

# Green Procurement and Logistics

TEL works with its suppliers to set up internal organizations that promote the use of low-impact materials and logistics systems.

## TEL's Stance on Green Procurement

Producing semiconductor production equipment, the TEL's main business, requires that nearly all materials and components be purchased from suppliers. For this reason, in all areas of business activity, TEL must work to protect the environment not only within the confines of its group itself, but through our suppliers. In the future, TEL has plans to start procuring materials solely from those suppliers meeting environmental standards. Green procurement is also being promoted for various computer systems and high-end network systems handled by our Computer Network BU.

## Efforts in Fiscal 2001

Having set fiscal 2001 as our year to begin preparations for green procurement, TEL carried out the following measures:

- (1) TEL drew up and carried out a survey of environmental initiatives to help track suppliers' efforts, and received responses from suppliers.
- (2) TEL ranked suppliers in one of four categories based on survey responses.

## Efforts in Fiscal 2002

Building on fiscal 2001 efforts, in fiscal 2002 TEL created a program to help those suppliers that had not met standards to accelerate their efforts.

Specific measures:

- (1) TEL established an internal program to train individuals who can, in turn, train suppliers.
- (2) TEL established a system to encourage suppliers to set their own environmental targets each year and work to meet those targets.



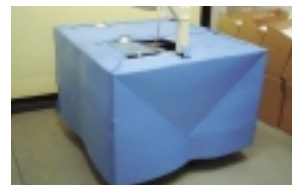
TEL's Green Procurement Guideline sets standards and targets for chemicals, energy savings, packaging, resource saving and recycling, and information disclosure.

## Logistics Efforts

Most of our main product line, semiconductor production equipment, is built to unique specifications, which mean that, depending on the customer, each unit is differently shaped and therefore packaging has to be taken into account. In addition, units are shipped at irregular intervals, making it difficult to take environmental impact-reducing measures, such as joint shipments with other firms or warehouse consolidation, practices commonly used for household electronics and other products. Determining how to rationalize the logistics of product shipments from TEL to customers is a major challenge for us. TEL, however, is cooperating with its suppliers to minimize the environmental impacts of shipping product components and materials from suppliers to TEL.

### ● Efforts on Shipments from Suppliers

TEL works with suppliers to recover and reuse cushioning material and AirCap®. We also no longer use AirCap for moving objects and are instead employing reusable protective covers.



A reusable protective cover used for shipping purposes

### ● Efforts on Shipments to Customers

In the past, TEL shipped equipment parts by packaging them individually in corrugated cardboard boxes with cushioning material. We have now switched to using mirromat (a soft polyethylene sheet with high expansion factor; it provides excellent cushioning, heat insulation, water repellence, moisture barrier and cleanliness) and reusable corrugated plastic cartons. This packaging reduces the amount of cushioning needed.



Packaging with mirromat and a corrugated plastic carton