

■ CSR-Oriented Operations

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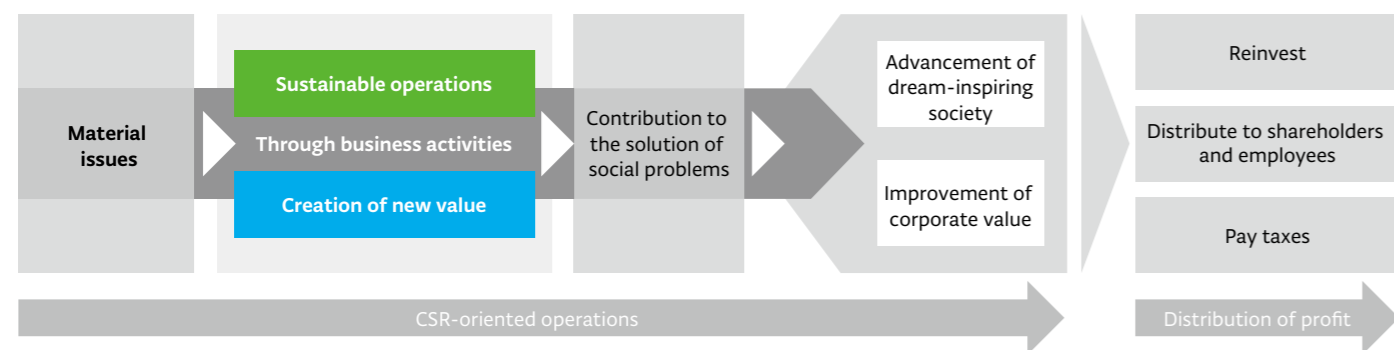
### CSR Policy

Tokyo Electron considers CSR to be the embodiment of its Corporate Philosophy, which has been firmly upheld since the Company's founding. Tokyo Electron pursues sustainable operations from the viewpoints of corporate governance, legal and regulatory compliance and business ethics while creating new value through its products and services.

Based on these efforts, the Company implements CSR activities to help address social issues. Tokyo Electron will continue to pursue CSR activities to build stakeholder trust, improve corporate value and, by doing so, promote the growth of a sustainable and dream-inspiring society.

### Corporate Philosophy

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



### CSR Promotion Framework

Tokyo Electron implements CSR activities on a global basis, including domestic and overseas affiliates, from a medium- to long-term perspective. To back up these CSR activities, the Company has established the following three bodies composed of members from top management to department representatives. The CSR Management Council is convened twice annually and functions as the Group's highest decision-making body for CSR-related issues. The council

approves Group-wide policy and considers the most important CSR matters. Also assembling twice a year, the CSR Global Promotion Committee sets CSR targets and implements of global projects. Furthermore, at the CSR Monthly Meeting, representatives from each division share information related to CSR activities as part of a responsive framework for promoting CSR initiatives across divisions.

Body	Participants	Functions	Meeting frequency
CSR Management Council	<ul style="list-style-type: none"> <li>Chairman of the Board</li> <li>President &amp; CEO</li> <li>Directors and general managers</li> </ul>	<ul style="list-style-type: none"> <li>Approve Group-wide CSR policy</li> <li>Discuss important CSR matters</li> </ul>	Twice annually
CSR Global Promotion Committee	<ul style="list-style-type: none"> <li>Chief CSR Promotion Director</li> <li>Heads of related departments</li> <li>CSR officers of affiliates and overseas companies</li> </ul>	<ul style="list-style-type: none"> <li>Set CSR targets</li> <li>Implement global projects</li> </ul>	Twice annually
CSR Monthly Meeting	<ul style="list-style-type: none"> <li>Persons in charge of CSR at each division</li> </ul>	<ul style="list-style-type: none"> <li>Share information on CSR activities</li> <li>Discuss cross-divisional CSR initiatives</li> </ul>	Monthly

### Participation in International CSR Initiatives

Tokyo Electron is a member of the UN Global Compact, a global CSR initiative, and the EICC, an electronic industry CSR alliance. The Company complies with these initiatives' codes of conduct and principles in areas regarding such

issues as human rights, labor, environment, safety and health, ethics and corruption prevention. By doing so, Tokyo Electron strives to maintain a sustainable management platform.

#### The Ten Principles of the UN Global Compact

- Human Rights**
  - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.
  - Principle 2: ...
- 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.

#### EICC Framework (Five Sections)



### Stakeholder Engagement

Building firm stakeholder trust is essential to raising corporate value. To help stakeholders more deeply understand the progress of the Company's business initiatives and the future direction of its business, Tokyo Electron discloses highly transparent information in a fair and timely manner through regular briefings and its corporate website. The Company also works to accurately understand the opinions and demands of stakeholders and to reflect these in its business activities through dialog, surveys and designated contact points. We will continue to actively promote stakeholder engagement, using it to appropriately inform decision making in the course of everyday business activities, and thus further raise corporate value.

### Identifying Material Issues

Based on the expectations and requests communicated by stakeholders and on the social and environmental challenges surrounding the sustainability of its businesses, Tokyo Electron has identified issues that are material to the medium- and long-term improvement of its corporate value. Accordingly, CSR goals have been set to address these issues.

#### Material Issues

##### Enhancing product competitiveness

In the industries in which Tokyo Electron operates, technological innovation advances very quickly. The Company must keep pace with this innovation while continuously offering high-value-added products that accommodate next-generation technologies. By globally engaging in cutting-edge technological development, the Company releases competitive products in a timely manner.

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Reinforcing responsiveness to customers

As new markets emerge—most notably those created by the internet of things (IoT)—customer demands are diversifying, and expectations for equipment performance are rising. Accurately understanding customer needs and delivering solutions that meet these needs is crucial. We strive to reinforce our responsiveness to customers so that they will see us as an irreplaceable strategic partner.

Strengthening earnings power

Profit is the engine that advances business activities. The Company works to continuously generate profit by providing high-value-added products and services, and improving business processes. The ongoing generation of profit drives

virtuous cycles, including reinvestment in business and the return of value to shareholders, employees and society at large, helping to make both the Company and society more sustainable.

Invigorating people and workplaces

People are an especially important management resource. Employees who feel purpose in their work and take pride in their company help to increase productivity and power corporate development. By promoting diverse work styles and helping employees build their careers, we are increasing employee engagement and invigorating our people and workplaces.

Establishing a sustainable management foundation

The establishment of a solid management foundation that underpins corporate activities is key to sustainable growth. To create new value through our business and help address social issues, we steadily operate a highly effective governance structure. By doing so, the Company implements sound, highly transparent management.

analysts and institutional investors, IR conferences in and outside Japan, and individual meetings.

The spokespersons for the IR Department hold individual meetings with investors and periodically relay the opinions of investors at these events to the CEO and CFO so that feedback can be of use in management.

Shareholders' Meeting

Tokyo Electron schedules its shareholders' meeting to avoid days on which many such meetings are concentrated and mails a Notice of Annual General Meeting of Shareholders to shareholders more than three weeks in advance of the meeting as part of its measures to vitalize these meetings and to promote smooth and efficient voting. In addition, shareholders are free to cast their votes via the internet, and the Company participates in the web based voting platform for institutional investors operated by ICJ, Inc.











To supplement the above shareholder meeting-related initiatives, Tokyo Electron's website carries the notices, resolutions, voting results and presentation materials of shareholders' meetings.

For more details, please refer to the Tokyo Electron Corporate Governance Guidelines.

[http://www.tel.com/ir/policy/cg/document/index\\_02.pdf](http://www.tel.com/ir/policy/cg/document/index_02.pdf)

Fiscal 2018 CSR Goals

For the fiscal year ending March 2018, Tokyo Electron has set 17 goals related to 5 material issues and is working to achieve them.

Material issues	Themes	Main fiscal 2018 goals	Medium-term goals	Relevant SDGs
Enhancing product competitiveness	Technological innovation aimed at creating value	<ul style="list-style-type: none"> <li>Ensure that 5% or more (three-year moving average) of all equipment models are new products for next-generation technologies.</li> <li>Maintain the previous year's global patent application rate.</li> </ul>	Create highly competitive next-generation products	 
	Environmental contribution of products	Reduce per-wafer consumption of energy and pure water by 10% by fiscal 2019 (as compared with fiscal 2014).		
Reinforcing responsiveness to customers	Accurate grasp of customer needs	Get 3 points ("Satisfied") or more on 100% of customer satisfaction survey items.	Become an irreplaceable strategic partner	 
	Solutions that create value for customers	<ul style="list-style-type: none"> <li>Increase Tokyo Electron's value to customers.</li> <li>Increase field solutions business sales from the fiscal 2017 level.</li> </ul>		
Strengthening earnings power	High quality products	Reduce quality improvement costs from the fiscal 2017 level.	Improve operational efficiency	
	Increase added value of processes	Revise business processes to reduce man-hours used for sales operations from the fiscal 2017 level.		
Invigorating people and workplaces	Human rights and diversity	<ul style="list-style-type: none"> <li>Retain 100% of new employees for at least three years.</li> <li>Reach 70% paid vacation usage.</li> <li>Increase the use of the Group's "Pep Up" healthcare platform from the fiscal 2017 level.</li> </ul>	Maximize dreams and drive	 
	Work-life balance			
	Human resource development			
	Health			
Establishing a sustainable management foundation	Corporate governance	<ul style="list-style-type: none"> <li>Improve on issues identified in evaluations of the effectiveness of the Board of Directors.</li> <li>Revise the internal reporting system (set up new external hotlines, revise range of persons covered, etc.).</li> </ul>	Build a management foundation for increasing value	 
	Safety management	Ensure that the number of workplace injuries per 200,000 work hours (the total case incident rate) is less than 0.5.		
	Environmental management	<ul style="list-style-type: none"> <li>Reduce energy consumption by 1% on a per-unit basis* from the fiscal 2017 level.</li> <li>Maintain water consumption at the fiscal 2012 level (on a per-unit basis*).</li> </ul> <p>* Per-unit basis: Energy consumption (environmental burden) divided by values closely associated with energy consumption, such as production volume, number of employees or total floor area</p>		
	Supply chain management	Implement supply chain CSR assessments for 80% or more of suppliers (procurement volume basis).		

Promoting Dialog with Investors

Basic Stance

Tokyo Electron endeavors to provide opportunities for constructive dialog with growing numbers of investors around the world to contribute to the Company's sustainable growth and increase corporate value over the medium and long term. Furthermore, to the extent that this is reasonable and possible, the Company places emphasis on having the CEO and CFO communicate with investors through direct dialog.

IR Activities

Striving to maintain dialog with investors, Tokyo Electron maintains a dedicated Investor Relations Department under the direct control of the CEO.

The CEO and CFO serve as spokespersons for the Company at such events as earnings release conferences and medium-term management plan briefings for securities

Third-Party Recognition

Tokyo Electron's medium- and long-term initiatives to increase its corporate value have been recognized by world-leading socially responsible investment (SRI) institutions.

In fiscal 2017, Tokyo Electron was selected for inclusion in the DJSI\* Asia Pacific 2016. The Company also received the Bronze Class distinction in the RobecoSAM Sustainability Award 2017. Furthermore, the Company was once again selected as a constituent of the U.K.-based FTSE Group's FTSE4Good\*\* Global Index.

\* DJSI (Dow Jones Sustainability Indices): Environmental, social and governance (ESG) investment indices developed by U.S.-based S&P Dow Jones Indices LLC and Switzerland-based RobecoSAM AG. The Asia Pacific index covers companies in that region.

\*\* FTSE4Good: An index related to environmental performance and corporate social responsibility developed by the U.K.-based FTSE Group

