

Identifying Materiality (Important sustainability issues)

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

Process of identifying materiality

Step
1

Identify social issues surrounding our business

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

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

Step
2

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

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

Step
3

Revisit the validity of materiality

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

Key outcomes at the Material Review Meeting

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



Materiality Review Meeting (March 25, 2015)

Identified materiality

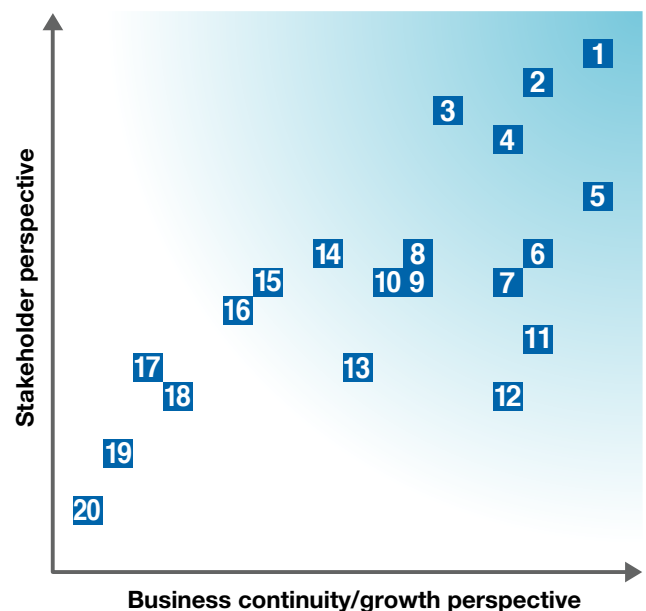
The TEL Group will promote and improve its CSR activities based on the following.

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

¹ EHS: environment, health and safety

² BCP: business continuity plan

Materiality matrix



Stakeholder Communication

Our belief in stakeholder communication

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

Use of stakeholder communication

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

Measures against stakeholder communication-related risks

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

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

¹ STQA: Supplier Total Quality Assessment

Examples of stakeholder communication

Example 1: FTSE4Good Global Index

Tokyo Electron selected for inclusion in the FTSE4Good Global Index



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

Example 2: Technology Conference

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



Technology Conference