission factor for electricity consumption for fiscal year 2011

(Tons)



Initiatives to reduce water consumption

The TEL Group has set a goal of keeping water consumption at the same level or below that of fiscal year 2012 based on the basic metric set by each plant. In fiscal year 2015, we achieved 10 out of the 15 goals set at our plants in Japan and overseas. Continued efforts to achieve these goals include installing water-saving devices, watering grass with rainwater, and ensuring intermittent operation of cafeteria faucets. Consequently, we reduced water consumption by approximately 1% year on year to 1,043,000 m^3 in Japan. Outside Japan, water consumption totaled 503,000 m^3 in fiscal year 2015, down 18% from 613,000 m^3 in fiscal year 2014, when water consumption at four newly acquired companies was added.

● Example of initiatives

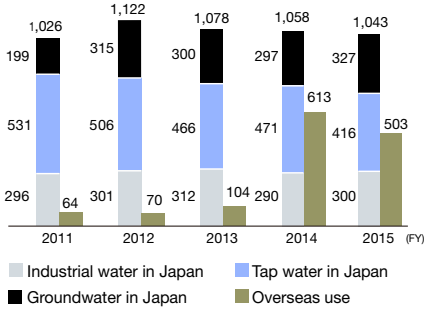
Combustion-type detoxifying apparatuses that render exhaust from semiconductor production equipment harmless use a large amount of water. The Hosaka Plant, which used to treat all such water as effluent, put in place a mechanism to separate usable water and return it to the apparatuses for reuse, reducing water consumption by 70%. Wastewater above TEL's own effluent standard[1], which is stricter than statutory standards, is properly processed at effluent treatment facilities before being discharged to rivers. It is estimated that the renovation cost will be recovered within one and a half years.

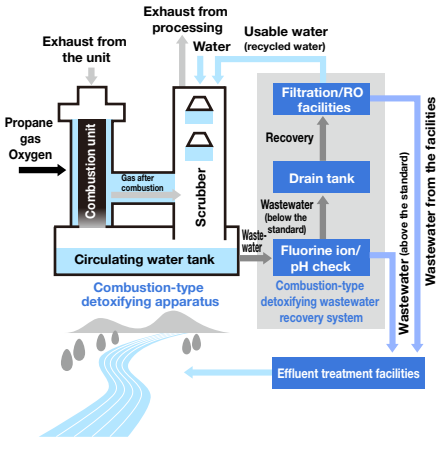
[1] Own standard

	Fluoride	pH
Water Pollution Control Act	8.0 mg/L or lower	5.8–8.6
Yamanashi Prefecture Pollution Control Ordinance	1.0 mg/L or lower	5.8–8.6
Hosaka Plant's Own Standard	0.8 mg/L or lower	6.0–8.4

Water consumption

(Thousand m^3)



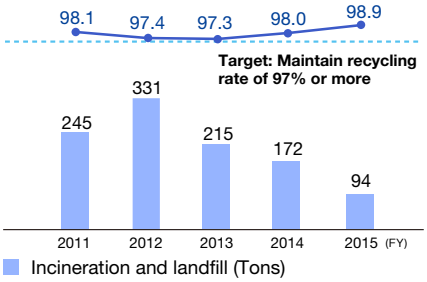


Initiatives to reduce waste

The TEL Group is reducing waste, which includes collecting waste by type and changing production processes to those that do not generate waste, while recycling as much generated waste as possible and disposing of the remaining non-recyclable waste in an appropriate manner. In fiscal year 2015, the amount of incinerated and landfill waste generated by the TEL Group was 94 tons, down 45% from fiscal year 2014. Having defined a plant or office where incinerated and landfill waste makes up less than 2% of its total waste as a zero emission plant/office, the TEL Group achieved zero emissions at all Group plants in Japan in fiscal year 2015. With these initiatives, the recycling rate[1] at plants in Japan in fiscal year 2015 was 98.9%, achieving the goal of maintaining a recycling rate of 97% or more in Japan for nine consecutive years since fiscal year 2007. Also, in fiscal year 2015, the recycling rate at TEL Group plants and offices outside Japan improved from the previous year to 88.2%.

[1] Recycling rate: Recycled amount / Amount of waste generated × 100

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

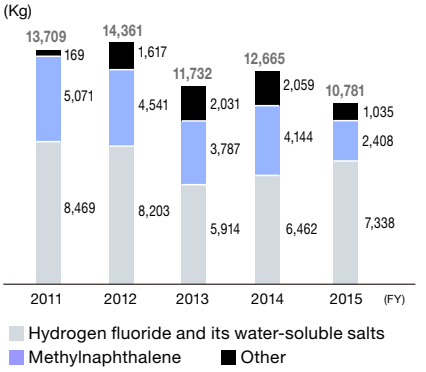


Management of chemical substances

At the TEL Group, we use chemical substances mainly in the development and manufacturing phases of our products. We consistently monitor and manage the use and discharge amounts of chemical substances regulated under the Japanese PRTR[2] law. Additionally, whenever we introduce a new chemical substance or change how an existing substance is used, we check for environmental, health and safety risks, and take the necessary measures before adopting the new substance or method. We also make sure to properly dispose of hazardous substances after use through either specialist waste disposal contractors or using our in-house processing equipment.

[2] 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.

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



Green Procurement

The TEL Group, in cooperation with our suppliers, is promoting initiatives to reduce its environmental impact. We developed the Guideline for Green Procurement in 2001 and revised it in 2012. In order to monitor and reduce environmental impacts of our suppliers, we have conducted green procurement surveys of our key suppliers since fiscal year 2014. Our questionnaire survey in fiscal year 2015 focused on the three areas of environmental initiatives at plants and offices, environmental compliance of products, and environmental initiatives for products. We aggregated the survey data to understand the various situations across our supply chains and analyzed the outcome of our efforts to reduce environmental impacts. We also evaluated the survey findings on a six-point scale, finding improvement in 46% of the suppliers, and provided the suppliers with feedback accordingly. Based on these results, we will continue to work with our suppliers on environmental activities.

Environmental impact by suppliers
(Fiscal year 2015 survey results)

	Use/emissions
CO_2 emissions	303 kilotons
Water consumption	3,029,000 m^3
Total waste generated	42 kilotons
Recycled waste	22 kilotons

Topics <Recognized as a Green Choice patron by Austin Energy>

In April 2015, the Tokyo Electron US Holdings, Inc. (TEH) Austin site was recognized by Austin Energy as a Green Choice Program patron for purchasing wind-generated renewable energy that accounted for 20% of the total electricity consumption at TEH. In the photo, Austin Mayor, Steve Adler (right) presents the recognition plaque to Tom Campbell, Director of Support Services for TEH.

Social Contribution

The TEL Group is proactively working on the development of a sustainable society and the growth of its business activities by contributing to society based on its Corporate Philosophy.

About Social Contribution

Cooperation between businesses and civil society is indispensable for the development of a society where everyone can live a better life and work in a healthy way. The TEL Group sets the environment, education, health and human services, and culture as the four areas of focus in our community investment for development of society.

Examples of Social Contribution Activities

Environment

■ The forest of Tokyo Electron

Tokyo Electron is engaging in local tree-planting and afforestation activities with its employees and their families. The activities aim to pass on beautiful nature to future generations, and to leave a better global environment. In Hokuto City, Yamanashi Prefecture, we have planted 3,000 trees and maintained the forest through weeding over the last seven years.

Meanwhile, a TEL Group company in Oshu City, Iwate Prefecture has been planting oak trees (*Quercus serrata*) and cherry trees nearby its premises over the last five years as part of a tree-planting activity organized under the Corporate Afforestation Program. We help preserve and nurture nature in the communities.

Education

■ Nikkei Education Challenge

In the fiscal year under review, as in the previous year, Tokyo Electron supported the Nikkei Education Challenge sponsored by Nikkei Inc. Intended to provide high school students with an inside perspective into business fields, the event consists of presentations given by business leaders from diverse industries. The leaders share their experience and their achievements, as well as stories of the difficulties and failures they had to overcome on the road to success.

In fiscal year 2015, Tokyo Electron sent an employee from its development section, who provided the audience with tips on how to make it as a researcher. Many of the participating high school students commented that the presentation stirred their interest in the semiconductor industry.

Health/Human Services

■ Meals on Wheels and More

Tokyo Electron U.S. Holdings, Inc. (TEH) sponsors the Meals on Wheels and More program, which delivers meals to elderly people with mobility issues. TEH has been committed to the activity for years. Serving as volunteers, TEH employees are volunteering to deliver nutritious meals to elderly people during lunchtime from Monday to Wednesday every week.

Meals on Wheels and More

Culture

■ solaé art gallery (a project for supporting young artists)

Under the “solaé art gallery project,” Tokyo Electron headquarters cafeteria “solaé” provides young emerging artists with a venue to show their work free of charge. Every three months, a new artist working on themes closely related to TEL’s business, such as “technology” and “global,” is invited to show his or her work. The project also organizes a reception event for each exhibition, which generally attracts nearly 100 attendees from in and outside of TEL. TEL employees benefit from the exposure to and inspiration provided by these creative outputs and the diverse values they represent.

You can also read about Tokyo Electron’s social contribution activities on the TEL website:
[http://www.tel.com/environment/corp_citizenship/index.htm]

Taking on a challenge to create an open intellectual community where people get together to study and create

Tohoku University's Tohoku Forum for Creativity

Tokyo Electron is proactively supporting the Tohoku Forum for Creativity project.

The Tohoku Forum for Creativity (TFC) is a program that brings Nobel laureates and other world-leading professors together with young researchers and students to carry out advanced research for solving universal social issues. Since the inauguration of the TFC, TEL has provided comprehensive support for this project, which embodies our aspirations to nurture the next generation of leaders. It also plays an important role in assisting in the promotion and revitalization of the Tohoku region, where our manufacturing base is located.

In the 2014 school year, the TFC offered three programs, namely, "A Health Informatics Infrastructure for a New Era," "Challenges for Big Data in our Society," and "Future Strategies for Disaster Risk Reduction." Nearly 1,000 students and researchers participated. In April 2015, the TFC organized an introductory event for the school year, titled "Spring School." Leading researchers, including Prof. Gerard 't Hooft of Utrecht University in the Netherlands, who was awarded the Nobel Prize in Physics, participated in the five-day program, along with a total of 60 students.

The TOKYO ELECTRON House of Creativity, a visitor research institute and central facility of the program, was completed in May of the same year.

In the 2015 school year, the TFC is planning four thematic programs titled, "Frontiers of Brain Science," "The Effects of Technological Changes on Social Mobility and Income Distribution," "Fundamental Problems in Quantum Physics," and "Spintronics," for which Tokyo Electron will provide continued support.

[Related link: http://www.tfc.tohoku.ac.jp/ (External site)

External Evaluation in fiscal year 2015 (main awards received)

Category	Awards received * Awards received in fiscal year 2016	Sponsor
Business	In appreciation of your continued contribution 2014	Semiconductor Equipment and Materials International (SEMI)
	Top 100 Global Innovators 2014	Thomson Reuters Corporation
Customer	2013 PREFERRED QUALITY SUPPLIER AWARD (PQS award)	Intel Corporation
	Spotlight Supplier Award	GLOBALFOUNDRIES, Inc.
	Best Partner Award	Sony Semiconductor Corporation
	2014 Partner Award	Fuji Electric Co., Ltd.
	Best Partner Award, Good Partner Award, Partnership Award	TOSHIBA Semiconductor & Storage Products Company
	Certificate of Appreciation	Powerchip Technology Corporation
	Appreciation Award	Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC)
	Excellent Performance Award	Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC)
Equipment/production	Semiconductor of the Year Grand Prize in the semiconductor manufacturing equipment category (CELLESTA™-i MD)	Sangyo Times, Inc. (Electronic Device Industry News)
Environment/safety	Minnesota Safety Council Governor's Safety Award (Meritorious Achievement)	Minnesota Safety Council
	Green Choice Program Patron*	Austin Energy
	SESHA President's Award	Semiconductor Environmental Safety and Health Association (SESHA)
Communication/ society	Certificate of Appreciation (of support for areas affected by the Great East Japan Earthquake)	Minister of Health, Labour and Welfare
	Certificate of Appreciation (of support for areas affected by the Great East Japan Earthquake)	Sendai City Social Welfare Council
	Certificate of Appreciation (of support for a community project for global human resource development)	Independent Administrative Institution Japan Student Services Organization
	FTSE4 Good Global Index	FTSE
	2014 Internet IR Commendation Award	Daiwa Investor Relations Co., Ltd.

Comments from a Third-Party Expert

I present the following comments as a third-party on the Environmental and Social Report 2015 ("the Report") of Tokyo Electron Limited (TEL), taking into account explanations from TEL representatives in charge of the EHS and CSR on environmental and social initiatives, as well as my observations concerning last year's report.

Identifying Materiality

Corporate social responsibility activities themselves cannot be a goal. They carry significance when they are performed as part of a company's pursuit of its main business goals. Responsibilities that society requires of businesses vary widely, so it is essential to identify those that are of particular importance and that should be prioritized by a company. TEL communicated with stakeholders to comprehensively identify their needs and reported the Materiality (important sustainability issues) and the process for choosing them. By associating the issues with CSR goals, TEL covered the results of its CSR activities and details of the goals in the Report. I recognize that these efforts made TEL's report on CSR activities sufficiently convincing, although CSR reports generally tend to be a cluster of exhaustive explanations. Since I found that qualitative and quantitative metrics coexisted in the fiscal year 2016 activity goals, I hope future goal-setting will be more objective and based on figures.

Initiatives concerning employees

Employee skills development and growth are indispensable for the sustainable growth of businesses. At the same time, it's important for employees to strike a good balance between personal life and work. In this respect, TEL is offering a wide variety of education programs for human resource development, while launching work-life balance programs to provide better working conditions. The Performance Summary at the end of the Report provides detailed data, such as the percentage and number of employees who took childcare leave and childcare support leave, respectively. That helped me to understand that TEL has effective measures in place for its employees. In reviewing the data, I also noticed that the use of annual paid leave had not improved much from the previous year, so I look for future improvement in this regard.

Today, an important social issue for businesses is promoting health management that emphasizes the maintenance of employees' mental and physical health. Effective health management helps individuals develop their capabilities and motivation for effective business improvement. With regard to employee healthcare, TEL has issued a health declaration and launched various initiatives to promote health. We hope TEL will continue to improve its health activities and to report the positive effects on its management.

Environmental initiatives in the value chain

TEL has aimed to solve environmental issues through its business activities. As part of its efforts to prevent global warming, in fiscal year 2014, TEL achieved its target of reducing energy consumption of its major models by 50% from fiscal year 2008. This fiscal year, TEL set a new goal of reducing energy and pure water consumption by 10%, from fiscal year 2014 through fiscal year 2019, and launched related initiatives accordingly.

TEL measures and controls both its direct greenhouse gas emissions and its CO_2 emissions throughout the entire value chain. Since indirect emissions from product use make up 84% of total emissions, I expect future initiatives from TEL for reducing these emissions, as well as reports on the progress of the initiatives.

With regard to key suppliers, it is commendable that TEL has conducted a supplier CSR survey on the labor environment, safety, environmental measures, and other areas, to help suppliers improve their business.

TEL's Management Policies stated at the beginning of the Report indicate that TEL aims to enhance its corporate value while pursuing profit at the same time. Therefore, if the relation between environmental and social activities and TEL's corporate value, or the value itself is explained in figures, all of TEL's stakeholders, including shareholders, will have a greater understanding of its CSR management capabilities.

(The preceding third-party comments do 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
Auditor of the Supporting Organization of JOCV
Auditor of the Foundation for Accounting
Research in Construction Industry
Auditor of Kawasaki City Council of Social Welfare

Response to the Third-Party Comments

We are deeply grateful to Mr. Nakamura for visiting us and providing us with many ways in which we can improve our initiatives more effectively. We are especially proud of receiving a favorable evaluation for revisiting the Materiality (important sustainability issues) for the first time and the reporting of the process. In response to suggestions regarding human resource last year, we further enhanced related quantitative data disclosure. Additionally, after all the effort we made in working with supply chain management, we were able to report initial progress results, which we believe allowed us to respond to increasing attention from society in this area.

Suggestions we received this year include setting quantitative goals for CSR activities, verifying the effects of activities for employees' mental and physical health care and health promotion, and continuing to report on environmental initiatives in the value chain. We recognize these as important issues that we should work on proactively on a group-wide basis, and we are committed to promoting them.

Tatsuya Nagakubo
Corporate Director
Executive Officer, CSR Promotion
Tokyo Electron Limited

Environmental Performance Summary

		Fiscal year 2014			Fiscal year 2015		
Energy consumption/ generation	Energy consumption (crude oil equivalent)	79,359 KL	In Japan Outside Japan	58,927 KL 20,432 KL	73,421 KL	In Japan Outside Japan	54,973 KL 18,448 KL
	Power consumption	295,215 MWh	In Japan Outside Japan	222,976 MWh 72,239 MWh	274,368 MWh	In Japan Outside Japan	208,753 MWh 65,615 MWh
	Gas consumption (crude oil equivalent)	3,877 KL	In Japan Outside Japan	2,027 KL 1,850 KL	3,501 KL	In Japan Outside Japan	1,929 KL 1,572 KL
	Fuel consumption (crude oil equivalent)	1,160 KL	In Japan Outside Japan	1,156 KL 4 KL	871 KL	In Japan Outside Japan	870 KL 1 KL
	Power generated by PV power generation systems	4,724 MWh	In Japan Outside Japan	4,698 MWh 26 MWh	4,559 MWh	In Japan Outside Japan	4,536 MWh 23 MWh
Greenhouse gas consumption/emissions	CO_2 emissions from energy consumption	157,230 tons	In Japan Outside Japan	120,913 tons 36,317 tons	146,812 tons	In Japan Outside Japan	113,454 tons 33,358 tons
	Scope 1 CO_2 emissions	11,151 tons	In Japan Outside Japan	7,550 tons 3,601 tons	9,686 tons	In Japan Outside Japan	6,620 tons 3,066 tons
	Scope 2 CO_2 emissions	146,079 tons	In Japan Outside Japan	113,363 tons 32,716 tons	137,126 tons	In Japan Outside Japan	106,834 tons 30,292 tons
	Non-energy-derived greenhouse gas emissions (in Japan)	20,794 tons			21,795 tons		
	HFCs	2,610 tons			1,501 tons		
	PFCs	7,416 tons			5,784 tons		
	SF_6	10,755 tons			14,499 tons		
	Other	13 tons			11 tons		
Environmental impact of logistics	CO_2 emissions from logistics	54,230 tons	In Japan Outside Japan	3,099 tons 51,131 tons	73,589 tons	In Japan Outside Japan	5,348 tons 68,241 tons
	Proportion of marine transportation among overseas transportation	42.2 %			31.0 %		
Resource consumption	Water consumption	1,670,000 m^3	In Japan Outside Japan	1,058,000 m^3 612,000 m^3	1,546,000 m^3	In Japan Outside Japan	1,043,000 m^3 503,000 m^3
	Groundwater (in Japan)	297,000 m^3			327,000 m^3		
	Tap water (in Japan)	471,000 m^3			416,000 m^3		
	Industrial water (in Japan)	290,000 m^3			300,000 m^3		
	Use of copier paper (in Japan)	116 tons			162 tons		
Waste generated	Amount of waste generated	9,965 tons	In Japan Outside Japan	8,780 tons 1,185 tons	10,064 tons	In Japan Outside Japan	8,858 tons 1,206 tons
	Recycled amount	9,421 tons	In Japan Outside Japan	8,608 tons 813 tons	9,828 tons	In Japan Outside Japan	8,764 tons 1,064 tons
	Amount incinerated or put into landfill	544 tons	In Japan Outside Japan	172 tons 372 tons	236 tons	In Japan Outside Japan	94 tons 142 tons
Chemical substances consumption/emissions	Volume of PRTR Class I designated chemical substances handled (in Japan)	12,665 kg			10,781 kg		
	Emissions: Atmospheric release	21 kg			12 kg		
	Transport: Waste	8,499 kg			8,254 kg		
	Transport: Sewerage	1 kg			114 kg		
	Consumption	4,144 kg			2,401 kg		
	NOx emissions	9.7 tons			12 tons		
	SOx emissions	2.8 tons			2.7 tons		
Environmental management/ biodiversity	Number of ISO 14001-certified companies	10	In Japan Outside Japan	7 3	8	In Japan Outside Japan	4 4
	Number of ecosystem tours (in Japan)	16			13		
	Number of ecosystem tour participants (in Japan)	42			69		
Other	Total product shipment (in Japan)	16,331 tons			13,596 tons		
	Non-compliance	0			0		

* For scope 3, see p. 22.

Social Performance Summary

			Fiscal year 2014		Fiscal year 2015	
Human Resources/ Labor Management (at Group companies in Japan excluding Tokyo Electron Device Limited)	Composition of employees	Regular employees	Total: 7,271	Male: 6,262 Female: 1,009	Total: 7,166	Male: 6,165 Female: 1,001
		Non-regular employees (temporary, part-time)	1,570		1,455	
	Proportion of physically-challenged employees	Tokyo Electron Limited (unconsolidated)	1.8 %		2.0 %	
		Group companies in Japan	1.9 %		1.9 %	
	Proportion of female managers among managerial personnel		30	1.2 %	32	1.3 %
	Employee retention	Retention after three years of joining the company (average in recent five years)	94.3 %		93.6 %	
		Average service years	15 years and 7 months	Male: 15 years and 9 months Female: 14 years and 3 months	16 years and 4 months	Male: 16 years and 6 months Female: 15 years and 3 months
		Turnover	1.6 %	Male: 1.4 % Female: 3.3 %	2.7%	Male: 2.5 % Female: 3.4 %
	Use of annual paid leave		59.6 %		61.8 %	
	Childcare support system	Number and percentage of those who took childcare leave	70	95 %	52	95 %
		Number and percentage of those who returned to work after childcare leave	53	93 %	46	88 %
		Number of those who took paternity leave	211		192	
		Number of those who used the shorter working hours system	159	Male: 8 Female: 151	183	Male: 11 Female: 172
		Number of those who took childcare leave to care for a sick/injured child	435	Male: 240 Female: 195	460	Male: 246 Female: 214
		Number of those who took childcare support leave	92	Male: 17 Female: 75	96	Male: 24 Female: 72
	Nursing care support	Number of those who took nursing care leave	22	Male: 13 Female: 9	20	Male: 11 Female: 9
	Special paid leave system	Number of those who took refreshment leave (special paid leave granted according to service years for physical and mental refreshment of employees)	772		1,285	
	Retirees who used reemployment system		78		84	
	Users of second career support system (a system to provide time and financial assistance to employees who intend to develop their professional skills outside the TEL Group)		82		69	
Safety	Number of occupational accidents	TCIR	0.37		0.24	
	Safety education	Participation in basic safety introduction/update education	100 %		100 %	
		Participation in advanced safety introduction/update education	100 %		100 %	
CSR/compliance	CSR management promotion	Participants in EICC® Code of Conduct seminars	Total: approx. 130		Total: approx. 120	
	Thorough compliance	Participation in web-based test-format education on corporate ethics/compliance	100 %		99.7 %	
		Confirmed agreement to comply with information security regulations	100 %		100 %	
Supply chain management (at suppliers in Japan)	Improvement of supply chain CSR * Improvement: Percentage of suppliers whose evaluation improved in this year's survey, excluding those already having the highest ratings	Rate of improvement after CSR procurement survey*	—		25 %	
		Rate of improvement after procurement BCP survey	—		41 %	
		Rate of improvement after green procurement survey	—		46 %	
	Conflict minerals survey	Number of identified CFSP-certified smelters	—		117	
Social contribution	Spending on social contribution (million yen)		259		184	
	Cash donations breakdown	Charity donations (providing donations/relief materials to charity organizations)	5 %		2 %	
		Community investment (charitable expenses for long-term cause for community)	38 %		47 %	
		Commercial initiatives (charitable expenses for anticipated effects on business)	57 %		51 %	

The Tokyo Electron Group
CSR Policy

Code of Ethics	
I. Principles	
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, or appears to be, 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. Group cooperates 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 its 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.

Tokyo Electron Group Environmental and Social Report 2015
GRI Guidelines Table

1. Strategy and Analysis		Page found
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	pp.4–5
1.2	Description of key impacts, risks and opportunities.	pp.4–9, 13, 18–22, 31–32
2. Organizational Profile		Page found
2.1	Name of the organization.	p.3
2.2	Primary brands, products and/or services.	p.3
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	p.3
2.4	Location of organization's headquarters.	p.3
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.	p.3
2.6	Nature of ownership and legal form.	p.3
2.7	Markets served.	p.3
2.8	Scale of the reporting organization.	p.3
2.9	Significant changes during the reporting period regarding size, structure or ownership.	p.3
2.10	Awards received in the reporting period.	pp.18, 27, 29
3. Report Parameters		Page found
3.1	Reporting period for information provided.	p.3
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.	p.36 (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.	p.2
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.19, 26–27, 31–32
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	pp.19, 25–27
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	p.3
3.12	Table identifying the location of the Standard Disclosures in the report.	p.34
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.12, Annual Report
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	p.12, 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.12, Annual Report
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	p.12, Annual Report
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance.	p.12, Annual Report
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	p.12, Annual Report
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	pp.8–9, 15, 33
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance.	pp.12, 15
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	pp.12, 13
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	pp.12–14, 18, 23, 25
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.	pp.4–5, 15
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	pp.4–5, 15, 25
4.14	List of stakeholder groups engaged by the organization.	p.7
4.15	Basis for identification and selection of stakeholders with whom to engage.	pp.6–7
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	p.7
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.6–30
5. Management Approach and Performance Indicators		Page found
Economic		
Management Approach		pp.12, 15, 33, Annual Report
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	p.32
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	p.22
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.	p.33
Environmental		
Management Approach		pp.15, 22–23, 33
EN1	Materials used by weight or volume.	p.31
EN3	Direct energy consumption by primary energy source.	pp.22, 26, 31
EN4	Indirect energy consumption by primary source.	pp.22, 26, 31
EN5	Energy saved due to conservation and efficiency improvements.	p.24
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.24
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	pp.26, 31
EN8	Total water withdrawal by source.	pp.26, 31
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	p.23
EN16	Total direct and indirect greenhouse gas emissions by weight.	pp.22, 26, 31
EN17	Other relevant indirect greenhouse gas emissions by weight.	pp.22, 26, 31
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	pp.22, 24–26, 31
EN20	NOx, SOx and other significant air emissions by type and weight.	p.31
EN22	Total weight of waste by type and disposal method.	pp.27, 31
EN23	Total number and volume of significant spills.	p.23
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	p.24
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	p.24
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	p.23
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.22, 25, 31
EN30	Total environmental protection expenditures and investments by type.	p.26

Labor Practices and Decent Work		
Management Approach		pp.15–16, 18, 33
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	pp.16, 32
LA15	Return to work and retention rates after parental leave, by gender.	p.32
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	p.19
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	p.17
Human Rights		
Management Approach		pp.15–16, 21, 33
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.21
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.21
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	p.14
Society		
Management Approach		pp.8, 14–15, 33
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	p.14
SO4	Actions taken in response to incidents of corruption.	p.14
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	p.14
Product Responsibility		
Management Approach		pp.15, 18, 20–23, 33
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.18
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	p.18
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	p.24
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.22
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	p.20

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.**	• CSR goals • Business ethics and compliance • Approach to CSR • Initiatives for globalization and diversification • Supply chain communication • CSR policy	pp.8–9 p.14 p.15 p.17 p.21 p.33
	Principle 2: **Businesses should make sure that they are not complicit in human rights abuses.**		
Labour	Principle 3: **Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.**	• CSR goals • Business ethics and compliance • Approach to CSR • Worker-friendly environment • Procurement • CSR policy	pp.8–9 p.14 p.15 p.16 p.21 p.33
	Principle 4: **Businesses should uphold the elimination of all forms of forced and compulsory labour.**		
	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.**	• Management Policies • CSR goals • Approach to CSR • Environment • Social contribution • CSR policy	p.2 pp.8–9 p.15 pp.22–27 pp.28–29 p.33
	Principle 8: **Businesses should undertake initiatives to promote greater environmental responsibility.**		
	Principle 9: **Businesses should encourage the development and diffusion of environmentally friendly technologies.**		
Anti-corruption	Principle 10: **Businesses should work against corruption in all its forms, including extortion and bribery.**	• Management Policies • CSR goals • Corporate governance • Approach to CSR • Procurement • CSR policy	p.2 pp.8–9 pp.12–14 p.15 p.21 p.33

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. In the six years since 2009, the contest has received a total of 1,538 submissions. A selection of the winning entries for fiscal year 2015 can be found below.

(Text in square brackets refers to the location of the employee who submitted the artwork.)

Rainbow [Singapore]

Chalk art by kids [Japan]

Cherry trees in full bloom at Jisso-ji Temple and Mount Kaikomagatake [Japan]

Enjoying the flowers and clean mountain air [U.S.]

Clean Valley of Moraine lake at Canada [Korea]

The world under the sea [Korea]

Hello my old friend [Taiwan]

Flowers and creatures [Japan]

Yes, I am back! [Germany]

Walking in autumn [Korea]

A member of a family party [China]

Gorgeous [Taiwan]

TOKYO ELECTRON

TOKYO ELECTRON LIMITED

CSR Promotion Department
Akasaka Biz Tower, 3-1 Akasaka 5-chome, Minato-ku,
Tokyo 107-6325, Japan
Tel: +81-3-5561-7000

EHS Promotion Department
30-7 Sumiyoshi-cho 2-chome,
Fuchu City, Tokyo 183-8705
Tel: +81-42-333-8050

http://www.tel.com/contactus/

PR53 -172 Published: August 2015