



SUMCO

SUMCO Corporation CSR Report

2014



Message from the President

SUMCO is a manufacturer of silicon wafers, which are used as substrates for semiconductor devices.

Although silicon wafers may not be seen in your daily life, they are in fact used in various products around us.

Electronic equipment such as mobile phones, personal computers and digital home appliances, and control units for automobiles and industrial machines, all use semiconductor devices, and silicon wafers are essential material for manufacturing semiconductor devices.

Semiconductor devices are being advanced day by day: the function of mobile phones at present is equivalent to that of personal computers in the near past, and a current personal computer has almost the same capacity as a former supercomputer.

This evolution has been made possible by the application of nanotechnologies to semiconductor production processes, enabling the drastic miniaturization of semiconductors. For example, the line width of semiconductor electronic circuits are now as thin as 10 to 20 nanometers (1 nanometer = 1/1,000,000,000 meter). At this super-microscopic level, even the slightest unevenness in the silicon wafer surface will adversely affect the electronic circuit. This means we must achieve almost perfect precision in the nano-scale world. The circuit patterns of semiconductor devices will continue to be increasingly miniaturized and it is no exaggeration to say that this semiconductor evolution is dependent on silicon wafer technologies, which are advancing together with semiconductor devices. SUMCO sells materials for these devices, but this does not mean that we merely sell goods. In fact, what we sell to our customers, who manufacture semiconductor devices, is technology.

SUMCO contributes to society by offering products that are indispensable for people's lives. We will continue to pursue every possible technological innovation for the further development of society and increase in standards of living.

As a company aspiring to contribute to society and maintain sustainable growth, SUMCO works on the following issues.

Corporate governance and compliance

SUMCO endeavors to maintain efficiency, transparency, and fairness in its management by enhancing its corporate governance. We also established and implemented SUMCO Charter as a code of conduct which officers and employees shall comply with, and we ensure that our corporate activities are sound and in accordance with social norms, as well as complying with laws and regulations.

Risk management

SUMCO's global market share is about 30%, meaning that our silicon wafers are used in one in every three to four electronic devices around the world. The stable supply of products is therefore our most critical management challenge and an important social responsibility.

SUMCO is taking various measures to prevent the materialization of risks while working to further develop and improve our business continuity plan, which also covers our supply chain.

Environmental conservation

The production of silicon wafers consumes electricity, water, and chemical substances. The SUMCO Group strives to reduce its use of each of these as well as the amount of industrial waste generated by setting reduction targets for each item. We also ensure that harmful chemical substances and waste are handled and managed properly to minimize the environmental risks of our business activities.

Working with stakeholders

SUMCO aspires to promote social development through the supply of silicon wafers, endeavoring to satisfy expectations of stakeholders supporting us.

In order for all employees of the SUMCO Group to share the same vision and work with high levels of enthusiasm and motivation, we have established the SUMCO Vision and conduct our business activities under this shared vision. The SUMCO Vision comprises four main objectives: 1. World's Best in Technology; 2. Deficit-Resistant Even during Economic Downturns; 3. Lively, Vigorous Business Activities with a Keen Awareness of Profit; and 4. Competitiveness in Overseas Markets. By implementing this vision, we will keep up our efforts to further enhance our corporate value and achieve sustainable growth.

Mission Statement

It is the mission of the SUMCO Group to be the world's No.1 silicon wafer supplier by exceeding the expectation of our customers and stockholders, by recognizing the value of our employees and by being good neighbors in communities.

SUMCO Vision

1. World's Best in Technology
2. Deficit-Resistant Even during Economic Downturns
3. Empower Employee Awareness of Profit
4. Competitiveness in Overseas Markets



Mayuki Hashimoto

President and CEO

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Editorial Policy

The objective of this report is to convey the SUMCO Group's stance on CSR and report its activities to stakeholders in order to enhance their understanding and earn their support. The report has been prepared in reference to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.1. See page 32 for comparison with the GRI guidelines.

Period Covered

January 2013 to December 2013
 Data for periods outside the above are noted as such.

Organizations Covered

SUMCO Corporation and its Group companies. "SUMCO" and "the Company" as used in this report refers to SUMCO Corporation. The Financial Highlights cover SUMCO Corporation and its consolidated subsidiaries. Other performance data outside the above scope are noted as such.

Publication

October 2014
 (planned publication of the next issue: October 2015)

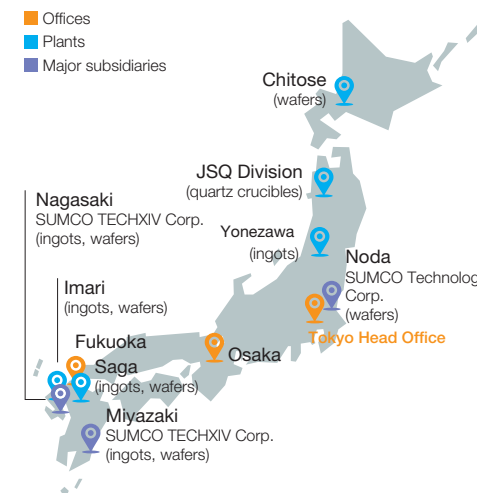
Note Regarding Forward-Looking Statements

Projections, predictions, prospects, and other forward-looking statements contained in this report are made by the Company based on the information available at the time of the release of the statements and therefore are subject to risks and uncertainties. Due to various factors, actual results may vary significantly from results anticipated in the forward-looking statements.

Company Information

Trade name	SUMCO Corporation
Head office	1-2-1 Shibaura, Minato-ku, Tokyo
Establishment	July 30, 1999
Main business	Manufacture and sales of silicon wafers for semiconductors
Capital	136.607 billion yen
Representative	Mayuki Hashimoto, President & CEO
Group companies	6 companies in Japan; 12 companies abroad

Network in Japan



Group Companies

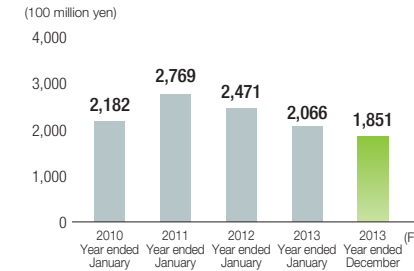
Japan	SUMCO TECHXIV Corp.	SUMCO Support Corp.
	SUMCO Technology Corp.	SUMTEC Service Corp.
	SUMCO Service Corp.	SUMCO Insurance Service Corp.
Overseas	SUMCO Phoenix Corporation	PT. SUMCO Indonesia
	SUMCO Southwest Corporation	SUMCO Singapore Pte. Ltd.
	SUMCO Funding Corporation	SUMCO Korea Corporation
	STX Finance America, Inc	SUMCO Taiwan Technology Corporation
	SUMCO Personnel Services Corporation	SUMCO Shanghai Corporation
	SUMCO Europe Sales Plc.	FORMOSA SUMCO TECHNOLOGY CORPORATION

Overseas Network

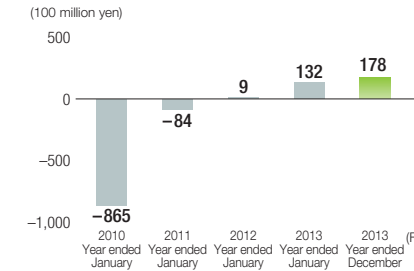


Financial Highlights

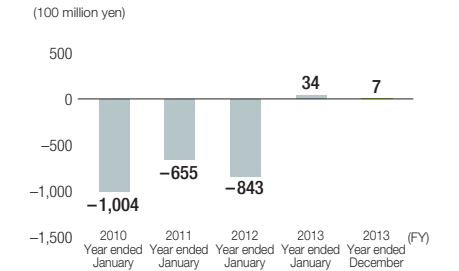
Net Sales (consolidated)



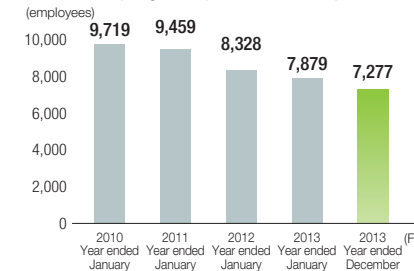
Operating income (consolidated)



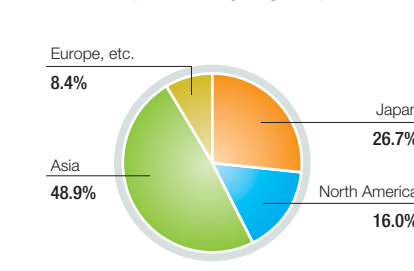
Net Income (consolidated)



No. of employees (consolidated)



Sales composition by region (Year ended December 2013)



Contributing to Social Development through the Supply of High-quality Products

The main manufacturing stages of silicon wafers include the monocrystalline silicon process, wafer process, and epitaxial growth process. All these process are carried out in an "ultra-clean room" environment with absolute, ensured cleanness.

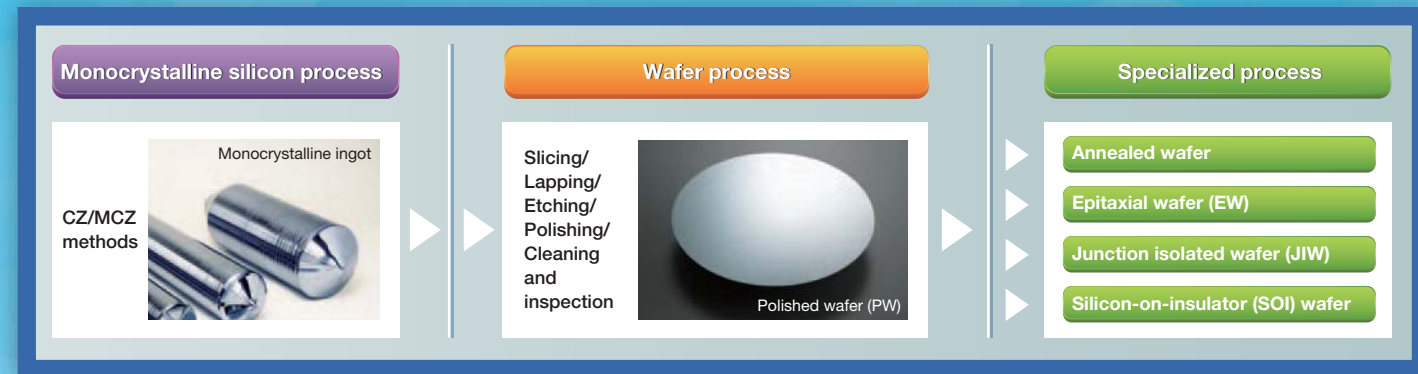
SUMCO achieves the absolute purity and superior quality demanded of our wafers in an environment that boasts the highest standards in cleanness, based on our strict quality control system and cutting-edge facilities.

We understand and anticipate the strict demands in the rapidly evolving world of semiconductor devices for greater functionality, higher performance, and other requirements of the latest electronics. Only through this rigorous treatment can silicon wafers be turned into semiconductor devices that serve as the heart of reliable and cost-efficient products and services, such as mobile phones, personal computers, digital home appliances, and automobiles.



Polycrystalline silicon

SUMCO's Production process

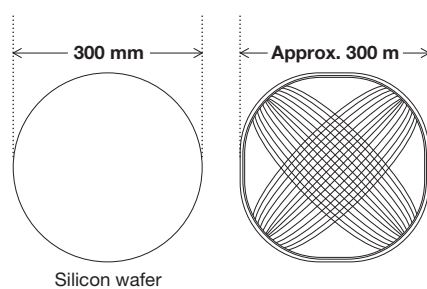


For All Innovation

Strict Requirements for Silicon Wafers

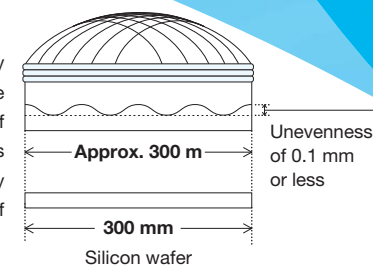
Pursuing the ultimate quality control standards

The number of minute particles adhering to the surface of silicon wafers is required to be as close to zero as possible. To illustrate the concept, if we enlarged a 300-mm wafer to the size of 300 meters (making it as big as the Tokyo Dome), the quality requirement is equivalent to permitting a maximum of only 10 grains of sand, each with a diameter of 0.04 mm, across the entire area.



Pursuing perfect precision

As semiconductor circuits are becoming increasingly miniaturized, silicon wafers are required to be extremely flat and smooth. To illustrate the concept, if we enlarged a 300-mm wafer to the size of 300 meters (making it as big as the Tokyo Dome), the quality requirement is equivalent to permitting unevenness of only 0.1 mm or less across the entire area.



SUMCO's Stance on CSR

Based on its aim of playing a leading role in the development of industry and the improvement of living standards through the supply of silicon wafers, an essential substrate material for semiconductor devices, SUMCO aspires to serve society as a good corporate citizen. As such, SUMCO undertakes a wide spectrum of CSR activities.

We believe that companies are expected to meet their corporate social responsibilities from two perspectives.

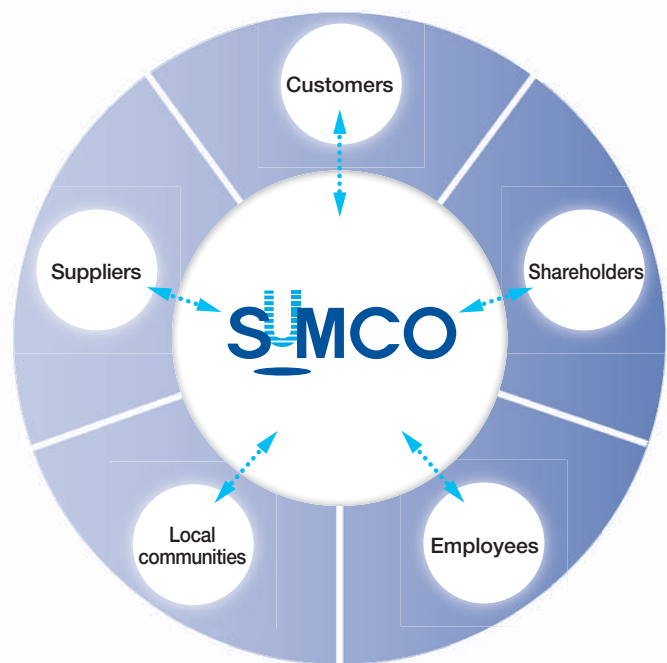
Firstly, companies have an obligation to ensure compliance, safety, and environmental sustainability as corporate citizens, and are responsible for maintaining and improving the quality of their products and services and returning profits to society as part of their business activities. This obligation and responsibility

are the foundation of CSR, and companies need to have effective corporate governance to fulfill them. For this reason, SUMCO regards corporate governance and corporate ethics as fundamental management issues.

Secondly, on top of this foundation, companies also need to proactively conduct social contribution activities outside their business domains. These activities include environmental maintenance, educational and cultural initiatives, and support for employees' volunteer activities. In this regard, SUMCO actively engages in local beautification projects and educational and cultural activities with the aim of becoming a good partner for local communities.

Relationships with Stakeholders

SUMCO endeavors to fulfill its responsibilities to stakeholders, who support its business activities.



Our Main Responsibilities to Stakeholders

Customers

- Enhance customer satisfaction (Maintain and improve the quality of products and services)

Shareholders

- Return profits (dividends, etc.)
- Enhance corporate value

Suppliers

- Develop a solid and sustainable supply chain

Employees

- Offer secure employment
- Return profits (bonuses, etc.)
- Build a favorable work environment (mental health, childcare/nursing care leave)

Local communities

- Create employment, Pay taxes
- Support the improvement of local environments
- Support local educational and cultural activities

Corporate Governance

Basic Stance

Meeting the expectations of shareholders through enhancing our corporate value and developing and maintaining a favorable relationship with other stakeholders is an important management issue for us. Based on this understanding, we implement various corporate governance measures as explained below to ensure prompt decision-making and effective business execution. We also work to enhance the transparency of our management by assuring timely and appropriate information disclosure.

Corporate Governance Structure

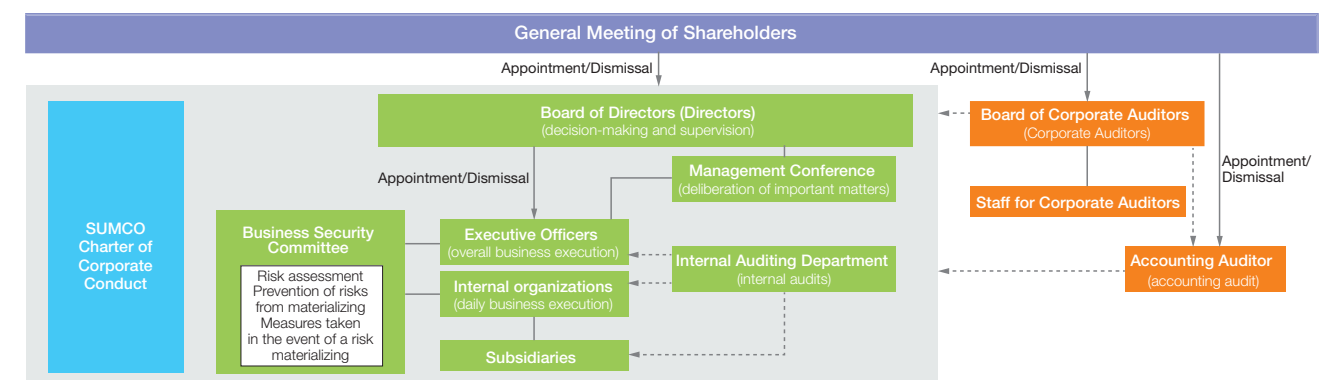
(as of March 28, 2014)

- The Board of Directors, made up of nine directors (of whom three are external), is responsible for making decisions on important matters, such as those legally required to be determined by the Board, and important issues regarding business execution. It is also responsible for supervising the execution of duties by directors and executive officers. The external directors, who are familiar with SUMCO's business and have keen insight into company management, bring outside perspectives and play an effective role in strengthening the supervisory function of the Board. The Board of Directors generally meets every month and holds special meetings whenever necessary.
- The Management Conference, consisting of all executives at the level of managing executive officer and above, deliberates important management issues. The committee basically meets every week.
- SUMCO has adopted the executive officer system to separate the decision-making and supervisory function of the Board of Directors from the executive officers' function of executing

decisions made by the Board. This system enhances the Company's ability to adapt to changes in the business environment and expedites the decision-making process.

- For each business operating organization, authority is clearly defined, a supervisor is appointed, and proper administrative procedures are established in accordance with internal rules and under the leadership of the executive officer in charge.
- The Board of Corporate Auditors consists of five auditors: two full-time corporate auditors and three external auditors. They conduct audits of each department of SUMCO and its Group companies in accordance with the auditing standards and audit plan formulated by the Board of Corporate Auditors. They also attend the Board of Directors meetings and other important meetings and inspect the business and financial conditions to supervise and audit the execution of duties by directors. The three external auditors have expert knowledge on laws and accounting and keen insight into company management and help strengthen the supervisory function of the Board of Corporate Auditors.
- Internal audits are conducted by the Internal Auditing Department (seven staff members) to check the efficiency of management and compliance with laws in accordance with the internal auditing rules and annual audit plan. The audit results are reported to the President and the audited departments, and the departments are requested to take corrective measures as necessary, with the progress followed up on. The Board of Corporate Auditors and the Internal Auditing Department meet regularly to share audit results and information and exchange opinions for close collaboration and efficient auditing.

Corporate Governance Structure



Compliance

SUMCO Charter of Corporate Conduct

SUMCO believes that to expand its business and achieve sound growth, executives and employees need to comply with both laws and their underlying spirit as well as adhering to ethical and other social norms in order for the Company to be accepted by the global community.

Positioned above the Company's various rules and compliance programs, the SUMCO Charter of Corporate Conduct is the supreme set of principles guiding our conduct at work. It defines how executives and employees should act so as to enable the Company to fulfill its social responsibilities and achieve further growth. We appoint a Chief Compliance Officer to serve as the company-wide supervisor and monitor the Company's compliance with the charter. Meanwhile, a supervisor in each department regularly reports to the Chief Compliance Officer on how well the charter is observed within his or her department. Each Group company also maintains its own code of conduct, which is similar to the charter, to establish a framework for corporate ethics and develop a compliance structure.

Internal Hotline

An internal reporting hotline has been in place since 2006. In September 2010, we also established an appointed outside lawyer to whom an internal report is to be made. We ensure that all Company employees know how to use the hotline and contact the lawyer by, among other means, distributing explanatory compliance cards.

Fair Business Activities

Under SUMCO's Rules on Handling Grant of Benefits the following is prohibited: (1) to make contributions and donations to politicians in violation of the Political Funds Control Act and/or the Public Offices Election Act of Japan; (2) to offer favorable benefits in the form of excessive entertainment or gifts, with the aim of seeking return or receiving favors, in connection with duties of civil servants; (3) to deal with antisocial forces or groups; (4) to give financial benefits concerning the exercise of rights of shareholders; (5) to offer excessive entertainment or gifts, beyond the extent permitted by social ethical standards; and (6) to provide any type of illegal benefit or favors or engage in transactions which could be recognized as unfair or unjust under social ethical standards. We have also set specific criteria for the activities listed below and permit these activities to be undertaken only when the criteria are met and proper approval is given. The activities are: making

donations; providing sponsorship; payment of entertainment expenses/giving celebratory or condolence gifts; purchasing advertising; subscribing to or purchasing newspapers, magazines, or other publications; payment of membership dues to external organizations; and outsourcing.

Export Control

To ensure export control compliance aimed at maintaining international peace and security, SUMCO established and implemented its Security Export Control Rules. The Company screens customers and transactions under the Rules, and with regard to export of goods or provision of technology to non-residents, it checks whether the due process under the Rules are followed before commencing the export or technology provision.

Renouncing Relationships with Antisocial Forces

SUMCO Charter declares that the Company denounces any kind of relationship with antisocial forces and rejects any requests or demands from such forces. It is ensured through education and training that all executives and employees of the Company are constantly reminded of the importance of this policy.

Activities on Intellectual Property

As its basic policy, the SUMCO Group attaches importance to the protection of intellectual property and utilizes it as a strategic tool for the Group's business while at the same time respecting the intellectual property rights of third parties.

Under this policy, we have established internal rules to define how we obtain, maintain, and utilize intellectual property rights; prevent infringements; and provide training to employees. The Intellectual Property Division actively conducts various intellectual property operations in cooperation with other departments. Obtained intellectual property rights are reviewed periodically to eliminate obsolete intellectual property so as to keep costs at a rational level.

Risk Management

SUMCO has established its Risk Management Basic Rules which set forth fundamental matters concerning risk management. An information communication route to be used in the event of materialization of a risk as well as procedures to respond to a disaster, including the setting up of emergency headquarters have been done in accordance with the rule.

Risk Management Basic Policies

To ensure the protection of all resources necessary for the continuation of business activities, including personnel, property, funds, and public trust, SUMCO regularly promotes measures to: (1) predict risks and prevent their occurrence (preventive measures against risk occurrence); and (2) minimize damage in the event of risk materialization (response measures to minimize damage).

Our basic policy in promoting risk countermeasures is as follows:

- a. Prioritize risks by likelihood of occurrence and severity of impact to ensure optimum allocation of management resources and maximize effectiveness of measures.
- b. Minimize damage and loss by preventing the suspension or discontinuation of business activities to ensure business continuity in the case of an accident or other emergency situation.

Business Security Committee (BSC)

Established to oversee SUMCO's risk management as a whole, the Business Security Committee (BSC) is responsible, among other things, for formulating the Company's risk management policies and assessing the progress of risk management.

With regard to specific risks, such as those involving information leakage, the financial market, and product quality, appropriate controls are established under dedicated internal rules.

BSC's Structure and Objectives

1 Structure

Business Security Committee (BSC)

Chair: President
 Members: Directors; executive officers in charge of a Division; officers in charge of factories and plants; officers in charge of controlling Group companies
 Secretariat: General Affairs Division



2 Objectives

The BSC undertakes the following risk management activities.

- a. Discuss and decide on company-wide risk management policies.
- b. Discuss and decide on risk prevention measures.
- c. Discuss how to respond to new risk events.
- d. Share information on risk management.
- e. Promote risk management awareness across the Company.
- f. Assess and follow up on the progress of risk management.

Ensuring Business Continuity

Our Risk Management Basic Rules define business continuity as an important management issue and we have been developing and improving our business continuity plan accordingly. The BSC, explained above, formulates improvement plans and monitors and

reports on the progress of improvement.

In fiscal 2013, a desktop exercise was conducted for plant managers to improve their ability to respond and make decisions appropriately in the event of a major earthquake. The exercise was based on the experiences undergone by the Yonezawa Plant following the Great East Japan Earthquake.

Emergency Response Exercise

Every year, the SUMCO Group assesses and identifies potential risks that may occur in conjunction with an earthquake, typhoon, explosion, fire, chemical spill, or other emergency and plans and conducts exercises for risks identified as serious by providing training to related personnel and in accordance with manuals. After each exercise, we identify problems and review procedures for continuous improvement to make our response as quick and apt as possible.

We also conduct joint emergency response exercises with chemical suppliers to ensure that we can safely and smoothly handle a chemical spill discovered after delivery to one of our sites.



Emergency response training

Comprehensive Disaster-preparedness Drill

The SUMCO Group conducts a comprehensive drill, nighttime/non-workday drill, and a non-comprehensive drill (firefighting/reporting/evacuation) every year. As part of the comprehensive drill, in addition to joint training with the fire station, there is also training for first-aid firefighting, the use of fire hydrants by the Company's firefighting team, and operation of the Company's own fire engine.

For the nighttime/non-workday drill, we identify and address problems that cannot be discovered on workdays or during the day.



Joint training with the fire station



Fire hydrant training



Evacuation training

Environmental Management

SUMCO Corporation's Environmental Policies

1. Basic Environmental Philosophy

As a manufacturer of high-quality silicon wafers for semiconductors, SUMCO has established the following action guidelines and is committed to self-initiated and sustained environmental conservation activities to pass on the Earth's irreplaceable environment to future generations.

2. Environmental Action Guidelines

1 Through our business activities, we shall pursue activities with an emphasis on the following points.

- (1) We shall act to conserve electricity and other forms of energies consumed by our business activities, thereby curbing emissions of greenhouse gases.
- (2) We shall strive to reduce waste and increase the recycling and reuse rates.
- (3) We shall strive to reduce chemical substances used in our business activities.
- (4) We shall thoroughly manage harmful chemical substances and waste, thereby reducing the risks to the environment.

2 We shall abide by environment-related laws and regulations, bylaws, and other agreed requirements.

3 We shall strive to prevent environmental pollution in our entire business activities and undertake efforts to protect the global environment and coexist in harmony with local communities.

4 We shall define environmental objectives and targets, and by periodically reviewing these objectives and targets, shall promote continuous improvement of our environmental management system.

5 We shall make these policies known to all employees within SUMCO and disclose information internally and externally.

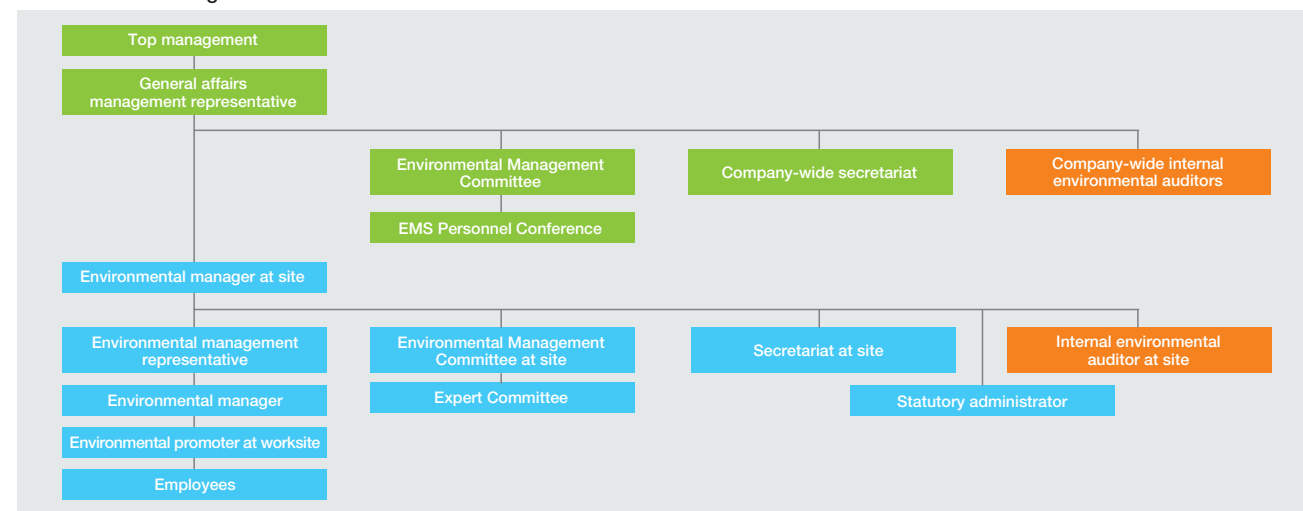
May 1, 2012
Mayuki Hashimoto, President & CEO

Environmental Management Structure

The general affairs management representative and the environmental managers at sites report to top management and act in accordance with their respective roles, responsibilities, and

authority. Information and instructions are communicated and shared at meetings of the Environmental Management Committee and Environmental Management Committee at each site.

Environmental Management Structure



Environmental Objectives and Targets

We set environmental objectives and targets for three-year periods and work to achieve the final-year targets (= environmental objectives) of each period. The base year for the targets for 2012

to 2014 is 2011. The performance is checked semiannually and the targets are reviewed as necessary.

(based on per-unit production)

Action items in business activities	2014 environmental objectives* (midterm targets)	Base year	2013 targets	2013 results
Reduction of power consumption (reduction of CO ₂ emissions)	Reduce by 5.8%	2011	Reduce by 2.6%	Reduce by 4.9%
Reduction of chemical substance use	Reduce by 9.1%		Reduce by 7.0%	Reduce by 6.1%
Reduction of industrial waste	Reduce by 15.0%		Reduce by 8.2%	Reduce by 11.9%
Reduction of water consumption	Reduce by 6.0%		Reduce by 2.5%	Reduce by 5.2%

Beneficial activities	Environmental objectives (set each year)		2013 target	2013 attainment rate
Improvement and increased efficiency of the primary business of each division	Attainment rate: 80%		Attainment rate: 80%	87.7%

* The final-year targets for 2012 to 2014 have been redefined at higher level since they were achieved in 2013.

Environmental Education

Education targeted at suppliers to prevent environmental accidents

Environmental education is provided to suppliers of chemicals and other products and to industrial waste treatment firms to ensure the prevention of environmental accidents and compliance with laws and regulations.



Suppliers receiving environmental education on the prevention of environmental accidents

Contents of education

- 1 Request for vehicle inspection to prevent the leakage of fuel, oil, etc.
- 2 Importance of SUMCO personnel being present at the time of delivery/collection and request that their instructions be followed
- 3 Request for inspection of industrial waste collection vehicles, particularly to prevent leakage or dripping of sludge, liquid waste, etc.
- 4 Report of previous environmental accidents that occurred at the Company

Environmental Audits

At SUMCO, internal environmental audits are conducted by internal environmental auditors. Environmental management system audits, meanwhile, are implemented by an external auditor.

Internal Environmental Audit

Internal environmental audits are implemented every year for all organizations subject to the Company's environmental management system. The results are reported to top management and reflected in the following year's activities for continuous improvement of the environmental management system.

Environmental Management System Audit

Audits of randomly sampled Company sites are implemented every year and a renewal audit is conducted for all sites every three years by an external independent auditor.

Compliance with Environmental Legislation

The SUMCO Group ensures that Group companies keep themselves updated about the requirements of laws, regulations, and agreements and that they comply with such requirements.

We also ensure that the Group complies with overseas chemical substance regulations, namely, the Restriction on Hazardous Substances (RoHS) Directive and the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemical Substances (REACH).

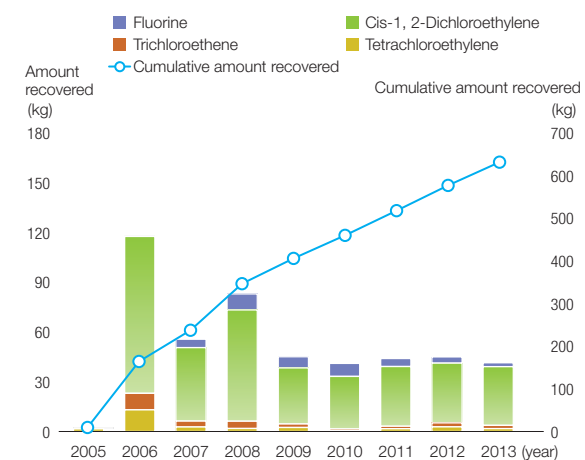
Progress of Countermeasures against Soil and Groundwater Contamination at the Noda Office

In a voluntary survey implemented at the Noda Office in 2005, it was found that amounts of volatile organic compounds (VOC) and fluorine exceeded the soil and groundwater environmental standard values. We have ever since been introducing countermeasures in consultation with concerned authorities and others. At present, we are working to prevent the spread of and recover contaminated substances by using a pumping well set up near the boundary of the plant grounds.

Estimated Amount of Contaminated Substances Recovered in 2013

Name of substance	Amount recovered (kg) in 2013
Tetrachloroethylene	2.3
Trichloroethene	2.6
Cis-1, 2-Dichloroethylene	46.9
Fluorine	3.1

Amount of Contaminated Substances Recovered Annually from Groundwater at the Noda Office



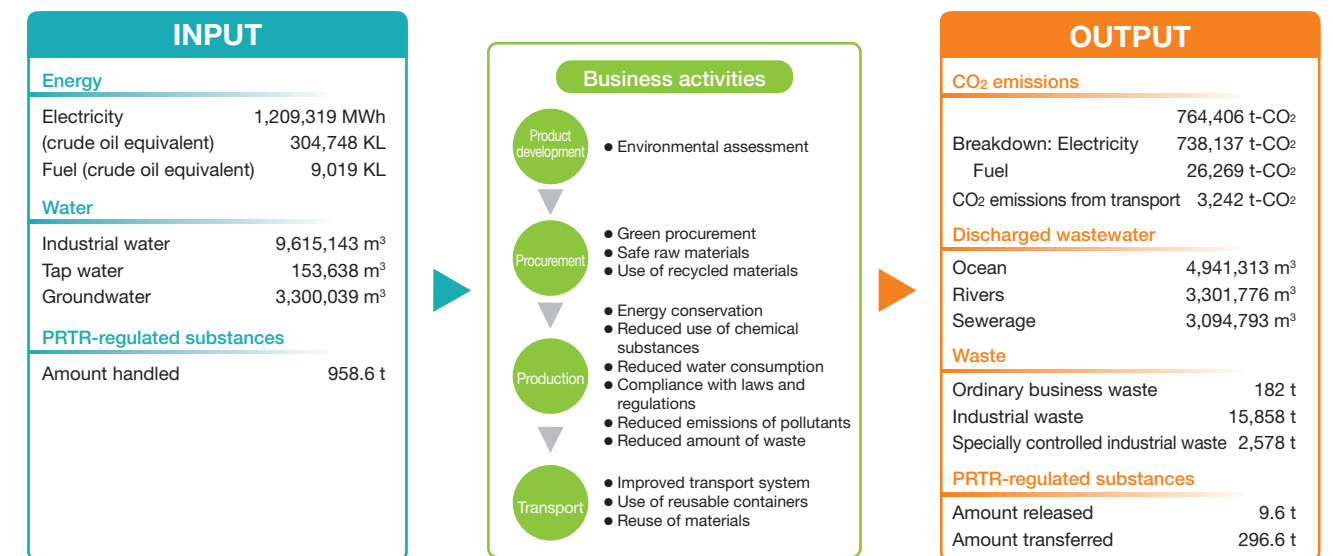
Environmental Report

Environmental Impact of Business Activities

The depletion of energy resources, global warming, threats to biodiversity, and other environmental problems are having an increasingly serious impact on the global environment. SUMCO promotes environmental considerations and the reduction of

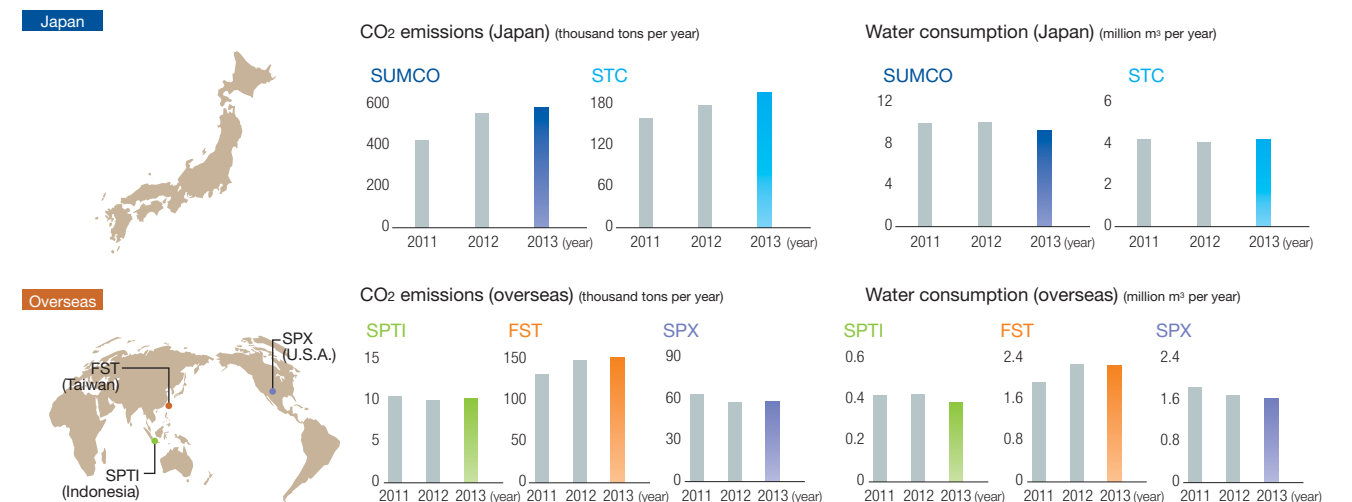
environmental impacts across its business activities with a particular focus on electric power, chemical substances, waste, and wastewater, which the Company has identified as priority environmental issues.

Environmental Impact of Business Activities in 2013 (SUMCO Group in Japan)



* CO₂ emissions from electricity are calculated using the CO₂ emission coefficient of each electric power supplier.

Trends of Environmental Impact



* STC = SUMCO TECHXIV Corporation, SPTI = PT. SUMCO Indonesia, FST = Formosa SUMCO Technology Corporation, SPX = SUMCO Phoenix Corporation
 * The amount of SPX water consumption disclosed in the previous report was revised as a result of careful review.
 * CO₂ emissions of the overseas subsidiaries are calculated using the emission coefficient of each country based on the Greenhouse Gas Protocol Initiative.

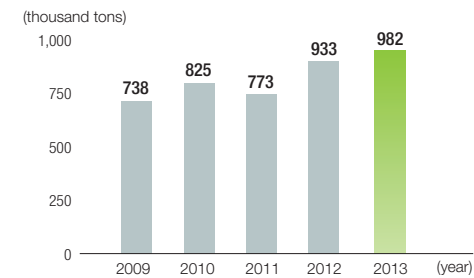
Combating Global Warming

The SUMCO Group consumes a significant amount of electricity in order to produce its products. To reduce power consumption, we strive to improve the yield of products and replace production and utility facilities with energy-saving and high-efficiency alternatives when refurbishments are due.

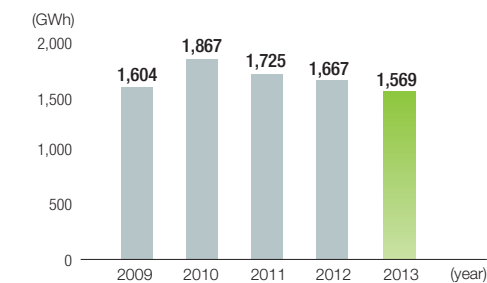
In offices, lighting is turned off during lunchtime and other breaks, and air conditioners are set at a reasonable temperature to save energy and reduce CO₂ emissions.

In 2013, power consumption decreased by 6% over the previous year due to energy-saving efforts and the implementation of the Business Reorganization Plan. However, because the increased share of thermally generated power in our energy mix resulted in a higher CO₂ conversion coefficient (t-CO₂/kWh), the Group's CO₂ emissions increased by 5% compared to the previous year.

CO₂ Emissions (SUMCO Group)



Electric Power Consumption (SUMCO Group)

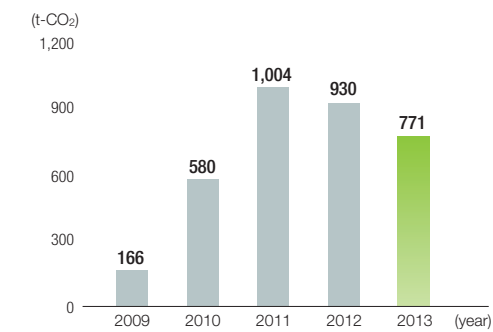


Major Activities in the Field of Logistics

CO₂ Reduction through Modal Shift to Ship Transport

SUMCO used to rely solely on airfreight for the transportation of silicon wafers to overseas markets. However, to reduce both CO₂ emissions and transport costs, we have been promoting a modal shift to ship transport for some of our products since 2009. Since ship transport requires longer transportation lead time and involves changes in the transportation environment, we conduct tests before switching to ship transport to confirm that the quality of products is not affected, as well as consulting with customers.

CO₂ Reduction through Modal Shift to Ship Transport



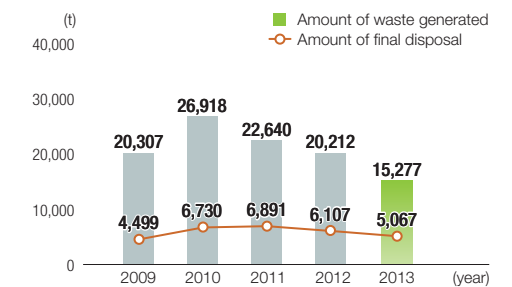
Waste Reduction through the Adoption of Reusable Containers

We are replacing the containers used to ship 300-mm silicon wafers with reusable alternatives to reduce post-delivery waste. The percentage of reusable containers used for shipment in 2013 was 56.7% (32.8% in 2012). We conduct tests on the reusable containers to ensure that the quality of products will not be affected.

Reduction of Waste

Sludge accounts for the largest component of total waste generated by the SUMCO Group. Efforts are currently being made to optimize the quantity of chemicals injected for wastewater treatment to reduce the volume of sludge generated as well as to lessen its moisture content by improving the operation of the dehydrator. As for waste oil, waste acid, waste alkali, waste plastics, and other waste, we are promoting both their recycling and their conversion into valuable resources.

Amount of Waste Generated and Final Disposal (SUMCO Group [Japan])

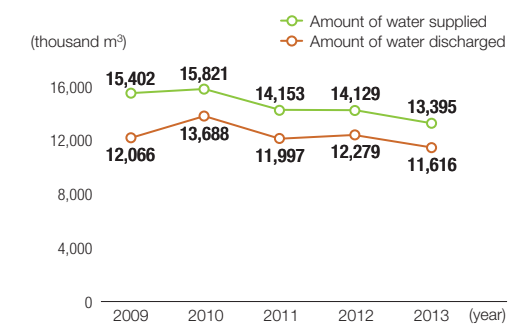


* The amount of waste generated disclosed in the previous report was revised as a result of careful review.

Effective Use of Water Resources

Industrial water and groundwater are purified through filtering and ion exchange for use at our plants. Since we have to use a significant amount of water, a valuable resource, we ensure that water left after the purification process is used to cool utility facilities and dilute wastewater treatment chemicals, rather than discharged. We also collect water used to rinse silicon wafers and for other purposes to conserve as much water as possible for recycling.

Amount of Water Supplied and Discharged (SUMCO Group [Japan])



Chemical Substance Management

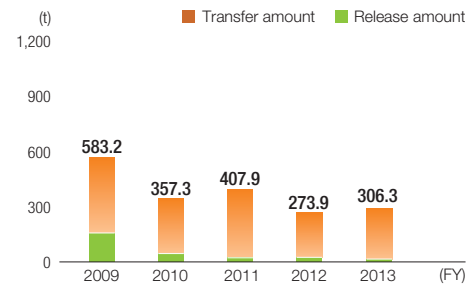
Results reported in 2013

The Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register/PRTR Law) requires businesses to report the amounts of any designated chemical substances released into the environment or transferred.

In fiscal 2013, there were 13 substances subject to reporting under the PRTR Law. Substances contained in cleaning agents and fuels make up the majority of these.

The total amount of the released or transferred substances increased over the previous year as a result of the change in calculation method.

Amount of PRTR-regulated Substances Released and Transferred (SUMCO Group [Japan])



The figure for each fiscal year shows the amount of released or transferred substances during the preceding fiscal year from through March.

List of Substances Subject to PRTR Reporting (Class 1 Designated Chemical Substances: 1 ton or more per year; Specific Class I Designated Chemical Substances: 0.5 tons or more per year) Period covered: April 2012 to March 2013

Ordinance No.	Name of Class 1 Designated Chemical Substance	Amount handled	Amount released				Amount transferred	
			Atmosphere	Public waters	Soil	Landfill	Sewerage	Waste
20	2-aminoethanol	9.7	0.0	0.0	0.0	0.0	0.0	0.0
30	Linear alkylbenzene sulfonate (LAS)	2.0	0.0	0.0	0.0	0.0	0.0	0.0
53	Ethylbenzene	0.0	0.0	0.0	0.0	0.0	0.0	0.0
88	Ferric chloride	6.2	0.0	0.0	0.0	0.0	0.0	0.0
71	Xylene	96.1	2.7	0.0	0.0	0.0	0.0	0.6
80	Hexavalent chromium compound	1.1	0.0	0.0	0.0	0.0	0.0	1.1
296	1,2,4-Trimethylbenzene	108.0	0.2	0.0	0.0	0.0	0.0	0.0
300	Toluene	9.2	6.3	0.0	0.0	0.0	0.0	0.6
332	Inorganic arsenic and its compounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
333	Hydrazine	5.9	0.0	0.0	0.0	0.0	0.0	0.0
374	Hydrogen fluoride and its water-soluble salts	663.4	0.3	0.0	0.0	0.0	0.0	249.0
407	Poly (oxyethylene) alkyl ether	17.9	0.0	0.0	0.0	0.0	0.0	6.3
410	Poly (oxyethylene) nonylphenyl ether	39.0	0.0	0.0	0.0	0.0	0.0	39.0
Total		958.6	9.5	0.1	0.0	0.0	0.0	296.6

* The amount handled is not equal to the total amount of released and transferred because some substances were released after decomposition and detoxification.

Environmental Impact (SUMCO Phoenix Corporation)

The following is a report on the environmental activities of SUMCO Phoenix Corporation, our subsidiary in the United States, which has plants in Phoenix, Arizona and Albuquerque, New Mexico.

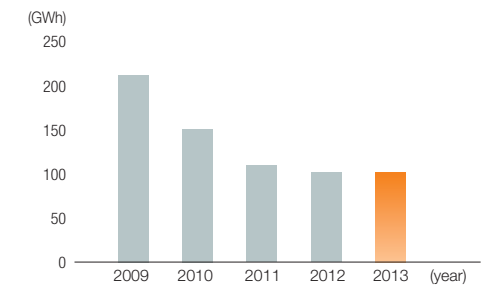
Energy Conservation

Due to various ongoing activities to reduce energy used for operating the plants, the subsidiary maintained the same level of energy consumption as in 2012.

Main improvements

- The use of inverter-equipped motors continued to be expanded.
- The use of energy-saving lighting continued to be expanded.
- The operational efficiency was maximized.

Electric power consumption



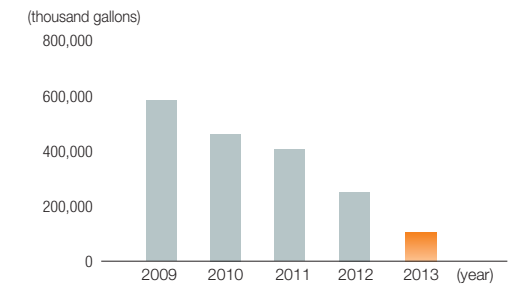
Reduction of Water Consumption

Energy and water are two main resources used in the production of silicon wafers and their consumption must be reduced. Millions of gallons of water are collected and reused at the plants every day.

Main improvements

- Water used for rinsing and other purposes in the production process is reused to reduce the amount of tap water used.
- The production process was improved in such a way as to reduce the amount of water used.
- Landscape plants on the premises were replaced with drought-resistant species.

Water consumption



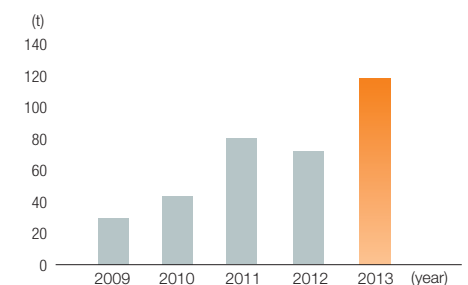
Waste and Chemical Substances

The amount of waste is influenced directly by customer demand and product formation. In 2013, since part of the wastewater treatment was outsourced to an external company, the amount of hazardous waste generated increased. In 2014, the subsidiary is planning to upgrade its facilities to reduce the amount of waste generated to below the 2010 levels.

Main improvements

- Focus of reduction activities was placed on major sources of waste.
- Scrap materials were recycled and reused.
- The life cycle and filling amount of chemicals used for washing tanks were optimized.
- The material approval process was made stricter.

Amount of hazardous waste generated



Interaction with Customers

Quality Control System

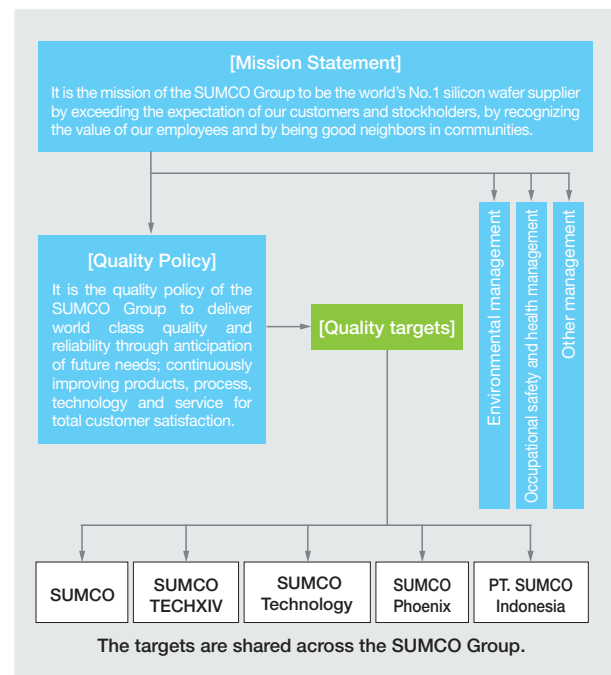
Maintaining and enhancing product reliability and safety is one of our most important social responsibilities.

The SUMCO Group works hard to supply high-quality products that will satisfy customers under its Group-wide unified Quality Policy. It controls quality throughout all processes from design and development to production and shipment under a quality management system based on ISO 9001 and ISO/TS 16949 standards across all Group companies, including those abroad, so as to enhance the safety and reliability of its products.

We have also built an internal quality auditing system to ensure continuous improvement of the quality management system.

Our silicon wafer production sites in Japan and abroad are certified to ISO 9001 and ISO/TS 16949.

SUMCO Group's Mission Statement and Quality Policy and Targets



Quality Education

To enhance the reliability and safety of products, it is necessary to continuously improve the awareness and skills of both workers and their supervisors.

For this reason, we have developed quality education programs for each job and level of employee and assigned instructors for each education program to each silicon wafer production site in Japan to provide necessary education whenever needed.

A total of 146 seminars were held at plants in Japan in 2013, and more than 100 seminars are planned in 2014 as well.



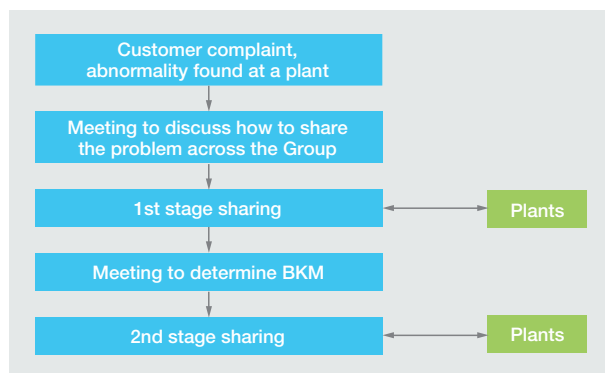
Quality education

Response to Quality Problems

Should a plant become the subject of a customer complaint or experience an abnormality or other quality problem, the plant handles the problem immediately, investigating the cause and taking measures to prevent recurrence.

Then, the Quality Assurance Department holds a meeting to discuss and determine the best known method (BKM) to prevent recurrence and shares it with all of the Group's manufacturing companies to prevent similar problems from occurring at other plants in Japan and abroad.

Flow for Sharing Quality Problems



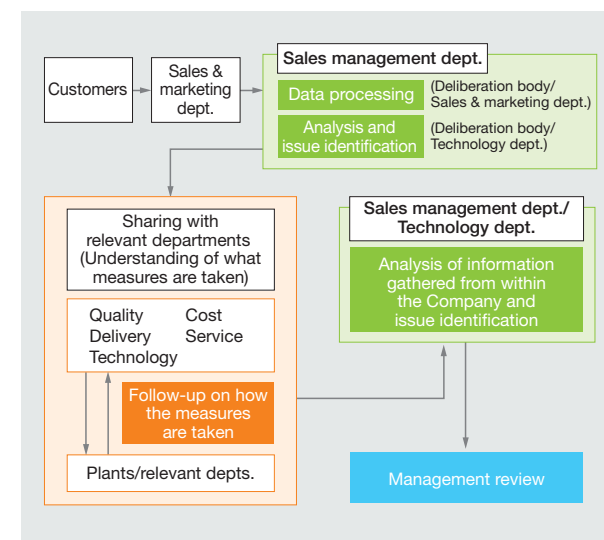
Improvement of Customer Satisfaction

Customer Satisfaction Survey

To maintain our "first call" status among our customers, evaluations received from customers are shared with relevant departments for continuous improvement and analyzed regularly from four different aspects: quality, cost, delivery, and service (QCDS).

The results of analysis are shared among sales & marketing and other relevant departments for inclusion in improvement plans to further enhance customer satisfaction.

Flow for Sharing Customer Satisfaction (CS) Evaluation Information



Communication with Customers

SUMCO actively promotes interactive communication with customers through technical communication meetings in and outside of Japan with the aim of grasping customer needs at an early stage, accomplishing product development swiftly, and offering products that meet customer needs. Approximately 900 technical communication meetings were held in fiscal 2013.

Technical communication meetings provide us with opportunities to follow up on our products, present our proprietary technologies, understand customer needs accurately at an early stage, and ensure customers' fair evaluation of and enhanced trust in our products. The customer needs identified at technical communication meetings are reflected in our ongoing quality improvement activities and utilized as invaluable information to help us to create technological roadmaps towards meeting needs for higher precision, expanded diameter, and other specifications as well as to develop businesses that respond to market trends. While providing what we believe to be the information most useful to our customers, we also ensure that our customer communication activities comply with laws, regulations, and ethical standards.

Ensuring the Safety of Products

Management of Chemical Substances Contained in Products

SUMCO ensures that chemical substances regulated by law or those that customers have asked us to eliminate or reduce the use of are managed properly according to internal rules and standards.

Submission of Material Safety Data Sheets (MSDS)

SUMCO makes available material safety data sheets based on JIS Z7250 to provide information on the related hazards of chemical substances used by the Company and instructions on how to handle them safely. We are planning to replace the sheets with safety data sheets (SDS) based on JIS Z7253, a revised standard that is compatible with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS)*, an internationally recognized system.

* Globally Harmonized System of Classification and Labelling of Chemicals (GHS): A system established by the United Nations in 2003 to provide internationally unified standards for the classification of chemicals by types of hazard and toxicity as well as to propose internationally harmonized labels and safety data sheets (SDS) in order to facilitate the proper management of chemicals.

Interaction with Suppliers

Purchasing Policy

To manufacture products that will bring greater convenience and comfort to people around the world and contribute to the enrichment of society, we ensure that our material procurement is based on mutual trust and fair transactions with superior suppliers. We also collaborate with our suppliers to together actively promote compliance with laws, regulations, and social norms, support global environmental conservation, and conduct other activities to fulfill our social responsibilities.

1 Transactions based on partnership

We will share and unify our goals and visions with those of our suppliers and develop favorable partnerships based on mutual trust.

2 Fair transactions

We will ensure that our procurement is clean, open, and fair.

3 Promotion of value analysis (VA) activities

We will encourage our suppliers to conduct value analysis (VA) activities in order to propose cost improvement methods, new materials, new technologies, and others and will actively adopt such proposals.

4 Compliance in purchasing activities

We will comply with laws, regulations, and social norms in the course of our purchasing activities.

5 Fulfillment of corporate social responsibilities

We will fulfill our social responsibilities when conducting purchasing activities across our entire supply chain, including with respect to our suppliers.

6 Green procurement

We will procure environmentally considerate goods to help ensure our priceless natural environment is preserved and passed down to future generations.

CSR Procurement

1. Basic Stance

SUMCO promotes responsible procurement to fulfill our social responsibilities across our entire supply chain. Together with our suppliers, we pursue procurement that gives due consideration to human rights, work environments, safety and health, environmental conservation, and other issues to ensure that customers can use our products with peace of mind and enhance the satisfaction of various stakeholders.

2. Promotion of Our CSR Policy

Through periodic briefings to suppliers and daily procurement activities, we request our suppliers to make voluntary efforts to promote CSR-oriented management.

Specifically, we distribute to each supplier a copy of our Supplier Handbook, which includes a section on CSR as well as our Purchasing Policy and requests to suppliers. The Supplier Handbook is also posted on the procurement website for easy reference at any time.

The Supplier Handbook also contains, as an attachment, guidelines on CSR activities that we invite our suppliers to voluntarily conduct which we have prepared and is based on the Electronic Industry Citizenship Coalition (EICC) Code of Conduct. Suppliers are requested to utilize these guidelines for their own CSR practices and to also encourage their secondary and tertiary suppliers to use and follow the guidelines.



Briefing to Supplier by Vice-president

3. Elimination of Conflict Minerals

Through periodic supplier briefings and the Supplier Handbook, SUMCO requests its suppliers to meet the requirements of EICC Code of Conduct concerning conflict minerals*.

* None of tantalum, tin, gold or tungsten is necessary for the functionality or production of SUMCO's products. Therefore, our products are not subject to the conflict minerals regulation based on Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in July 2010.

4. Strengthening of Business Continuity Plans for Material Procurement

In addition to well-planned emergency preparedness, such as maintaining an optimum inventory that matches the level of risk as well as sourcing across multiple channels, we also have a system in place that enables us to investigate the impact of a disaster or accident immediately after it takes place. At the same time, we will also source from alternative suppliers, adopt alternative materials, and take every other measure possible for procurement in the event of an emergency to minimize the effect on production.

1 Optimum inventory control for each category of procured material

We will review inventory quantities, storage sites, transportation methods, and others for each type of material whenever necessary.

2 Source investigation and risk response

We will investigate and confirm production sites and sources of major items and respond according to the level of risk involved.

3 Development, maintenance, and review of business continuity plans for each item procured

We will develop business continuity plans for each major item so that we can properly respond to the occurrence of any risk.

4 Risk assessment of suppliers

We will periodically conduct checks on our main suppliers with respect to their financial condition, production systems, business continuity plans, and others and respond appropriately depending on the results.

Interaction with Shareholders and Investors

Basic Policy on Information Disclosure

1 Based on a full acknowledgment that the timely disclosure of appropriate corporate information to investors constitutes the basis of a sound securities market, we will conduct honest business practices by, among other efforts, ensuring accurate, equitable, and prompt disclosure of corporate information that meets the needs of investors.

2 We will actively disclose corporate information that we are not required to disclose by law or rules of the stock exchange but that we believe will be useful for investors.

Communication with Shareholders and Investors

Annual Shareholders' Meeting

Annual shareholders' meetings are where important decisions on the Company's policies and other matters are made as well as an opportunity to promote shareholders' understanding of the Company. Convocation notices, in both Japanese and English, are posted on our website. Efforts are also made to provide explanations of the details of each agenda item and answer questions asked by shareholders during meetings in as clear a manner as possible by utilizing narrated video footage.



Annual shareholders' meeting

IR Activities

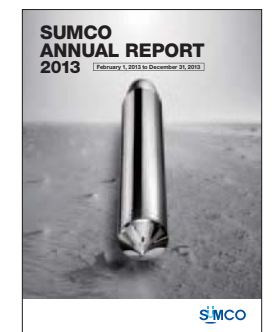
SUMCO's basic policy on investor relations is to ensure fair, impartial, and timely disclosure of the Company's management vision, business situation, financial performance, and other corporate information to allow investors to evaluate the Company's value fairly. We also ensure that opinions from investors are reflected in our management for the continuous enhancement of our corporate value.

The English and Japanese version of documents are published simultaneously to ensure fair disclosure of information for both Japanese and overseas investors.

The Timely Disclosure Network (TDnet) of the Tokyo Stock Exchange is utilized to disclose information that needs to be disclosed in a timely fashion, and documents are posted both in Japanese and English simultaneously on our website. Annual Reports and Message to Shareholder are also published to convey messages from top management and report business performance and conditions to help investors develop a better understanding of the Company.



Message to Shareholder



Annual Report

Interaction with Local Communities

Aspiring to be a good partner for local communities, SUMCO's factories and plants are actively involved in local activities.

Support for a Vocational Facility for People with Disabilities

At the Yonezawa Plant (Yonezawa City, Yamagata Prefecture), used PET bottles and empty cans are collected from the plant and homes of employees and provided, via a recycling company, to a vocational facility for people with disabilities to help increase employment opportunities for such people. Using the money received from the recycling firm for the sale of such bottles and cans, the plant also periodically purchases useful items and donates to the facility.

Participation in Cleanup and Beautification Activities

The JSQ Division (Akita City) participates with local residents and companies in a cleanup activity for areas along the Omono River organized by the city every year.



Omono River area cleanup activity

The Yonezawa Plant (Yonezawa City, Yamagata Prefecture) actively engages in various environmental activities in cooperation with other companies in the Hachimanpara Industrial Park in which the plant is located. These activities include planting seasonal flowers in median strips of roads inside the park, in which the local government and a local elementary school also take part, as well as releasing white-spotted charr fry into the Tenno River, which flows through in the park, together with local elementary school children.



Planting seasonal flowers in a median strip



Releasing white-spotted charr fry into the river

At SUMCO TECHXIV Corporation's Nagasaki Plant, many employees participate in the concerted cleanup efforts for the Omura Bay area, hosted by the Society to Beautify Omura Bay, which is organized by municipalities and others in the area. The event is held twice a year.

Together with nearby companies, SUMCO TECHXIV Corporation's Miyazaki Plant is involved in a twice-yearly cleanup activity for Kiyotake-cho named as 'Kiyotake-cho KINRIN Clean Activity', the town in which the plant is located, as well as a cleanup activity for the Kiyotake River every October.



Omura Bay area cleanup activity

Joint Fire Drill with a Social Welfare Facility

At SUMCO TECHXIV Corporation's Nagasaki Plant, employees participate in a joint emergency drill based on the scenario of a fire at a nearby social welfare facility once a year.



Joint fire drill with a social welfare facility

Participation in Local Traffic Safety Campaigns

SUMCO's Chitose Plant (Chitose City, Hokkaido) participates in traffic safety campaigns along national highways in the city each spring and autumn to remind drivers and pedestrians about traffic safety.



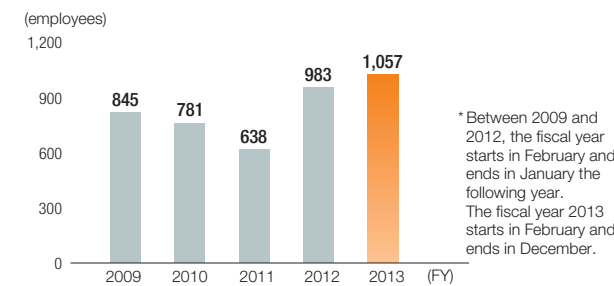
Local traffic safety campaign

Interaction with Employees

Respect for Human Rights

The SUMCO Group holds a meeting of the Human Rights Awareness Promotion Committee, made up of representatives from all Group companies, every year to ensure that human rights awareness-raising activities are conducted on an ongoing basis throughout the Group. At the meeting, the policy for activities for the coming fiscal year is decided and shared so that activities based on that policy—including lectures by external experts and training using audiovisual aids—will be carried out at each site and Group company. Furthermore, to maintain a comfortable and pleasant working environment at all times, a workplace bullying consultation desk is set up at each site where both male and female staff members are available for consultation by anyone whenever needed. Moreover, the SUMCO Group does not use child labor of any kind, and through daily work management, ensures the absence of forced labor. We also ensure that both male and female employees receive fair treatment and that the pay system is not gender-biased.

The Number of Employees Who Received Human Rights Awareness Training in the Past Five Years (SUMCO Group [Japan])



Human Resources Development

As declared in the SUMCO Vision, SUMCO aspires to become the "World's Best in Technology." To reach this goal, diversified training opportunities are provided to employees at all levels, from new recruits to managers and executives, to encourage them to pursue lifelong education and stay abreast of changing needs as well as to develop them into individuals able to think and act independently. Young engineers are also provided every year with an opportunity to present their research achievements to the President and senior management as a means of enhancing their motivation.

To pursue the SUMCO Vision of "Lively, Vigorous Business Activities with a Keen Awareness of Profit," the President's Award was established in 2013. This award will be presented

every year to individuals and organizations—including those of Group companies—that have made a meaningful contribution to increasing the Group's value. Furthermore, in line with our aim to Educate Global Human Resources included in the SUMCO Vision, we are working to develop a globally competitive workforce by encouraging employees to become familiar with and respect different cultures and values as well as by enhancing programs for studying abroad and acquiring language skills.



President's Award



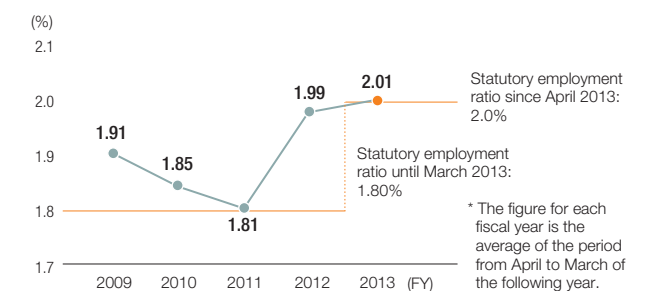
Presentation by an up-and-coming engineer

Utilization and Development of a Diverse Workforce

Employment of People with Disabilities

SUMCO established SUMCO Support Corporation, which gives special consideration to employing people with disabilities, in 2004. In May the same year, SUMCO Support was designated as a "special subsidiary company" by the government. Ever since, people experiencing various challenges in their lives have found job opportunities and been employed in a wide range of areas, both at SUMCO Support and various other Group companies. The SUMCO Group continues its efforts to fit the right person to the right job in order to help individual employees reach their full potential as well as to provide employment opportunities and maintain and improve supportive work environments for people with disabilities.

Employment Ratio of People with Disabilities (SUMCO Group [Japan])



Employment of Older Workers

SUMCO has a post-retirement reemployment scheme in place that allows experienced and willing employees to continue to contribute their high-level skills after mandatory retirement at age 60, provided their skill sets meet the Company's needs. Employees reemployed under the scheme can work until the age of 65.

Due to the amendment of the Act on Stabilization of Employment of Elderly Persons enforced on April 1, 2013, we will gradually abolish the criteria limiting employees' eligibility for reemployment under a "transitional measure," as defined in the act, and will eventually reemploy all employees who wish to continue to work.

Childcare Leave and Nursing Care Leave

We support employees' childcare and other family responsibilities by offering childcare leave, nursing care leave, and special work arrangements for employees with a child aged under three years old.

The Number of Employees Who Took Family Leave (February to December 2013) (SUMCO)

	Male	Female	Total
Maternity leave	—	9	9
Childcare leave	—	18	18
Nursing care leave	2	0	2

Occupational Safety and Health Management

We have introduced occupational safety and health management systems (OSHMS) aimed at achieving zero accidents at various workplaces. These systems are designed to prompt business operators and workers to cooperate with each other to implement safety and health management voluntarily and continuously through an established PDCA (plan-do-check-act) cycle in order to prevent accidents and create comfortable work environments that will help enhance employee health. The systems are thus instrumental in the continuous improvement of the safety and health standards of our business sites.

To prevent accidents and mitigate risks, SUMCO implements risk assessments for facilities, operations, chemical substances, and others. Various activities are also performed to ensure safety, including safety education, risk prediction, "pointing and calling," and reporting of close calls.

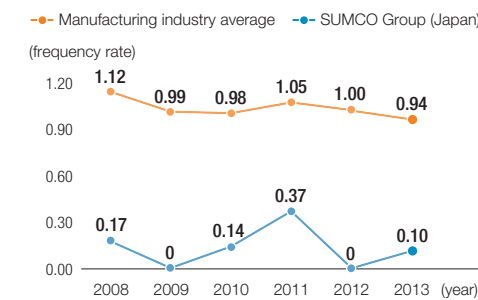
Safety and Health/Disaster Prevention Awards Received

Year & month	Award	Awarded site
March 2008	Letter of Appreciation from Miyazaki Pref. Governor for Cooperation with Volunteer Fire Corps	SUMCO TECHXIV Corp. Miyazaki Plant
October 2008	Japan Industrial Safety and Health Association Chairman's Award	SUMCO Corp.
October 2008	Akita Pref. Labor Standards Association Chairman's Award	Japan Super Quartz Corp.*
October 2008	Nagasaki Labor Bureau Director's Commendation for Safety and Health	SUMCO TECHXIV Corp. Nagasaki Plant
December 2008	Ministry of Health, Labour and Welfare Class 1 No Accident Record	SUMCO TECHXIV Corp. Nagasaki Plant
June 2009	Fire and Disaster Management Agency Commissioner's Commendation for the Safety Management and Security of Hazardous Materials	SUMCO TECHXIV Corp. Nagasaki Plant
July 2009	Commendation and Letter of Appreciation from Health, Labour and Welfare Minister for Cooperation in Blood Donation	SUMCO TECHXIV Corp. Nagasaki Plant
September 2009	Commendation from Chief of Miyazaki Pref. Police Headquarters for the Promotion of Traffic Safety	SUMCO TECHXIV Corp. Miyazaki Plant
February 2010	Ministry of Health, Labour and Welfare Class 1 No Accident Record (7 million hours)	SUMCO Corp. Kyushu Factory (Saga)
November 2010	Ministry of Health, Labour and Welfare Class 1 No Accident Record (7 million hours)	SUMCO Corp. Kyushu Factory (Imari)
November 2010	Letter of Appreciation from Japanese Red Cross Society	SUMCO Corp. Kyushu Factory (Imari)
December 2010	Golden Order of Merit from Japanese Red Cross Society (Blood Donation)	SUMCO TECHXIV Corp. Miyazaki Plant
December 2010	Accreditation as a Cooperating Business with Miyazaki City Volunteer Fire Corps	SUMCO TECHXIV Corp. Miyazaki Plant
August 2011	Health, Labour and Welfare Minister's Commendation from Japanese Red Cross Society	SUMCO Corp. Kyushu Factory (Imari)
August 2011	Order of Merit from Japanese Red Cross Society	SUMCO Corp. Kyushu Factory (Saga)
October 2011	Nagasaki Labor Bureau Director's Commendation for Safety and Health	SUMCO Corp. Nagasaki Office
November 2011	Nuclear and Industrial Safety Agency Director-General's Award for Safety Management of High-Pressure Gas	SUMCO TECHXIV Corp. Miyazaki Plant
October 2013	Federation of Labour Standards Associations Chairman's Commendation for Safety Management	SUMCO Technology Corp. Noda Plant
October 2013	Saga Labor Bureau Director's Commendation for Safety and Health	SUMCO Corp. Kyushu Factory (Kubara)
October 2013	Ministry of Health, Labour and Welfare Class 2 No Accident Record (10.5 million hours)	SUMCO Corp. Kyushu Factory (Saga)
February 2014	Ministry of Health, Labour and Welfare Class 1 No Accident Record (7 million hours)	SUMCO Corp. Kyushu Factory (Kubara)
May 2014	Letter of Appreciation from Saga Pref. Governor for Safety Management of High-Pressure Gas	SUMCO Corp. Kyushu Factory (Saga)

* Current JSQ Division

* Awards listed include those received by the date of publication of this report.

Accident Frequency Rate*



* Accident frequency rate = Number of workers killed or injured in occupational accidents ÷ Total working hours × 1,000,000

Labor-Management Relations

SUMCO's basic labor-management policy is to maintain sound relations based on mutual understanding and trust and to solve issues through discussion for the perpetual development of the Company and improvement of working conditions.

Specifically, with the aim of maintaining business operations based on integrated efforts between labor and management, a labor-management meeting is generally held twice a year to share information and promote communication.

Also, at labor-management meetings held once a month at each plant, plant managers and union representatives discuss such issues as the production situation.

Furthermore, the Labor-Management Study Committee meets regularly throughout the year to discuss important issues such as the improvement of working conditions and review of various systems from multifaceted, holistic, and long-term perspectives, thus allowing labor and management to work closely together to address various issues.

Employment Status (as of the end of December 2013)

Number of Employees (Consolidated)

Item	Regular employees	Temporary employees
SUMCO	3,455	14
Consolidated	Japan	5,337
	Overseas	1,940
		63

Number of Employees by Region (Consolidated)

Region	No. of employees
Japan	5,337
North America	543
Southeast Asia	353
East Asia	1,024
Europe	20
Total	7,277

Breakdown of Employees (Consolidated)

	Managers	General employees	Total
Male	722	5,918	6,640
Female	29	608	637
Total	751	6,526	7,277

Site Data

2014 data on the acquisition status of ISO 14001 certification for the SUMCO Group's business sites/plants and regulated substances discharged from each site/plant to the surrounding air and water

Name of business site/plant		SUMCO Corporation Kyushu Factory (Nagahama)	SUMCO Corporation Kyushu Factory (Kubara)	SUMCO Corporation Kyushu Factory Saga Plant
Scope of business		Design, development and manufacture of silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers
Status of acquisition of ISO 14001 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999	January 11, 1999
	Date of renewal	January 11, 2014	January 11, 2014	January 11, 2014

Air		Measurement results (regulation value)	Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	ppm	Boiler 109 (150)	Boiler 62 (150)	Boiler 42 (110)
Sulfur oxides (SOx)	m³N/h	ND (K-value regulation 17.5)	ND (K-value regulation 17.5)	/
Soot and dust	g/m³N	Boiler ND (/)	Boiler ND (/)	Boiler ND (0.001)

Water		Regulation value	Measurement result	Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	/	/ ¹	/	/ ¹	10	3.3
Chemical oxygen demand (COD)	mg/l	30	7.6	30	5.8	/	/
Suspended solids (SS)	mg/l	30	8	30	3	25	3
N-hexane extract	mg/l	5	ND	5	ND	3	ND
Iodine consumption	mg/l	/	/	/	/	/	/
Fluorine compounds	mg/l	8	2.6	8	2.9	3	0.9
Ammoniac nitrogen	mg/l	80	17	80	21	100	9.3
Nitrate nitrogen	mg/l						
Nitrite-nitrogen	mg/l						
Nitrogen content (T-N)	mg/l	120	37	120	22	60	17.1
Chromium content (T-Cr)	mg/l	0.2	ND	0.2	ND	0.2	ND
Phosphorus content (T-P)	mg/l	12	0.41	12	0.32	8	1.13
Arsenic	mg/l	0.05	ND	0.05	ND	0.1	ND
Trichlorethylene	mg/l	ND	ND	ND	ND	0.15	ND

1. Only the drainage standard concerning COD applies to the Kyushu Factory (Nagahama) and Kyushu Factory (Kubara) because their treated drainage is discharged into the sea.

* Measurement results provided on pages 27-31 indicate maximum values identified during the reporting period. Representation of the symbols used in the tables is as follows: "/" stands for "non-target," "ND" for "not detected," and "-" for "not measured."

* Regulation values indicate values specified by applicable national and local laws and regulations or boundary values specified by each related area.

* For calculation of substances discharged to the air, only data associated with combustion engines is used.

* Figures for nitrogen compounds discharged to the water indicate total value for the following three items: the value obtained by multiplying ammoniac nitrogen by 0.4; nitrate nitrogen; and nitrite-nitrogen.

Name of business site/plant		SUMCO Corporation Ikuno Plant	SUMCO Corporation Noda Office
Scope of business		Design, development and manufacture of silicon wafers	Manufacture of Silicon wafer
Status of acquisition of ISO 14001 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999
	Date of renewal	Closed in July 2013.	January 11, 2014

Air		Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	ppm	Boiler 91 (180)	Boiler 100 (260)
Sulfur oxides (SOx)	m³N/h	0.051 (K-value regulation 17.5)	0.028 (K-value regulation 9.0)
Soot and dust	g/m³N	Boiler 0.003 (0.3)	Boiler 0.003 (0.3)

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	/	5.6	25	24.0
Chemical oxygen demand (COD)	mg/l	/	7.6	20	14.1
Suspended solids (SS)	mg/l	/	7	50	12
N-hexane extract	mg/l	/	ND	3	ND
Iodine consumption	mg/l	/	/	/	/
Fluorine compounds	mg/l	/	3.8	8	4.2
Ammoniac nitrogen	mg/l	/	/	100	6
Nitrate nitrogen	mg/l				
Nitrite-nitrogen	mg/l				
Nitrogen content (T-N)	mg/l	/	9.1	30	12.9
Chromium content (T-Cr)	mg/l	/	ND	0.05	ND
Phosphorus content (T-P)	mg/l	/	0.14	2.5	0.32
Arsenic	mg/l	/	ND	0.05	ND
Trichlorethylene	mg/l	/	ND	0.3	ND

* The regulation values do not apply directly to drainage from the Ikuno Plant because there is a shared drainage treatment facility for the latter process. Only the measurement values (collected by the end of July 2013) at the outlet port of the Ikuno Plant (before processing at the shared drainage treatment facility) are shown.

* The drainage standard concerning COD applies to the Noda Office based on the total pollutant load control standards for drainage into Tokyo Bay.

Name of business site/plant		SUMCO Corporation Yonezawa Plant	SUMCO Corporation Chitose Plant	SUMCO Corporation JSQ Division
Scope of business		Design, development and manufacture of monocrystalline silicon ingots	Design, development and manufacture of silicon wafers	Design, development and manufacture of quartz crucibles
Status of acquisition of ISO 14001 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization	Bureau Veritas Japan Co., Ltd.
	Date of acquisition	January 11, 1999	January 11, 1999	November 22, 1999
	Date of renewal	January 11, 2014	January 11, 2014	December 14, 2011

Air		Measurement results (regulation value)	Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	ppm	Boiler / (/)	Boiler / (/)	Firing furnace (/)
Sulfur oxides (SOx)	m³N/h	/	/	/
Soot and dust	g/m³N	Boiler / (/)	Boiler / (/)	Firing furnace 0.07 (0.2)

Water		Regulation value	Measurement result	Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	600	24.3	600	8	120	7.7
Chemical oxygen demand (COD)	mg/l	/	/	/	/	/	/
Suspended solids (SS)	mg/l	600	49	600	19	150	23
N-hexane extract	mg/l	5	1	5	<1.0	5	<1.0
Iodine consumption	mg/l	220	8.9	/	/	/	/
Fluorine compounds	mg/l	8	5.2	8	3.1	8	0.6
Ammoniac nitrogen	mg/l	380	94	/	/	100	2.3
Nitrate nitrogen	mg/l						
Nitrite-nitrogen	mg/l						
Nitrogen content (T-N)	mg/l	/	/	/	/	60	2.6
Chromium content (T-Cr)	mg/l	0.5	<0.05	2	<0.2	2	<0.05
Phosphorus content (T-P)	mg/l	/	/	/	/	8	0.11
Arsenic	mg/l	0.1	<0.01	/	/	0.1	<0.01
Trichlorethylene	mg/l	/	/	/	/	0.3	<0.001

* The Sewerage Law applies to the Yonezawa Plant and Chitose Plant because drainage from these facilities is discharged into the sewerage system (subsequently released into the river). Accordingly, the fluorine compound regulation value is set as 8 mg/l.

Name of business site/plant		SUMCO TECHXIV Corporation Nagasaki Plant	SUMCO TECHXIV Corporation Miyazaki Plant
Scope of business		Design, development and manufacture of monocrystalline silicon ingots and silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers
Status of acquisition of ISO 14001 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	April 17, 1998	December 25, 1998
	Date of renewal	April 17, 2013	December 25, 2013

Air		Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	ppm	Boiler 91 (180)	Boiler 80 (150)
Sulfur oxides (SOx)	m³N/h	<0.004 (K-value regulation 17.5)	/
Soot and dust	g/m³N	Boiler <0.01 (0.3)	Boiler 0.002 (0.1)

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	600	35.6	25	3.3
Chemical oxygen demand (COD)	mg/l	/	/	/	/
Suspended solids (SS)	mg/l	600	23	30	1
N-hexane extract	mg/l	5	ND	5	ND
Iodine consumption	mg/l	/	/	/	/
Fluorine compounds	mg/l	15	5.3	8	2.0
Ammoniac nitrogen	mg/l	380	55.8	100	5.0
Nitrate nitrogen	mg/l				
Nitrite-nitrogen	mg/l				
Nitrogen content (T-N)	mg/l	240	65.4	120	3.9
Chromium content (T-Cr)	mg/l	2	ND	0.2	ND
Phosphorus content (T-P)	mg/l	32	0.11	16	0.03
Arsenic	mg/l	0.1	0.003	0.1	ND
Trichlorethylene	mg/l	0.3	ND	0.3	ND

* The Sewerage Law applies to Nagasaki Plant because drainage from this facility is discharged into the sewerage system (subsequently released into the sea). Accordingly, the fluorine compound regulation value is set at 15 mg/l.

* The frequency of measurement of air dust and soot at Miyazaki Plant has been revised to once every five years.

* Only the drainage standard concerning BOD applies to Miyazaki Plant because its treated drainage is discharged into the river.



Name of business site/plant		SUMCO Phoenix Corporation Albuquerque Factory	SUMCO Phoenix Corporation Phoenix Factory
Scope of business		Design, development and manufacture of silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers
Status of acquisition of ISO1 4001 certification	Examining organization	DNV	DNV
	Date of acquisition	June 19, 2000	June 19, 2000
	Date of renewal	April 16, 2012	April 16, 2012

Air		Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	t/y	1.08 (10.2)	11.98 (26.0)
Sulfur oxides (SOx)	t/y	0.01 (0.34)	0.24 (1.0)
PM10 (Particulate Matter)	t/y	0.08 (0.84)	1.05 (2.88)

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	/	/	/	65
Chemical oxygen demand (COD)	mg/l	/	/	/	504
Arsenic	mg/l	2.09	/	0.13	<0.10
Cadmium	mg/l	/	/	0.047	ND
Copper	mg/l	/	/	1.5	0.109
Cyanide	mg/l	0.5	/	2	ND
Fluoride	mg/l	36	/	/	74.9
Lead	mg/l	1	/	0.41	ND
Mercury	mg/l	0.004	/	0.0023	ND
Molybdenum	mg/l	2	/	/	0.015
Selenium	mg/l	0.46	/	0.1	ND
Silver	mg/l	5	/	1.2	ND
Zinc	mg/l	2.2	/	3.5	0.059
Suspended solids (SS)	mg/l	/	/	/	600

* Monitoring for pH and flow is only required for Albuquerque Factory. The City of Albuquerque monitors the effluent discharge on a regular basis.

GRI Guidelines Comparison Charts

Items	Indicators	Pages
1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	P1
2. Organizational Profile		
2.1	Name of the organization.	P4
2.2	Primary brands, products, and/or services.	P4, P5
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	P4
2.4	Location of organization's headquarters.	P4
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	P4
2.6	Nature of ownership and legal form.	P4
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	P4
2.8	Scale of the reporting organization, including: • Number of employees; • Number of operations; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided.	P4
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	-
2.10	Awards received in the reporting period.	P25
3. Report Parameters		
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	P3
3.2	Date of most recent previous report (if any).	-
3.3	Reporting cycle (annual, biennial, etc.)	P3
3.4	Contact point for questions regarding the report or its contents.	Back cover
Report Scope and Boundary		
3.5	Process for defining report content, including: • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report.	P7
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	P3
3.7	State any specific limitations on the scope or boundary of the report.	P3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	-
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	P14, P27
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	-
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	-
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	P32
4. Governance, Commitments, and Engagement		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	P8
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	P8
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	P8
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	P22, P26
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	P1, P11, P19, P21
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	P8
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	P8

Items	Indicators	Pages
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	P9, P13
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	P7
4.15	Basis for identification and selection of stakeholders with whom to engage.	P7
5. Management Approach and Performance Indicators		
Economic		
Disclosure on Management Approach		
Aspect: Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	P23
Environmental		
Disclosure on Management Approach		
Aspect: Energy		
EN3	Direct energy consumption by primary energy source.	P14
EN4	Indirect energy consumption by primary source.	P14, P15
EN5	Energy saved due to conservation and efficiency improvements.	P15
Aspect: Water		
EN8	Total water withdrawal by source.	P14, P16
Aspect: Emissions, Effluents, and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	P14, P15
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	P15, P18
Aspect: Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	P15
Labor Practices and Decent Work		
Disclosure on Management Approach		
Aspect: Employment		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	P26
Aspect: Occupational Health and Safety		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	P26
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	P25
Aspect: Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	P26
Aspect: Equal Remuneration for Women and Men		
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	P24
Human Rights		
Disclosure on Management Approach		
Aspect: Investment and Procurement Practices		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P24
Aspect: Child Labor		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	P24
Society		
Disclosure on Management Approach		
Aspect: Corruption		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	P9
Product Responsibility		
Disclosure on Management Approach		
Aspect: Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	P20
Aspect: Product and Service Labeling		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	P20



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