

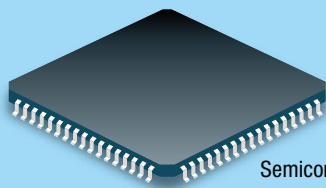


Environmental and Social Report 2013

Tokyo Electron is Part of Your Everyday Life

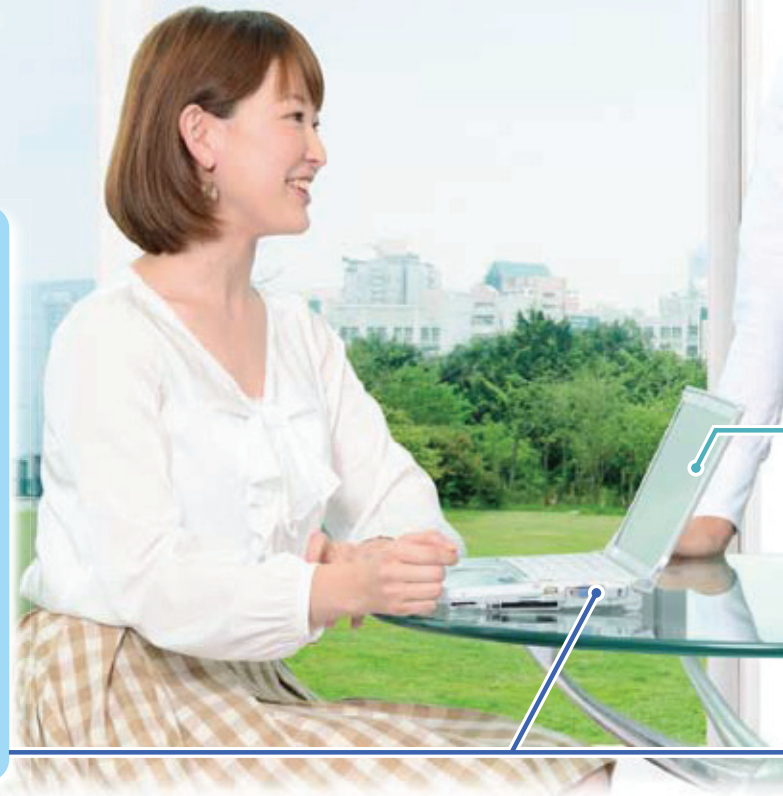
Tokyo Electron Limited (TEL™) technologies help resolve environmental issues by improving the performance of electronic products and reducing the energy usage of products made by our customers. Semiconductor, flat panel display (FPD) and photovoltaic (PV) panel components manufactured by our customers can be found inside a wide range of electronic products that you come into contact with every day.

Semiconductors produced with TEL's equipment

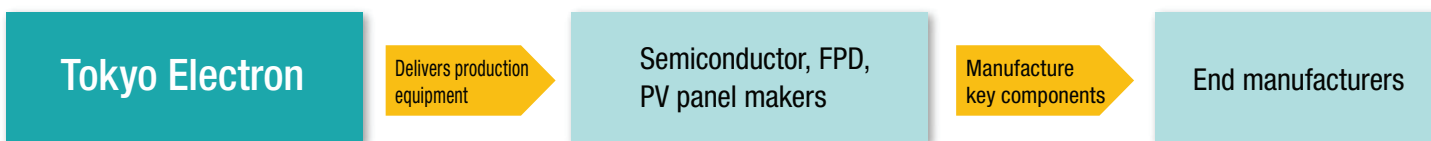


Semiconductor

Semiconductors are a key component of personal computers, mobile phones and other electronic products. Tokyo Electron offers a wide range of vital semiconductor production equipment and superior technical support to semiconductor manufacturers around the world. Our highly productive products and technologies respond to diverse customer needs and play an essential role in the production of increasingly complex semiconductors.



Key electronic device components, including CPUs, memory units, and liquid crystal displays (LCDs), are made by manufacturers of semiconductors, FPD and PV panels, and others, who are major customers of Tokyo Electron. Our customers' products are used in a wide range of electronic products that enrich people's everyday lives with their dramatically improved performance and energy-saving features.



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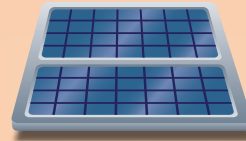
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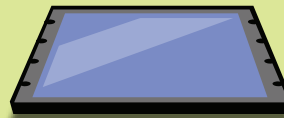
PV panels produced with TEL's equipment



Photovoltaic (PV) panel

Photovoltaic power is often considered to be the most promising renewable energy source. Based on our policy to address environmental problems through our technological prowess, Tokyo Electron is developing and manufacturing PV panel production equipment as our new business.

FPDs produced with TEL's equipment



FPD (flat panel display)

A display used in personal computers and LCD TVs to reproduce beautiful, crisp images. Tokyo Electron offers FPD production equipment, as well as reliable technical support, that LCD panel makers need. With our leading-edge products and technologies, we continue to meet our customer's ever-increasing demands for high-quality and low-cost solutions.

Tokyo Electron is supporting your everyday life in a wide variety of ways.



Supply end products

Editorial Policy

This report is intended to provide information on the Corporate Philosophy and Management Policies, which the Tokyo Electron Group respectively established and revised as part of its 50th anniversary celebrations, as well as on activities that the Group has carried out based on its written Corporate Social Responsibility (CSR) Policy.

This fiscal 2013 report is organized in such a manner as to enable readers to understand, from multiple aspects, the strategic initiatives of the TEL Group for promoting global operations and technological innovation while aggressively reducing its environmental impact.

At the same time, in order to ensure ease of reading for all readers, this report is certified as meeting the Color Universal Design (CUD) requirements of the non-profit Color Universal Design Organization.

It is our hope that this report will serve to strengthen communication between the TEL Group and all its stakeholders, including the public, and we hope to make use of such communication in our future activities. We welcome your direct feedback and opinions of this report using the questionnaire form provided.

 <http://www.tel.com/environment/ehsreport/index.htm>

Note: The people appearing in the photograph on this page are employees of Tokyo Electron Limited.

Scope of Report

Tokyo Electron Group
(Tokyo Electron and its subsidiaries in Japan and overseas)

Period Covered

Fiscal 2013 (April 1, 2012–March 31, 2013). However, some information for fiscal 2014 has also been included.

Publication Timing

Publication of this report: September 2013 (Japanese), November 2013 (English)
Publication of the next report: September 2014 (Japanese), November 2014 (English)
Publication of the previous report: September 2012 (Japanese), November 2012 (English)

Guidelines Referred to in Preparing this Report

Environmental Reporting Guidelines 2013 issued by Japan's Ministry of the Environment
Sustainability Reporting Guidelines Version 3.1 published by the Global Reporting Initiative (GRI)

With a Dream for the Future— Taking on New Challenges for the Development of a Sustainable Society

■ Marking the 50th Anniversary

This year marks the 50th anniversary of the founding of the Tokyo Electron Group in November 1963. Over the past half-century, the discipline that has undergone the most rapid development is science and technology, particularly semiconductors, which are now used in a wide variety of electronic devices. It is fair to say that semiconductors have played a crucial role in the development of humanity and provided a foundation for the current era. As a semiconductor production equipment manufacturer, the TEL Group has made various efforts to accurately understand customer needs in order to provide high-quality products.

The world is at a turning point. Emerging countries, including in Asia, are becoming the global driving force, taking over from Western countries that have traditionally played a central role. In the next half century, global companies will find that simply sticking to the same old approaches

used in the past leaves them unable to grow, since public expectations towards businesses are constantly changing. There was a time when it was believed that reducing environmental impact and pursuing technological innovation were mutually exclusive. Today, balancing the two is a matter of course, and companies cannot grow unless they operate in ways that reduce their environmental impact.

It is not easy to reduce environmental impact and keep costs low while carrying out the world's most advanced technological development. As part of the TEL Group's effort to achieve it all, we set a high goal of reducing energy consumption on a per-wafer basis by 50% from the fiscal 2008 level with regard to major models of each business unit as of fiscal 2015. As of fiscal 2013, we succeeded in reducing energy consumption by 30% and are continuing to make persistent efforts to achieve the final target for the benefit of both society and the TEL Group.

■ Organizing Corporate Principles

In celebrating our 50th anniversary, we have established a Corporate Philosophy and revised our Management Policies in light of the emergence of a new generation of workers and possible changes in the business environment. Furthermore, we have set forth a CSR Policy and developed a CSR promotion framework. As the foundation of our CSR activities going forward, we joined the United Nations Global Compact in July 2013.

In carrying out and enhancing CSR activities, we will incorporate the EICC® Code of Conduct. By operating our business in a way that not only takes environmental issues into account but also respects human rights, is aligned with corporate ethics, and raises awareness of risk management, we will establish a management structure befitting a global company with the goal of gaining the lasting trust of our stakeholders.



Initiatives for Launching New Business

Originally founded as a trading company specializing in technology, the TEL Group established its position as a manufacturer in the 1980s. Because of this history, we have developed a corporate culture that encourages the flexible and aggressive incorporation of external technologies to support our cutting-edge technological development. With our most recent acquisition, we brought on board two European and two U.S. companies that are world leaders in cleaning, advanced packaging and thermal processing in magnetic fields, all of which are indispensable to both semiconductor production as well as ever-evolving photovoltaic panel production. By combining the world-class technologies of these firms with the TEL Group's expertise, we are confident that we will be able to satisfy every need of customers worldwide.

For the Next 50 Years

Throughout its 50-year history, the TEL Group has held to the belief that its most valuable asset is its employees. In order to continue to grow as a global provider of cutting-edge technologies, we recognize that we need to improve our workplace environment to create a culture that further encourages our employees to take on challenging tasks in a global business environment. With continued and concerted efforts, we are working to create an environment in which all employees can work comfortably, productively and passionately.

By taking advantage of experience and expertise acquired over the past five decades, the TEL Group will continue to contribute to the development of a sustainable society by providing high-value-added technologies and services for the next 50 years. We appreciate your continued support.



Tetsuro Higashi

Chairman, President & CEO
Tokyo Electron Limited



Joined the United Nations Global Compact

The TEL Group announced its participation in the United Nations Global Compact and was registered as a member company in July 2013. In support of the 10 principles, the TEL Group will work to maintain a harmonious pursuit of both its corporate activities and a sustainable society.

What is the United Nations Global Compact?

The UN Global Compact is a global initiative in which diverse organizations, including businesses, voluntarily participate for the development of sustainable society. It was established by then UN Secretary-General Kofi Annan in 2000. As of July 2013, about 11,570 organizations (including 7,580 corporate participants) from 140 countries have joined the initiative to carry out activities based on the 10 principles in four areas listed below:



Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: 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;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: 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.

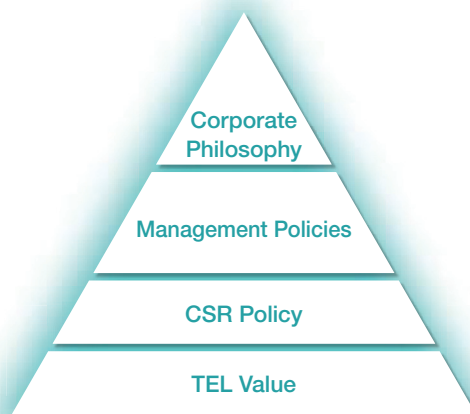
Structure of Tokyo Electron Group Corporate Principles

To mark its 50th anniversary, the Tokyo Electron (TEL) Group has established a Corporate Philosophy and revised its Management Policies. It has done this by reviewing its values, which form the foundation of its corporate mission and activities going forward as well as its growth engine.

Corporate Philosophy

The Corporate Philosophy defines the purpose of Tokyo Electron's existence and its mission in society. The basic way of thinking that forms the foundation for corporate activities.

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



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 which 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.

CSR Policy

The Tokyo Electron CSR Policy is a clear codification of our fundamental beliefs and values for undertaking CSR activities based on our Corporate Philosophy and Management Policies. The CSR Policy clarifies our social responsibilities and behavior as a corporation.

1 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.

2 Business Ethics

The Tokyo Electron Group acts in compliance with the laws and regulations of each country, international regulations, and in accordance with strict business ethics. We do not engage in any conduct that impedes fair and open market competition.

3 Respect for Individuals

The Tokyo Electron Group respects the character and individuality of each person. We recognize the diversity of employees, share a sense of mission, and promote the development of workplaces with vitality.

4 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 customers by developing and providing eco-friendly products.

5 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.

6 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.

We promote CSR activities for sustainable corporate and social growth by referring to international frameworks, including the United Nations Global Compact and the EICC^{®*} Code of Conduct. We carry out self-assessments based on the EICC[®] Guidelines and integrate them into our management system in each of four areas of labor, health and safety, the environment and personnel to continue our improvement efforts.



TEL Values

Having identified what drives our growth, the values we cherish and the qualities our employees seek to inherit, we developed the TEL Values in April 2006.



TEL Values

Pride

We take pride in providing high-value products and services.

Challenge

We accept the challenge of going beyond what others are doing in pursuing our goal of becoming number one globally.

Ownership

We will keep ownership in mind as we think things through, and engage in thorough implementation in order to achieve our goals.

Teamwork

We respect each other's individuality and place a high priority on teamwork.

Awareness

We must have awareness of and accept responsibility for our behavior as respectful members of society.

Glossary

* EICC[®]: Electronic Industry Citizenship Coalition[®], an organization that sets forth a code of conduct for labor, safety and the environment for supply chains within the electronics industry.

"EICC" and "Electronic Industry Citizenship Coalition" are trademarks of Electronic Industry Citizenship Coalition Incorporated.

Entering a New Stage Developing New Business and Bolstering Existing Business

To remain innovative in the ever-advancing semiconductor production equipment sector, Tokyo Electron is enhancing its business development in frontline areas. Through corporate acquisition, we have added four new companies to the Group.

TEL Magnetic Solutions Ltd.

Establishing production technology for promising next-generation memory, MRAM

Tokyo Electron has been working on equipment development in order to establish production technology for Magnetoresistive Random Access Memory (MRAM), a next-generation memory technology that is attracting attention. In December 2012, we acquired Magnetic Solutions Ltd., which possesses high-level technology for the important MRAM production process of thermal processing in a magnetic field, and established TEL Magnetic Solutions Ltd.

As MRAM allows for high-speed writing with low power consumption, it is expected to replace current mainstream technology DRAM to become a key memory technology.



Activities: Development, manufacturing and sales of Magnetic Annealing System

Location: County Dublin, Ireland



Magnetic Annealing System



TEL Solar AG

Contributing to the global environment



Activities: Development, manufacturing and sales of photovoltaic panel production equipment

Location: Trübbach, Switzerland

In November 2012, Tokyo Electron established TEL Solar AG after acquiring Oerlikon Solar, which has world-leading technology in thin-film silicon photovoltaic panel production. Among the many types of photovoltaic panels, thin-film silicon photovoltaic panels generate more power than crystal photovoltaic panels, even in high-temperature regions right on the equator and in mostly cloudy regions. By combining Oerlikon Solar's technologies with the technologies that we have nurtured in our semiconductor production equipment business, we will be able to dramatically improve conversion efficiency and productivity.

As there is growing need for eco-friendly power generation systems, we will use our technologies for the development of an environmentally sustainable society.



KAI™ MT
PECVD
System

TEL FSI, Inc.

Developing cleaning system business

The ongoing miniaturization of chips has increased the importance of cleaning processes that remove particles*, photoresist, nitride film and contaminants.

In October 2012, Tokyo Electron established TEL FSI, Inc. after acquiring FSI International, Inc., a global supplier of innovative cleaning solutions and advanced technologies with a broad customer base. As FSI's processing technology and our technologies complement each other, this combination will increase our capabilities and strengthen our product portfolio.



Activities: Development, manufacturing and sales of cleaning systems

Location: Minnesota, United States

ORION™
Single wafer
cleaning system



Stratus
Electrochemical deposition system

TEL NEXX, Inc.

Ever-evolving semiconductors—Working on smaller packaging and lower power consumption

The increased demand for smartphones, tablets and other mobile devices is driving the growth of the advanced packaging market. Advanced packaging technologies reduce form factors, enabling smaller devices that manage power more effectively, while delivering increased functionality.

In May 2012, Tokyo Electron acquired NEXX Systems, Inc., a market leader in plating and sputtering equipment supplier, to serve this high growth 3D wafer level packaging market. The wholly owned, US subsidiary was established as TEL NEXX, Inc., broadening TEL's equipment solutions to include high volume advanced packaging tools.



Activities: Development, manufacturing and sales of ECD system, PVD system and sputter deposition

Location: Massachusetts, United States

Glossary

*Particles: Very small impurities on wafers

Environmental Goals: Progress and Results



Based on the Environment Vision specified in fiscal 2013, the Tokyo Electron Group has set environmental goals in the four areas of products, procurement and logistics, plants and offices, and environmental management. Because we expanded the scope of our environmental activities by making our efforts more multifaceted, we succeeded in achieving most of the goals in fiscal 2013. We will continue to make improvement efforts and spread them to overseas locations.

Products

Steadily making progress toward 50% reduction in environmental impact of products and compliance with regulations of each country.

Introductory presentation on guidelines for control over the use of chemical substances in products



Reduction of environmental impact of products

Fiscal 2013 goal
Reduce power consumption of major models of each business unit by 30% over the fiscal 2008 level.

Results
Reduced power consumption of major models by 30%. (See p. 24–25 for details.)

Fiscal 2014 goal
Continue to make efforts to reduce energy consumption by 50% by fiscal 2015.

Compatibility with Chinese RoHS

Fiscal 2013 goal
Continue to ensure products' compatibility with the Chinese labeling standard.

Results
Ensured products' compatibility with the standard. (See p. 26 for details.)

Fiscal 2014 goal
Spread the activity to overseas production sites.

Compliance with environmental regulations of each country

Fiscal 2013 goal
Continue to ensure products' compliance with the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) framework as well as with labeling requirements based on the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and battery regulations of each country.

Results
Complied with regulations in each country. (See p. 26 for details.)

Fiscal 2014 goal
Enhance compliance systems in overseas locations.

Voluntary compatibility with the EU's RoHS

Fiscal 2013 goal
Continue to ensure that major models of each business unit contain 98.5% or more parts that meet the EU's Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS).

Results
Continued to ensure compatibility. (See p. 26 for details.)

Fiscal 2014 goal
Identify challenges for making continued efforts.



Procurement and logistics

Green procurement

Fiscal 2013 goal
Revise the lists of prohibited and restricted substances.

Results
Revised the list. (See p. 27 for details.)

Fiscal 2014 goal
Launch activities based on the revised guideline.

Promoting green procurement and modal shift with cooperation of stakeholders.

Reduction of environmental impact of logistics

Fiscal 2013 goal
Promote a modal shift. Continue monitoring.

Results
Continued the activity. (See p. 27 for details.)

Fiscal 2014 goal
Continue to ensure compliance.



Guideline for Green Procurement

Plants and offices

Enhancing efforts, both in and outside Japan, to achieve goals of saving energy, reducing water consumption and recycling waste.

Promotion of energy conservation

Fiscal 2013 goal
Reduce by 1% over the level of previous year.

Results
Achieved the goal at 80% of locations in Japan.
(See p. 28 for details.)

Fiscal 2014 goal
Spread the activity to overseas locations.

Reduction of water consumption

Fiscal 2013 goal
Maintain the fiscal 2012 level.

Results
Achieved the goal at 80% of locations in Japan.
(See p. 29 for details.)

Fiscal 2014 goal
Spread the activity to overseas locations.

Recycling of waste

Fiscal 2013 goals
Maintain a recycling rate of 97% or more.
Continue to achieve zero emissions.

Results
Achieved the goals. (See p. 30 for details.)

Fiscal 2014 goal
Spread the activity to overseas locations.



PV panels installed at Koshi Plant



Ecosystem tour

Environmental management

Carrying out environmental education and promoting biodiversity initiatives based on the environmental management system.

Environmental management system

Fiscal 2013 goal
Continue to obtain and maintain ISO14001 certification for the Group's plants.

Results
Continued to obtain and maintain certification.
(See p. 22 for details.)

Fiscal 2014 goal
Maintain certification.

Environmental education

Fiscal 2013 goal
Formulate and implement an education program (Japan only).

Results
Formulated and implemented the program in locations in Japan. (See p. 22 for details.)

Fiscal 2014 goal
Spread the activity to overseas locations.

Environmental communication

Fiscal 2013 goal
Continue to publish and enhance Environmental and Social Report.

Results
Published this report (Environmental and Social Report 2013) **with enhanced contents.**

Fiscal 2014 goal
Publish further enhanced Environmental and Social Report.

Conservation of biodiversity

Fiscal 2013 goal
Determine a policy and formulate a plan upon investigation and examination.

Results
Determined the concept and guidelines.
(See p. 23 for details.)

Fiscal 2014 goal
Carry out activities based on the concept and guidelines.

Corporate Governance/Internal Control

■ Corporate Governance

Our approach to corporate governance

In order to maximize corporate value and enhance shareholder satisfaction, the Tokyo Electron Group is endeavoring 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

Tokyo Electron uses the audit & supervisory board system based on the Companies Act of Japan, and furthermore has established its own Nomination Committee*1 and Compensation Committee*2 to increase the transparency and objectivity of management. The company has also adopted the executive officer system to facilitate quick decision-making. Moreover, Tokyo Electron has been disclosing the individual remuneration of representative directors since 1999 in recognition of the importance of managerial transparency for shareholders.

● The Board of Directors

The Board of Directors consists of 11 directors, two of whom are outside directors. In order to ensure that Tokyo Electron can

respond quickly to changing business conditions, and to more clearly define management accountability, the term of office for directors is set at one year.

● 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 not only attend meetings of the Board of Directors, the Top Management Conference and other important business meetings, but also conduct operations audits and accounting audits, and evaluate risk management, and audit the performance of duties by directors.

■ Internal control/risk management system

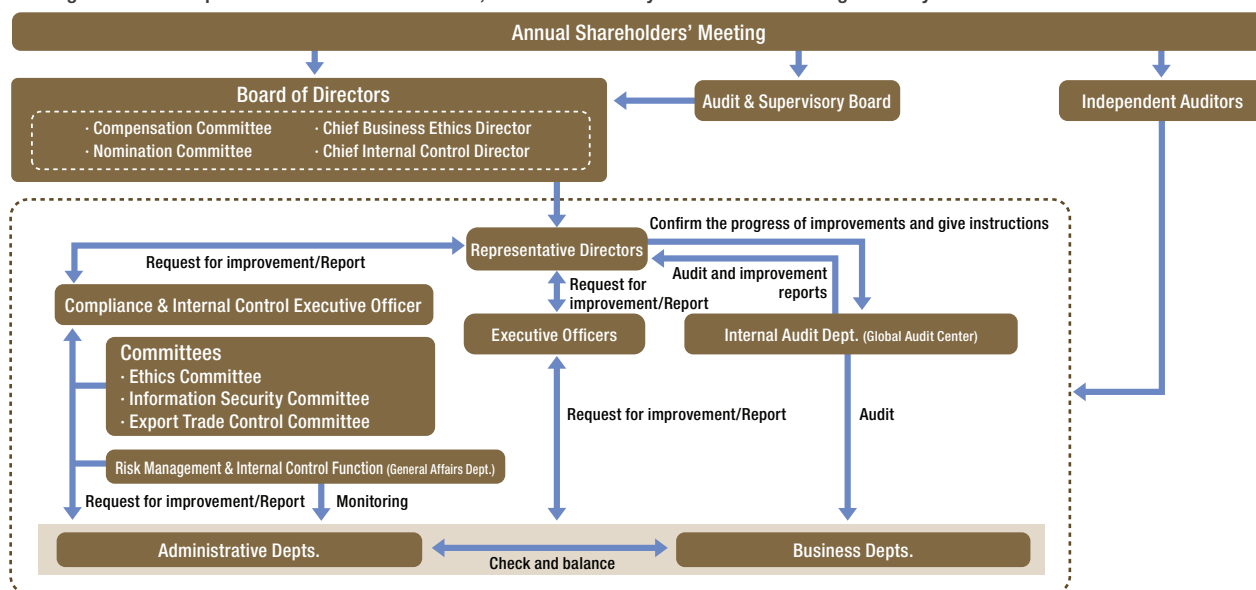
Our approach to internal control/risk management

To more effectively strengthen the internal control and risk management systems of the TEL Group, we are implementing practical measures in line with the Fundamental Policies concerning Internal Controls within the Tokyo Electron Group.

● Risk management system

Tokyo Electron has established a dedicated risk management and internal control function within the General Affairs Department, which evaluates and analyzes risks that could affect the TEL Group, and works to reduce these risks by promoting the

■ Diagram of the Corporate Governance Framework, Internal Control System and Risk Management System



Tokyo Electron Group Corporate Governance: <http://www.tel.com/ir/policy/cg/index.htm>

Glossary

*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 on 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.

necessary measures. The status of risk management activities is reported regularly to the Board of Directors.

● Information security

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 leaks and ensures the safe and effective utilization of information assets. In fiscal 2013, based on the results of past assessments, we made an inventory of electronically stored information to enhance the management of confidential data. We will continue this initiative.

● Business continuity management

Following an overall review of our Business Continuity Plan (BCP), Tokyo Electron's Head Office redeveloped its BCP in fiscal 2013 to respond to large-scale earthquakes. In fiscal 2014, the BCP will be reviewed at the level of plant and office.

Meanwhile, the TEL Group carries out an annual BCP drill involving an earthquake scenario.

● Internal audit department

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

■ Compliance

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

● Code of Ethics, Chief Business Ethics Director and Ethics Committee

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 and its Q&A section are published in Japanese, English, Korean and Chinese, and the company distributes it to all Group executives and employees, including those overseas. Moreover, the Code is appropriately reviewed and revised in response to changes in environmental and social demands.



The Code of Ethics booklet

The Code of Ethics of the Tokyo Electron Group:

 http://www.tel.com/environment/corp_governance/compliance/ethical.htm

● Compliance system

Tokyo Electron has appointed a Compliance & Internal Control Executive Officer from among the executive officers to raise awareness of compliance across the TEL Group and further improve its implementation.

● Initiatives on compliance

Tokyo Electron has 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 for the TEL Group clearly understand the pertinent laws, international standards and internal company rules, and consistently apply these rules in all of their activities.

● Internal reporting system

In the event that an employee becomes aware of any activity which may violate a law, regulation or principles of business ethics, the TEL Group operates an internal reporting system that employees may use to report their concerns. The entire Group has established an ethics hotline and a compliance hotline, and this reporting system is also in place at each overseas base. In all cases, this system ensures that strict confidentiality is maintained to protect the whistleblowers and ensure that they are not subject to any disadvantage or repercussions.

● Compliance education

Through the TEL Group's e-learning system, we provide a common training program covering the basics of compliance, internal control, export-related compliance, information security and other topics, which all executives and employees are required to complete, as well as a training program on insider trading and other subjects aimed at different levels of personnel. We also make information on compliance issues available to employees on a dedicated site on our Intranet and take other steps to promote broad awareness of compliance throughout the Group.

Relationship with Shareholders and Investors

Our approach to shareholder and investor relations

Tokyo Electron is committed to making information about the company available in a fair, equitable and timely manner to ensure that shareholders and investors can obtain an accurate, in-depth understanding of the company and its activities and can evaluate its corporate value appropriately. We also value and respect opinions received from our stakeholders concerning information disclosed and utilize their feedback as a point of reference to guide our future corporate management.

● Information disclosure methods

Tokyo Electron releases timely disclosure information via the Tokyo Stock Exchange's Timely Disclosure Network (TDnet) and promptly posts the same information on its corporate website. Even when it does not fall into the category of material information, we voluntarily disclose information which may be of interest to stakeholders in an easy-to-understand manner using various communication channels, including on our website or in printed form.

To ensure that foreign investors have fair and equal access to our information, all information is released simultaneously in Japanese and English.

● Basic policy on returns to shareholders

Our dividend policy is to link dividend payments to business performance and earnings, and our basic policy for returns to shareholders is to maintain a payout rate of around 35% based on consolidated net income.

We aim to maintain profitable growth in order to enhance corporate value by effectively utilizing internal reserves and concentrating investments in growing businesses while at the same time delivering direct returns to shareholders through dividends based on our performance and earnings.

● Annual shareholders meeting

To encourage as many shareholders as possible to attend annual shareholders meeting and fully exercise their voting rights, we send out invitations at least three weeks prior to meeting, and avoid the date when most major Japanese companies hold their shareholders meetings. Shareholders who cannot attend a meeting can vote via the Internet. We also participate in the web-based voting platform for institutional investors operated by Investor Communications Japan (ICJ). Our website also carries notices of convocation, notices of resolution, the results of the exercise of voting rights and presentation materials.

● Earnings release conference

We hold an earnings release conference to report our financial results to securities analysts and institutional investors after every quarter. Meanwhile, by making these conferences open to members of the press, as well as by posting all the material handouts on our website, we ensure that information provided at the conference is also available to individual investors.



Materials prepared for an annual shareholders meeting



Annual Report



Presentation materials used at an earnings release conference

Constituent of the FTSE4Good Global Index



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


Financial Review:

 <http://www.tel.com/ir/library/report/index.htm>

Presentation materials used at an earnings release conference:

 <http://www.tel.com/ir/library/report/index.htm>

Materials prepared for an annual shareholders meeting:

 <http://www.tel.com/ir/stocks/asm/index.htm>

Annual Report:

 <http://www.tel.com/ir/library/ar/index.htm>

Factbook:

 <http://www.tel.com/ir/library/fb/index.htm>

Communication with Stakeholders

Our approach to stakeholder communications

The TEL Group values communication with its stakeholders, who provide support for its corporate activities. We set a variety of communication opportunities, including web-based information provision, the TEL Partners Day and Production Update Briefing for suppliers. We also hold a regular Employee Meeting as a platform for communication between employees and top management, carry out advertising activities highlighting our ties with society, and support both science- and sports-related events.

As part of our ongoing communication efforts, we identify stakeholder expectations for the Group as well as collecting stakeholder feedback. We will continue to make use of such information in our corporate management.



Supporting “The Wonder of Elements” exhibition

Tokyo Electron participated as a special sponsor in an exhibition titled “The Wonder of Elements,” which was held from July 21 to October 8, 2012 at the National Museum of Nature and Science in Tokyo. The exhibition explained both the workings of nature and the application of chemical elements in relation to the production of semiconductors and PV panels, providing the wider public with an opportunity to become familiar with those members of the periodic table that are indispensable to leading-edge technologies.



The Wonder of Elements exhibition

Employee Meeting

The TEL Group has been holding its Employee Meeting as a platform for communication between employees and top management on an ongoing basis. The meeting is held annually in locations either in or outside Japan chosen alternately. This fiscal year, we held the meeting primarily at Group companies in Japan, namely, Tokyo Electron Tohoku, Miyagi, Yamanashi and Kyushu in Japan and Tokyo Electron Korea in South Korea. The meeting provides an opportunity for two-way communication, with senior management providing an explanation about the Group’s current circumstances along with a message to workers, and employees asking questions and voicing opinions. The TEL Group will continue to promote this communication platform and to incorporate employee feedback into its corporate management.



Employee Meeting

TOPICS

2013 SEMI Akira Inoue EHS*1 Award

The SEMI Outstanding EHS Achievement Award—Inspired by Akira Inoue is sponsored by the EHS Division of SEMI, a global industry association of major manufacturers of semiconductor/FPD production equipment and materials. SEMI established the award in 2000 to honor the achievements of the late Akira Inoue, who, as well as being a past president of Tokyo Electron Ltd. and former member of the SEMI Board of Directors, was a strong advocate for environment, health and safety. After the screening of nominations by a subcommittee, SEMI grants the award to individuals who have made significant contributions to the semiconductor industry and society at large in the area of EHS.

The 2013 award was presented to Mr. Ajit Manocha, CEO of GLOBAL FOUNDRIES, on July 9, 2013 at SEMICON West 2013 in San Francisco, U.S.A. Under the leadership of Mr. Manocha, GLOBAL FOUNDRIES has made significant EHS achievements. The selection committee recognizes his achievements in:

- Zero-incident safety culture
- Commitment to eco-efficiency in foundry operations
- WSC*2 commitment to best practices for perfluoro-compound (PFC) reduction
- WSC commitment to a “conflict-free supply chain”



Award ceremony

Glossary

*1 EHS: Environment, Health and Safety

*2 WSC: World Semiconductor Council

Working Together with Employees

Our approach to personnel affairs

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 TEL Group seeks to be a corporation where a diverse range of employees can work to their full potential.

Personnel Policy

1. 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.

2. 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.

3. Human Resource Development

We believe that each employee is the source of value creation and support the development of skills by employees.

4. 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.

5. 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.

6. Work-Life Balance

We implement measures to enable employees to achieve a good work-life balance.

● What we do to create a workplace environment that is comfortable for all

① Empowering employees to reach their full potential

The TEL Group has put in place systems that support employees in their career development and help create a workplace environment that promotes job satisfaction.

- Outstanding employee award
- Open job posting system
- Employee survey
- Employees' opinion survey

② Initiatives for work-life balance

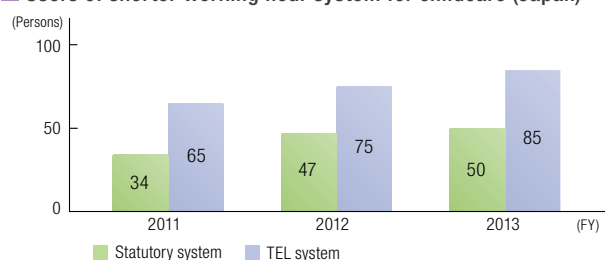
The TEL Group has enhanced systems that help employees continue to pursue their careers through various life events, such as systems for balancing work and childcare.

Tokyo Electron, for example, has enhanced its childcare support system, giving parents of children of elementary school age or younger the option to work shorter hours. In contrast, the shorter working hour system required by Japanese law targets parents raising children under the age of three.

Outside Japan, we implement a range of measures to improve work-life balance in compliance with local laws and requirements.

- Childcare support system
 - Childcare leave
 - Shorter working hours for parents
- Nursing care leave system

■ Users of shorter working hour system for childcare (Japan)



③ Improving the workplace environment and employee health

Placing the highest priority on the safety and health of its employees, the TEL Group is making a Group-wide effort to provide various supports.

- Mental health education
- Harassment prevention education
- Issuing a group-wide health declaration
- Serving healthy meals at company cafeterias

④ Initiatives for globalization and workforce diversification

The TEL Group does business around the world. In fact, overseas sales account for 76% of the Group's total sales and about 33% of Group employees work outside Japan (as of March 2013). In line with this shift toward globalization, even Group companies within Japan are aggressively working to develop diverse workforces and have set a target of 20% of new hires to be recruited from among foreign nationals.

Balancing work and childcare

Last year, I returned to work after taking childcare leave. At the time, I was concerned that I might not be able to balance work with raising my first child. Fortunately, my child has gotten used to the day care center and I am now able to work as I used to. I am thankful for the support of my family but above all I feel so grateful to my colleagues for their cooperation and understanding of my use of the childcare system. I'm living proof that Tokyo Electron provides its employees with an environment in which we can not only envision our career path but also make it a reality while at the same time fulfilling our family obligations even after returning to work.

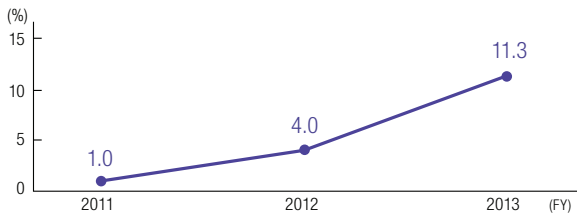


Noriko Shimomura
Taiwan/Asia Sales Division
Tokyo Electron Ltd.

Work location of Group employees



Foreign nationals as percentage of new hires (in Japan)



Basic policy on human resource development

The TEL Group is making continued efforts for employee education and training while encouraging and supporting employees' proactive approaches toward learning in line with its basic human resource development policy, which consists of the following three principles:

1. Self-motivation and a sense of responsibility are the basic requirements for developing the talents of employees.
2. The workplace must support employee development.
3. The company must provide employees with opportunities and incentives to learn and must build the necessary platform or framework.

TEL UNIVERSITY

With the goal of enhancing its human resources from a medium to long-term perspective and improving the capabilities of the organization overall, the TEL Group has established an internal education institution, TEL UNIVERSITY.

TEL UNIVERSITY courses include a program that provides individual employees with world-class knowledge and skills, a

leadership development program for next-generation leaders and a management and organizational training program. Going forward, TEL UNIVERSITY will continue to contribute to the growth of the TEL Group by developing competent professionals.

1 Professional capability development program

This program is designed to help employees in various jobs acquire professional knowledge and expertise in the Group's core technologies and common basic technologies.



Professional capability development program

2 Organizational capability development program

Targeting group leaders in charge of their respective workplaces, this program intends to develop management capabilities required for the job and enhance organizational capabilities.



Organizational capability development program

3 Next-generation leaders development program

This program provides participants with opportunities to engage in dialogue with TEL Group executives and acquire knowledge from experts in various fields with the goal of encouraging participants to establish their own decision-making criteria.

4 Global communication program

Aiming to improve employees' English communication skills, this program offers classes by foreign teachers (six-month course of 22 classes).

Number of participants by program

(Persons)

	FY2013	Total participants in past 3 years
Professional capability development program	529	2,762
Organizational capability development program	99	175
Next-generation leaders development program	45	96
Global communication program	539	1,821

Overview of TEL UNIVERSITY

	Learn about Tokyo Electron	Become professional	Enhance organizational capability	Undertake corporate management	Learn about the world
Executives	Introduction	Utilize technical knowledge gained	Practice "Learning Organization"	Develop a mind for corporate top management	Learn language skills
Leaders	Introduction for mid-career recruits	<ul style="list-style-type: none"> MOT* Workshops Hatamura-juku Project management 	<ul style="list-style-type: none"> Organizational capability development program 	<ul style="list-style-type: none"> Top management training Next-generation top management program Pre-next-generation top management program 	<ul style="list-style-type: none"> GTEC score improvement program English learning program Other languages
Mid-career employees		Learn technical knowledge	Learn management skills		
New/junior employees	Introduction	Learn basic knowledge	<ul style="list-style-type: none"> New group leader development program Basics of management 		Understand different cultures
	Introduction for new employees	<ul style="list-style-type: none"> Technical lecture Semiconductor Core technologies Common basic technologies 			<ul style="list-style-type: none"> Understanding different cultures
		<ul style="list-style-type: none"> Basics of work Follow-up training Baseline education Basic technologies 			

Glossary * MOT: Management of Technology

Safety and Health Initiatives

Our approach to safety and health

The TEL 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 Policy

1. 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.

2. 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.

3. Management and Employee 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.

4. 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.

5. Collaboration and Cooperation with Society

Based on a common understanding with a broad range of stakeholders, we cooperate and collaborate with society and work to appropriately meet expectations.

● Initiatives for safety and health

As part of our social responsibility activities, the TEL Group places great importance on ensuring that our customers, employees and everyone else involved in our business can work in a safe workplace environment, use our products safely and enjoy good health.

With a particular focus on securing the safety of its employees, the TEL Group carries out safety education using

internal training facilities. This includes providing ongoing practical training that aims to prevent accidents in clean rooms, where our production equipment is primarily installed. In order for equipment to be connected to power and other utilities*1, the floor of a clean room in which it is located must have an open grating. This grating, however, can present a potential tripping or falling hazard. Aiming to avoid these risks, the training sessions simulate actual working conditions in order to instruct participants on proper work procedures and how to deal with dangerous situations. Similar safety education and practical training sessions are conducted in other countries and regions around the world.



Practical training in a clean room

● Preventing workplace accidents*2 before they occur

The number of workplace accidents in fiscal 2013 dropped from the fiscal 2012 level by about 20%. The number of accidents that could have led to severe injury*3 was reduced to half in both fiscal 2012 and fiscal 2013 from the fiscal 2011 level, thanks to vigorous activities aimed at eradicating serious accidents. These figures are the results of our ongoing preventive measures, which include checking the availability of safety facilities and the safety environment at new factories and lines before delivering our equipment, identifying potential hazards at work sites (a task we call "KY" for the Japanese term "Kiken Yochi"), conducting safety inspections and providing training based on accident case studies. As part of its 50th anniversary celebrations in fiscal 2014, the TEL Group is reminding its employees of the Group's "safety first" policy and working to further foster a safety culture with the aim of totally eliminating workplace accidents through the collective efforts of the entire Group.

TOPICS

Training for raising hazard sensitivity in South Korea

For three days in February 2013, Tokyo Electron Korea Ltd. (TEK) conducted a training program for identifying potential hazards known as "Kiken Yochi Training" (KYT) as well as "point and call" training. A total of 33 employees participated in the programs. KYT is designed to help workers identify possible hazards in the workplace to prevent accidents and has been statistically proven to be highly effective.

Although TEK employees seemed a little awkward when first trying out the four-round hazard identification and point and call methods, they nevertheless took their training seriously and worked hard. We expect that practicing these methods will lead to more effective accident prevention in the future.



Point and call training

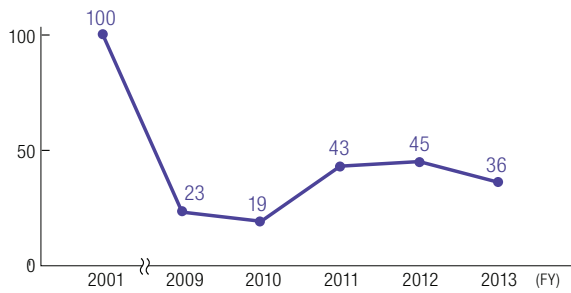
Glossary

*1 **Power and other utilities:** Electricity, special high-pressure gas, liquid chemicals, air, cooling water and pure water, and exhaust discharge, among others

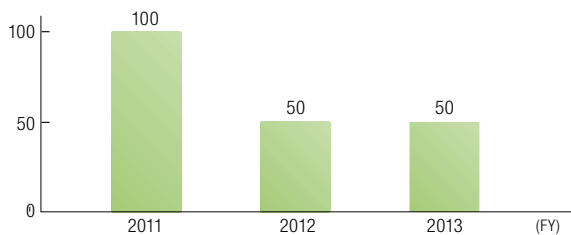
*2 **Workplace accident:** Following the guidelines of the United States Occupational Safety and Health Administration (OSHA), the TEL Group defines an accident involving an injury to an employee as a "workplace accident."

*3 **Accident that could lead to a severe injury:** An accident that could result in a severe injury with ongoing effects

■ Occurrence rate of workplace accidents (FY2001 = 100)



■ Occurrence rate of accidents that could lead to a severe injury (FY2011 = 100)

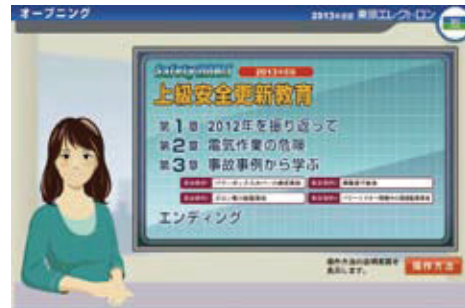


● Safety education

Since July 2000, the TEL Group has been providing basic safety education for all Group employees using a manual created in-house. We provide more advanced safety education using a manual compiled by the Semiconductor Equipment Association of Japan (SEAJ) for our technical employees who work primarily in clean rooms.

In fiscal 2013, 9,517 employees took basic safety refresher courses using a web-based education system. The courses included a videotaped interview on safety with the Tokyo Electron president and covered lessons learned from the Great East Japan Earthquake as well as the subject of radiation. Meanwhile, 7,580 employees participated in

advanced safety refresher courses, which covered accidents identified as fiscal 2013 priority issues: falling into a floor opening, exposure to a liquid chemical, becoming caught in a moving part of a machine, becoming trapped during transportation of heavy goods and gas leaks.



Advanced safety refresher course using web-based education system

● Checking safety with customers

When delivering TEL equipment to factories newly constructed by our customers, the TEL Group checks the new factory's facilities and equipment as well as its work safety procedures before starting operation of the equipment. These checks are intended to identify any questions or problems related to work procedures and promote the development of a safe working environment prior to start-up.

With regard to facilities, we particularly check the availability of systems that are crucial during emergencies, such as gas detectors, water leakage detectors, emergency showers, eye washers and (material) safety data sheets (MSDSs/SDSs).

Even after launching operation of our equipment following delivery, we continue to conduct checks on an as-needed basis in order to resolve questions and problems and ensure that procedures will be carried out safely.

TOPICS

Traffic safety education

The Safety Promotion Dept. of Tokyo Electron FE Ltd. (TFE) provides a traffic safety education program called "What Will You Do?" for its field engineers who work on-site at customers' plants. The education program include familiar topics such as identifying possible hazards while driving; driving and avoiding accidents on rainy days; possible hazards at intersections; possible hazards on commuter roads, during twilight hours and at night; risks of skidding; and risks present at parking lots. To impart the full horror of traffic accidents and give clear examples of how to avoid them, the program uses video of actual accidents and near misses captured by drive recorders. At the end of the course, participants take a quiz to check their level of understanding.

As well as TFE engineers, employees working at other departments and plants have accessed the course website, with the number of participants last fiscal year totaling around 1,400.



Traffic safety education program using a web-based education system



Quality Control Initiatives

Our approach to quality

The TEL 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 Policy

1. 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.

2. 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.

3. 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 customers can trust in our commitment to address identified quality problems.

4. 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.

5. Communication with Stakeholders

In addition to providing product quality information in a timely manner, we understand and align to the expectations of our stakeholders.

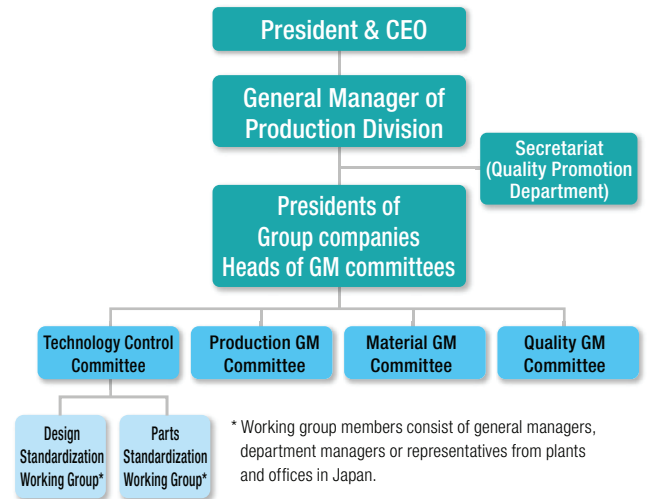
Quality assurance

When a quality problem occurs, we promptly take action to minimize its impact on the customer. Sales and service departments then report relevant information to the quality assurance department responsible for the product that caused the problem. Based on the use and quality record of the product, the quality assurance department will then conduct an analysis, investigate possible causes and inform production and technology departments of the results while also sharing the information with other divisions to prevent similar problems from happening.

Quality promotion framework

The TEL Group has established a cross-divisional TEL Group Quality Promotion Framework led by four working groups. These working groups cooperate with each other for efficient and stable quality control with the goal of improving customer satisfaction.

Quality Promotion Framework



<Technology Control Committee>

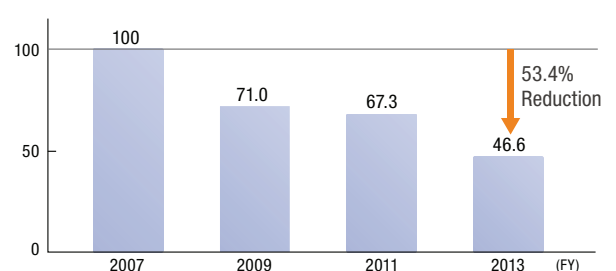
The Technology Control Committee is comprised of the Design Standardization Working Group and the Parts Standardization Working Group. At these working group meetings, factory and division representatives with specialized knowledge share the latest information and identify common essential challenges in standardization as a foundation of manufacturing. The particular focus of the committee is on improving quality in the development and design phase (front loading).



Improving design quality

The TEL Group performs repeated design reviews, evaluations and simulations at the design stage to develop equipment with a higher level of perfection, and it makes continuous improvement efforts by implementing PDCA cycles to increase the satisfaction and gain the trust of customers. These measures have resulted in improved quality and a drop in the number of changes needed during the design phase.

Number of changes at the design stage (FY2007 = 100)



Procurement Initiatives

Our approach to procurement

The high-value manufacturing that the TEL 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.

Procurement Policy

1. 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.

2. Priority on the Environment

We conduct procurement with full consideration for reduction of environmental impact and protection of the global environment.

3. Fair Business Practices

We continuously seek high-value technologies and create broad opportunities for their business transactions based on the precondition of open competition.

4. Partnership

We prioritize relationships of trust based on mutual understanding with suppliers and conduct activities in the pursuit of mutual continuous growth.

5. Information Management

We properly manage the confidential information of suppliers that we obtain in the course of business.

Communication with suppliers

The TEL Group not only uses electronic data interchange (EDI)*1 for procuring parts and materials online, but also operates its own website to promote efficient two-way communication with suppliers.

We share our business overview and policies through the semiannual Production Update Briefing held by the Group's manufacturing companies and the annual TEL Partners Day as well as daily communication.



TEL Partners Day held in fiscal 2013

Working together with suppliers

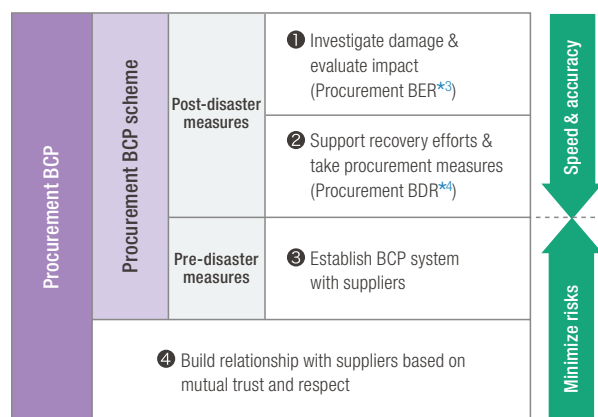
The TEL Group calls for the cooperation of its suppliers with regard to compliance with labor-related laws, including those on child labor and forced labor. Specifically, this means we expect our suppliers to respect fundamental human rights, protect intellectual property rights, comply with import/export-related laws and regulations, prohibit the involvement with antisocial forces and take measures in regard to conflict minerals*2. With regard to specific requests, such as requests to respond to chemical substance regulations, we hold briefing sessions for suppliers so that we can work together with them.

Meanwhile, in order to reduce environmental impacts and logistics costs, we cooperate with our suppliers to conduct joint operations for highly efficient pick-up and delivery at two locations, namely, Tohoku and Kyushu.

Business Continuity Plan (BCP)

The TEL Group is formulating disaster mitigation programs in cooperation with our suppliers. In order to promptly identify damage and take steps for recovery following a disaster, we have built a database of suppliers' production sites. We also conduct an annual survey and use the results to carry out activities aimed at reducing risks together with suppliers.

Initiatives for procurement BCP



Glossary

*1 **Electronic data interchange (EDI)**: A framework to facilitate the electronic exchange of information related to commercial transactions among corporations in a unified standard format

*2 **Conflict minerals**: Four minerals (tantalum, tin, gold and tungsten) mined or traded in the Democratic Republic of the Congo or its neighboring countries that form a source of funds for armed groups, and give rise to violations of human rights or labor problems.

*3 **BER**: Business Emergency Response. First response taken immediately after a disaster

*4 **BDR**: Business Disaster Recovery. Recovery effort that is made according to the results of the damage investigation

Environmental Management

Our approach to the 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.

Environment Policy

1. Environmental Goals and Continuous Improvement

We continually enhance our knowledge of environmental issues to establish voluntary goals that are reviewed by Executive Management and drive continuous improvement and full regulatory compliance.

2. 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.

3. Environmental Contribution with Products

We develop eco-friendly products through our leading-edge technology. The Group cooperates with customers and suppliers to strive for the prevention and improvement of a wide range of environmental concerns.

4. Operational Environmental Impact Reduction and Preservation

We quantitatively analyze and reduce the environmental impact of our global operations with activity from all levels of employees and operations.

5. 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.

Environmental activity promotion framework

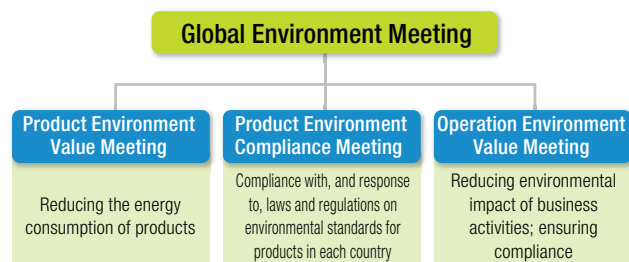
To promote Group-wide environmental activities, the TEL Group has established a framework consisting of the Product Environment Value Meeting, Product Environment Compliance Meeting and Operation Environment Value Meeting. Supervised by the Global Environment Meeting, these three meetings are comprised of members appointed by top management from the Tokyo Electron Head Office and Group companies. Collectively, they carry out activities for achieving the TEL Group environmental goals and keep tabs on their progress. To ensure continuous improvement, the committees are subject to management reviews.

Since 1997, the TEL Group has been introducing environmental management systems based on ISO14001 standards, primarily at manufacturing subsidiaries, and obtaining ISO14001 certification.

List of ISO14001 certified TEL Group plants and offices:

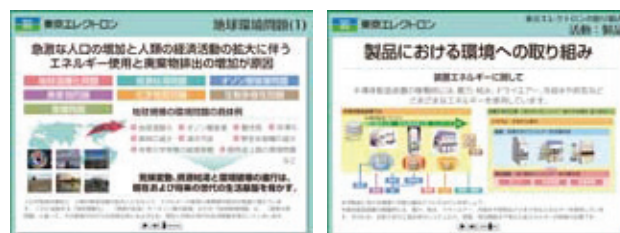
 <http://www.tel.com/environment/enviro/index.htm>

Environmental activity promotion framework



Environmental education

The TEL Group provides Group employees with environmental education and training aimed at different job grades. For new employees such training programs are mandatory. In fiscal 2013, the TEL Group provided employees in Japan with web-based environmental education using an e-learning system. In fiscal 2014, the TEL Group will provide the program to Group employees outside Japan to raise environmental awareness across the entire Group.



Web-based environmental education

Checking environmental activities

The TEL Group's manufacturing subsidiaries keep a close eye on laws and regulations in order to ensure compliance with environmental laws, emission standards and other legal and regulatory frameworks. Some of them have also set their own voluntary standards. The TEL Group has completed its checks on the frameworks for environmental initiatives as well as the progress of related activities with respect to companies acquired by the Group in fiscal 2013.

In fiscal 2013, the Group was not involved in any environment-related incidents or accidents, nor committed any violations of environmental law, nor was subject to any related legal proceedings.



Checking environmental frameworks at TEL FSI, Inc.

Biodiversity Initiatives

Our approach to biodiversity

The environment plays host to an enormous amount of biodiversity. This biodiversity supports a number of ecosystem services, without which the TEL Group would be unable to continue its business activities. Our activities, however, have a non-negligible impact on biodiversity. Based on this recognition, the Group has put in place a framework to promote initiatives for biodiversity conservation.

● Fiscal 2013 activities

Since October 2012, the TEL Group has held workshops to deepen employees' understanding of biodiversity. The first workshop organized an ecosystem tour around the Fuchu Office led by an expert guide. This tour provided an opportunity for participants to get a close-up look at their immediate natural environment and learn about biodiversity conservation. Two TEL Group offices mapped the relationship between business activities and biodiversity based on product life cycle assessments and identified the relationship between TEL products and biodiversity. Having gained a clearer understanding of both the impact and dependence of products on biodiversity over the course of the product life cycle, the two offices formulated the Group's approach to the issue and drafted activity guidelines. At the end of February 2013, representatives of the Group met with Mr. Yasushi Hibi,

representative director of Conservation International Japan, and Associate Professor Rei Kosaka of Kanazawa University to get feedback on the guidelines.

Based on the relationship maps and activity guidelines, we are committed to launching biodiversity initiatives.

Activity Guidelines

We aim to become a company that contributes to biodiversity through business activities.

We strive to understand the life cycle impact of our products and reduce such impact.

We shall familiarize ourselves with the issues related to biodiversity, acquire relevant knowledge and make conservation efforts.

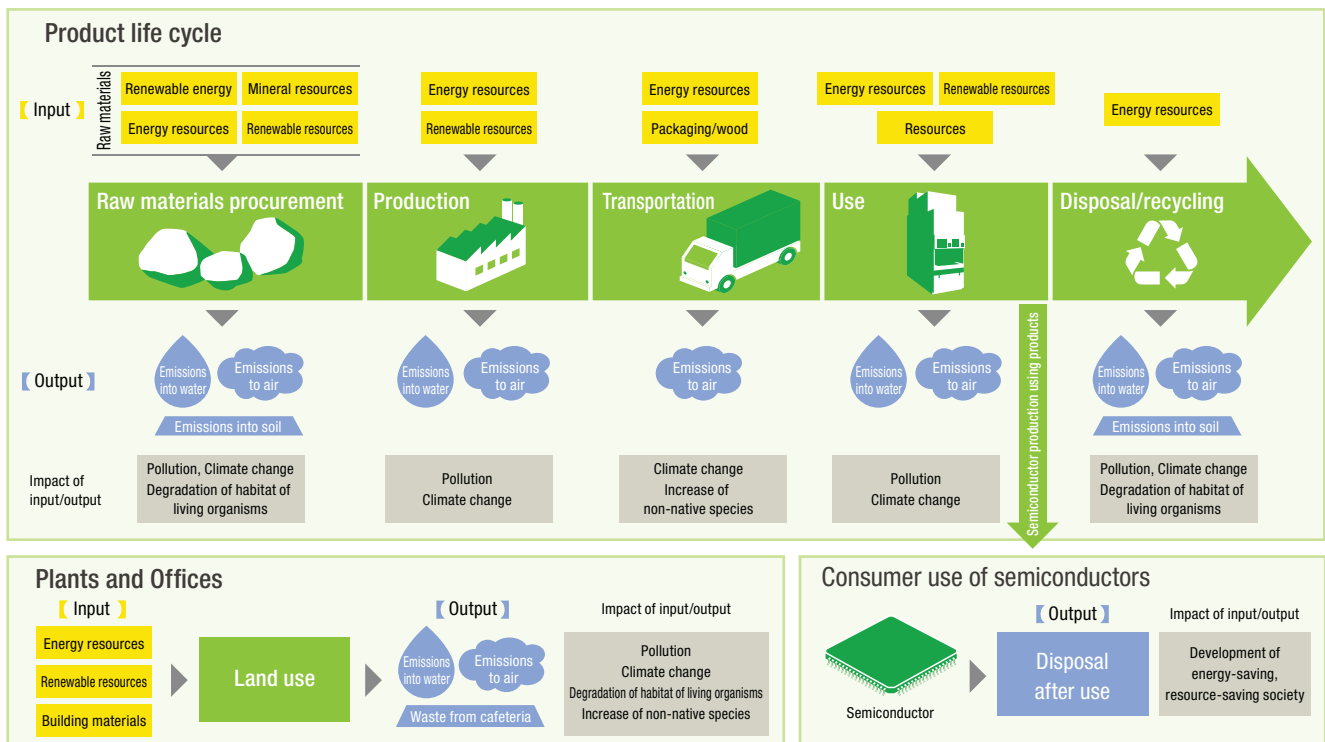


Workshop



Ecosystem tour

■ Map of biodiversity relationship*



* Created based on the Business & Biodiversity Interrelationship Map by the Japan Business Initiative for Biodiversity (JBIB)

Renewable energy : Hydro power and solar photovoltaic power generation

Energy resources : Crude oil, natural gas

Renewable resource : water

Resources : quartz, etc.

Environmental Initiatives in Products and Logistics

■ Reducing Environmental Impact of Product Use

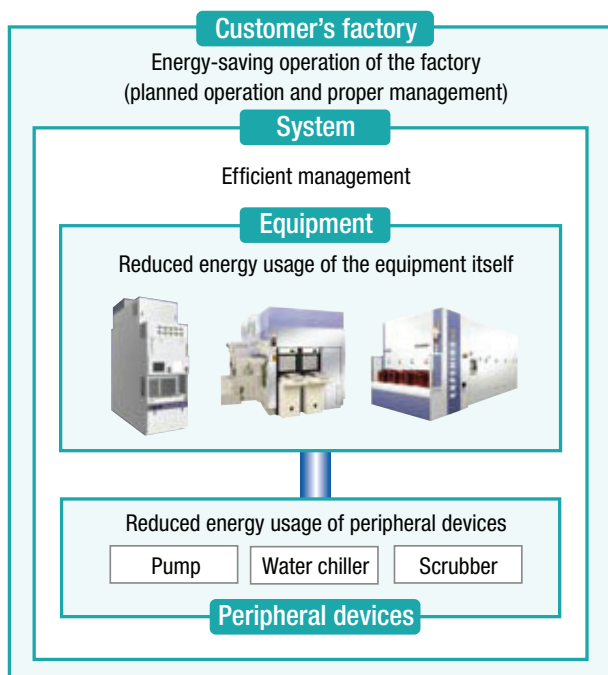
Our approach to environmental initiatives

In its Environment Policy, the TEL Group clearly expresses its belief that promoting environmentally friendly product design is a crucial part of its corporate activity. The Group is particularly working on reducing the energy consumption of its products as a priority challenge.

● Energy-saving measures

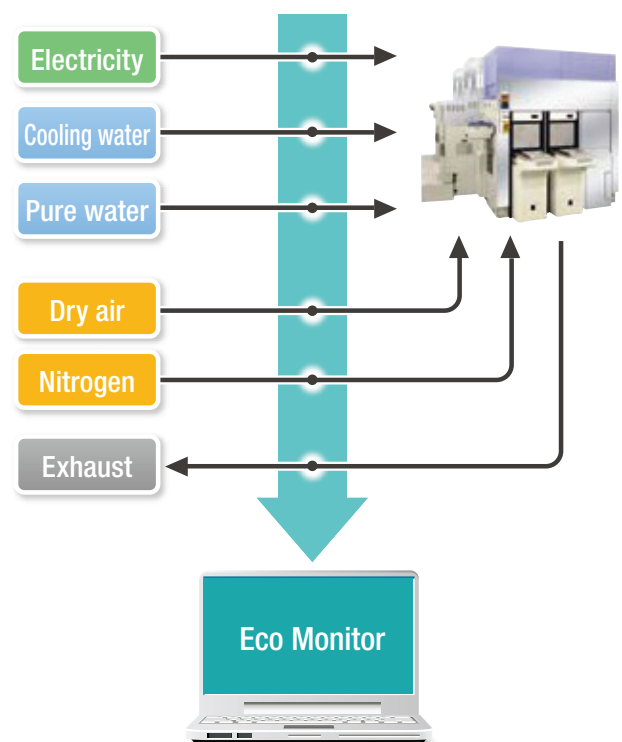
The TEL Group is making energy-saving efforts to achieve the goal of 50% reduction in energy consumption from the fiscal 2008 level by fiscal 2015 with regard to major models of each business unit. In fiscal 2013, we achieved the interim target of reducing energy consumption by 30% regarding major models of each business unit.

We are promoting the reduction of product energy consumption through four approaches: (1) reducing the energy used by the product itself; (2) reducing the energy used by peripheral devices; (3) ensuring systematic and efficient operation of products; and (4) ensuring energy-saving operation of customers' factories. As the importance of (3) and (4) is likely to increase in the future, we are planning to focus more on the monitoring and control of energy use.



● Energy monitoring

To facilitate the effort to reduce the energy consumption of our equipment when in use, we are developing a monitoring system for the centralized management of energy consumption. Known as the "Eco Monitor," the system visualizes the amount of electricity and other utilities supplied to the equipment during operation. It is expected that the data will be used for comparison and analysis purposes and will lead to the reduction of waste in energy consumption and the improvement of operational efficiency.



Monitors electricity, exhaust, water (cooling water and pure water), dry air and nitrogen as comprehensive energy during the actual operation of the equipment in accordance with SEMI S23*.

Glossary

* SEMI S23: Guidelines for energy conservation for semiconductor production equipment issued by Semiconductor Equipment and Materials International (SEMI), an international industry organization for semiconductor/FPD production equipment and material manufacturers

● Equipment that achieved a 30% reduction in energy consumption (from FY2008 level; per wafer)

Electricity

Plasma Etch System
Tactras™ Vigus™



Key initiative:
Saving energy consumption of chiller, pump and heater

Energy reduction: 31%

Electricity

Single Wafer Plasma Treatment System
Triase+™ SPAi



Key initiative:
Eliminating temperature control unit by using plant-sourced cooling water directly

Energy reduction: 50%

Electricity

Gas Chemical Etch System
Certas WING™



Key initiative:
Improving productivity with two-wafer processing

Energy reduction: 50%

Electricity

Single Wafer CVD System
Triase+™ EX-II™ TiN




Key initiative:
Miniaturization and energy-saving operation of heater and pump

Energy reduction: 50%

Pure water

Auto Wet Station
EXPEDIUS™-i



Key initiative:
Reducing pure water consumption in standby mode

Energy reduction: 36%

Dry air

Single Wafer Cleaning System
CELLESTA™-i



Key initiative:
Reducing dry air consumption by improving the drying system

Energy reduction: 50%

Dry air

Wafer Prober
Precio nano™




Key initiative:
Reducing the amount of dry air supply with dew point monitoring

Energy reduction: 50%

Nitrogen

Scrubber System
NS300+




Key initiative:
Reducing the amount of exhaust by changing N₂ purging to dry air and improving duct

Energy reduction: 50%

Nitrogen

Thermal Processing System
TELINDY PLUS™



Key initiative:
Ensuring the use of proper amount of nitrogen

Energy reduction: 30%

Exhaust

Coater/Developers
CLEAN TRACK™ LITHIUS Pro™ V-i



Key initiative:
Reducing the amount of exhaust of rotating cup modules and saving energy in temperature/humidity control

Energy reduction: 50%

Measures against Regulated Chemical Substances

Our approach to regulated chemical substances

Reducing regulated chemical substances contained in products is essential when manufacturing environmentally friendly products. At the TEL Group, we set our own standards and continue to make efforts to reduce the use of regulated chemical substances in our equipment and quickly supply products that are in compliance with the laws and regulations of countries in which our customers operate.

Reducing the use of regulated chemical substances in equipment

Although TEL Group products are exempt from the EU's RoHS^{*1} Directive, the TEL Group is committed to voluntarily reducing the use of the six RoHS substances^{*2}. We designate equipment that contains 98.5% or more parts that meet the EU's RoHS Directive as "equipment with fewer regulated chemical substances," and major models of each of our business units meet this standard. We will make continued efforts to increase the number of compliant models.

Additionally, to effectively become compliant with the EU's RoHS Directive, REACH^{*3}, Chinese RoHS and other regulations, we adopted JAMP AIS^{*4} and JAMP management guidelines for information on chemicals contained in our products. Prior to the adoption of these regulations, in fiscal 2013 we held briefing sessions for our suppliers. We will introduce the JAMP-IT system, which is an IT system promoted by JAMP for distributing information on chemical substances contained in products, and efficiently conduct surveys by requesting cooperation from our suppliers.

Equipment with fewer regulated chemical substances as of FY2013

Thermal Processing System	TELINDY PLUS™
Single Wafer CVD System	Trias™
Wafer Prober	Precio™
Etch System	Telius™MSP
	Tactras™
Coater/Developers	CLEAN TRACK™ LITHIUS Pro™
	CLEAN TRACK™ LITHIUS™
Surface Preparation System	CELLESTA™+
	EXPEDIUS™
Wafer Bonding/Debonding System	NS300
	Synapse™ Series

Complying with the laws and regulations in countries and regions where our customers operate

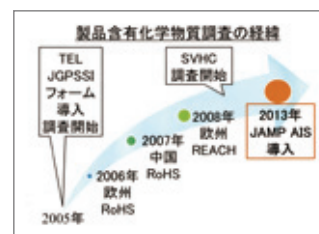
- ① We provide equipment in full compliance with China's version of RoHS, which requires that necessary information be provided to customers.
- ② In response to the EU's REACH regulation, we provide information on the content of any substance of very high concern (SVHC) and safety information when a SVHC amounting to more than 0.1% is present in any of our products.
- ③ In response to each country's regulations based on the GHS^{*5} formulated by the United Nations, the TEL Group makes available safety information on chemical substances through (material) safety data sheets, or (M) SDS, as well as labels affixed to containers carrying chemical substances.
- ④ With regard to battery regulations^{*6} enacted by the EU and Taiwan, we check whether applicable batteries are used inside our products and take necessary measures.

Future plans

- ① We will further increase the percentage of equipment containing reduced amounts of regulated chemical substances.
- ② We will effectively use JAMP and other frameworks and will broaden our collaboration with customers and suppliers to promote more rational and accurate measures for the management of regulated chemical substances. We will also continuously improve our chemical substance management system, which we have built internally based on JAMP management guidelines for information on chemicals contained in products, to further strengthen our control over chemical substances.
- ③ We will further tighten the management of regulated chemical substances at a global level to achieve an even higher level of environmental compliance for our products.



Introductory presentation on management guidelines for information on chemicals contained in products



Presentation material

Glossary

- ^{*1} **RoHS:** Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment
- ^{*2} **Six RoHS substances:** Lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs) and polybrominated diphenylethers (PBDEs)
- ^{*3} **REACH:** Registration, Evaluation, Authorisation and Restriction of Chemicals. A regulation pertaining to the registration, evaluation, authorization and restriction of chemicals. For products containing SVHC amounting to more than 0.1 wt% in particular, manufacturers are required to provide information on the SVHC content of their products as well as information to ensure the safe use of the products.
- ^{*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.
- ^{*5} **GHS:** Globally Harmonized System of Classification and Labelling of Chemicals. A system agreed upon by the United Nations that is intended to provide unified standards across various countries for the classification of hazard level, labeling and the content of (M) SDS
- ^{*6} **Battery regulations:** Regulations enforced in each country to facilitate the collection and recycling of batteries, including the mandatory indication of the recycling symbol on batteries

■ Reducing the Environmental Impact of Logistics

Our approach to reducing the environmental impact of logistics

Regulations concerning logistics have been tightened with a view to helping curb global climate change. At the same time, companies are facing growing demands for measures to reduce environmental impact of their logistics. For its part, the TEL Group will continue striving to reduce environmental impact caused by the transport of its products through such means as promoting modal shift*7 for domestic and overseas transport and adopting packaging methods with a smaller environmental footprint.

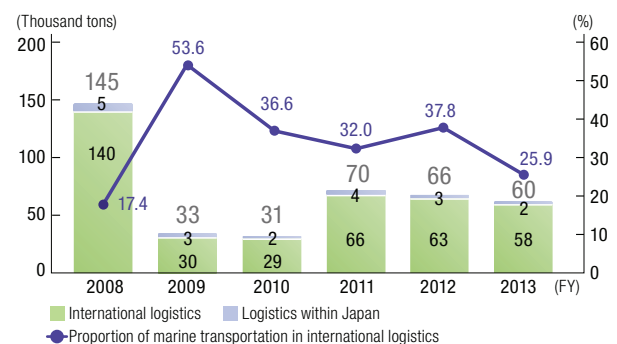
● Reducing the environmental impact of logistics

We calculate and monitor the CO₂ emissions of domestic and international logistics for our products. In fiscal 2013, we reduced CO₂ emissions by about 9% from fiscal 2012, to about 60,000 tons. The share of marine transportation used for exports was 25.9%, which declined from the fiscal

2012 level but improved by about 8 points from fiscal 2008. To further facilitate a modal shift by switching to marine and other transportation methods that have a lower impact on the environment, we are working to reduce production lead time.

We use wooden frames and corrugated cardboard as packaging materials when shipping products. To reduce the amount of resources used for packaging, we also use reusable corrugated cardboard boxes as packaging materials for some shipments inside Japan. Furthermore, casters and special tools used for moving products on-site at the customers' premises are collected and brought back to Group plants for reuse as part of our efforts to save resources.

■ CO₂ emissions from logistics and the proportion of marine transportation



TOPICS

Revision of Guideline for Green Procurement

On January 15, 2001, the TEL Group issued the Guideline for Green Procurement to operate its business based on its Environment Policy, and has since promoted green procurement that takes into account efforts to reduce the environmental impact of its suppliers' business activities.

In light of the more stringent environmental laws and regulations being enacted around the globe over the decade since the issuance of the Guideline for Green Procurement, the TEL Group revised the guideline in November 2012. The revised guideline consists of the following:

- 1. Improving the environmental management system**
Improving the sustainable corporate environmental management system to conserve the global environment by referring to the ISO14001 environmental management system
- 2. Monitoring, reducing, and disclosing the environmental impact of business activities**
- 3. Considering the environmental impact of products**
 - Providing labels required for delivery of gas and chemical products, as well as safety information
 - Measures for regulated chemical substances in components, parts, materials, and chemicals used for maintenance
 - Measures required for chemical substances contained in built-in components and parts
 - Information on batteries for built-in components and parts
 - Reducing energy consumption and improving energy efficiency
 - Resource saving, reuse and recycling
 - Reusing packaging materials, use of environmentally friendly materials, ensuring compliance with laws and regulations
 - Providing environmental information



Guideline for Green Procurement

Glossary

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

Plant and Office Initiatives for the Environment

Preventing Global Climate Change

Our approach to climate change

At the TEL Group, each plant and office makes efforts to achieve its own goal of energy consumption reduction set in units (e.g., floor area) that it has chosen to measure and reports energy consumption depending on the form of its business. The Group is also proactively adopting photovoltaic power generation systems to reduce CO₂ emissions.

Efforts to reduce energy consumption

In accordance with the Act on the Rational Use of Energy, the Group plants and offices have set the goal of reducing energy consumption by at least 1% year on year. In fiscal 2013, five out of six TEL plants in Japan achieved this goal. Energy consumption with the unit of kiloliter of crude oil equivalent*¹ decreased by 6.4% from the previous year (Figure 1).

Figure 1: Energy consumption in FY2013

(Baseline year = FY2012)

Plant	Energy consumption (kl)	Energy consumption over baseline year	Per-unit consumption over baseline year
Tohoku Plant	3,400	102%	89%
Technology Center Sendai	2,754	103%	104%
Yamanashi Plant (Hosaka)	11,645	89%	89%
Yamanashi Plant (Fuji)	9,511	95%	95%
Koshi Plant	15,905	96%	96%
Ozu Plant	3,478	82%	82%
Total	46,693	93.6%	

Power consumption of the entire TEL Group increased by about 4% from fiscal 2012 (Figure 2). CO₂ emissions associated with energy use increased by about 38% from fiscal 2012, primarily due to worsening power emission factors in Japan (Figures 3 and 4). If power emission factors are assumed to be at the same levels as those in fiscal 2012, CO₂ emissions at plants that have set their targets decreased similarly as with energy consumption (Figure 5).

Introducing PV power generation systems

In fiscal 2013, the Koshi Plant introduced photovoltaic power generation systems. The TEL Group generated a combined total of 3,858 MWh using PV cells installed at the Koshi Plant as well as the Yamanashi and Miyagi Plants, which had already adopted PV systems, in fiscal 2013 (Figure 6).

Figure 2: Electricity consumption

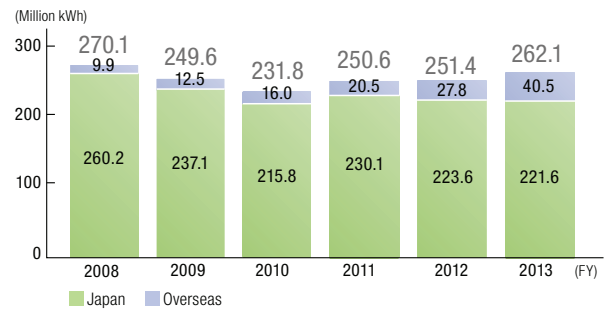


Figure 3: Breakdown of CO₂ emissions from energy consumption*² by source

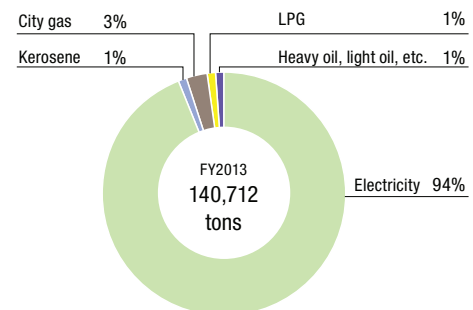
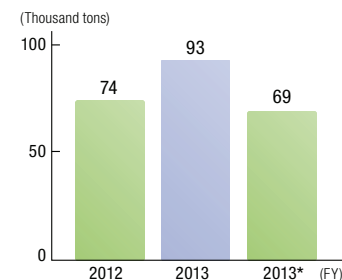


Figure 4: CO₂ emissions from energy consumption



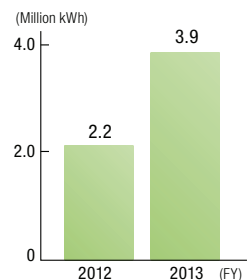
CO₂ emissions in fiscal 2012 totaled 87,124 tons minus a 50,000 ton reduction brought about through the use of a domestic clean development mechanism (CDM)*³.

Figure 5: CO₂ emissions in areas that have set goals



*When power factors are the same as those in fiscal 2012

Figure 6: Electricity generated with PV power generation systems



Glossary

*¹ **Kiloliter of crude oil equivalent:** Volume of electricity, heavy oil, gas and other types of energy used × Per-unit calorific value of each energy type × Conversion rate for crude oil equivalent

*² **CO₂ emissions from energy consumption:** We used adjusted emission factors for individual electric power providers for the emission factor for electricity consumption in Japan in fiscal 2013. 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).

*³ **Domestic clean development mechanism (CDM):** The approved mechanism for CO₂ emissions reduction under Japan's Domestic CDM System (a Japanese government scheme that allows small and medium-sized businesses to receive funding, technology, and technical support from large businesses in order to work collaboratively to reduce CO₂ emissions and trade the reduced amount as emission credits)

Conserving Resources

Our approach to resource conservation

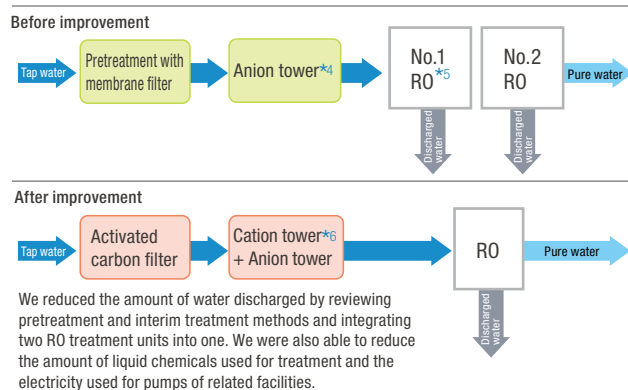
The TEL Group is working to minimize the use of limited natural resources by reducing the volume of water and paper used.

Efforts to reduce water consumption

The TEL Group has set a new environmental goal of keeping water consumption at the same or at a lower level than the basic unit set by each plant in fiscal 2012. In fiscal 2013, five out of the six goals set regarding water (tap water, industrial water and groundwater) used at six TEL plants in Japan were achieved.

The Hosaka Plant, for example, streamlined facilities for pure water, which accounts for a majority of water used, and consequently reduced overall water consumption by about 5% from fiscal 2012 levels. At the same time, the Ozu Plant carried out activities to reduce water consumption at its cafeteria, including ensuring intermittent operation of faucets and using rinse-free rice, which resulted in a 67% reduction in water consumption compared to the level before implementing the series of measures. While sharing these practices throughout the group, each plant is making efforts to reduce water consumption.

Streamlining pure water facilities at the Hosaka Plant



Efforts to reduce the use of paper

Our employees are encouraged to use duplex copying, to copy at a reduced size, and to digitize information and internal circulars. As a result of these efforts, the TEL Group's use of copier paper in Japan in fiscal 2013 decreased by about 25%, or more than 8 million sheets, compared with fiscal 2012.

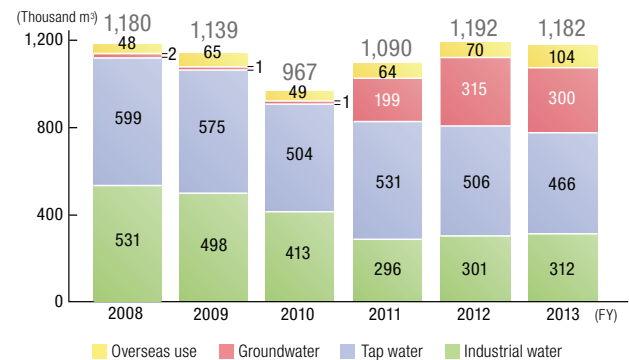
Water consumption in FY2013

(Baseline year = FY2012)

Plant	Water type used	Water consumption (m ³)	Water consumption over baseline year	Per-unit consumption over baseline year
Tohoku Plant	● Tap water ● Industrial water	56,965	121.5%	88.8%
Technology Center Sendai	● Industrial water	50,246	116.6%	110.3%
	● Tap water	7,501	73.0%	69.1%
Yamanashi Plant (Hosaka)	● Tap water	243,377	95.2%	95.2%
Yamanashi Plant (Fujii)	● Tap water	60,029	93.3%	93.3%
Koshi Plant	● Tap water ● Industrial water	527,899	89.4%	89.2%
Ozu Plant	● Tap water ● Industrial water ● Groundwater			
Total		946,017	93.6%	

● Tap water ● Industrial water ● Groundwater

Water consumption

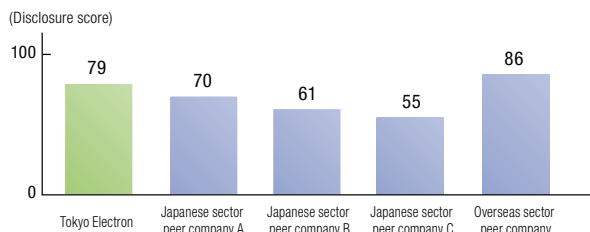


TOPICS

Achieving a 79 CDP*7 2012 disclosure score

Tokyo Electron scored 79 for its CDP disclosure score, which evaluates strategy on climate change, initiatives to reduce greenhouse gas emissions and status of information disclosure. We will continue to make proactive efforts for environment conservation and information disclosure.

Score of semiconductor production equipment manufacturers



Glossary

*4 **Anion tower:** A tower where anion treatment is conducted

*5 **RO:** Reverse osmosis operation

*6 **Cation tower:** A tower where cation treatment is conducted

*7 **CDP:** Carbon Disclosure Project. A project that works with institutional investors to ask leading companies by market value in key countries to disclose their strategies for combating climate change and greenhouse gas emissions. Since its start in 2000, the response rate from corporations has been increasing year by year.

■ Reducing Waste

Our approach to waste reduction

In its efforts to minimize waste, the TEL Group recycles whatever waste is generated to the greatest extent possible, and disposes of non-recyclable waste in a proper and responsible manner.

To be more specific, we separate recyclable waste from non-recyclables, use new manufacturing processes that do not involve waste generation, hire only waste disposal companies inspected and authorized by our company, periodically check final waste disposal practices, and also focus on educational activities related to the sorting of waste and other topics. Some business sites have begun using electronic manifests*1 to ensure proper management of waste.

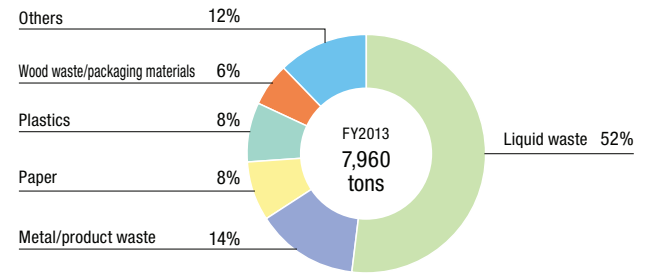
● Volume of waste generated and recycling rates

The volume of waste generated at TEL plants and offices in Japan decreased by 38% from fiscal 2012, as the liquid waste treatment building at Koshi Plant began its operations, resulting in a decrease in the volume of liquid waste to be treated by an outside contractor. With a recycling rate*2 of 97.3% in fiscal 2013, the TEL Group achieved its goal of maintaining a recycling rate of 97% or more. Also in fiscal 2013, the Group monitored the volume of waste generated at its plants and offices outside Japan, and confirmed a recycling rate of about 20%. We will monitor the volume of waste generated at overseas locations in a more accurate manner for even higher goal setting.

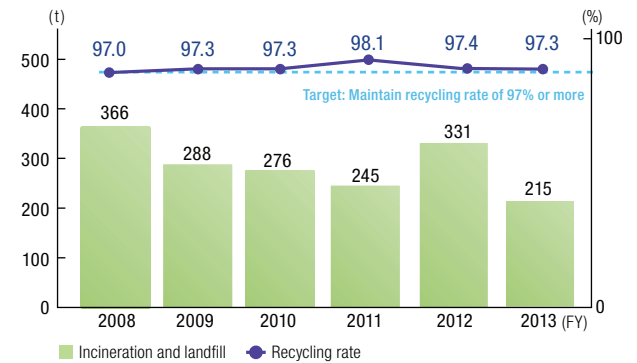
● Zero waste

The TEL Group defines plants where less than 2% of waste generated is incinerated or put into landfill as “zero waste plants.” In fiscal 2013, we achieved zero waste at six plants in Japan as a result of our efforts to reduce waste and recycle.

■ Breakdown of waste (Japan)



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



■ Recycling rate for industrial waste generated at TEL Group plants in Japan

Plant	Recycling rate	
	FY2012	FY2013
Tohoku Plant	99.2%	100%
Taiwa Plant	100%	100%
Yamanashi Plant (Hosaka)	100%	100%
Yamanashi Plant (Fujii)	100%	100%
Koshi Plant	100%	100%
Ozu Plant	100%	100%

TOPICS

Overseas initiative

Tokyo Electron Taiwan Limited (TET) has worked on waste sorting, i.e., separating recyclable waste from general waste. By installing trash bins labeled by the type of waste at the entrance of the office and the clean room to ensure proper waste sorting, TET achieved a recycling rate of 63% in fiscal 2013. TET will continue to work on reducing and sorting waste to improve their recycling rate.



Trash bins labeled for waste separation installed at the entrance of the kitchen and clean room

Glossary

*1 **Electronic manifest:** A system in which the flow of industrial waste is managed via a communication network linking information processing centers, the companies generating the waste, waste collection and transportation companies, and waste disposal companies. It replaces the conventional paper-based control manifest.

*2 **Recycling rate:** Recycled amount ÷ Amount of waste generated × 100

Management of Chemical Substances

Our approach to the management of chemical substances

The TEL Group uses chemical substances mainly in the development and manufacturing phases of products. In the development phase, whenever we introduce a new chemical substance or alter the method of using a chemical substance, we make sure to check for environmental, health and safety risks and take the necessary measures before the new substance or method is adopted.

Compliance with the PRTR*3 law

In accordance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof ("Japanese PRTR law"), we ensure that chemical substances regulated under the law are managed rigorously, and that the amounts of regulated substances used, discharged and transferred are consistently monitored. The TEL Group uses hydrogen fluoride, one of the regulated substances, in large quantities particularly during the cleaning of test wafers. We make sure to properly dispose of the hazardous substances

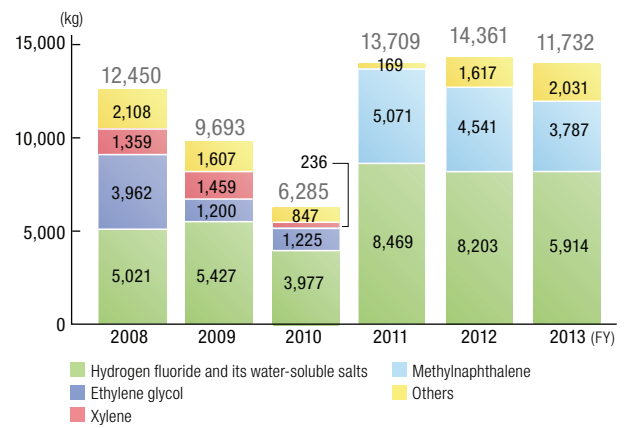
after use either through specialist waste disposal contractors or using our in-house processing equipment. We will continue to properly manage risk relating to these chemical substances.



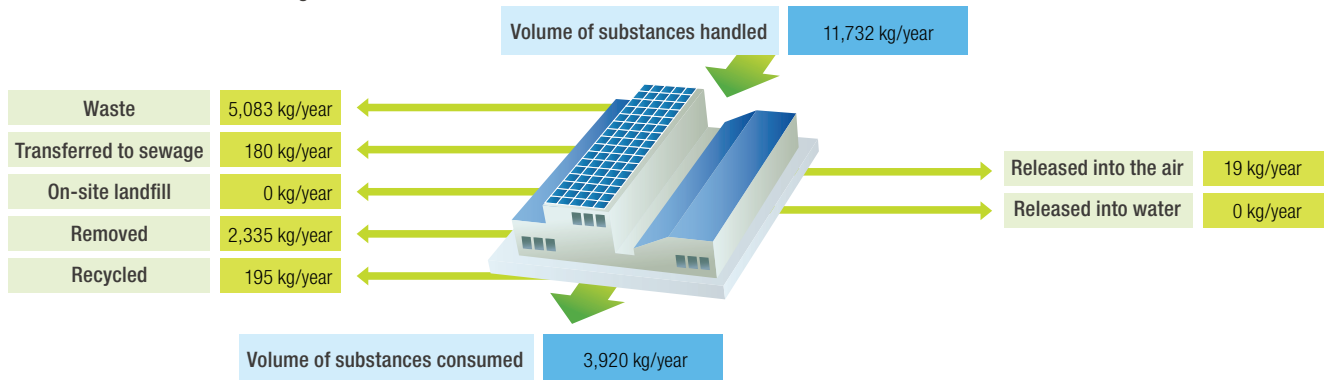
Shelves used to store chemical substances at TEK

Illustrating one example of proper chemical substance management, Tokyo Electron Korea Limited (TEK) specifies where to store the chemical substances it handles, keeps (M)SDS information at the storage site, and places GHS-required labels on containers used for carrying chemical substances.

Volume of PRTR Class I Designated Chemical Substances handled (Japan)



Material balance of PRTR-regulated substances



Input and output (FY2013)

Input	Change from previous year
Energy (crude oil equivalent)	69,684 kl +5.0%
(Breakdown) Electricity	262.15 million kWh +4.3%
Gas (crude oil equivalent)	2,668 kl +36.0%
Fuel (crude oil equivalent)	1,216 kl -20.1%
Water	1.182 million m ³ -0.9%
Chemical substances (Class I Designated Chemical Substances under the PRTR system)	11.7 tons -18.2%
Paper (copier paper)	99 tons -25.0%
Material/packaging material	



Output	Change from previous year
CO ₂ emissions from energy consumption	140,712 tons +37.7%
Waste	7,960 tons -38.2%
(Breakdown) Recycled amount	7,745 tons -38.3%
Amount of incinerated/landfill waste	215 tons -35.0%
Total product shipment	9,634 tons -36.8%

Glossary

*3 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

In Harmony with the Local Community

The TEL Group is building relationships for mutual development through various forms of social involvement, including initiatives for the development of young people as future leaders, community-based citizenship activities in response to local needs, and support for recovery and revitalization efforts in the Tohoku region that was affected by the Great East Japan Earthquake.

Supporting science education

● Science class

To provide elementary school children with an opportunity to know the fun of science, we held an event titled “Fun Topics of Science” consisting of a science show and classes with demonstrative experiments. A total of 1,800 children and their families visited the science show featuring various experiments, such as experiencing the power of air by demonstrating an air cannon. In classes held on the curious characteristics of low temperatures and other science-related subjects, elementary school children watched experiments enthusiastically.

The TEL Group will continue to hold this popular annual event.



Science show

Other activities

- Organized Science Soccer School (Tokyo Electron)
- Sponsored Youngsters' Science Festival in Kumamoto 2012 (Tokyo Electron Kyushu)
- Accepted participants in High Tech University in Kumamoto (Tokyo Electron Kyushu)

Revitalizing local communities

● Supporting the Kumamoto Castle Marathon

We supported the second Kumamoto Castle Marathon as a gold sponsor two years in a row. Over 10,000 runners wearing colorful gear ran through the center of Kumamoto City. More than 120 TEL Group employees participated in the marathon, with well over 80 employees running with all their might toward the goal in the first marathon. TEL employees also participated in the event as volunteer supporters, performing baggage checks, serving meals, and cheering the runners on along the road.



Kumamoto Castle Marathon



National women's corporate relay marathon (Queen's Ekiden in Miyagi)

Other activities

- Sponsored a national women's corporate relay marathon or “Queen's Ekiden” in Miyagi as a special sponsor (Tokyo Electron/Tokyo Electron Miyagi)
- Sponsored Tokyo Electron Nirasaki Bunka Hall Naming Right Memorial Concert (Tokyo Electron Yamanashi)
- Supported Esashi Jinku Festival (Tokyo Electron Tohoku)

Environmental conservation

●Planting trees in Tokyo Electron Forest

As part of our effort to develop forests and conserve the environment, we plant trees in Tokyo Electron Forest. Under this project, we intend to plant 3,000 konara oak trees (*Quercus serrata*) in five years in a 3.1-hectare area at the foot of the Yatsugatake Mountains, which is one of the greatest sights to behold in Yamanashi Prefecture. During the third tree planting event, about 200 employees and family members planted 800 konara seedlings. The participants worked hard, some even on steep slopes, with mud and dirt on their clothes. Tree planting provides wild animals with their habitat and food, and also creates fertile soil.

We will continue endeavoring to conserve the global environment with gratitude and consideration for nature.



Planting trees in Tokyo Electron Forest

Other activities

- Participated in the Second Corporate Afforestation Program (Tokyo Electron Tohoku)
- Office greening campaign (Tokyo Electron (Shanghai))
- Eco-commuter bus demonstration experiment (Tokyo Electron Kyushu)

Corporate philanthropy



Grand Gala poster

●Sponsoring Grand Gala, Great East Japan Earthquake memorial charity ballet show

In March 2013, we sponsored the Grand Gala Concert, Great East Japan Earthquake memorial charity ballet show at Tokyo Electron Hall Miyagi in Sendai City, Miyagi Prefecture, and Bunkamura Orchard Hall in Tokyo. In organizing this ballet show, Shinobu Takita, a principal dancer in the Kiev Ballet, the National Ballet of Ukraine, called for participation of dancers around the world who are in harmony with the purpose of the concert. The price of one concert ticket included a 1,000 yen donation to an earthquake recovery fund, and we were able to donate a total of 3,195,000 yen from 1,388 tickets sold for the Sendai show and 1,807 tickets for the Tokyo show.

Other activities

- Provided donations to Miyagi and Iwate Prefectures to support their recovery efforts from the earthquake (Tokyo Electron)
- Participated in Children In Need (Tokyo Electron Europe)
- TABLE FOR TWO program (Tokyo Electron)
- Donated polio vaccine (TEL Group)

Tohoku Recovery Project

For over two years immediately following the Great East Japan Earthquake, Tokyo Electron has carried out supportive activities, including providing donations and holding various events. Hoping to help revitalize disaster-hit communities by making children and local residents happy, we are providing ongoing support for rebuilding and the earliest possible recovery.

① Providing donations to 87 disaster-affected elementary and junior high schools

With the cooperation of education boards in Miyagi and Iwate Prefectures, we donated a total of 26.4 million yen to 87 elementary and junior high schools affected by the disaster. The schools used the donations for club activities and after-hours classes for the students.

② Supporting communities based in temporary housing

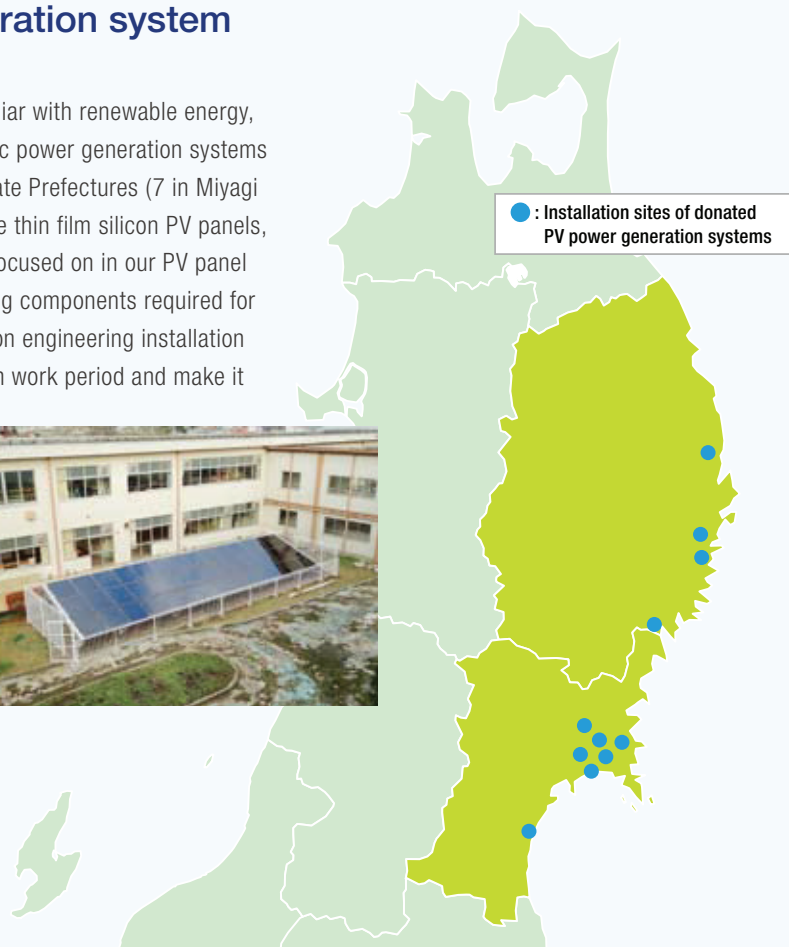
In 2012, we donated health appliances and other products to 725 locations of temporary housing in Miyagi and Iwate Prefectures. We selected items to be shared at meeting places to help stimulate communication between sites and to build communities. We worked together with local businesses in procuring and delivering items to donate in consideration of recovery of the disaster-hit areas.

③ Providing students with workplace experience

With the cooperation of Iwate Prefecture's education board, TEL Tohoku Plant carried out a workplace experience program for two local junior high schools.

Donating a PV power generation system

Aiming to provide opportunities to become familiar with renewable energy, Tokyo Electron donated a total of 11 photovoltaic power generation systems to schools and public facilities in Miyagi and Iwate Prefectures (7 in Miyagi and 4 in Iwate). The PV systems we donated use thin film silicon PV panels, which is the technology we are currently most focused on in our PV panel production equipment business. By standardizing components required for installation and using a temporary pile foundation engineering installation method, we were able to shorten the installation work period and make it possible to easily relocate the systems when required along with the progress of recovery efforts.



External Evaluation

Synapse™ Series Won an Award for Excellence at the 18th Semiconductor of the Year Awards

At the 18th Semiconductor of the Year Awards in 2012, Tokyo Electron's Synapse Series wafer bonding/debonding system won the Award for Excellence in the semiconductor manufacturing equipment category.

The Semiconductor of the Year Awards have been held yearly since 1994 by The Semiconductor Industry News published by Sangyo Times, Inc. Reporters from The Semiconductor Industry News vote on products and technology based on their originality, their impact on society, market share, public reaction, and viability.

In addition to miniaturization, the semiconductor industry manufacturing world is focused on 3DI packaging, in which multiple semiconductors are vertically stacked. TEL is focusing on TSV (Through Silicon Via), which is a core part of semiconductor 3DI packaging technology. The Synapse Series employs 3DI packaging technology and has been optimized for large-scale mass production lines.

This award recognizes the originality and the impact of the Synapse Series on both society and the industry. The Synapse Series was chosen from 48 products and technologies nominated in the semiconductor manufacturing equipment category.



Synapse Series wafer bonding/debonding system

Other recognition

Category	Awards received*	Sponsor
Customer	2012 SCQI Award (Supplier Continuous Quality Improvement Award)	Intel Corporation
	BEST in Value APPRECIATION DAY 2012	Samsung Electronics Co., Ltd.
Equipment/production	2012 C. Grant Willson Best Paper Award	SPIE Advanced Lithography
	SEMI International Collaboration Award	SEMI (Semiconductor Equipment and Materials International)
	44th Ichimura Industrial Award	The New Technology Development Foundation
	International Rational Process Achievement Award	Kepner-Tregoe, Inc.
	Ranked 4th in semiconductor equipment manufacturing category in Patent Power scorecard based on Pipeline Power	IEEE Spectrum Patent Power 2012
Environment/safety	The Chief of the Tohoku Bureau of Economy, Trade and Industry Award at the 25th Tohoku New Office Promotion Award (Tokyo Electron Miyagi Limited)	Nikkei Inc., New Office Promotion Association
	Green Choice Champion (renewable energy) (Tokyo Electron America, Inc. Austin office)	Austin Energy
	Gold Level Business Winner (renewable energy) (Tokyo Electron America, Inc. Portland office)	Portland General Electric Company
Communication	2012 Internet IR Commendation Award	Diawa Investor Relations Co., Ltd.
	Gold Award in the magazine advertising category at the 33rd Japan BtoB Advertising Awards in 2012	BtoB Advertising Association Japan
	Bronze Award in the newspaper advertising category at the 52nd Consumer Advertising Contest	Japan Advertisers Association Inc.

*Unless the name of the award recipient company is specified, the award is assumed to have been presented to Tokyo Electron Limited.

■ Comments from a Third-Party Expert

I have read the Environmental and Social Report 2013 of Tokyo Electron Limited and received a further explanation of the company's environmental and social responsibility activities from the directors of the CSR Promotion Department and the Corporate Environment Promotion Department and other staff members. I would like to make my third-party comments taking into account my observations on last year's report.

●Corporate principles and CSR

At the beginning, this report states the company's corporate principles, namely, its eight management policies for the development of a dream-inspiring society through its leading-edge technologies and reliable service and support. In line with these policies, the report then explains the policy on corporate social responsibility. The fact that the company's CSR promotion framework is headed by the President implies a group-wide enthusiasm to work on CSR, involving the head office and all group companies. Regrettably, the report does not refer to the relevance between CSR and governance in its explanation regarding the governance framework, although highly viable governance is required to carry out the CSR activities effectively.

●Expansion of new business and CSR

The company acquired two European companies and two US companies in fiscal 2013 toward the development of new business and enhancement of existing business. Of the company's current sales, sales in Japan accounts for 24% while sales outside Japan, including the United States and Taiwan, makes up the remaining 76%. This suggests the need to launch CSR activities globally. The head office must lead overseas group companies in implementing energy conservation measures and reducing environmental impact to ensure compliance with the CSR policy. In that sense, signing and joining the United Nations Global Compact in this fiscal year was very significant. I hope that the company's future report will cover more information on overseas group companies—for example, what kind of new initiatives are being taken at which group companies, as well as the situation for each country.

●Environmental goals: Progress and results

The company reduced energy consumption at four out of six major plants. However, overall CO₂ emissions increased at

plants both in and outside Japan. The report attributes this increase mainly to rising power emission factors. I suspect that an increase in the number of production and overseas group companies is another possible reason, and think that the report should have provided more detailed information about that. I noted the steady progress in reducing the volume of water consumption and waste generated. As the company has set a goal of a 50% reduction in energy consumption for major models by fiscal 2015, I also expect that it will make further contributions to reducing energy consumption and CO₂ emissions of the users of its products in the future.

●Initiatives for employees

This report discloses work locations of group employees. Of all group employees, 33% work outside Japan. The TEL Group in Japan intends to increase the percentage of foreign nationals in new hires to 20%, which demonstrates the company's proactive approach to diversity. As management of foreign employees, who have different cultures and customs, will become increasingly important, I hope future reports will include comments from foreign employees.

I recognize that the company has enhanced the content of its reports year by year. For even further improvement, the company must identify the type of information that it needs as well as the information that readers want, quantify and manage the common information between the two as KPIs (key performance indicators), and disclose the KPIs on a continual basis. These efforts will help the company gain more trust from society.

Note: The third-party comment above does not constitute an opinion on the accuracy or completeness of the information included in this report.

Yoshito Nakamura
Certified Public Accountant

Adjunct Instructor of Toyo University,
The Open University of Japan
Auditor, Supporting Organization of JOCV
Auditor, Foundation for
Accounting Research in Construction Industry
Auditor, Kawasaki City Council of
Social Welfare
Chairman, Evaluation Committee for
Incorporated Administrative Agencies,
Ministry of Defense



■ Response to the Third-Party Comment

I am deeply grateful to Mr. Nakamura, who visited our Akasaka head office, enabling us to report our CSR promotion framework and the progress of CSR activities since the previous fiscal year. Furthermore, I appreciate his comments on this report.

In response to the comments we received from Prof. Nakamura last year, this year's report covers our progress in reducing our water consumption, in diversity management, and in activities across the supply chain.

This is a crucial fiscal year for our CSR activities based on the TEL Group's corporate principles. We are aware that in order to make our activities more viable, it is important that we promote our activities in collaboration with the corporate governance framework, the internal control system and the risk management system. With regard to evaluation of viability, we will set a roadmap and KPIs, and develop a mechanism to disclose our progress in specific and verifiable figures.

As for environmental activities, we have re-established our environmental vision and KPIs for fiscal 2013 and covered our practices and progress in this report. This fiscal year, we will launch activities in overseas locations, including at the four companies we acquired. We will introduce our progress in the next report and thereafter as we go forward to the future.



Toshiya Matsuda
Director
Corporate Environment Promotion Dept.
Tokyo Electron Limited

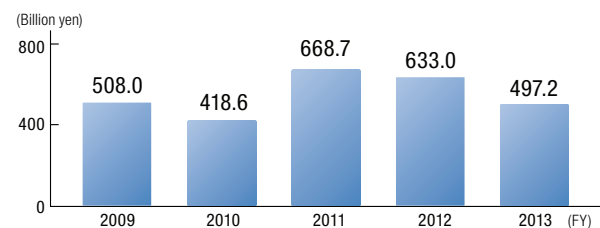


Moyuru Yasuhara
Director
Corporate Branding Promotion Dept.
CSR Promotion Dept.
Tokyo Electron Limited

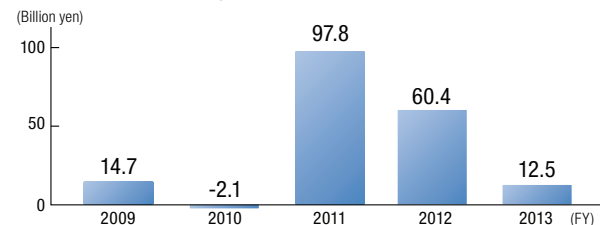
■ Corporate Profile

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, President & CEO
Main business:	Semiconductor production equipment business, flat panel display (FPD) production equipment business, photovoltaic panel production equipment business
Capital:	54,961,191,468 yen
Number of employees:	1,530
Number of group employees:	12,341
Number of locations:	In Japan: 11 companies; 49 locations Outside Japan: 45 companies in 18 countries; 70 locations Worldwide total: 56 companies in 19 countries; 119 locations (As of April 1, 2013)

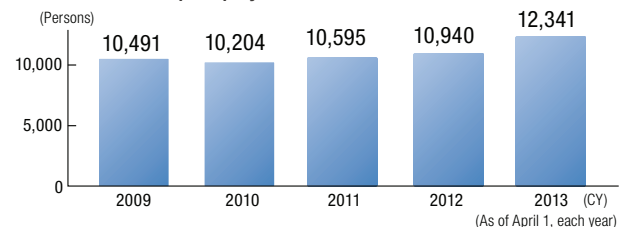
■ Consolidated net sales



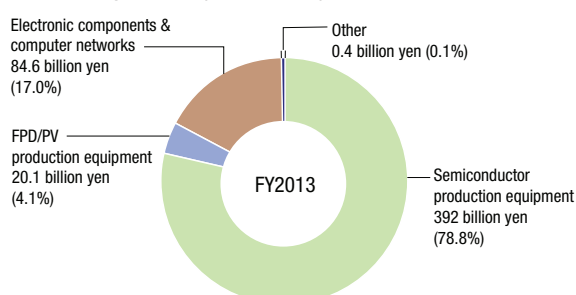
■ Consolidated operating income



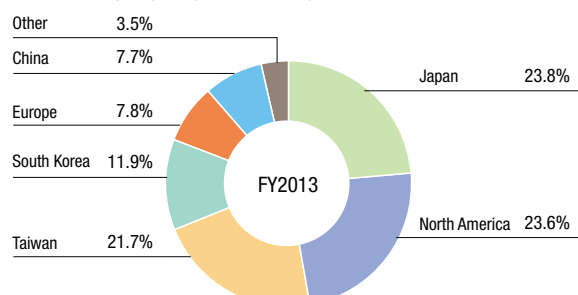
■ Number of Group employees



■ Net sales by division (Consolidated)



■ Net sales by region (Consolidated)



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.

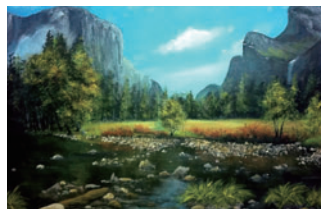
In 2013, we received a host of entries from all over the world.



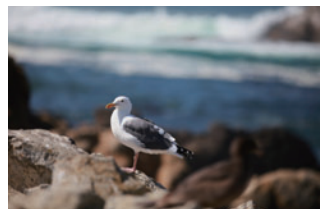
Rice Planting (Taiwan)



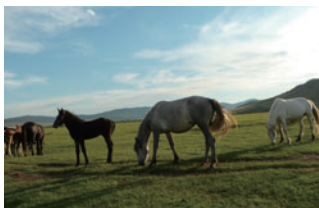
Swallowtail Drinking Nectar from Tiger Lily (South Korea)



Yosemite Valley (USA)



Peaceful Seagull (China)



Horses at Sunset (Germany)



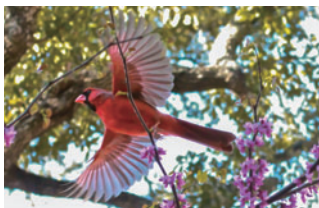
A Sunflower to Two Bees (Japan)



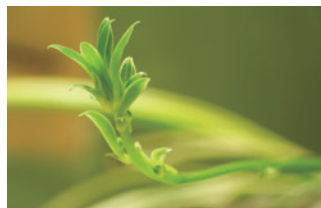
You Can Eat Unwashed Produce if it is Grown in a Clean Environment (South Korea)



Pollination (Japan)



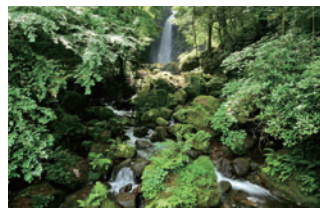
Spring Forward (USA)



Chlorophytum Comosum (China)



Reflections on the Water (China)



Shining Water of Life (Japan)



TOKYO ELECTRON

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The main body of this report (pages 3 to 36) was printed on paper made from trees thinned from forests as part of forest invigoration efforts.



We use green power* (Biomass, 1,000kWh) in printing and the bookbinding process of this CSR report.

* Green power has generated by power plants of Solar, Wind, Small Hydro, Geothermal and Biomass.

