Renesas Electronics Corporation

CSR REPORT 2014

Social and Environmental

Aiming to Realize Our Vision and Build Our Future
How to Use

Each page in this report contains navigation buttons and category tabs to make it easy to move from page to page.

Navigation button
- Go to Contents.
- Go back one page.
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Category tab
Go to top page in each category.

Link button
Support/Design (Website)
www.renesas.com/support/index.jsp

Links to site outside of report.

Editorial Policies
This CSR Report is intended for the many stakeholders of the Renesas Electronics Group, including employees, customers, members of the local communities where we conduct business, suppliers and partners, and shareholders and investors. With the objective of promoting two-way communication between the Company and these stakeholders, this report explains our approach to CSR and the environment and illustrates our specific activities in an easy-to-understand fashion.

Guidelines Used
- Environmental Reporting Guidelines 2012 (Ministry of the Environment, Japan)
- Environmental Accounting Guidelines 2005 (Ministry of the Environment, Japan)
- Sustainability Reporting Guidelines 2006 (Third Edition) (Global Reporting Initiative)
- ISO 26000: 2010 Guidance on Social Responsibility (Japanese Standards Association)

Reporting Scope
The report covers the Renesas Electronics Group, which consists of Renesas Electronics Corporation, xx domestic Group companies and xx overseas Group companies.

In this CSR Report, we use the fiscal year, which ends on the last day of March. Example:
Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Fiscal 2015 (From April 1, 2014 to March 31, 2015)

Reporting Period
This report primarily covers the period from April 1, 2013 to March 31, 2014, and includes reports on certain subsequent activities.

Publication Date
September 2014 (Next publication scheduled: September 2015)

Reporting media
Information on our CSR activities may be found on our Website as well as in this report.
http://www.renesas.com/comp/csr_eco/eco/index.jsp (Environmental Activities section)
We report economic information on our Website.
Corporate Outline

Company Name
Renesas Electronics Corporation

Registered Head Office
1753 Shimonumabe, Nakahara-ku, Kawasaki, Kanagawa 211-8668, Japan

Headquarters
Nippon Bldg., 2-6-2, Ote-machi, Chiyoda-ku, Tokyo 100-0004, Japan

Established
November 1, 2002
(Started operation on April 1, 2010)

Capital Stock
228.3 billion yen (As of March 31, 2014)

Major Operations
Research, development, design, manufacture, sale, and servicing of semiconductor products

Employees
(Consolidated) 27,200 (As of March 31, 2014)

Websites
japan.renesas.com (Japanese version)
www.renesas.com/index.jsp (English version)

Domestic Sites

Manufacturing and Manufacturing Support Companies
- Renesas Semiconductor Manufacturing Co., Ltd.
- Renesas Semiconductor Package & Test Solutions Co., Ltd.

Design, Development and Application Technologies Companies
- Renesas Electronics Corporation
- Renesas System Design Co., Ltd.
- Renesas Solutions Corp.
- Renesas Engineering Services, Co., Ltd.

Sales Company
- Renesas Electronics Corporation

Business Companies and Others
- Renesas Mobile Corp.
- Renesas SP Drivers Inc.

Overseas Sites

Manufacturing and Manufacturing Support Companies
- Renesas Semiconductor (Beijing) Co., Ltd.
- Renesas Semiconductor (Suchou) Co., Ltd.
- Renesas Semiconductor Singapore Pte. Ltd.
- Renesas Semiconductor Technology (M) Sdn. Bhd.
- Renesas Semiconductor Technology (Kedah) Sdn. Bhd.

Design, Development and Application Technologies Companies
- Renesas Design Vietnam Co., Ltd.
- Renesas Semiconductor Design (Beijing) Co., Ltd.

Sales Companies
- Renesas Electronics America Inc.
- Renesas Electronics Canada Limited
- Renesas Electronics Brasil-Servicos Ltda.
- Renesas Electronics Europe Limited
- Renesas Electronics Europe GmbH
- Renesas Electronics (China) Co., Ltd.
- Renesas Electronics (Shanghai) Co., Ltd.
- Renesas Electronics Hong Kong Limited
- Renesas Electronics Taiwan Co., Ltd.
- Renesas Electronics Singapore Pte. Ltd.
- Renesas Electronics India Pvt. Ltd.
- Renesas Electronics Malaysia Sdn. Bhd.
- Renesas Electronics Korea Co., Ltd.

Business Company and Other
- Renesas SP Drivers Taiwan Inc.
Business Domains and Semiconductor Sales Ratio by Business (Fiscal 2014)

McU Business

- Major Products: Microcontrollers
- Major Applications:
  - Automobiles
  - Industrial applications
  - Consumer electronics (Digital home appliances, white goods, game consoles)
  - PC and PC peripherals (Hard disc drives, etc.)

Analog & Power Semiconductor Business

- Major Products:
  - Power MOSFET
  - Mixed-signal ICs
  - IGBT
  - Diodes
  - Small signal transistors
  - Display driver ICs
  - Compound semiconductors
- Major Applications:
  - Automobiles
  - Industrial applications
  - PC and PC peripherals (Hard disc drives, etc.)
  - Consumer electronics (Digital home appliances, white goods, game consoles)

SoC Solutions Business

- Major Products: ASIC, ASSP
- Major Applications:
  - Networking equipment
  - Industrial applications
  - PC and PC peripherals (Hard disc drives, USB, etc.)
  - Consumer electronics (Digital home appliances, game consoles)
  - Automobiles (Car navigation systems)

Net Sales (¥ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000</td>
<td>883.1</td>
<td>785.8</td>
<td>833.0</td>
</tr>
</tbody>
</table>

Operating Profit or Loss (¥ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>56.8</td>
<td>(23.2)</td>
<td>67.6</td>
</tr>
</tbody>
</table>

Total Assets (¥ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000</td>
<td>858.1</td>
<td>669.1</td>
<td>786.0</td>
</tr>
</tbody>
</table>

Domestic/Overseas Sales Ratio (%)

- FY 2014
  - Overseas: 55%
  - Domestic: 45%
At Renesas Electronics, our aim is to practice CSR as a way to coexist with our stakeholders, using our solid technologies to build a path to the future and increase our corporate value. We prepared CSR Report 2014 as a way to express our stance on CSR and describe the initiatives we are taking to practice it. We hope you will find the report informative.

Corporate value, as I see it, is economic value (sales, profitability, and so on) multiplied by social value (our contribution to society). In other words, if one multiplier is zero or negative, total corporate value will also be zero or negative. I see economic value and social value as two wheels of the same cart. Increasing them in balance with each other is a business’s social responsibility. Stakeholders will trust us only when this has been accomplished.

Since our corporate integration in 2010, Renesas Electronics has been transforming itself into a muscular organization by selecting and concentrating our businesses and products, transferring and closing factories, and other moves. During this time, we experienced the Great East Japan Earthquake of 2011 and the sharp run-up in the value of the yen in 2012, which kept us from meeting our stakeholders’ expectations. However, in fiscal 2014, our steady reforms began to produce results, including profitability.

Stable profitability is essential for an enterprise to grow sustainably, but it is not the only reason enterprises exist. Our goal is to know what we are in business for, and to run our business in a way that our many stakeholders can understand.

Renesas Electronics has a number of outstanding semiconductor technologies that are building a path to the future. I am absolutely convinced that when our employees think and act for themselves, we can offer technologies, products, and services that are useful to society.

Achieving this all depends on having a vibrant workplace where each employee works autonomously. Without that, there is no innovation and no growth. We aim to be a company and workplace that gives autonomy to our employees and motivates them to draw out their creativity.

Chairman and CEO
Hisao Sakuta
We help to achieve a sustainable society by taking advantage of outstanding technology and creating optimal solutions.

The international community faces numerous problems that must be dealt with by society as a whole: planetary problems like global warming, water resources and energy as well as poverty and human rights. We cannot realize our vision and build a future unless we solve these problems.

Although one enterprise cannot solve such problems by itself, we believe that there is much we can and should do to help.

The times call for achieving a society that is both eco-friendly and comfortable to live in. Renesas Electronics has excellent technology and strong products to meet these needs. By creating optimal solutions and offering exacting service, we will help to achieve a sustainable society.

We are also making a greater effort than ever before in respect to human rights and environmental problems. Since 2008, Renesas Electronics has endorsed and practiced the 10 Principles of the United Nations Global Compact in the four areas of human rights, labor, environment, and anti-corruption. Through our compliance with and practice of these 10 Principles, we as a global enterprise will contribute to the building of a sustainable society.

We communicate with our stakeholders and pursue our business to meet their expectations.

We aim to be a trusted partner meeting the needs of our customers the world over. With our No. 1 share of the world market for microcontrollers, we will rapidly propose and provide highly competitive products and optimal solutions.

Communicating with our stakeholders, especially our customers, is very important for doing this. Our aim is to listen at every opportunity.

Our top management itself goes back to the starting point of manufacturing. By keeping a common and thoroughgoing awareness of the situation and sharing information, technology, and know-how, we will conduct our business to meet the expectations of all stakeholders involved.

We seek to coexist happily with our stakeholders as a good corporate citizen.

The Renesas Electronics Group takes social initiatives all over the world. As a good corporate citizen, we will continue to value our ties with our various stakeholders and to listen to their input. As our aim is to be a company that is trusted by and coexists with its stakeholders, we hope we can continue to count on your support.
CSR in the Renesas Electronics Group

The Renesas Electronics Group believes the CSR we are called on to practice is to contribute to solving the problems that society is facing, like the environment, human rights, poverty, and support for industrializing nations. We do this by conducting business based on our Corporate Philosophy. To that end, the Group undertakes business activities with a balance of environmental, social, and economic aspects. We maintain good relations and value dialogue with our various stakeholders (customers, suppliers, shareholders, and the local community), and we actively take on social problems and contribute to the sustainable development of society.

Corporate Philosophy
Harnessing our collective expertise in new technologies, Renesas Electronics contributes to a world where people and the planet prosper in harmony by realizing our vision and building our future.

Corporate Vision
We will be first to respond to customer needs worldwide with our creative power and technology innovations to become a strong, growing semiconductor manufacturer and a trustworthy partner.

CSR Charter

Renesas Electronics Group CSR Charter

The Renesas Electronics Group will contribute to the sustainable advancement of society. As an enterprise, we will conduct business that helps build a better future for people around the world by supplying superior semiconductor products powered with advanced technologies and by providing customer service that is honest and sincere. We pledge to conduct our business with integrity and in compliance with legal requirements. We will work with and for the benefit of our stakeholders based on the following guiding principles:

Customer focus
We will quickly provide optimized, high-quality solutions in response to our customers’ needs to maximize customer satisfaction and to earn our customers’ trust.

Sound business practices
We will carry out fair, ethical and transparent business practices and convey these practices to all our stakeholders. In addition, we will maximize our corporate value through business practices that allow us to continue to grow.

Healthy work environment
We will respect the individual personalities of our employees. We will promote a rewarding, safe, and flexible working environment where each person is able to demonstrate his/her best talents and capabilities.

Global perspective
As a member of the global community, we will respect the history, culture, customs and human rights of each country and region, and we will not practice or permit any forced or child labor. In addition, we will promote activities that contribute to the betterment of the global society.

Environmentally friendly
We pledge to develop, manufacture and sell semiconductor products that respect the environment, and we will strive to minimize the environmental impact of our products throughout the entire product life cycle. We will also participate in activities intended to harmonize human pursuits and the environment, promoting increased awareness of issues such as climate change and biodiversity.
Modern society has to deal with numerous challenging issues, like booming demand for electric power worldwide, rapid urbanization and increasing population in emerging countries, and the aging of the world’s population. Such problems are especially prominent in the emerging countries. It is no longer enough to transplant the status quo of the developed countries to emerging ones. Today we are called upon to seek solutions to problems in both types of countries at the same time. At the Renesas Electronics Group, we believe we can solve these problems by building a society that is safe, secure, comfortable, and eco-friendly.
Contributing by Offering Optimal Services with More Added Value

The Renesas Electronics Group aspires to respond to a changing market environment and build a society that is safe, secure, comfortable, and eco-friendly. We pursue this aim by offering optimal services with more added value. We have three tiers of semiconductor solutions—devices, kits, and platforms—which we make available to our primary fields of focus: Automotive, Industrial and Home Electronics, and OA/ICT.

- **Automotive**
  - Integrated cockpit/navigation + safe driving support
  - Ecosystem collaboration
  - Solutions for new e-mobility, motorbikes in emerging countries
  - MCUs for driving, steering, and braking control
  - Analog and Power semiconductors

- **Industrial and Home Electronics**
  - Industrial Ethernet
  - Industry-standard platforms
  - Solutions for motor control, smart meters
  - Power semiconductors for industry

- **OA/ICT**
  - Network/surveillance camera platforms
  - Solutions for offices, communications, security
  - MCU + Analog kit solutions

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Devices: Our traditional business model, offering individual products like MCUs, analog devices, and power semiconductors

Kits: A business model offering solutions optimized for customers' products with combinations of individual semiconductor products

Platforms: A business model offering solutions that include software and intellectual property (IP) as products get more complex and highly functional
Integrated Cockpit

R-Car Platform Achieves People-Friendly Interface

The next generation cars are increasingly integrating information systems (IT), such as high-performance navigation and safe driving support, with conventional “driving, steering, and braking” control systems (control). As cars incorporate more and more IT, the driver seat is evolving into an “integrated cockpit,” bringing together the traditional meter display, infotainment (such as IT data that is connectable to the car navigation systems and can be obtained from the cloud), and driving support in the form of warnings and surround view. All of this data is made available to the driver on an easy-to-read display. The integrated cockpit is a good example of a people-friendly interface. By instantly offering the needed information just when it is needed, it enhances driver comfort, safety, and security.

For the Renesas Electronics Group, the integrated cockpit concept has three aspects: flexibility (supporting multiple screens), scalability (supporting multiple vehicle models), and personalization (accessible to multiple generations of users). The solutions we offer are tailored to achieve these objectives.

Scalable and Flexible R-Car Platform

The Renesas Electronics Group offers the R-Car SoC series in a scalable format matching customer specifications, whether entry class, midrange, or premium class. R-Car is an open platform that we are building with more than 130 partner companies. We are working to expand the menu of software, development environments, and so on supporting the variety of operating systems used by customers. In this way we are working to achieve an integrated cockpit with the three concepts.

(Note) GENIVI is a registered trademark of the GENIVI Alliance. Linux is a trademark of Mr. Linus Torvalds. Android is a trademark or a registered trademark of Google Inc. QNX is a registered trademark of QNX Software Systems Limited. Windows is a trademark or a registered trademark of Microsoft Corporation (USA) in the USA and other countries.
R-IN Platform

Combining High-Speed Communication with Low Power Consumption to Boost Factory Efficiency and Save Energy and Labor

Modern factories are increasingly using tools like industrial robots to replace human operators. They are also adopting FA (factory automation) to enhance work efficiency and safety. FA devices have linked to each other with a variety of network standards, but now the world is moving toward connecting FA devices by industrial Ethernet which is based on Ethernet, the global network standard. Linking numerous control devices by IT allows entire factories to operate efficiently while saving energy and labor. The Renesas Electronics Group was among the first to support various communication protocols for industrial Ethernet. We offer the R-IN SoC, which saves energy while enabling communication speeds that are 5 to 10 times faster than before. Through the R-IN Consortium, a group that we announced in September 2014, we will collaborate with our partner companies to build R-IN platform solutions by offering a range of software and development environments. By developing R-IN for use all the way up to the highest levels of the factory, we will contribute to greater efficiency and savings of energy and labor in factories around the world with this de facto solution for all FA devices. In addition, we will develop R-IN not just for the factory but also for applications requiring real-time communications, such as robot attitude control.

Launching R-IN Consortium

In September 2014, we started to invite partner companies to jointly provide software, operating systems, development environments that support R-IN.

Enabling Faster, Energy-Saving Industrial Ethernet with Super Real-Time R-IN Engine

- Super-fast real-time response
- Stable control with low fluctuation
- Enables low-power systems

5 to 10 times faster communication

Supporting the World’s Standards

EtherCAT, CC-Link IE, EtherNet/IP, PROFINET

(Not) EtherCAT is a registered trademark and the name of a patented technology licensed from Beckhoff Automation GmbH (Germany). CC-Link IE is a registered trademark of the CC-Link Partner Association (CLPA). EtherNet/IP is a registered trademark of ODVA. The PROFINET logo is a registered trademark of PROFIBUS International.
Social Responsibility

Customer Satisfaction Surveys in Fiscal 2014

292 responses

Number of People Using Childcare Leave

70
For Our Customers

Seeking Customer Satisfaction through Company-wide Improvement Initiatives

The Renesas Electronics Group believes that customer feedback is a valuable management resource for enhancing customer satisfaction (CS). As a Group-wide initiative, we strive to make improvements so that this management resource can help increase customer satisfaction. The results are reported to upper management and disclosed throughout the Group so that all employees have the same information.

Customer Satisfaction Management

CS Surveys for Better Customer Satisfaction and Communication

Each year the Renesas Electronics Group conducts CS surveys, analyzes the results and uses them to improve products, services and business activities. And March 11 is designated “Trust and Peace of Mind Day” in the Group. We periodically check how much our customers trust us and make improvements, aiming to earn even greater trust. As part of this, we did a CS survey in March 2014. We received 292 responses from 117 corporate customers in Japan and abroad. We have been sharing the results throughout the Group to improve CS.

Stance of the Renesas Electronics Group

One of the basic policies of the Renesas Electronics Group is to increase customer satisfaction and earn customer trust by responding quickly to their needs and offering appropriate high-grade solutions. In line with this policy, all Renesas Electronics employees in each division and each office are implementing business activities with the Company’s customers in mind.

Contact Centers Established for Customers

To help customers use the Group’s products safely, appropriately and effectively, we have established centers to provide technical support for users. These provide a variety of technical information on our products.

The centers received a total of about 15,500 customer inquiries in fiscal 2014. They are working to respond to such inquiries swiftly and accurately.

Inquiry Breakdown

- (Number of inquiries) MCUs
- Tools
- A&P
- Other

2013
2014

April May June July August September October November December

General evaluation:

Respondents evaluated Renesas Electronics generally in nine categories, including quality of operating activities, technical support for set development, effectiveness of suggestions to customers, product quality, and so on.
The Renesas Electronics Group has quality assurance systems group-wide, which we use from development and design to production and delivery. This way we are able to provide high-quality, reliable products and services for greater CS. We supply products to many companies involved with automobile production. In view of this, we use manufacturing tools that conform to automobile sector standards. Through such activities as these, we are continuing to improve the quality of our products and services so that we are always able to accommodate the specific requirements of our customers.

### Quality Assurance Systems

The Renesas Electronics Group has quality assurance systems group-wide, which we use from development and design to production and delivery. This way we are able to provide high-quality, reliable products and services for greater CS. We supply products to many companies involved with automobile production. In view of this, we use manufacturing tools that conform to automobile sector standards. Through such activities as these, we are continuing to improve the quality of our products and services so that we are always able to accommodate the specific requirements of our customers. Furthermore, as quality management systems, we have acquired ISO 9001 quality management system certification on a Group-wide basis. In the meantime, individual manufacturing sites and their support sites have acquired ISO/TS 16949 automotive quality management system certification.

### Policy for Product Quality Improvement

The Renesas Electronics Group sets concrete quality objectives every fiscal year based on the Quality Policy top management has committed to. To achieve these objectives, we work for continuous improvement of overall quality in the development, design, manufacturing, and support processes. Individual divisions and offices set prioritized semiannual projects for quality improvement, and they formulate and implement action plans to accomplish these projects. Action plans go through an improvement cycle that checks their progress during each six-month period and revises them.

### Quality Control in Each Process

Renesas has built a comprehensive quality assurance system that covers every stage from development, design, mass production, and shipping through to actual use by the customer. In addition, we advance semiconductor product safety as part of quality improvement, as we believe that quality includes product safety.

#### Quality Control in Development and Design Processes

Optimization and design review (DR) of device construction, circuit design, packages, and processes are important components of ensuring product specifications and building in quality. Every model we make only goes to mass production after we have checked the characteristics of its prototypes and verified its reliability.

#### Quality Control in Manufacturing Processes

We have a quality control program to build in quality during manufacturing processes. It uses an electronic data processing (EDP) system that ties quality information about our products' workmanship to information about equipment, tools, environment, and manufacturing conditions.

#### Product Quality Control

We sample finished products and test their reliability in-house to confirm that they have the prescribed functions and reliability. We also give customer support by providing claims processing, quality information, and other services.

#### Product Safety

To promote the safe use of its products by customers, the Group undertakes various activities, including the preparation of appropriate product specifications and the provision of documents with accurate technical information, as well as information pertaining to compliance with environmental laws and regulations.
Defective Product Inquiry Flow

If a shipped product is found to be defective, the quality assurance department leads an effort to determine the cause and take corrective measures. The quality assurance department tracks defects found by customers and uses measuring and analysis instruments of various types to analyze the product failure. Design, production, and other concerned departments confer with each other and take the necessary corrective measures as based on study results, and those results are reported to the customer.

For Our Customers

Studying Defective Products and Taking Corrective Action

If a shipped product is found to be defective, the quality assurance department leads an effort to determine the cause and take corrective measures. The quality assurance department tracks defects found by customers and uses measuring and analysis instruments of various types to analyze the product failure. Design, production, and other concerned departments confer with each other and take the necessary corrective measures as based on study results, and those results are reported to the customer.

Product Environmental Quality

At Renesas Electronics Group, we believe that product chemical substance management in all processes, from material selection during design and development to preventing pollution during manufacturing process, requires working with the entire supply chain. Thus we have our suppliers certify that their products do not contain prohibited substances and provide analysis data. We also conduct supplier audits to confirm their management systems. We additionally ask our sales companies and agents to manage chemical substance they use in their packing materials. We also provide information on the chemical substances and RoHS Directive / prohibited substance analysis data to our customers so that they can use our products with confidence. Moreover, we allow customers to confirm the Group’s management system for chemical substance and the actual activities.

*RoHS Directive: A European Union directive limiting the content of specified hazardous substances (lead, mercury, cadmium, hexavalent chromium and brominated flame retardants PBBr and PBDE) in electric and electronic devices.
Following our basic policy on IR initiatives, we seek to provide shareholders, investors, and securities analysts with information on our business, finances, strategies, and other important matters in readily understandable form. To do this, we work to increase opportunities for top management to speak directly to these parties, for example at our general meeting of shareholders, quarterly results briefing sessions, or business overview sessions. We also proactively hold meetings with institutional investors and securities analysts as needed so they have an opportunity to better understand our business activities. We also aim constantly to provide important management information that is timely, fair, and easily understood, to as many parties as possible, whether they are individual or institutional investors, located in Japan or abroad. For that purpose, we are enhancing our disclosed materials and IR Web page. As for opinions and requests that shareholders, investors, and securities analysts have regarding our business activities, top management and other parties within Renesas Electronics share this information periodically and put it to use improving our business activities and maximizing our corporate value.

The purpose of our IR is to ensure that shareholders and investors appropriately assess our corporate value. To that end, we provide them with the information they need to make investment decisions, and we do so in a timely, fair and ongoing manner. We moreover proactively enhance two-way communication with shareholders and investors.

The Renesas Electronics Group uses a variety of tools to disclose information so that shareholders and investors will know us better. On our IR Web page in particular, we offer press releases, securities reports, and other publications of use to those making investment decisions. We are also working to enlarge the range of information available relating to financial results, such as settlement of accounts briefs and presentations (including their accompanying speeches), in addition to English-language materials. These efforts have gained positive attention. For example, Daiwa Investor Relations Co., Ltd. honored us with its award for Internet IR excellence in both 2012 and 2013.
Working with Suppliers

Procurement Policies

1. Provision of opportunities for fair competition
   We provide information on procurement in an appropriate and timely manner in order to offer opportunities for fair competition to all domestic and overseas companies who express an interest in working with us.

2. Fair evaluation and selection of suppliers
   We employ a comprehensive supplier evaluation and selection process that considers: the reliability of the potential supplier’s management; the prices, quality, delivery timelines and advanced technical features of the products and services to be procured; and the supplier’s CSR policies.

3. Development of mutual trust
   We value communication with our suppliers and always strive to form relationships of mutual trust that will grow stronger in the years to come.

4. Management and protection of information
   We recognize the value of the information that we obtain through our procurement transactions, and we manage it appropriately.

CSR Procurement Initiatives

The Renesas Electronics Group has established several CSR initiatives we wish our suppliers to perform, including the practice of social responsibility as it relates to environmental protection, fair business and corporate ethics, quality and safety, information security, health and safety, and human rights and labor. We ask our suppliers to work with us to advance these purposes.

Moreover, to ensure that the activities we pursue are based on a shared perspective and promote understanding of our stance on CSR, we wrote a guidebook on promoting CSR and distributed it in our supply chain.

Promotion of CSR Procurement (Website)
www.renesas.com/comp/procurement/csr/index.jsp

Promoting Green Procurement

Renesas Electronics is promoting green procurement. Specifically, the Company prioritizes the procurement of eco-friendly raw materials and other materials free of hazardous substances from suppliers who are proactively promoting environmental protection. Requirements for suppliers have been compiled as Green Procurement Guidelines. These guidelines are disclosed to all suppliers. In addition, Renesas Electronics conducts periodic investigations on the environmental measures implemented by suppliers.

Furthermore, the Company performs examinations of suppliers’ products to confirm that these products comply with the European Union’s RoHS Directive and other environmental laws and regulations. These examinations are promoted based on the understanding and cooperation of our suppliers.

We also practice green purchasing of goods such as office supplies and IT equipment. When we select such goods, we give preference to eco-friendly products based on the environmental burden data for each item. Our current green purchasing rate is about 80%.

Stance of the Renesas Electronics Group

Renesas Electronics provides suppliers with equal opportunities for competition, while engaging in fair, impartial and open business transactions. We have always given priority to “Green Procurement,” and developed CSR guiding principles for our supply chain by incorporating compliance, risk-management and human-rights-protection perspectives into its environmental approach. We conduct these activities in collaboration with all the partners involved in our supply chain.

*RoHS Directive: A European Union directive limiting the content of specified hazardous substances (lead, mercury, cadmium, hexavalent chromium and brominated flame retardants PBB and PBDE) in electric and electronic devices
Initiatives Against the Conflict Minerals Problem

In the Democratic Republic of the Congo and some of its neighboring countries in Africa, some minerals have become problematic, as they are a revenue source for armed groups and may lead to violations of human rights and the prolonging of conflicts. The US’s Dodd-Frank Wall Street Reform and Consumer Protection Act requires companies listed in the US to disclose information about their usage of conflict minerals (gold, tantalum, tungsten, tin, etc.).

In accordance with this act, the Renesas Electronics Group is working to eliminate conflict minerals from our supply chain as far as possible.

To ensure follow-through on this initiative, we take a survey of our suppliers, asking them to identify the refineries they use. Results of the survey are being disclosed to our customers as we strive to procure minerals responsibly through our supply chain.

BCP Initiatives with Suppliers

Renesas Electronics requests that its suppliers notify it immediately in the event that they are affected by natural disasters or major accidents. The Company has a system in place to ensure that, in such an event, information from suppliers reaches all concerned employees, both in Japan and overseas, regardless of when the event occurs. Based on this system, the employees in question take appropriate measures in a swift manner.

Communication with Suppliers

Smooth communication with suppliers is essential for Renesas Electronics Group business activities. Suppliers keep us informed about trends in the electronics industry and their own industries and provide valuable suggestions to the Group for the development of society.

Flow of Recovery Activities Following an Earthquake

Activities of workplace firefighting team (by workplaces and floors)
The Ryoyo Electro Group is a solutions partner seeking to inspire a fully-connected smart society. We operate a high value-added business based on a fusion of our core areas of semiconductors and ICT.

Renesas Electronics Corporation has always provided us with generous support in responding to our customers' needs, and we have developed a strong relationship with the company.

We hope to realize sustainable growth together with Renesas Electronics into the future.

Based on our three management principles of “Global,” “Technology,” and “Manufacturing,” Satori Electric Co., Ltd. provides solutions that bring together society, companies and people using the technological assets that we have developed within the evolving information network society through a fusion of marketing power, technological power, and manufacturing power. Renesas Electronics Corporation is a partner of the greatest importance to our growth strategy. Renesas increases value for its customers through its cooperation and its proposal of solutions, and contributes to society through sound business practices with a thorough focus on compliance.

**Comment from Sales Partners**

**Kazuhiro Yokoyama**
Senior Executive General Manager, Domestic Semiconductor Business Promotion Div., Ryoyo Electro Corporation

**Noboru Tanaka**
Senior Manager, Electronic Device Operations Management Dept., Satori Electric Co., Ltd.
For Renesas to achieve sustainable growth and contribute to society in a global market, all of its employees must grow and be active. Our human resources development system aims to realize the “required human resources.” This image is our vision of the talents, skills and actions required so that our employees can think and act for themselves and our personnel have the capacity to act and succeed on the world stage. The following graphic lays out the specific characteristics we are trying to develop.

### Human Resources Development and Education Programs

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#### Required Human Resources

**Philosophy**
- Rigorous problem-solver
- Reliable team-player
- Relentless challenger

**Vision**

**Our people**

#### 1. Fostering Human Resources able to Flourish as Leaders on the Global Stage

Human resources who act as leaders have a great influence on organizations and affect the outcomes of those organizations. The continuous fostering of these human resources is an important initiative from the perspective of a company’s growth, sustainability, and stability.

By implementing the twin streams of 1) Succession plans (plans for successive personnel to fill a post) and 2) A system for the cultivation of leaders (plans for the fostering of human resources), we attempt to stably provide successors for each post in our company.

#### 2. Creating Mechanisms to Invigorate OJT

We have reaffirmed our belief that on-the-job training (OJT) is the basis of the fostering of human resources. In our system of target management and evaluation of the behavior of our managers, we have made the fostering of subordinate staff members an item for evaluation. Through this linkage with evaluation, we have increased awareness regarding the fostering of subordinate employees, and by emphasizing the importance of OJT and thoroughly reacquainting ourselves with OJT methodology, we are producing more effective outcomes.

#### 3. Creating Mechanisms for Voluntary Learning by Employees

In order to promote voluntary learning, we believe that it is necessary to implement the “growth cycle”: 1) Be aware of the necessity for growth; 2) Understand what should be learned; 3) Learn; and 4) Put what has been learned into practice.

Hard aspects (our personnel system and its operation) and soft aspects (communication in the workplace) are involved in each phase of this growth cycle.

---

*OJT: On-the-job training
*SD: Self-development
The Renesas Electronics Group is strengthening initiatives to promote human resource diversity. At Renesas, we respect differences. We aim to actively use differences to respond most effectively to the changing business environment and diversifying customer needs and thereby establish an advantage.

It is, without question, important to recruit people so that they can—regardless of nationality, gender or physical constitution—apply their individual abilities and contribute to society. This is a prerequisite for every company. Furthering this idea, the Group continues to create more employee-friendly, more pleasant workplaces by placing particular focus on human resource diversity. For example, we are promoting the hiring of more female employees and people with disabilities.

### Promoting Diversity in Human Resources

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Both the Renesas Electronics Group CSR Charter and the Renesas Electronics Group Code of Conduct clearly state that the Renesas Electronics Group will respect human rights in hiring, human resources development, employee treatment and all other aspects of employment, while eliminating any discrimination based on race, belief, gender, age, social position, family origin, nationality, ethnicity, religion, or physical and mental disability, to ensure that all of its employees are treated equally. Also, the charter and the code of conduct clearly prohibit sexual harassment, as well as forced labor and child labor. Since March 2008, we have also endorsed and participated the United Nations Global Compact for business operation with a strong sense of ethics in accordance with international guidelines. As we promote global operations, we ensure that all of our Group companies are familiar with these principles. In line with the principles, each Renesas Electronics Group company must not only comply with relevant laws and regulations, but also implement educational and awareness-raising programs on human rights and other related subjects.

Specifically, we raise employee awareness of human rights during new-employee and position-specific training and e-training programs for all employees, as well as various events during Human Rights Week every year. We put up posters in places visible to employees and use our intranet to inform them about our in-house service for consulting on issues of sexual harassment, harassment of subordinates by superiors, equal opportunity for men and women, and other issues. In these ways, we are endeavoring to facilitate consultation and enable appropriate responses to employee concerns.

With the aim of supporting employees in balancing their work and private lives while realizing their full abilities at work, Renesas Electronics carries out various support measures. These measures are implemented in the form of flexible work conditions and leave systems. We are also encouraging our employees to have some variety in their lives. For example, individual factories and offices establish days when everyone leaves at the set time.

People Using the Childcare Leave Program (data over time)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Women</td>
<td>147</td>
<td>154</td>
<td>121</td>
<td>70</td>
</tr>
<tr>
<td>Total</td>
<td>149</td>
<td>157</td>
<td>122</td>
<td>70</td>
</tr>
</tbody>
</table>

*The number dropped in fiscal 2014 because of such factors as use of our early retirement program.

Renesas Electronics holds labor-management meetings twice a year with the Renesas Electronics Labor Union, to which its employees belong, to exchange frank opinions on management policies and business conditions. In addition, committees consisting of employee and management representatives are promoting activities aimed at preventing long working hours, improving working conditions and supporting the development of employees who will play an important role in achieving the future growth of the Company. In this way, Renesas Electronics is helping to build stable labor-management relations.

Similar efforts are being made with labor unions at Group companies in Japan. Overseas, our Group companies exchange opinions with workers’ unions or employee representatives based on laws and regulations in their respective countries.
Renesas Electronics Group considers measures to promote mental health as a paramount management issue and is consequently promoting various activities in this regard. Specifically,

1) Industrial physicians give consultations and advice to employees working long hours.
2) A contact point has been established so that any employee can obtain diagnosis and counseling from industrial physicians, occupational health nurses, and contracted counselors.
3) The Company provides support to employees who have taken leave to enable them to return to work by standardizing procedures that last from the start to end of leave.

The Company periodically offers mental health education programs to managerial employees as part of efforts to establish a mental health management structure based on lines of command. At the same time, we encourage the use of a simplified stress check system. Also, the Company includes subjects related to mental health in various training programs. Through these initiatives, Renesas Electronics is endeavoring to remain a company where all employees can better maintain their health and work with vigor and enthusiasm.

**Occupational Health and Safety/ Mental Health Management**

**Basic Policy**
In line with the basic policy, “Renesas Electronics shall protect the safety and health of its employees and work to realize employee-friendly, safe workplace environments,” the Company is implementing various measures.

**Occupational Health and Safety**

**Group-Wide Initiatives**
The Renesas Electronics Group is promoting various activities aimed at ensuring disaster prevention, occupational health and safety. More specifically, a Company-wide Safety and Health Conference—consisting of occupational health and safety officers at individual business sites and Group companies—has formulated the Renesas Electronics Group Disaster Prevention and Occupational Health and Safety Management Policy. Based on this policy, the occupational health and safety officers organize related activities. Meanwhile, the Company is promoting the sharing of information related to occupational health and safety within the Group. Such information is utilized to prevent disasters and reinforce the Group’s occupational health and safety activities.

**Specific Activities**

**Occupational safety activities:** Through risk assessment processes, disaster risks are identified, and possible countermeasures are prepared. These processes are helping us prevent disasters and accidents. Group factories with production lines have already received Occupation Safety and Health Management System certification. We have designated March 11 of each year as “Trust and Peace of Mind Day” in the Group. We conduct disaster preparedness inspections on workplaces and employee homes, all on this one day.

**Occupational health activities:** In collaboration with occupational health staff, we are strengthening activities primarily aimed at maintaining and improving health, fostering mental health and safeguarding against overwork.

**Mental Health Management**
The Renesas Electronics Group considers measures to promote mental health as a paramount management issue and is consequently promoting various activities in this regard. Specifically,

1) Industrial physicians give consultations and advice to employees working long hours.
2) A contact point has been established so that any employee can obtain diagnosis and counseling from industrial physicians, occupational health nurses, and contracted counselors.

**Mental Health Consultation Mechanism**

<table>
<thead>
<tr>
<th>Supervisor</th>
<th>Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consult</td>
<td>Consult</td>
</tr>
<tr>
<td>Consult</td>
<td>Consult</td>
</tr>
<tr>
<td>Human Resource Division</td>
<td>Occupational Health Staff</td>
</tr>
<tr>
<td>Occupational Health Staff</td>
<td>Health Management Center</td>
</tr>
<tr>
<td>Health Management Center</td>
<td>Counselling Rooms</td>
</tr>
<tr>
<td>Counselling Rooms</td>
<td>Medical Institutions</td>
</tr>
<tr>
<td>Medical Institutions</td>
<td>Medical Specialists (Third Parties)</td>
</tr>
<tr>
<td>Medical Specialists (Third Parties)</td>
<td>Cooperation</td>
</tr>
</tbody>
</table>
The Renesas Electronics Group has endorsed the objectives of the 1% Club, established in November 1990 by KEIDANREN (the Japan Business Federation). Endorsing businesses voluntarily contribute at least 1% of their recurring profits to social contribution activities. As one of these businesses, we have been proactively pursuing social contribution activities in a number of fields.

Financial Support for Social Contribution Activities during the Fiscal Year

The Renesas Electronics Group has endorsed the objectives of the 1% Club, established in November 1990 by KEIDANREN (the Japan Business Federation). Endorsing businesses voluntarily contribute at least 1% of their recurring profits to social contribution activities. As one of these businesses, we have been proactively pursuing social contribution activities in a number of fields.

Activities in Japan

Support for the Education of Coming Generations
(Working with the Micom Car Rally)

The Renesas Group continues to foster a new generation of engineers through the teaching of craftsmanship. Among our initiatives, we have supported the Japan Micom Car Rally (JMCRR) for senior high school students for 19 years. At Micom Car Rallies, senior high school students build and race microcontroller-controlled robotic cars, in the process gaining knowledge and experience with mechatronics technology. In the contest last fiscal year, 2,300 cars from technical high schools around Japan entered regional preliminary contests, seeking to be No. 1 in Japan.

Official Micom Car Rally Website
www.mcr.gr.jp/ (Japanese language only)

YouTube: Renesas MCR1
www.youtube.com/user/RenesasMCR1

Stance of the Renesas Electronics Group

The Renesas Electronics Group aims to help build a rich society on a global scale through our business, and we have taken a variety of opportunities to implement social contribution activities. Thinking of ourselves as a member of society, we proactively engage in social contribution activities so that, as a corporate citizen, we can fulfill our responsibility to the community and society.
Fostering New Generations through Sports

Softball

In June 2013, sixth-year students of Kyogashima Elementary School, which is located near our Takasaki Site, visited our facility as part of a class, and conducted an exchange with our women’s softball team. The students watched the players training from behind the backstop, asking numerous questions (for example “How much do you train every day?”), to which the players happily responded.

In September 2013, members of our softball team acted as instructors in a softball clinic for almost 200 elementary and junior high school students in Yatsushiro, Kumamoto Prefecture. The atmosphere was friendly and relaxed as the clinic commenced, with the students warming up with team members. The clinic was of great benefit to participants, with catchers Mine and Azuma offering detailed instruction in matters including the catching stance. Our softball team participates in numerous clinics throughout Japan, deepening exchange with elementary and junior high school students around the country.

Badminton

In July 2013, we held an exchange for members of the badminton team, other employees, and their families and friends at our Kawajiri Factory in Kumamoto Prefecture. About 130 people, from children to adult volunteers with a knowledge of badminton, participated in the event. Participants enjoyed a vigorous training program and watched dummy matches from the edges of the courts. They had the chance to hold an Olympic silver medal, but the most exciting aspect of the day were the matches between the badminton team and visitors. The visitors earnestly took advice from team members and posed together with them for commemorative photographs afterwards. The day offered the opportunity for an exchange in which participants were able to experience first-hand the dedication of the badminton team to daily training and its skill in the game.

Electric Power Award (Yonezawa Factory)

At the Fiscal Year 2013 Tohoku Region Energy Conservation Month Awards Ceremony, held in Sendai City in February 2014, the Yonezawa Factory of Renesas Northern Japan Semiconductor, Co., Ltd. (currently operating as the Yonewzawa Factory of Renesas Semiconductor Package & Test Solutions Co., Ltd.) received the Chairman’s Award from the Tohoku Seven-Prefecture Electric Power Use Promotion Committee in recognition as a factory with superior energy management. The Yonezawa Factory declared a target for reduction of its energy consumption rate as a measure to prevent global warming, and it has promoted continuing energy conservation activities of various kinds to achieve its target. This award was given in recognition of the measures taken by the factory.

Renesas Forest Land 2013 (Kochi Factory)

The Kochi Factory hosted Renesas Forest Land 2013 in October 2013. The event is held every year under the “Cooperative Forest Building Project” partnership with Kochi Prefecture and Kami City, and this was the event’s seventh year. Including our employees and people concerned from Kochi Prefecture, 38 people took part on the day of the event. Participants experienced tree thinning in the forest and had the opportunity to deepen their exchange with local residents and forestry cooperative members. At the closing ceremony, the factory’s contribution to cooperative forest building was recognized and it was presented with a Fiscal Year 2012 CO2 Offset Certificate from the Kochi Prefecture government.
The Takasaki Site holds site tours several times a year for local residents as well as for students of elementary schools and junior and senior high schools and others. In June 2013, the factory invited 10 heads of district residents’ associations from the surrounding area to an observation tour. Guests were given an overview of the site and an introduction to the site’s environmental activities, its wastewater treatment facility, and so on. One typical response from the invitees who attended the tour was, “I’m relieved. It was good to hear your explanations of these matters.” We hold observation tours every year for the heads of district residents’ associations, and the Takasaki Site will continue with a variety of measures that have harmonious coexistence with local communities in mind. This includes not only these observation tours, but also traffic safety guidance and clean-up activities in areas around our business sites.

Factory Tours (Takasaki Site)

The Musashi Site was selected as Japan's first Model Corporation for Safe Bicycle Use and was presented with a certificate by the Deputy Superintendent General of the Metropolitan Police Department in May 2013. The purpose of this designation is to use the power of the corporation to contribute to the reduction of bicycle accidents, and 17 companies in Metropolitan Tokyo were selected to receive it. The Musashi Site will cooperate with Kodaira Police Station and nearby high schools to provide guidance to bicyclists on the street and to pursue other contributions to local communities by actively promoting safe bicycle use.

Selected as Japan’s First Model Corporation for Safe Bicycle Use (Musashi Site)

The 2013 Nippon Building campaign to cool the city by splashing water on the pavement (uchimizu) held regularly at the Nippon Building where the Headquarters located took place in August 2013. Organized by the Chubu Sewerage Office of the Tokyo Metropolitan Government Bureau of Sewerage, the campaign is part of measures to counter the heat island effect. There were 114 employees from the Renesas Electronics group splashing water in the area around the Nippon Building using buckets and dippers. As a result, the ground level temperature went from 35.3°C at the start to 33.8°C after just 10 minutes, giving a vivid sensation of the effectiveness of water splashing.

Water Splashing Campaign 2013 (Headquarters)

Volunteers from the Tsuruoka Factory have been carrying on a monthly clean-up of commuter streets in the area of the factory from April to November, excluding the winter season. The volunteers have been doing this during the commuting hours before their work as a clean-up activity that contributes to the local community as well as to beautify the commuting routes they themselves use every day and to raise people’s awareness of proper behavior.

Their main activity in November 2013 was to gather fallen leaves in the area around the factory grounds, on sidewalks, and around the bases of roadside trees. There were 54 participants and they gathered 42 household trash bags of fallen leaves and other such debris, amounting to about 80 kg of trash.

Volunteer Clean Up (Tsuruoka Factory)
Activities Overseas

Participating in International Coastal Cleaning Campaign (Singapore)

There is an international campaign to gather trash on the coast, photograph it, and use it to raise awareness of this issue, and Renesas Electronics Singapore Pte. Ltd. has been participating in the campaign since 2010, with 136 members taking part in the four years up to 2013. They collected and removed 463 kg of trash from a 200 m section of Singapore's seashore. The data gathered in this campaign is expected to be used for simplification of packaging with a view to improving Singapore's environmental policy and reducing waste.

“Renesas Cup” Design Contest for University Students (China)

The “Renesas Cup” 2013 National Undergraduate Electronic Design Contest organized by China's Ministry of Education and Ministry of Industry and Information Technology was held in September 2013 under the sole sponsorship of Renesas Electronics (China) Co., Ltd. This is the largest semiconductor design contest in China, with 33,000 or more university students competing, and we have been its sole sponsors since 2009, in the days of the former NEC Electronics. Renesas Electronics (China) is committed to continuing its contributions to the development of human resources for the electronic information field in China by means of this contest as well as providing lectures on microcontrollers in Chinese universities, and other such means.

Attracting Young People to Engineering (Germany)

In April 2014 Renesas Electronics Europe GmbH (REE) joined a programme for school pupils organized by the city of Dusseldorf, Germany, focussing on the transition from school to university. A group of young, technology oriented pupils visited REE Headquarters and took part in a day-long event to get an introduction into the production and programming of microcontrollers. This insight into the real working world of technology supported their goal to study Engineering or Computer Science after school. The exciting event was crowned with success by lasering their names on drinking bottles, smartphones and rings in a laboratory.
Environmental Report

Number of Proposals for Improvements Resulting from Mutual Audits within the Group in Fiscal 2014

231

Rate of Participation in Online Environmental Basic Course

95.8%
Some of the key issues in our environmental measures are:

1. Legal compliance
2. Reduction of environmental burden
3. Development of eco-friendly products
4. Maintaining good relations with stakeholders.

We are tackling these issues through environmental management, in which all employees participate. Such management is based on a so-called Eco-Management system built on the cornerstones of the Eco-Factories, Eco-Products, and Eco-Communication initiatives.

- **Eco-Factories Initiative:** Aimed at reducing the environmental impact of manufacturing sites through the reduction of greenhouse gasses (GHG) and the appropriate management of chemical substances in manufacturing processes.

- **Eco-Products Initiative:** Aimed at supplying eco-friendly semiconductors produced with environmental considerations in mind throughout their lifecycles, including the control of chemical substances contained in products and the development of products with excellent energy-saving performance.

- **Eco-Communication Initiative:** Aimed at strengthening employee awareness through environmental education and disseminating the Group's environmental information to society.

Three Environmental Cornerstones of Renesas Electronics

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Renesas Electronics Group Environmental Measures

Fiscal 2014 Initiative Results and Fiscal 2015 Targets

<table>
<thead>
<tr>
<th>Item</th>
<th>Fiscal 2014 Plan</th>
<th>Fiscal 2014 Results</th>
<th>Evaluation</th>
<th>Fiscal 2015 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eco-Management</strong></td>
<td>• Promote integration of ISO 14001 certification of manufacturing sites</td>
<td>• Finished integrating at four planned sites</td>
<td>✔</td>
<td>• Reorganize certification and EMS units</td>
</tr>
<tr>
<td><strong>Eco-Factories</strong></td>
<td>• Comply with action plan of four electric and electronics groups for post-Kyoto Protocol era.</td>
<td>• Reduced 14% from benchmark year (energy consumption per unit sales)</td>
<td>✔</td>
<td>• Reduce 2% or more from benchmark year (energy consumption per unit sales)</td>
</tr>
<tr>
<td></td>
<td>• Reduce PFC* emissions</td>
<td>• Reduced PFC emissions 7% from previous year’s results (per unit wafer area)</td>
<td>✔</td>
<td>• Reduce PFC emissions (per unit wafer area)</td>
</tr>
<tr>
<td><strong>Eco-Products</strong></td>
<td>• Deal with substances subject to legal and voluntary regulations</td>
<td>• Deal with substances subject to Japanese and foreign regulations and voluntary regulations</td>
<td>✔</td>
<td>• Deal properly with foreign and Japanese regulations</td>
</tr>
<tr>
<td></td>
<td>• Issue environmental report</td>
<td>• Published CSR report and enhanced Web content</td>
<td>✔</td>
<td>• Publish CSR report and enhance Web content</td>
</tr>
<tr>
<td><strong>Eco-Communication</strong></td>
<td>• Enhance environmental education materials</td>
<td>• Enhanced position-specific training materials</td>
<td>✔</td>
<td>• Revise training materials and conduct training</td>
</tr>
<tr>
<td></td>
<td>• Continue environmental and social contribution activities</td>
<td>• Activity implemented (Please refer to pages 23 to 26.)</td>
<td>✔</td>
<td>• Continue environmental and social contribution activities</td>
</tr>
</tbody>
</table>

*PFC: Perfluorocompound (The semiconductor industry has specified CHF₃, CF₄, C₂F₆, C₃F₈, C₄F₈, SF₆, and NF₃ for emissions reduction.)

Message from Board Member in Charge of Environmental Issues

Contributing to Stakeholders through Eco-Friendly Products and Manufacturing

Renesas semiconductor products are used in a wide range of transportation and industrial equipment, electrical products, and more to enable the electronic devices that make our lives so convenient to run on less power. These semiconductor products not only help products themselves to save energy, but also enable very precise energy control. We are dedicated to helping enhance the energy performance of our customers’ products and considering the global environmental impact at all stages from design to disposal so that customers can use our products with confidence.

The semiconductor industry is concerned that the large volume of energy used in our manufacturing activities may increase environmental burden. This is because we use clean rooms, which eliminate as much dust as possible, and high-precision, high-tech equipment to make our semiconductors smaller and enhance product performance. To that end, we implement energy-saving devices and optimize systems at Group factories as we pursue thorough energy efficiency. We also establish voluntary factory emissions standards that are more stringent than required by law to assure the maintenance of a comfortable environment for our communities and the practice of thorough control.

Through these environmental initiatives, the Renesas Electronics Group will continue to provide our customers with products of the highest possible quality and performance and lowest possible energy consumption and environmental burden. All products will be manufactured by factories practicing the highest standards of clean and efficient manufacturing.
The semiconductor products and solutions offered by the Renesas Electronics Group help our customers to make their own products and systems smaller and more energy efficient. This boosts protection of the global environment by helping to prevent global warming and use resources effectively.

On the other hand, production activities inevitably place a large burden on the environment. They consume energy (electric power and fuel) and resources (chemicals, water, etc.) while producing waste in solid, liquid, and gas form.

We are working to reduce our burden on the environment by closely monitoring the input volume and output volume of our production activities and reducing them systematically.

Through these activities, the Renesas Electronics Group is committed to using limited resources and energy in an effective manner and to offering eco-friendly products that are manufactured efficiently.

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### The Group’s Business Activities and Environmental Footprint

The semiconductor products and solutions offered by the Renesas Electronics Group help our customers to make their own products and systems smaller and more energy efficient. This boosts protection of the global environment by helping to prevent global warming and use resources effectively.

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<table>
<thead>
<tr>
<th>Energy</th>
<th>25,540,000 GJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>22,590,000 GJ</td>
</tr>
<tr>
<td>Overseas</td>
<td>2,950,000 GJ</td>
</tr>
<tr>
<td>Electricity</td>
<td>2,091 GWh (A-heavy oil)</td>
</tr>
<tr>
<td>Light oil</td>
<td>7,529 kt</td>
</tr>
<tr>
<td>Kerosene</td>
<td>5,003 kt</td>
</tr>
<tr>
<td>LPG</td>
<td>3,573 t</td>
</tr>
<tr>
<td>City gas</td>
<td>24,949,000 m³</td>
</tr>
<tr>
<td>Steam</td>
<td>31,000 t</td>
</tr>
<tr>
<td>CO₂ emissions from energy use</td>
<td>1,343,000 t</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water</th>
<th>36,904,000 m³</th>
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</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>35,145,000 m³</td>
</tr>
<tr>
<td>Overseas</td>
<td>1,759,000 m³</td>
</tr>
<tr>
<td>Wastewater</td>
<td>19,519,000 m³</td>
</tr>
<tr>
<td>Domestic: PRTR-regulated substances</td>
<td>2,500 t</td>
</tr>
<tr>
<td>Overseas: Major constituents of key materials</td>
<td>2,950,000 GJ</td>
</tr>
<tr>
<td>Steam</td>
<td>31,000 t</td>
</tr>
</tbody>
</table>

| CO₂ emissions from energy use | 1,343,000 t |
| Wastewater | 19,519,000 m³ |
| Domestic: PRTR-regulated substances | 2,500 t |
| Overseas: Major constituents of key materials | 2,950,000 GJ |
| Steam | 31,000 t |
Environmental Report

The Renesas Electronics Group’s Basic Rules of Management sets out our Environmental Policy and Basic Rules of Environmental Management. Following these guidelines, our bases, including affiliated companies, each establish an environmental management system and conduct environmental initiatives. Each year, we conduct mutual audits within the Group to check that our environmental management systems and performance are continually improving. In fiscal 2014, we performed mutual audits at 17 sites. The 231 suggestions yielded by this process, including 92 requested improvements, are leading to better outcomes overall. To meet our aim of conducting highly reliable audits, the Group has CEAR*-certified auditors with environmental management system auditor qualifications to perform mutual audits. Again in fiscal 2014, none of the Group’s business sites or Group companies had to pay penalties or fines for incidents impacting the environment. There were also no environment-related lawsuits against the site or companies.

Internal Audits of Environmental Law Compliance Systems and Environmental Management Systems

ISO 14001 Certification

All of the Group’s domestic sites and all of its overseas manufacturing sites and major sales sites have acquired certification under ISO 14001, the international standard for environmental management systems. The Group will continue the process of acquiring and sustaining ISO 14001 certification as efficiently and effectively as possible.

Environmental Accounting

Major investments in fiscal 2014 were in measures to meet the amended Water Pollution Control Law. We also took such energy conservation measures as making our heat exhaust recovery systems, air-conditioning systems, and freezers more efficient and installing LED lighting.

Of the costs, air pollution prevention totaled ¥887 million, water pollution prevention ¥1,319 million, and waste processing ¥129 million. The economic effects included ¥697 million in proceeds from sales of recyclables. These figures do not include economic effects calculated based on estimates.

Environmental Accounting Trends

Fiscal 2014 results

<table>
<thead>
<tr>
<th>Category/Subcategory</th>
<th>Description</th>
<th>Environmental Conservation Costs</th>
<th>Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Capital investment (¥ million)</td>
<td>Cost (¥ million)</td>
</tr>
<tr>
<td>Waste Management</td>
<td>Pollution Prevention: pollution prevention (air, water, etc.)</td>
<td>348</td>
<td>2,368</td>
</tr>
<tr>
<td>Business Sites</td>
<td>Energy Conservation: Global Environmental Conservation: energy-saving measures, global warming prevention, etc.</td>
<td>385</td>
<td>691</td>
</tr>
<tr>
<td></td>
<td>Resource Recycling: efficient use of resources through waste reduction, water saving, recycling, etc.</td>
<td>170</td>
<td>610</td>
</tr>
<tr>
<td></td>
<td>Upstream/Downstream Processes: green procurement, product assessment, recovery and recycling of packaging materials, etc.</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Management Activities: maintenance and administration of environmental management systems, environmental education, etc.</td>
<td>0</td>
<td>626</td>
</tr>
<tr>
<td></td>
<td>R&amp;D: R&amp;D for reducing environmental impact of products and production processes</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Social Contribution Activities: Local volunteer activities, donations and assistance to environmental organizations</td>
<td>0</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Environmental Damage: clean up of pollution (oil, groundwater, etc.) compensation in connection with environmental conservation, etc.</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>903</td>
<td>4,336</td>
</tr>
</tbody>
</table>

*1 CEAR: Center of Environmental Auditors Registration

A site audit
Opening event
The Renesas Electronics Group takes an active part in semiconductor industry initiatives to help prevent global warming. We also work continuously to conserve energy in a number of ways to meet electrical and electronic industry associations' targets and emissions intensity reduction targets under the Law Concerning the Rational Use of Energy.

To meet these targets, we organize working groups, share information, and carry out effective measures internally while considering new energy conservation measures through partnerships with equipment manufacturers and working with industry initiatives.

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Global Warming Prevention through Energy Conservation

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To meet these targets, we organize working groups, share information, and carry out effective measures internally while considering new energy conservation measures through partnerships with equipment manufacturers and working with industry initiatives.

### Reducing Energy

Renesas started participating in the Commitment to a Low Carbon Society, an effort of the electrical and electronic industry, in fiscal 2014.

Under the commitment, the baseline value for a business is the value for fiscal 2013. Our target is to reduce energy consumption from the baseline by an average of 1% per year through fiscal 2021 (7.73% decrease compared to the value in fiscal 2013).

As of fiscal 2014, we have reduced energy use by 17 points more than targeted.

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### Energy Reduction on Production Lines

We are also working toward achieving our energy conservation target under the Law Concerning the Rational Use of Energy, and therefore on our production lines we seek to reduce the rate of energy consumption by 1% year on year. Specifically, we have systematically taken such measures as putting pumps, fans, etc., under inverter control, optimizing air conditioning methods and settings, and replacing chillers and boilers with energy-saving models. We are furthermore optimizing equipment operation depending on our production volume.

### Major Measures Taken in Fiscal 2014

- Making heat exhaust recovery systems more efficient
- Making Air-Conditioning Systems More Efficient
- Making freezers more efficient
- Enabling pumps to conserve electric power
- Installing thermal recovery heat pump (Kumamoto Kawashiri Factory)

Renesas Electronics accounts for energy conservation effectiveness and investment effectiveness, giving priority to implementing effective measures.

Major measures taken in fiscal 2014 included the following.

- Making heat exhaust recovery systems more efficient
- Making Air-Conditioning Systems More Efficient
- Making freezers more efficient
- Enabling pumps to conserve electric power
- Installing thermal recovery heat pump (Kumamoto Kawashiri Factory)
Reducing GHG Emissions

The Renesas Electronics Group uses PFC\(^1\) gas, which is a greenhouse gas, primarily as a reaction chamber cleaning gas for semiconductor production processes. These gases do not readily decompose, and since their global warming potential (GWP\(^2\)) is between about 5,000–20,000 or even higher, it is critical to reduce these emissions. Therefore the Group has set PFC gas emission reduction targets and is actively working to help prevent global warming. Methods of reducing the greenhouse effect of PFC gases include 1) switching to gases with a lower GWP, 2) optimizing processes to reduce the volume of PFC gases used, and 3) installing abatement systems that remove PFC gases to break them down. The Group had been developing technology to cut emissions to 90% or lower in 2010 as compared to 1995, using a combination of these three techniques.

In 2013, we continued working toward that target as we engaged in reduction initiatives. While production volume did have an effect, emissions were kept to only about 28% of the 1995 level. Thanks to our ongoing reduction initiatives, we have achieved our reduction targets since 2008 and are steadily cutting emissions of greenhouse gases.

We will pursue further emissions reductions in 2014 and beyond.

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\(^1\) Perfluorocompound (The semiconductor industry has specified CF\(_4\), C\(_2\)F\(_6\), C\(_3\)F\(_8\), C\(_4\)F\(_8\), CH\(_3\)F, SF\(_6\) and NF\(_3\) for emissions reduction.)

\(^2\) Global warming potential, a coefficient indicating how much a given mass of greenhouse gas is estimated to contribute to global warming (CO\(_2\) = 1)
Chemical Substance Management

The Group conducts various assessments of the chemical substances it uses, based on its chemical substance database compiled through green procurement activities and the acquisition of information about related laws and regulations. The Group strives to accurately understand and reduce the total volume of chemical substances used and manages the volume of hazardous chemical substances used and their emissions. In this manner, we are pursuing research and development for green products and eco-factories. Under risk management, we practice material-balance management without rounding down figures on the amount of PRTR*-regulated chemical substances and VOCs*² we handle. The results of this material-balance management are reported to the relevant authorities, and are also analyzed and utilized in our activities to promote the use of alternative substances and reduce chemical substance emissions.

*¹: Pollutant Release and Transfer Register Law (A law concerning the monitoring of emissions of specified chemical substances into the environment and their management)
*²: Volatile organic compounds

Fiscal 2014 Balance of PRTR-Regulated Chemical Substances

<table>
<thead>
<tr>
<th>Total Volume of Chemical Substances Handled</th>
<th>Detoxification/Removal</th>
<th>Emissions into the Atmosphere</th>
<th>Used in Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,885 t (2,197 t)</td>
<td>869 t (1,071 t)</td>
<td>24 t (22 t)</td>
<td>157 t (203 t)</td>
</tr>
</tbody>
</table>

Numbers in parentheses are fiscal 2013 balance results. Results are rounded to the nearest ton.

Rivers: 47 t (49 t)  Sewage Systems: 1 t (3 t)  Waste*: 440 t (532 t)  Recycling (Valuable Resources Only): 347 t (316 t)

*²: Includes waste for recycling at the Company’s expense.

Reducing VOC Emissions

In the Renesas Electronics Group, VOCs such as isopropyl alcohol and xylene are released from factories only after they have been rendered as harmless as possible by equipment that processes organic gas emissions. Along with this, we optimize production processes and use production equipment effectively as we endeavor constantly to lower VOC emissions. Fiscal 2014 VOC emissions fell substantially, by about 31%, compared to fiscal 2001, showing that our measures so far are steadily paying off. Going forward, we will continue our proactive efforts to cut VOC emissions, which includes further optimizing production processes.
The Renesas Electronics Group is conserving water by actively recycling and reusing it.

In fiscal 2014, total water consumption was 35,145,000 m³, of which we recycled 37.3%. Moreover, the amount of water taken from the water supply was down 6.5% compared to the previous year.

**Conserving Water Resources**

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**Water Consumption and Recycling Rate**

The Renesas Electronics Group implements various environmental measures in its logistics operations. Specific measures include the reduction of energy used for the transport of products and waste, reduction and reuse of product packing materials, and switching to eco-friendly company vehicles.

Pursuant to the revision to Japan's Law Concerning the Rational Use of Energy, which stipulates "Specified Consignor" obligations, the Group is striving to reduce CO₂ emissions in its logistics operations. In fiscal 2014, the Group reorganized manufacturing sites and warehouses in Japan. As a result, our domestic shipping volume declined 6.6% from the previous year. We will continue our efforts to reduce energy use in logistics operations in fiscal 2015 and beyond.

**Environmental Measures in Logistics Operations**

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**Domestic shipping volume**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Renesas Electronics</th>
<th>Totals for Each Group Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,712 million ton-km</td>
<td>833 million ton-km</td>
</tr>
<tr>
<td>2012</td>
<td>1,255 million ton-km</td>
<td>722 million ton-km</td>
</tr>
<tr>
<td>2013</td>
<td>1,178 million ton-km</td>
<td>669 million ton-km</td>
</tr>
<tr>
<td>2014</td>
<td>862 million ton-km</td>
<td>566 million ton-km</td>
</tr>
</tbody>
</table>

**Waste Management**

The Renesas Electronics Group's waste management target for fiscal 2014 was to "maintain our zero-emissions status (landfill disposal ratio of less than 1%)." We were able to realize this goal with a landfill disposal ratio of 0.07%, and thus achieved zero emissions.

Additionally, we practiced strict legal compliance and continued to periodically visit our industrial waste processing contractors to ensure that they were processing waste appropriately.

The Group practices strict storage, management and reporting of equipment that uses PCBs, in accordance with the law. Concerning disposal of PCB wastes in storage, we have completed early registration of affected equipment with the Japan Environmental Safety Corporation (JESCO), which oversees regional PCB disposal programs.

**Domestic Waste Generation and Landfill Disposal Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste Generation</th>
<th>Landfill Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>50,000</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>40,000</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>30,000</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>20,000</td>
<td>0</td>
</tr>
</tbody>
</table>
The Renesas Electronics Group’s overseas manufacturing sites conduct environmental initiatives using ISO 14001 environmental management, based on the Group’s Environmental Policy. Each manufacturing site sets its own targets and specific measures in accordance with local legal regulations and industry initiatives.

Overseas Initiatives

Renesas Semiconductor Singapore staff members took a tour of Marina Bay City Gallery and Marina Barrage in November 2013. At Marina Bay City Gallery, they listened to an overview of urban planning in Singapore and learned about the latest environmental technology. At Marina Barrage, a dam has been built to create a reservoir and provide a supply of water. This facility, in addition, will control flooding. The event was a great opportunity to learn about the history of water in Singapore.

By taking this tour, our staff members gained a greater awareness of environmental protection, which they will take into their efforts to promote the environment.

(Reference) http://www.marina-bay.sg/marinabaycitygallery.html
(Reference) http://www.pub.gov.sg/Marina/Pages/default.aspx

Protecting the Ozone Layer

The Montreal Protocol on Substances That Deplete the Ozone Layer classifies ODSs*1 into Class I (CFCs*2, etc.) and Class II (HCFCs*3). The Group has completely eliminated the use of all these from our production processes.

Furthermore, we are systematically reducing the use of CFCs used as refrigerants in chillers, refrigerators, air conditioners and other equipment and replacing them with alternative substances in line with Montreal Protocol program. We are also recovering ODSs when affected equipment is scrapped and making sure these substances are destroyed.

*1: Ozone-depleting substances
*2: Chlorofluorocarbons
*3: Hydrochlorofluorocarbons

Preventing Soil Pollution

In response to the Ordinance to Partially Revise the Water Pollution Prevention Act Enforcement Ordinance, commonly known as the Revised Water Pollution Prevention Act, we are taking appropriate measures in facilities where there is a risk of groundwater contamination (soil pollution). The photo on the left shows a facility before measures were taken. In the photo on the right, the facility has been equipped with a dike and rainwater gutter and the floor has been coated to prevent water penetration. A further series of improvements are planned going forward.

Amount of environmental investment and number of investments in response to Water Pollution Prevention Act

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Fiscal 2013</th>
<th>Fiscal 2014</th>
<th>Fiscal 2015 (planned)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment (¥ million)</td>
<td>22</td>
<td>100</td>
<td>372</td>
</tr>
<tr>
<td>Number of investments</td>
<td>7</td>
<td>10</td>
<td>24</td>
</tr>
</tbody>
</table>

Since fiscal 2013, the Renesas Electronics Group has been making environmental investments to ensure our compliance with the Water Pollution Prevention Act. The amount of our environmental investment associated with the act was ¥22 million in fiscal 2013 and ¥100 million in fiscal 2014.
Customers’ environmental requirements for our semiconductor products are growing stricter every year. The Renesas Electronics Group is proceeding with its Eco-Products Initiative to meet these requirements. To turn a product into an eco-product, it is important to build in a variety of innovations at the development and design stages to reduce environmental burden at all life cycle stages, including procurement, production, usage and disposal.

Our eco-products are made possible through product environmental assessments, which are comprehensive evaluations of the product environmental burden reduction measures. Product environmental assessments are divided into two stages: time of development and prior to mass production.

**Eco-Products Initiative at Each Stage**

**Procurement**
- We do not procure materials or subsidiary materials that have high environmental burdens.

**Production**
- Shorten production processes
- Chemical substances management

**Use**
- Energy-saving versions of semiconductor products (e.g., lower standby power consumption)
- Energy-saving versions of systems made by building devices into sets

**Disposal**
- Eliminate specified chemical substances
- Make products smaller

**Creation of Eco-Friendly Products**

As a way to create eco-friendly products, we include a product environmental assessment (see figure on right), a way of evaluating how much a project mitigates environmental burden, into our development and design flow. The evaluation compares new products against old ones in eight categories, including volume reduction, product safety, and energy savings. The process yields quantifiable results that can be visualized, for example with charts. This helps improve the performance of our semiconductor product itself, and when used in our customers’ products, helps make them smaller and more energy-efficient. This ultimately decreases the environmental burden of the customers who use those products.
Yokogawa Electric is a world and industry leader in plant operation control systems. Yokogawa Electric's control systems are used to make factories more eco-friendly, for as the company's Kuniharu Akabane says, “Our systems are directly concerned with plants’ overall environmental problems.” Therefore, Yokogawa Electric uses Renesas microcomputers for their control systems. Akabane continues: “One of our guidelines is that equipment should have lower energy consumption than the previous generation of the same grade. We depend on Renesas to help us lower energy consumption despite the fact that clock frequencies of the microcomputers we use are increasing along with the volume of data to process.” Renesas technology is helping to achieve two conflicting goals: high performance and low energy consumption. And for systems that Yokogawa Electric offers globally, Renesas microcomputers have to be RoHS-compliant.
Employees at the Yonezawa Factory brought in unneeded aluminum cans from their homes, recovering 500 kg of cans. The cans are being exchanged (recycled) for aluminum wheelchairs that are being donated gradually, and this time the ninth wheelchair was donated to a welfare institution in Yonezawa City called the Sanyudo Rehabilitation Center. This initiative serves both to raise environmental awareness among employees and to make a social contribution to the local community.

Employees at the Kochi Factory took part in the community-wide clean up held by Konan City. The event was held on a cold day at the end of November, and a total of 26 members collected combustible and recyclable trash from roads in the factory area and from the embankments of the Koso River. When properly separated and placed in the designated polyethylene trash bags, the recovered trash filled 24 bags.

Communication with Local Communities

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Environmental Education

At the Renesas Electronics Group, environmental education is classified into three programs: general environmental education; specialized environmental education, and environmental management system education related to ISO 14001.

In the general environmental education program, the Group provides basic environmental education to help all our executives and employees acquire necessary environmental knowledge through environmental e-learning sessions. Meanwhile, the specialized, operation-specific environmental education program has been designed to allow employees to gain the environmental knowledge required for their respective operations. This program offers education and training specific to the individual fields of development design, sales and manufacturing. Finally, the ISO 14001 education program helps employees understand the ISO 14001 certification system and helps internal auditors develop their auditing skills.

Fiscal 2014 Achievement

We gave specialized education to our development and design and sales divisions. There was a huge amount of learning covering a wide range of content, but the training was very effective and has been incorporated into the manual for design and sales. An online environmental basic course intended for all Group employees was offered. In those cases where this education was included in a department’s targets, there was a high level of attendance (95.8%).

Comments from Environmental Education Participants

- I am seriously concerned about my children’s futures because of the effects of global warming. I want to contribute by making every effort I can, in my own way, to make it possible for Renesas to create even more eco-friendly products.
- As a Renesas member, I want to move ahead with serious environmental activities in order to leave a rich and varied global environment for my future descendants.
- This environmental education included topics relating to the effects from shutting down nuclear power plants and other such current issues, and it was very meaningful in terms of taking a new look at environmental problems.
Chiyoda Ward Environmentally Friendly Business Establishment Award
The Nippon Building office of Renesas, which is located in Chiyoda Ward of Tokyo, received an Environmentally Friendly Award from the ward. The award commends business establishments that have implemented outstanding environmental initiatives, and was given in recognition of energy conservation, environmental education, community contributions, and other such measures participated and achieved by all employees of Renesas Electronics Sales Co., Ltd., which was absorbed into Renesas Electronics Corporation on October 1, 2013.

Recognition from Customers Outside Japan
We received the Green Supplier Award from one of our customers, Yazaki North America, on June 5, 2014. We explained the Renesas Electronics group environmental activities at the award ceremony.

Certificates of CO₂ offsets
The Group conducts forest conservation activities in various places. In fiscal 2014 we received certificates of CO₂ offsets as follows.

- **Headquarters**
  - Issued by: Kanagawa Prefecture
  - Amount of CO₂: 247 t-CO₂ over five years, starting in October 2010 (forest CO₂ offset calculation statement)

- **Kochi Factory**
  - Issued by: Kochi Prefecture
  - Amount of CO₂: 151 t-CO₂ (Kochi Prefecture CO₂ offset certificate)

- **Kawajiri Factory**
  - Issued by: Kumamoto Prefecture
  - Amount of CO₂: 29.79 t-CO₂ (Kumamoto Prefecture forest offset certificate)

Annual total: 230 t-CO₂

Environment-Related Troubles
We experienced two environmental accidents in fiscal 2013. We are using information learned from these accidents not only at the affected bases but also at other Group bases to prevent similar incidents from happening.

In fiscal 2014, there were no problems of note.

Site Reports
The Group issues site reports for its domestic sites and Group companies primarily for the sake of local communities.
- RSMC Naka Factory and other sites
- RSPT Kawajiri Factory and other sites

Information in Various Formats
Renesas is using social media to facilitate communication with and among our customers. Through such media, we make timely announcements of our social initiatives, symbol sports, exhibitions, and the latest product information, among others.
Number of the Outside Directors

2

Number of Consultations/Reports Using Group Hotline in Fiscal 2014

10
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. To this end, the Company establishes necessary management frameworks and implements various initiatives.

Overview of Boards

**Board of Directors**
- Makes decisions on important management issues
- Supervises Directors’ performance of duties
- Five directors (two outside directors)
- *The chief role of external directors is to audit the execution of duties by other directors for appropriateness and to take part in management decision-making with their outside perspective.*

**Board of Corporate Auditors**
- Audits Directors’ performance of duties
- Four corporate auditors (four outside corporate auditors)
- *Three of the corporate auditors have considerable knowledge of finance and accounting.*
- *Two of the outside corporate auditors are independent.*

**Notes**
- As a rule, meets once a month and whenever necessary.
- Matters referred to the Board of Directors as a rule go through a pre-deliberation by the Executive Committee to allow for a fuller deliberation.
- *To clarify business execution responsibilities and speed up decision-making, we have implemented an executive officer system and provide appropriate authority to executive officers based on the area of responsibility they are assigned by the Board of Directors.*

(As of August 31, 2014)
Renesas Electronics has formulated Basic Rules for Risk Management and, based on these rules, the Company has established a Group-wide 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. The Company designates a division or office responsible for each risk category. When a management crisis occurs, Renesas Electronics sets up a risk-specific task force in line with planned countermeasures. These risk-specific task forces do their utmost to minimize the negative impacts of a management crisis.

As part of enhancing its risk management system, Renesas Electronics recognizes business continuity plans (BCPs) as the primary means to prevent disasters and manage risks. Together with our Group companies, we have worked proactively to establish and strengthen our BCPs in order to protect the safety of employees, continue supplying products and services and safeguard our management resources. We performed a general inspection of our BCP predating the Great East Japan Earthquake and have made further revisions based on that experience and anticipated damage from an earthquake directly beneath the Tokyo metropolitan area and a Nankai Trough earthquake. Specific issues raised included strengthening our emergency response systems and measures for safety, damage mitigation, business continuity and quick recovery after a disaster, as well as enhancing measures for restoring operations in the event of a disaster (e.g., establishing recovery procedures and specifying who is in charge at these times), putting in seismic reinforcement, establishing alternate production networks and enhancing risk communication with customers. Each division or office of the Renesas Electronics affected by these issues is working out countermeasures and putting them into practice as part of their new BCPs. They report their progress on these efforts at a Company-wide meeting on overall BCP advancement and carry out these efforts at individual business sites. In these ways, we are working to enhance the entire Group’s capacity for business continuity.

To perform risk management outside Japan, we work with the head office division that supervises each overseas site, as well as the local risk management office, to identify potential risks associated with each risk event. Then, working with the local risk management office, we draft countermeasures and write manuals. There are certain risk events that call for us as a Group to be especially vigilant and to share information, such as new strains of influenza and terrorism. We are putting a system in place to notify Group employees, including those overseas, with the information we collect on such events. And in case of damage from natural disasters or other events at or near the Group, we have a system in place for all Renesas staff concerned with risk countermeasures to share information rapidly as we promote global risk management.
Renesas Electronics’ Internal Control Promotion Committee, chaired by the CEO, deliberates and makes decisions on compliance matters, and reports key issues to the Executive Committee and the Board of Directors.

The CEO Office oversees all matters relating to promoting compliance and designates a division or office responsible for each compliance risk category.

General managers of Renesas Electronics divisions and offices and presidents of domestic Group companies are responsible for compliance in their respective organizations. They cooperate with those in charge of compliance in each field to decide on and implement the measures necessary to promote compliance.

If a compliance violation does occur, the division/office or domestic Group company reports it promptly to the head of the division or office in charge of compliance for the field in question and to the chief of the CEO Office.

For Renesas Electronics, we define compliance as obeying the law and responding to what society requires of us. We believe that the practice of thorough compliance is critical to a company’s survival. To that end, we formulated the Renesas Electronics Group Code of Conduct as a common Group guideline for the practice of compliance.

Compliance Promotion Structure

The division/office in charge of compliance in each field monitors trends in the establishment or revision of laws, etc., that underlie compliance promotion. Then it raises awareness by preparing regulations and manuals, providing training and practicing communication, and performs monitoring.

The CEO office conducts training and awareness-raising initiatives on all compliance matters. All Group employees, moreover, fill out a questionnaire once a year to verify that compliance has taken root. If necessary, the results are shared with the divisions/offices in charge of compliance, which find this information useful when they revise the measures necessary to promote compliance.

Division/office heads and Group company presidents and compliance promoters, who assist Division/office heads and Group company presidents, lead activities that promote compliance within their own organizations.

Compliance Risks

<table>
<thead>
<tr>
<th>Major Compliance Risks</th>
<th>Subcontract Law violations, camouflage contracting, illegal importing, interest-conflicting transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illegal export</td>
<td>Computer viruses, illegal software copying, unauthorized access</td>
</tr>
<tr>
<td>Deceptive advertising</td>
<td>Infringement of other parties’ intellectual property rights</td>
</tr>
<tr>
<td>Antimonopoly Law violations (cartels, etc.), transactions</td>
<td>Defective products, product data falsification</td>
</tr>
<tr>
<td>with anticompetitive forces, confidential/personal information leaks, insider trading, internal illegal activities</td>
<td></td>
</tr>
<tr>
<td>Accounting fraud</td>
<td>Inappropriate relationships with sales partners, illegal conduct against sales partners</td>
</tr>
<tr>
<td>Human rights abuses (sexual harassment, etc.), occupational accidents, corporate entertainment/ gift-giving scandals, illegal political donations</td>
<td></td>
</tr>
<tr>
<td>Environemntal damage, contamination of specified hazardous substances</td>
<td></td>
</tr>
</tbody>
</table>
Compliance

Initiatives against Antisocial Forces

In June 2007, the Japanese government announced guidelines for enterprises to prevent damage by antisocial forces. This is part of a rapidly growing movement in recent years to eliminate antisocial forces. In our Code of Conduct and Basic Rules for Rejecting Transactions with Antisocial Forces, Renesas likewise prohibits employees from doing business with antisocial forces and has set up a system to prevent such transactions. Specifically, there is a self-verifying committee at each workplace and affiliated company that uses self-discipline to decide whether transactions can go forward and works to prevent business with antisocial forces. In addition, workplace managers and affiliated company presidents perform self-audits and check on the status of their businesses.

Secure Export Control Initiatives

The Renesas Electronics Group’s products are used in industries around the world. To ensure that these products are not used to disrupt international peace and security, the Group must manage our exports appropriately day to day.

In addition to strict observance of applicable laws and regulations, Renesas Electronics voluntarily promotes security export control in a manner more stringent than that mandated by these laws and regulations. Moreover, we periodically audit all sites in Japan and overseas to ensure they are constantly maintaining appropriate control, and we provide systematic position-specific and job-specific training to all employees.

Furthermore, Renesas Electronics has been certified as an Authorized Economic Operator (AEO) Exporter by the Tokyo Customs office of the Ministry of Finance of Japan, meaning we are an exporter that practices security management and have demonstrated excellent compliance.

Confidential Information Management/Personal Information Protection

The Renesas Electronics Group has formulated its Information Security Policy, Privacy Policy and Basic Rules for Confidential Information Management. At Renesas divisions and Group companies in Japan, persons with ultimate responsibility are appointed, along with information management promoters. The Company’s internal rules clearly prohibit the adverse treatment of those who consult with or report to the Group Hotline. The Company has posted such rules on its Intranet and Internet Websites so that people can use the Group Hotline without anxiety. The hotline was used 10 times in fiscal 2014 for consultation or reporting.

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

Information Security Policy (Website)