

Management foundation

Build a management foundation for increasing value

The role played by companies in the realization of a sustainable society is growing. Tokyo Electron (TEL) recognizes the challenges in our social and business environments, and our role, and will build a strong management foundation that supports business activities. We recognize that corporate governance is essential to sustainable growth for companies, and we strive not only to comply with laws and implement compliance, but also to build a world-class governance structure and to operate an effective Board of Directors. In recent years, climate change and abnormal weather conditions have become more serious on a global scale, therefore we are also trying to further reduce the environmental impact of our operations. TEL is promoting initiatives based on global standards to realize sustainable operations not only within our company but also in our supply chain.

Priority themes



Relevant SDGs



Corporate governance

Governance framework

In order to become a truly global company that realizes sustainable growth, Tokyo Electron (TEL) takes into consideration medium- to long-term perspectives on matters including the ESG and strives to strengthen its management and technology base to establish a global level of profitability. Furthermore, we believe that it is important to build a governance structure to achieve this.

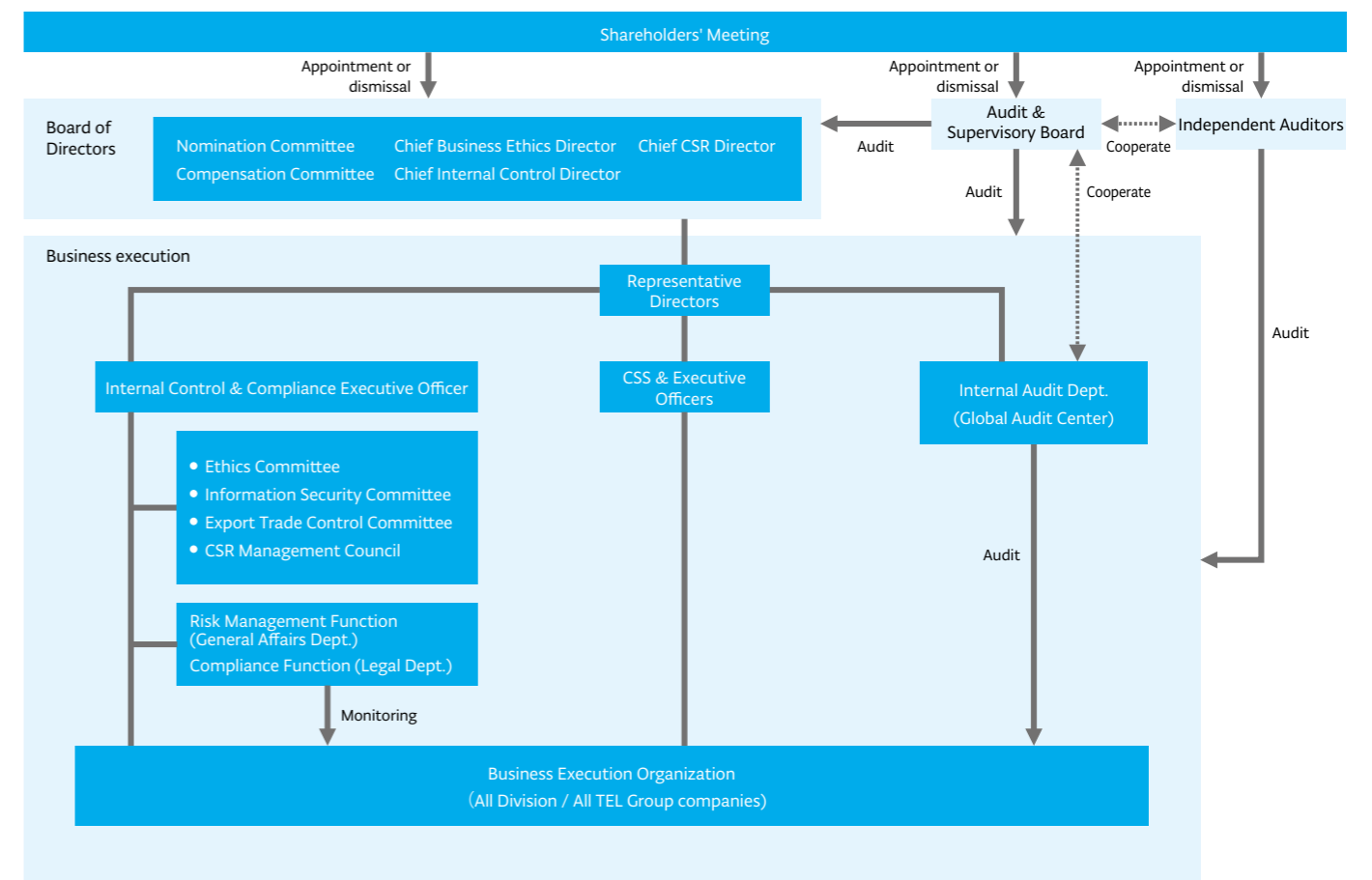
TEL adopts the Audit & Supervisory Board System, consisting of a Board of Directors and an Audit & Supervisory Board. The Board of Directors works to achieve sustainable growth and increase corporate value over the medium- to long-term based on their fiduciary responsibility to shareholders. The current Board of Directors meetings achieve an appropriate sense of productive tension and constructive debate due to the presence of executive directors, essential for making operational decisions, and outside members, who provide objectivity.

The Audit & Supervisory Board is part of a structure that enables its board members to obtain sufficient information necessary for audits by collecting information through on-site surveys conducted by full-time Audit & Supervisory Board members, and by maintaining appropriate coordination with the Internal Audit Department and Independent Auditors. In addition, the balanced composition of Audit & Supervisory Board members provides the knowledge required for operational audits and accounting audits, and we believe these board members are able to perform the company's auditing functions effectively.

Initiatives to strengthen systems

Our Board of Directors strives proactively to resolve various issues related to sustainability with the aim of enhancing corporate value. As one aspect of this, in addition to anti-corruption and compliance education for members of the Board of Directors, we significantly increased the description of ESG initiatives as key non-financial information in the Notice of Convocation for the Fiscal Year 2018 Annual General Meeting of Shareholders.

Diagram of the corporate governance framework, internal control system and risk management system



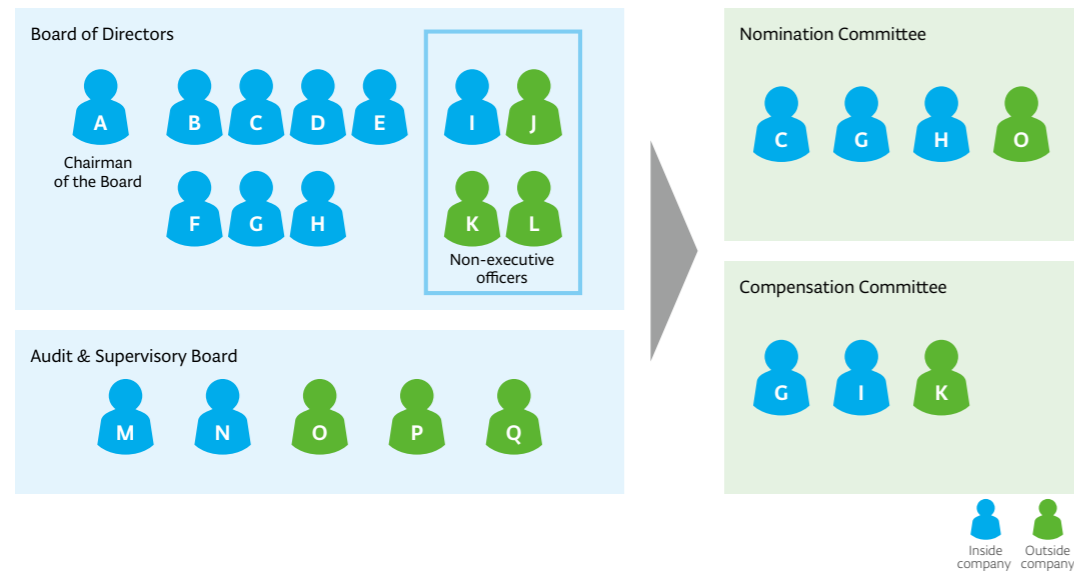
Board of Directors

The roles and responsibilities of TEL's Board of Directors are "to demonstrate the management strategy and vision," "to make decisions concerning important business administration based upon strategic orientation," and "to undertake open and constructive debate." Members of the Board of Directors are selected with emphasis placed upon diversity together with a balance of knowledge, experience and capabilities within the Board overall. The 17 participants in the Board of Directors meetings, which consist of 12 Corporate Directors and 5 members of the Audit & Supervisory Board, is comprised of 6 members, or over 30%, independent outside directors or outside Audit & Supervisory Board members, in order to support strong governance.

In the selection of executive directors, we seek people with outstanding execution capabilities backed by experience, knowledge and achievements as a manager. They must also possess high sensitivity and the ability to accurately analyze and judge all risks. Furthermore, they are required to believe in themselves and to be able to express their opinions directly in meetings.

With regards to independent outside directors or outside Audit & Supervisory Board members, they are expected to express frank opinions from an independent standpoint and to guide discussion within the Board of Directors in an appropriate direction so that the company can be competitive and succeed globally. In making these selections, we aim to assemble talented people with a balance of expertise in global business, a wide range of knowledge concerning related industries, a diverse personal network, an objective perspective in relation to society and capital markets, knowledge of finance, accounting and the law in general. In addition to requirements under the Company Act, TEL has established separate criteria to avoid conflicts of interest with general shareholders, and to ensure the independence of outside directors and outside Audit & Supervisory Board members.

Formation of structure of directors and auditors



Executive message

In corporate management, I see creating and maintaining an appropriate system of governance as key to sustaining and maximizing corporate value. True corporate governance, I believe, entails the building of a system which verifies that all review processes and decision-making processes related to management policy and business strategy contribute to the sustained improvement of corporate value, and which also monitors the implementation of these processes and provides feedback and feedforward for a better direction. It is also important that, in addition to compliance, globally accepted standards of fairness and transparency, and a high level of business ethics be established as part of the corporate culture. Going forward, we will continue working over the medium- to long-term to ensure a world-class governance framework is created and that the Board of Directors operates effectively.



Evaluating the effectiveness of the Board of Directors

TEL discusses and evaluates the effectiveness of the Board of Directors every year in accordance with the TEL Corporate Governance Guidelines. This fiscal year, we again conducted a questionnaire of all directors and Audit & Supervisory Board members regarding the effectiveness of the Board of Directors, the Nomination Committee, and the Compensation Committee, covering June 2017 to April 2018. In addition to the results of this questionnaire, exchange of opinion and deliberation was held, mainly among outside directors and outside Audit & Supervisory Board members, which was shared with the whole Board of Directors in order to evaluate the effectiveness of the Board of Directors.

The Board of Directors undertakes vigorous discussion by directors and Audit & Supervisory Board members with a diversity of opinions and experience. Regarding important matters, we also undertake close examination from the viewpoint of risk, and conduct frank discussion and careful consideration. Aside from the official Board of Directors meetings, we held off-site meetings, where we undertook deliberations focused on topics related to management strategy and vision. In addition, the Board of Directors has internal committees—the Nomination Committee reports to the Board of Directors on activities based on the succession plan, and the Compensation Committee makes proposals to the Board of Directors regarding the compensation system to enhance correlation with medium-term performance.

Based upon this, we believe that the Board of Directors, including the Nomination Committee and Compensation Committee, is functioning effectively and fulfilling its role as stipulated in the TEL Corporate Governance Guidelines "to demonstrate the management strategy and vision" and "to make decisions concerning important business administration based upon strategic orientation."

Compensation policy

TEL emphasizes the following points in its compensation policy.

- (1) Composition and levels of compensation with global competitiveness
- (2) Link with business performance in the short term, sustainable growth, and medium- to long-term increase of corporate value
- (3) Securement of transparency and fairness in management and appropriateness of compensation

Based on the above policies, TEL has adapted a director compensation system that is closely linked to performance and shareholder value. However, we have introduced a new medium-term performance-based compensation from August 2018 in order to better link director compensation to medium-term performance and thereby achieve further growth. As a result of this, director compensation will consist of fixed basic compensation, annual performance-linked compensation, and medium-term performance-linked compensation. Audit & Supervisory Board members' compensation consists only of a basic fixed compensation to maintain independence from management. Payment of retirement allowances, which constituted a significant portion of fixed compensation to Corporate Directors and Audit & Supervisory Board members, was abolished in and after year-ended March 2006.

Tax policy

In March 2018, TEL established its global tax policy. We are working hard to ensure transparency in our tax affairs, by maintaining and improving our compliance structure, responding appropriately to changes in the environment surrounding our international tax affairs.

As specific measures for our tax policy, we are working on the following:

1. Building of a tax risk management system, headed by the Chief Executive Officer (CEO)
2. Payment of appropriate taxes in regions where value is created based on business strategies and business activities, specifically without the purpose of tax avoidance
3. Building of relationships of trust with the tax authorities of each country

Risk management

Approach to risk management

Along with changes to society and the business environment, the risks facing businesses have become increasingly complicated and diversified. At Tokyo Electron (TEL), as we conduct our business, we understand the risks that we may face as well as their impact and we manage them appropriately, which we consider to be a crucial factor in a company's sustainable growth.

Risk management system

In order to promote more effective risk management, TEL is working to strengthen its systems throughout the entire company. TEL has established a dedicated risk management organization within the General Affairs Department at our headquarters to promote enterprise risk management. This organization identifies key risks by analyzing various risks in our business activities such as compliance risk, human resource and labor risk and business continuity risks. Once critical risks have been specified, it can monitor the respective departments responsible and support risk management activities. Their status is regularly reported to the Board of Directors and the Audit & Supervisory Board.

Auditing by the internal audit department

The Global Audit Center, which is the internal audit department for the entire company, implements auditing based on the audit plan. With issues discovered through audits, they give instruction for making improvements, follow up the state of improvements and provide support. For fiscal year 2018, we received assessment from the accounting auditors that internal control evaluation related to financial reports was effective.

Initiatives for risk

In fiscal year 2018, we monitored risk management activities focusing on the following risks, and encouraged improvement.

Business Continuity Plans (BCP)

Following the experience of the Kumamoto Earthquake, reinforcement work was conducted for buildings at bases in Japan to improve their seismic resistance above the Japanese standards. We are also working to establish an alternative production structure using the company's network and developing a multi-source system for suppliers of important parts.

Mental health, long work hours and harassment

TEL is promoting measures to address employee mental health and long work hours. We are also conducting harassment education and building mechanisms to manage mental health. Furthermore, we have introduced a mechanism to check excessive workloads that lead to health risks, and we will continue their implementation.

Compliance

Approach to compliance

Stakeholder trust is essential to business activities. In order to maintain this trust, it is essential to continuously implement compliance and enhance corporate ethics. The Fundamental Policies concerning Internal Controls within the Tokyo Electron (TEL) Group also stipulate that all TEL Group executives and employees must act with high ethical standards and awareness of compliance.

Compliance systems and initiatives

Internal control & compliance system

TEL has appointed an Internal Control and Compliance Executive Officer as we strive to further boost compliance awareness and implementation throughout the company. From April 2018, the Legal Department operates as the main department overseeing compliance within the company and is working to further strengthen the compliance system under the guidance of the Internal Control and Compliance Executive Officer.

Corporate ethics

TEL has established our Code of Ethics as the standard which employees should abide by, and has produced booklets in Japanese, English, Korean and Chinese for distribution to employees in order to ensure awareness. We revise the content when necessary in response to the changing demands of society. TEL has also appointed a Chief Business Ethics Director and has established an Ethics Committee in order to spread corporate ethics throughout the operations of our organization.

Compliance regulations

Based upon our Code of Ethics, TEL has established compliance regulations within the company in Japan and abroad to raise awareness of compliance. The compliance regulations are intended to ensure that all individuals who take part in the business activities of the company clearly understand the pertinent laws and regulations, international standards and internal company rules, and consistently apply these rules in all of their activities.

Compliance education

We conduct online education for all employees concerning topics including the basics of compliance, export compliance and the Subcontract Act. In addition, with the worldwide strengthening of enforcement of anti-corruption laws in recent years, in fiscal year 2018, we incorporated anti-corruption and anti-bribery aspects and implemented testing to check the degree of understanding among employees. Furthermore, we conducted face-to-face training focused on the prevention of bribery of foreign public officials for department heads, and another training emphasizing overseas subsidiary management for directors and executive officers in order to deepen their understanding.

Internal reporting system

An ethics hotline and a compliance hotline have been established to receive internal reports from the company. From fiscal year 2018, we established an external contact point and another contact point which suppliers can use, to create a system where it is easier to make a report. All of these hotlines accept anonymous reports and guarantee that the caller will not suffer disadvantage from reporting.

The result of these initiatives is that there have been no reports or cases of noncompliance with laws, regulations, or the Code of Ethics that could have had a material impact on the company's business or local communities.

Respect for human rights

Our stance on human rights

Conscious of its corporate social responsibility, Tokyo Electron (TEL) recognizes that it is important to conduct itself with a strong sense of integrity. Based on this recognition, we have firmly upheld human rights since our founding as reflected in the spirit of our Corporate Philosophy and Management Policies. For us, respecting human rights means a significant undertaking, not only to fulfill our responsibility for eliminating adverse impacts on people caused through our business activities, but to respect those people who support our business activities, and contribute to the realization of a sustainable dream-inspiring society. We incorporate the concept of respect into every aspect of our business activities, and strive to nurture a dynamic corporate culture where each person can realize his or her full potential.

Human Rights Policy

Amid growing demand for companies to respect human rights as a corporate social responsibility, we published our Human Rights Policy in September 2017 as a summary of our approach to human rights in business. With reference to the United Nations' Guiding Principles on Business and Human Rights in addition to the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, we have specified the human rights we believe are particularly important in our business activities as: Freedom, Equality & Non-Discrimination; Freely Chosen Employment; Product Safety & Workplace Health and Safety; Freedom of Association; and Appropriate Working Hours & Breaks/Holidays/Vacations. We will establish assessment and remediation processes for dealing practically with human rights issues, such as identifying and assessing human rights risks and impacts, responding to those risks and impacts, and reviewing the effectiveness of those responses. In addition, we will also operate a whistle-blowing system, and establish effective human rights initiatives at the operational level.

In March 2018, we also implemented a human rights e-learning program targeting all TEL executives and employees in an effort to facilitate communication on the basic principles and initiatives related to respect for human rights. Moreover, we believe it is essential for our suppliers to also conduct their business activities with respect for human rights, and so ask them to comply not with only laws and regulations but also with the RBA Code of Conduct.



Source: United Nations Human Rights Office of the High Commissioner

Executive message

Tokyo Electron Group's Management Policies and Code of Ethics reflect the group's commitment to acting ethically, with integrity and respecting human rights in all our business relationships. In recent years, because of the emerging concern within the various industries for better treatment of workers in supply chains, we publicly announced in June 2015 that it joined the RBA® (Responsible Business Alliance formerly the EICC) and committed that we will be fully compliant with the RBA Code of Conduct. Our European operation in line with our global standards is committed to pursuing socially responsible practices and advocating respect for human rights in our operation and in our supply chains with a continuous improvement approach.



David Brough
Senior Vice President and General Manager,
Global Strategy, President and Managing
Director, Tokyo Electron Europe Ltd.

Supply chain management

Procurement principles and system

The high-value manufacturing that Tokyo Electron (TEL) 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.

We engage in procurement activities in line with a procurement policy which we formulated based on the laws, regulations, and social norms of each country as well as the RBA code of conduct, and which we have disseminated internally and to our suppliers. Under the leadership of the TEL Representative Director, President & CEO as the top of the procurement system, issues identified during procurement activities are shared with the manufacturing company presidents' council and the purchasing department manager council for consideration of specific improvements.

Procurement initiatives

CSR procurement

With an aim of keeping track of its suppliers' engagement in CSR activities, TEL has conducted a CSR Survey since fiscal year 2014. The survey we conduct is in accordance with the RBA code of conduct. We analyze the responses and provide feedback to suppliers in an effort to build on improvements. During fiscal year 2018, we surveyed key suppliers accounting for more than 80% of our procurement spend. Improvements in overall rating level were observed at 21% of suppliers and improvements in overall raw scores were seen at 62%. No suppliers were engaged in any of the practices given particular emphasis in the RBA code of conduct, namely child labor, forced labor, bonded labor, inhumane treatment, false reports, falsification of records, or bribery. Neither were any suppliers of a sufficient size¹ to be considered high risk in terms of compliance. Our endeavors also included strengthening partnerships by providing training programs on the RBA code of conduct and confirming supplier agreement.

1 500 employees or more



Conflict minerals

TEL regards taking action against conflict minerals (3TG²) obtained through illegal exploitation, including sources with human rights violations or poor working conditions, an important part of corporate social responsibility. Our resolute goal is to eliminate the use of raw materials made from these conflict minerals as well as any parts or components containing them.

In fiscal year 2018, we conducted our fourth annual survey on countries of origin and smelters of potential conflict minerals, using the reporting template (CMRT³) developed by the RMI.⁴ As a result, we identified 249 RMAP⁵ conformant smelters, providing us confidence that 3TG sourced from these smelters were conflict-free. None of the materials procured were found to contain conflict-affected 3TG.

2 3TG: Tantalum, tin, tungsten and gold

3 CMRT: Conflict Minerals Reporting Template

4 Responsible Minerals Initiative (RMI): An organization that inspects 3TG smelters to certify they do not have conflict minerals

5 Responsible Minerals Assurance Process (RMAP): A program promoted and led by the RMI for auditing smelters/refiners that do not use conflict minerals

Procurement BCP

As part of its Business Continuity Plan (BCP), TEL collaborates with suppliers for disaster preparation. We maintain a database of suppliers' production sites so that if a crisis arises, we can promptly identify impacted suppliers and quickly collaborate in recovery efforts. During fiscal year 2018, about 17,000 supplier sites were registered, and post-disaster impact surveys were conducted six times.

We also conduct a BCP survey of key suppliers accounting for more than 80% of our procurement spend. We analyze their responses and the results are given as feedback to suppliers to promote further improvement. In the fiscal year 2018 survey, as well as the regular questions on earthquake countermeasures, questions on fire prevention measures were also set. Improvements in overall rating level were observed at 21% of suppliers and improvements in the overall raw score were seen at 48%.

Environmental management

Environmental risks and opportunities

Climate change and other environmental issues require action by humanity as a whole. Physical risks, such as rising temperatures, increased heavy rains and water shortages caused by abnormal weather, heighten the risks to business, such as damage to assets, increased operating costs and impacts on the supply chain. In terms of legal risks, tougher environmental laws and regulations require action at business sites and with products. At the same time, promoting environmental initiatives leads to more opportunities to provide outstanding environmentally friendly products, reductions in operating costs, and further improvements in corporate reputation. Based on the requirements of ISO 14001, Tokyo Electron (TEL) identified and analyzed internal and external issues in relation to the environment, namely, its relationship with the climate, air quality and water quality. We also identified the environmental needs and expectations of customers, suppliers, governments and employees, as well as the company's compliance obligations. From this information, we have set the following as our risks and opportunities to address: (1) environmental management by reducing the environmental impact of our business activities, (2) compliance with applicable laws, and (3) enhancing product competitiveness with the environmental contribution of products.

Environmental management system

To continuously improve its environmental activities, TEL has operated an environmental management system based on ISO 14001 since 1997, primarily at its manufacturing subsidiaries. In March 2017, we acquired multi-site ISO 14001 certification for our factories and offices in Japan that had previously acquired certification separately. Coinciding with the multi-site certification, we have developed a standardized company format for environmental impact assessments, the identification of useful environmental aspects, environmental management programs and internal audit checklists. During fiscal year 2018, we established approximately 100 environmental goals for different levels across the entire company and carried out these improvement activities. We also set up a system at our Head Office for confirming the progress of activities at each of our sites in Asia. Progress of activities and compliance with laws and regulations are confirmed through internal audits and third-party audits. In May 2018, we obtained ISO 14001 certification for our TEL Epion and TEL NEXX sites in Massachusetts in the United States. The issues identified through these activities are reviewed by the EHS Council, reported to the Manufacturing Company Presidents' Council, and used in promoting environmental activities across the entire TEL Group. Under such a management system, fiscal year 2018 was again free from environmental incidents, accidents, violations and associated legal proceedings.

ISO 14001 certified factories and offices

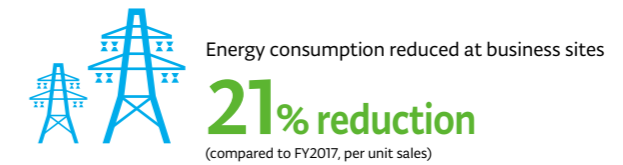
Company name	Factory/Office name	Certification date
Tokyo Electron	Q-EHS Promotion Center (Fuchu Technology Center)	May 1998
Tokyo Electron Technology Solutions	Yamanashi Office (Fujii/Hosaka), Tohoku Office	
Tokyo Electron Kyushu	Koshi/Ozu Office	
Tokyo Electron Miyagi	Taiwa Office	
Tokyo Electron (Kunshan)	—	March 2013
TEL FSI	—	March 2013
Tokyo Electron Korea	Balan Factory	July 2014
TEL Epion	—	May 2018
TEL NEXX	—	

Initiatives to prevent global warming and save energy

Each TEL factory and office has an established goal of reducing energy consumption by at least 1% year-over-year. Initiatives to achieve this goal include energy-saving clean room operation, appropriate temperature settings for office cooling and heating, the introduction of highly energy-efficient equipment, and the adoption of renewable energies.

As a result of these initiatives, in fiscal year 2018, we reduced energy consumption per unit sales at our factories and offices by 21% year-over-year. However, an increase in our volume of production and an increase in energy consumption associated with product development and evaluation resulted in power consumption of 282 GWh in fiscal year 2018, up 11% year-over-year; and energy-derived CO₂ emissions* of 152 kilotons, up 8% year-over-year. Based on the correlation between business operations and energy use, we changed to an appropriate metric at factories and offices in Japan, and standardized it across the company. Specifically, we adopted a metric calculated using a complex weighting of data from each area on the number of evaluation units used in development, the number of units produced, total floor area and man-hours. Of all 11 of our factories and offices, both those overseas plus those in Japan that had set goals based on this method, goals were achieved at 6 of them.

* In calculating CO₂ emissions, the emission factor for TEL's electricity consumption in Japan in fiscal year 2018 was substituted by adjusted emission factors for the electrical power providers concerned. The emission factor for TEL's overseas electricity consumption was substituted by estimated factors calculated by the Federation of Electric Power Companies of Japan based on values published by the International Energy Agency (IEA).



Example initiative

As a way of conserving energy and combatting global warming, we are proceeding to switch to LED lighting. During fiscal year 2018, we progressively replaced the lighting at our factories and offices in Japan. As a result, we estimate that this has a reduction effect equivalent to power consumption of 1,350 MWh each year, or approximately 600 t-CO₂ of energy-derived CO₂ emissions.

Renewable energy initiatives

We promote the use of renewable energies. At the Taiwa and Yamanashi Offices, renewable energy generated from solar panels is used to power the factories, and monitors displaying their energy profile have been set up at the entrances to the factories. At our Koshi Office, generated energy is sold, helping to prevent global warming. In fiscal year 2018, we generated a total of 4,414 MWh of renewable energy in Japan.

In addition, Tokyo Electron U.S. Holdings has continued to purchase green power, 3,458 MWh in fiscal year 2018.

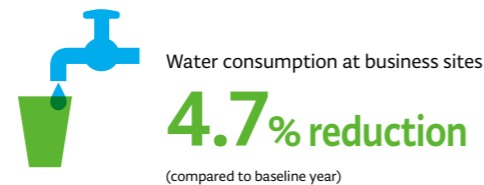


Yamanashi Office

Initiatives to reduce water consumption

Recognizing that the preservation of water resources is a social issue, TEL has established a goal of keeping water consumption at the same level or below that of the baseline year (fiscal year 2012 for factories and offices in Japan and a fiscal year of their choosing for each overseas operation). Our ongoing efforts to achieve these goals include reusing pure water from our manufacturing operations, installing water-saving devices, watering lawns with rainwater, and implementing intermittent operation of cafeteria faucets.

During fiscal year 2018, an increase in our volume of production and an increase in water consumption associated with product development and evaluation resulted in water consumption of 1,135,000 m³, up 7.6% year-over-year. Compared to the baseline year, though, this represents a 4.7% decrease. Moreover, we achieve 11 of the 14 goals at our sites worldwide. We also discharged an estimated 905,000 m³ of wastewater.



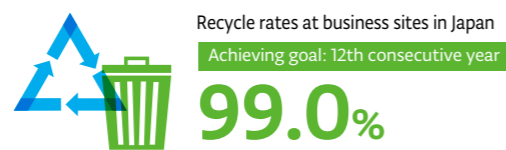
Example initiative

A cooling tower is utilized to remove heat from coolant used in a turbo refrigerator, which is used to air-condition clean rooms. At the Tokyo Electron Kyushu Koshi factory, we have promoted a reduction in blow-off water¹ by installing a system in the cooling tower to prevent scale² from building up. It is estimated that introducing this system has had a reduction effect equivalent to about 5,000 m³ per year. Added benefits of the system are that it also lengthens the life of pipes by preventing corrosion, and it reduces time spent cleaning by controlling algae.

- 1 Blow-off water: Water that is drained from equipment and pipes to prevent an overconcentration of impurities in the water
- 2 Scale: An inorganic salt compound (calcium, magnesium, etc.) contained in water, which hardens on the surface of equipment and pipes

Initiatives to reduce waste

In an effort to curb the amount of waste generated and to recycle it wherever possible, TEL promotes initiatives for reducing waste. In addition to participating in the electronic manifest system³ to ensure proper waste management, we are also engaged in maintaining an appropriate amount of parts inventory and in reusing cushioning material. We are also achieving lower waste processing costs, by promoting waste sorting activities and by modifying and increasing the capacity of space used for storing waste so as to reduce the frequency that it is collected. In fiscal year 2018, we generated 133 tons of incinerated and landfill waste in Japan. As a result of our waste-reduction initiatives, the recycling rate⁴ at sites in Japan in fiscal year 2018 was 99.0%, achieving our goal of maintaining a recycling rate of 97% or higher for the 12th consecutive year since fiscal year 2007. We have also maintained a high level of recycling at our overseas factories and offices of 87.7%.



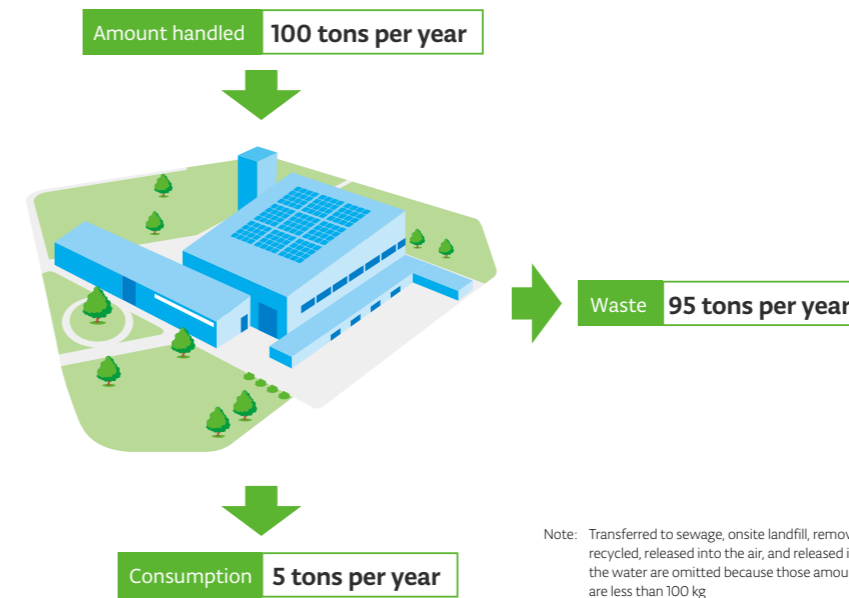
- 3 Electronic manifest system: A system for electronically tracking the flow of industrial waste instead of using paper-based manifests (i.e. paper forms for tracking industrial waste). The system uses a communications network of data processing centers, businesses that generate waste, and waste collection/disposal companies.
- 4 Recycling rate: (Recycled amount / Amount of waste generated) x 100

Management of chemical substances

TEL uses chemical substances in its product development and manufacturing phases. The use and release of chemical substances subject to the Japanese PRTR* law are constantly monitored and managed. Whenever we introduce a new chemical substance or change the way an existing substance is used, we check for environmental, health, and safety risks beforehand. We dispose of substances properly after use, either through expert waste disposal contractors or by using in-house processing equipment. In response to the Act on Rational Use and Proper Management of Fluorocarbons, we conduct simple, regular inspections based on the law in an effort to monitor the amount of fluorocarbons used and recovered. During fiscal year 2018, no TEL factories or offices exceeded the level of fluorocarbon leakage that requires reporting.

* Pollutant Release and Transfer Register (PRTR): A framework for tracking, tabulating, and disclosing quantitative data on chemical substances that may be hazardous to human health and the ecosystem, including the amounts used and discharged into the environment and the amounts transferred (as part of waste) off the original business's premises

Material balance of substances regulated under the PRTR Law



Biodiversity

[URL www.tel.com/csr/environment/office/](http://www.tel.com/csr/environment/office/)

In a global environment, a wide variety of organisms exist, interacting and engaging with each other. In carrying out its business activities, the TEL Group has a not insignificant impact on biodiversity, and yet without the benefits yielded from biodiversity, the company could not sustain its activities. In recognition of this, we will develop a framework for promoting initiatives in an effort to conserve biodiversity.

Environmental communication

[URL www.tel.com/csr/environment/office/](http://www.tel.com/csr/environment/office/)

TEL's environmental policy requires that, based on a shared understanding with a broad range of stakeholders, we promote cooperative partnerships with them, and we take appropriate steps to live up to their expectations. In promoting initiatives for the environment, we will maintain close communication with all our stakeholders.

Green procurement


[URL www.tel.com/csr/environment/green-procurement/](http://www.tel.com/csr/environment/green-procurement/)

In cooperation with our suppliers, TEL promotes green procurement, prioritizing the purchase of environmentally friendly parts, products and materials.

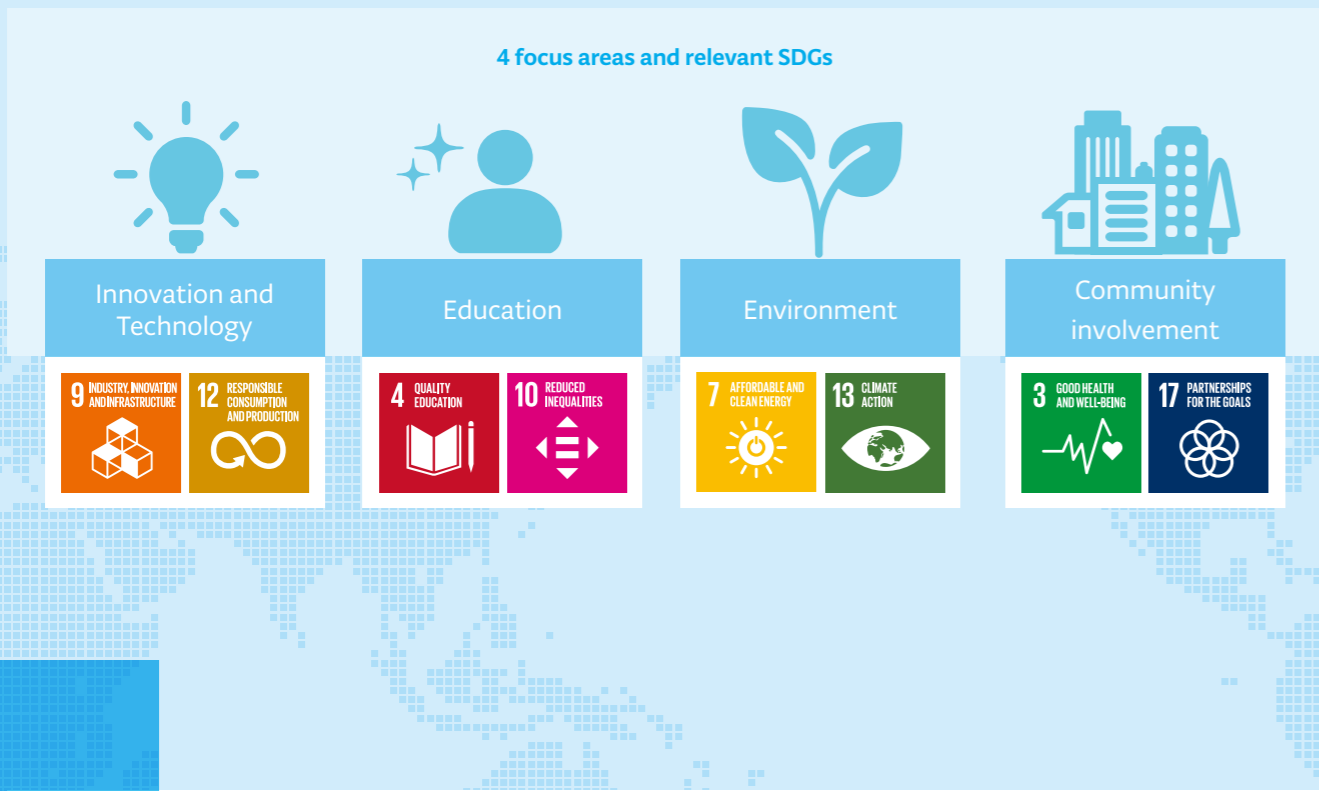
Social contribution activities

Approach to social contribution activities

The aim of social contribution activities by Tokyo Electron (TEL), are to contribute to the development of local communities and the resolution of social issues through various initiatives while deepening stakeholder trust. With Innovation and Technology, Education, Environment, and Community Involvement as our four focus areas, we conduct activities according to the United Nations SDGs.*



TEL FOR GOOD is the new brand name that represents TEL's social contribution activities. From fiscal year 2019, we are using it as a collective term for social contribution events and various programs, donations and volunteer activities sponsored by our company around the world.



SPECIAL TOPIC | Support for areas affected by the Kumamoto Earthquake

Support activities provided by Tokyo Electron Kyushu in response to the April 2016 Kumamoto Earthquake include matching donations collected from TEL Group employees and donating emergency supplies to nearby municipalities. At the request of local governments, we donated and distributed some 8,000 disaster protection hoods to nearby elementary schools, with advice to children on the importance of always being prepared for emergencies. Other activities included donating 5,000 emergency medical information kits for people requiring evacuation assistance, and helping to set up container storage facilities for evacuees living in temporary housing to store their household possessions.

In February 2017, we also initiated support for construction of a well to assist residents of Minamiaso-mura in rebuilding their lives. After drilling a deep well, an aquifer containing drinking-water was reached in May, and a suite of necessary equipment was donated in July 2017, including a pump capable of drawing 300 tons of groundwater per day.



Initiatives around the world




Tokyo
(Head office)

Tohoku Forum for Creativity at Tohoku University

The Tohoku Forum for Creativity (TFC) is an international visitor research institute located within Tohoku University. TEL has been providing comprehensive support to the TFC ever since the House of Creativity was established in 2013. At the TFC, specific strategic themes are selected from various scientific disciplines by weighing the challenges facing mankind and the trends in world affairs. Nobel laureates and other globally prestigious researchers are then invited, and students and junior researchers are provided with an opportunity to deepen their research over a period of one to three months.






Tokyo
(Head office)

Tobitate! (Leap for Tomorrow) Study Abroad Initiative

The Tobitate! (Leap for Tomorrow) Study Abroad Initiative is a collaborative project between the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the private sector with a goal of sending 10,000 high-school and university students abroad to study by 2020. TEL has been supporting this initiative from its launch in 2013, based on the belief that nurturing talented people over the long term is a source of momentum to business and society.





Yamanashi

Tokyo Electron Forest

Tokyo Electron Technology Solutions' Yamanashi Office conducts tree-planting activities at the Tokyo Electron Forest. In July 2017, 135 people including the employees and their families banded together to plant some 1,200 konara oak and maple saplings. This ongoing event has been held since 2010 as an initiative to both respect biodiversity and to pass on the rich natural and cultural resources of the forest to future generations.





Europe

Crawley Christmas charity days

At Tokyo Electron Europe's Crawley Headquarters, the proceeds from its 2017 Christmas raffle were used to support the charity, Home Start CHAMS. Home Start CHAMS helps parents of socially excluded children to provide the children with opportunities to change their life. We also support Christmas Jumper Day,¹ an event planned by Save the Children.²




¹ Christmas Jumper Day: an event in which employees donate 2 pounds and wear their Christmas jumper to work
² Save the Children: a global, non-governmental charity which provides healthcare, education, protection and food to millions of children around the world



U.S.

SEMI High Tech U

Tokyo Electron America has sponsored and partnered with SEMI High Tech U for many years. Over 30 students from high schools around the area are invited to Austin campus, where they participate in a 3-day program of presentations, laboratory work and other events. Through hands-on learning, students are given the opportunity to think about careers in high-tech.





Korea

Korean Conference on Semiconductors

Looking to contribute to development of new technologies and growth of the semiconductor industry, Tokyo Electron Korea has been sponsoring and participating in the Korean Conference on Semiconductors—the country's largest industry event—since 2015. Attracting about 1,300 researchers and students every year, the conference features presentations on the latest studies and encourages the exchange of information.





Taiwan

Beach cleanup for preserving a beautiful coastline

In June 2017, Tokyo Electron Taiwan held a charity event to coincide with its beach cleanup in Hsinchu City, pledging to make a donation proportionate to the number of participants and the volume of waste collected. On the day of the event, many ordinary residents who happened to be at the beach joined with the more than 150 employees and volunteers, collecting over 300 kg of waste. This resulted in a donation of TWD 450,000, which was given to the National Nantou Special School.





China

Liver Transplant Program for Children

The Liver Transplant Program for Children aims to help children with liver disease and to increase awareness of this area. In 2017, Tokyo Electron (Shanghai) donated 20,000 CNY to the program. Since the start of the program, the associated foundation has helped 170 children to receive an operation and begin a new life.

