CSR Management

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Renesas Electronics has clearly announced the Renesas Electronics Group CSR Charter as the basis of its policies for Groupwide CSR activities, both internally and externally. At the same time, the Company has established a CSR Promotion Committee, which is chaired by its president and is in charge of making decisions regarding its CSR activities. In addition, the Company has set up a CSR & Compliance Division, which is exclusively tasked with promoting CSR activities. More specifically, the CSR & Compliance Division organizes Groupwide CSR activities while providing support and implementing educational programs to facilitate effective CSR activities.

Renesas Electronics Group CSR Charter

Renesas Electronics formulated the Renesas Electronics Group CSR Charter on April 1, 2010 in line with its establishment. This charter clarifies the principles and standards of behavior that we must adhere to in our business activities with customers and all other stakeholders. Specifically, in addition to ensuring legal compliance, the charter consists of such guiding principles as swiftly providing optimal, high-quality solutions in meeting customer needs, carrying out ethical and transparent business practices, respecting the personality of individuals and contributing to harmonious coexistence between the human race and the environment. Pursuant to this charter, the entire Renesas Electronics Group is working as one to advance CSR activities.

CSR Promotion Committee

Renesas Electronics has established the CSR Promotion Committee to facilitate activities in line with the Renesas Electronics Group CSR Charter. The CSR Promotion Committee determines policies for Groupwide CSR activities, CSR objectives and targets, and priority CSR projects. Based on the decisions made by this committee, CSR activities are promoted on a Groupwide scale.

Specific CSR Activities

- Responding to the Latest CSR-Related Movements

As an international standard providing guidelines for social responsibility, ISO26000 will be published by the end of 2010. This standard upholds the seven core subjects of “organizational governance,” “human rights,” “labour practices,” “the environment,” “fair operating practices,” “consumer issues” and “community involvement and development.” To promote corporate activities with due consideration given to these subjects, the Renesas Electronics Group is currently reviewing its CSR activities. Based on such reviews, the Group will adjust its activities as appropriate.

Meanwhile, the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10) was held in Nagoya City, Aichi Prefecture, Japan this year. Biodiversity protection is a difficult issue to tackle as it involves the preservation of individual organisms, species and ecosystems. Therefore, it is viewed as an important issue that must be addressed by the entire human race. Accordingly, the Renesas Electronics Group will proactively aid global efforts in protecting biodiversity through business and social contribution activities. As such, the Group is accurately responding to the latest CSR-related movements while bolstering related activities.

- Promoting Various Social Contribution Activities

Today, the world is witnessing dynamic climate changes. Due to extreme weather events, many problems are arising, including rapid desertification and water resource depletion in certain regions. As Renesas Electronics consumes a significant amount of water in the manufacture of semiconductors, it must proactively tackle the problems relating to water resources. Based on this understanding, individual business sites of the Renesas Electronics Group are implementing their own measures aimed at helping solve these problems in their respective locations. For example, the protection of watershed forests is closely associated with the sustainability of the Group’s business. Accordingly, the Company is actively promoting activities to protect watershed forests in Japan, including those named the “Semiconductor Forest” in Kanagawa Prefecture and the “Forest of Renesas” in Kochi Prefecture. We are also promoting afforestation and other environmental protection activities in China and other countries and regions. (For more details, please refer to page 43 of this report.)

Meanwhile, to stimulate students’ interest in science and to nurture coming generations of the workforce in these areas, Renesas Electronics continues to hold electrical engineering workshops using the Company’s semiconductors and to support such events as the “Micom Car Rally Competition,” a nationwide contest of self-propelled model cars using the Company’s microcontrollers. (For more details, please refer to page 21 of this report.)

- Reinforcing Our Supply Chain Management

Corporations are increasingly required to conduct CSR activities not just within the scope of their business, but also throughout their entire supply chains. In response to this trend, the Renesas Electronics Group is proactively involving all of its domestic and overseas suppliers in its framework of CSR activities. Together with our suppliers, we are committed to promoting our CSR activities.

Promotion of CSR-Oriented Procurement (Website)
Participation in the United Nations Global Compact

Renesas Electronics participates in the United Nations Global Compact. The Global Compact was officially launched at the UN Headquarters in New York in July 2000, approximately 8,000 corporations and organizations* worldwide have declared their agreement with these principles and, consequently, participated in this compact. More than 100 Japanese corporations and organizations* have also participated in this effort. At the Renesas Electronics Group, we regularly provide our executives and employees with e-learning seminars aimed at instilling a way of thinking consistent with those ten principles. These seminars are helping our executives and employees to raise their awareness of these principles through their daily operations.

* As of June 2010

The Ten Principles of the United Nations Global Compact

**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 abuse.

**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


**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.

Corporate Governance

Renesas Electronics is working constantly to reinforce its corporate governance, based on the understanding that efficient, sound and transparent corporate management is the key to making continuous improvements in its corporate value.

**Basic Approach**

Renesas Electronics has adopted a corporate auditor system, as defined under the Japanese Companies Act. The Board of Corporate Auditors audits the execution of duties by members of the Board of Directors, underpinning the Company’s corporate governance structure. More specifically, full-time corporate auditors—including those appointed internally and having extensive knowledge of and experience in the Company’s business—collaborate with related divisions and offices to efficiently collect high-quality information. At the same time, the Board of Corporate Auditors—which includes externally appointed corporate auditors who are independent from the Company—analyzes the collected information from a multifaceted and objective perspective. In this way, Renesas Electronics is maintaining an effective corporate governance structure.

**Externally Appointed Executives**

With the aim of bringing an external perspective to corporate management and thereby tackling management issues from various angles, Renesas Electronics has proactively selected members of its executive team from outside of the Company. These externally appointed executives have varied backgrounds and boast specialized knowledge in their respective field of expertise. Furthermore, to enhance its corporate governance and, consequently, business performance, the Company has selected independent directors and corporate auditors, who are competent in providing accurate and objective advice and judgment, pursuant to the Securities Listing Regulations of the Tokyo Stock Exchange on which the Company’s shares are listed. None of them have any vested interest in the Company.
Compliance

As an ongoing concern, ensuring thorough compliance is one of the most significant tasks for Renesas Electronics. Accordingly, the Company disseminates compliance-related policy information to all employees, while ensuring that they closely observe these policies.

Renesas Electronics Group Code of Conduct

With the aim of promoting compliance throughout the entire Group, Renesas Electronics formulated the Renesas Electronics Group Code of Conduct in April 2010. The Renesas Electronics Group Code of Conduct stipulates specific matters to be observed by all Group executives and employees in their daily business operations.

The subject “we” is used purposely in each provision under this Code of Conduct in order to make all Group members understand that compliance issues affect each and every one of them. At the same time, the use of “we” expresses our commitment that all of us strictly observe the Code of Conduct.

Renesas Electronics Group Code of Conduct (Website)
Compliance Promotion Structure

At Renesas Electronics, the CSR & Compliance Division under the Legal & Compliance Division is in charge of promoting compliance throughout the Group. More specifically, this division is tasked with: (1) the establishment of compliance systems; (2) the provision of support in the administration of compliance systems; and (3) the implementation of educational and awareness-raising programs relating to overall compliance-related subjects. Meanwhile, the Company has appointed compliance officers at individual business units and Group companies. These compliance officers support general managers of business units and presidents of Group companies in promoting compliance at each organization.

Compliance Promotion Structure

<table>
<thead>
<tr>
<th>Business Units of Renesas Electronics</th>
<th>Domestic Group Companies</th>
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</thead>
<tbody>
<tr>
<td>Order Transaction Control Control Office</td>
<td>Support</td>
</tr>
<tr>
<td>Corporate Export Control Division</td>
<td>Consult/ Report</td>
</tr>
<tr>
<td>Corporate Planning Division</td>
<td></td>
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<tr>
<td>Legal &amp; Compliance Division</td>
<td></td>
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<tr>
<td>Finance &amp; Accounting Division</td>
<td></td>
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<tr>
<td>Human Resources &amp; General Affairs Division</td>
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<tr>
<td>Purchasing Division</td>
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<tr>
<td>Information Systems Division</td>
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<tr>
<td>Intellectual Property Division</td>
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<tr>
<td>Quality Assurance Division</td>
<td></td>
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<tr>
<td>Sales Strategic Planning Division</td>
<td></td>
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<tr>
<td>Environment Promotion, Production and Technology Unit</td>
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</tbody>
</table>

Compliance Promotion Activities

In order to effectively prevent compliance violations, Renesas Electronics classifies compliance-related risks into certain categories and designates a division or office responsible for each risk category. In their respective areas of responsibility, these divisions and offices are then tasked with developing guidelines and manuals, raising the compliance awareness of executives and employees through educational programs and information dissemination and conducting the monitoring of compliance status. In more specific terms, these divisions and offices are working to train executives and employees so that they will know which division or office to consult with or which internal guidelines to refer to should they be involved with compliance-related problems.

Compliance-Related Risks

<table>
<thead>
<tr>
<th>Responsible Division/Office</th>
<th>Major Compliance-Related Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Transaction Control Control Office</td>
<td>Fictitious sales posting</td>
</tr>
<tr>
<td>Corporate Export Control Division</td>
<td>Illegal export</td>
</tr>
<tr>
<td>Corporate Communications, Corporate Planning Division</td>
<td>Deceptive advertising</td>
</tr>
<tr>
<td>Legal &amp; Compliance Division</td>
<td>Antimonopoly Law violations (cartel, etc.), transactions with antisocial forces, insider trading, confidential/personal information leaks</td>
</tr>
<tr>
<td>Finance &amp; Accounting Division</td>
<td>Accounting fraud</td>
</tr>
<tr>
<td>Human Resources &amp; General Affairs Division</td>
<td>Human-rights abuse (sexual harassment, etc.), occupational accidents, corporate entertainment/gift-giving scandals, illegal political donations</td>
</tr>
<tr>
<td>Purchasing Division</td>
<td>Subcontract Law violations, camouflage contracting, illegal importing, interest-conflicting transactions</td>
</tr>
<tr>
<td>Information Systems Division</td>
<td>Computer viruses, illegal software copying, unauthorized access</td>
</tr>
<tr>
<td>Intellectual Property Division</td>
<td>Intellectual property infringement</td>
</tr>
<tr>
<td>Quality Assurance Division</td>
<td>Defective products, product data falsification</td>
</tr>
<tr>
<td>Sales Strategic Planning Division</td>
<td>Inappropriate relationships with sales partners, illegal conduct against sales partners</td>
</tr>
<tr>
<td>Environment Promotion, Production and Technology Unit</td>
<td>Environmental damage, use of specified hazardous substances</td>
</tr>
</tbody>
</table>
Compliance Education/Communication

The Renesas Electronics Group provides position-specific compliance education programs for new employees, new section chiefs and new managers. At the same time, the Group offers compliance education programs common to all executives and employees every year.

Also, the Company conducts compliance education tailored for divisions and offices responsible for individual risk categories—such as fair trade, information security, environmental protection and export control—through e-learning sessions and group seminars.

In addition, Renesas Electronics is constantly strengthening the internal dissemination of compliance-related information. More specifically, the Company distributes a variety of compliance-related information through its Intranet and monthly e-mail newsletters to all executives and employees. In particular, these e-mail newsletters include “Renesas Electronics Group Code of Conduct Case Studies,” which provides possible compliance-related issues and compliance-related quizzes. These tools are helping executives and employees to familiarize themselves with compliance issues.

Internal e-mail Newsletters

Secure Export Control Initiatives

The Renesas Electronics Group’s semiconductors and technologies are widely used in various industries. To keep from diverting its products and technologies to uses that could prevent the maintenance of international peace and security, the Group must manage these assets appropriately. Accordingly, and not to mention strict observance of applicable laws and regulations, Renesas Electronics has incorporated voluntary control into its compliance programs, thereby promoting security export control in a manner more stringent than that mandated by these laws and regulations.

Meanwhile, to allow all of its employees to take adequate action in line with the latest developments in the area of security export control, the Company is providing Groupwide educational programs to raise employee awareness. Furthermore, through periodic internal audits, we are working to maintain, and improve as necessary, our systems to ensure sound export control.

Thanks to these and other efforts, Renesas Electronics has been certified as an “Authorized Exporter” by the Tokyo Customs office of the Ministry of Finance of Japan, which is one of Japan’s Authorized Economic Operator (AEO) programs. Authorized Exporters are certified to have the capabilities to perform appropriate security management and ensure strict compliance with related laws and regulations.
Compliance Hotline

Group executives and employees may encounter a situation where they are not able to consult with or report to their supervisors or divisions and offices responsible due to certain reasons and circumstances even when they have identified compliance-related problems. To deal effectively with such a situation, the Company has established the Renesas Electronics Group Hotline (“Group Hotline”) as a whistleblower’s contact for consultation by executives and employees of domestic Group companies and the reporting of such problems. In addition, by employing a third party that serves as an external contact point, we have established a system under which the anonymity of the person reporting is protected upon their request. This external contact point can be accessed not only by the Group’s executives, employees or temporary staff, but also by members of the Group’s suppliers and authorized distributors. The Company’s internal rules clearly prohibit the disadvantageous treatment of those who consult with or report to the Group Hotline. The Company has posted such rules on its Intranet so that persons can use the Group Hotline without anxiety.

The content of such consultation and reports is reported at meetings of the Internal Control Promotion Committee chaired by the Company’s president, which enables the sharing of information about potential risks among top management.

Risk Management

■ Formulation of the Basic Rules for Risk Management and Policies for Countering Management Crises

Renesas Electronics has formulated the Basic Rules for Risk Management and, based on these rules, the Company has established a Groupwide risk-management structure.

Risks in overall corporate management are categorized according to the level of possible exposure and the degree of potential impact on the Company’s management. Then, the Company designates a division or office responsible for each risk category, and these divisions and offices work to manage risks in their respective fields of responsibility on a regular basis. When a management crisis occurs, Renesas Electronics sets up a risk-specific taskforce in line with its predetermined countermeasures. These risk-specific taskforces do their utmost to minimize the negative impact resulting from a management crisis.
Business Continuity Plan

Through efforts to reinforce its risk-management structure, Renesas Electronics and its Group companies have unanimously recognized a business continuity plan (BCP) as the central means to prevent disasters and manage risks. In line with this recognition, the Company has worked proactively to establish and strengthen its BCPs with the aim of protecting the safety of its employees, continuously fulfilling its responsibility as a supplier of products and services and safeguarding its management resources.

For example, in preparation for large-scale earthquakes, all related divisions and offices have formulated their own BCPs, which include general safety measures, emergency response frameworks, damage minimization measures, business continuity measures and quick recovery measures.

Also, based on the lesson it learned in connection with the outbreak of a new strain of influenza during 2009, Renesas Electronics has formulated BCPs that assume the occurrence of a pandemic, including the new strain of influenza. As such, the Company is working to enhance its BCPs in terms of risks and countermeasures assumed. Looking ahead, we will examine the feasibility of our BCPs while improving their effectiveness through training programs aimed at strengthening the business continuity intelligence of our employees.

Confidential Information Management/ Personal Information Protection

In April 2010, Renesas Electronics established the Information Management and Security Committee. Chaired by the Company’s president, the Information Management and Security Committee is tasked with the deliberation, formulation and promotion of important Group policies and measures relating to overall information management, which includes the management of confidential information and the protection of personal information.

In accordance with the policies formulated by this committee, the Legal & Compliance Division formulates specific plans for confidential information management and personal information protection through collaboration with related divisions and offices. In addition, the Legal & Compliance Division is working to make sure that all business units and Group companies are thoroughly implementing activities in line with the plans it formulated.

Renesas Electronics and its domestic subsidiaries have appointed information management managers and information management promoters who assist information management managers. Information management promoters are in charge of promoting information management activities at their respective business units and subsidiaries.

Specific procedures for confidential information management and personal information protection have been stipulated in the Basic Rules for Confidential Information Management and the Basic Rules for Personal Information Protection, respectively. Pursuant to these internal rules, the Company is striving to manage these types of information in an appropriate manner.

Also, in April 2010, Renesas Electronics formulated a Privacy Policy that explains the Company’s stance toward personal information protection. This policy is disclosed on Renesas Electronics’s Website.

Privacy Policy (Website)
http://www.renesas.com/privacy/

Countermeasures against New Influenza Outbreak— Putting Employees’ Lives First

In response to the pandemic of a novel H1N1 influenza, Renesas Electronics prioritized related countermeasures during 2009. Specifically, the Company formulated basic pandemic countermeasure policies and phase-specific action plans. At the same time, we promoted the stockpiling of surgical masks and sanitizers, closely monitored the status of infections among employees and encouraged employees to take preventive measures, such as hand-washing and gargling. Based on this experience, we will continue to reinforce our BCPs that enable us to keep operating with priority placed on employees’ lives should an H5N1 influenza pandemic occur.