Corporate Sustainability Management

For a dream-inspiring society

> CEO's Message

We aim for medium- to long-term profit expansion and continuous corporate value enhancement by promoting sustainability activities through the realization of our Vision and the practice of our Corporate Philosophy.

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2024.08.22	TEL Participate in the SEMI SCC-EC (Energy Collaborative)
2024.08.01	Tokyo Electron is chosen for "MSCI ESG Leaders Indexes"
2024.08.01	Tokyo Electron Receives the Medal with Dark Blue Ribbon for Its Support of the "Tobitate! Study Abroad Initiative: New Japan Representative Program"
2024.07.19	Tokyo Electron is chosen for "FTSE4Good Index Series", "FTSE Blossom Japan Index" and "FTSE Blossom Japan Sector Relative Index"
2024.05.31	Tokyo Electron, Fujikin, and TMEIC Develop a New Ozone Concentration Monitor for Use with Ozone Gas Generators - The Mercury-Free, Maintenance-Free System Also Saves Power

Our
Material Issues

Tokyo Electron identifies important and priority material issues (key issues) to be addressed for the medium- to long-term enhancement of corporate value by examining both social and business environments, evaluating risks and opportunities and holding active dialogs with stakeholders.

Product competitiveness

Continuously create high value-added next-generation products

Mindful of our customer's needs, Tokyo Electron creates the best, high-value-added equipment with innovative technology in a timely manner through product marketing expansion and the global promotion of research and development with an eye on future generations.

Customer responsiveness

Strong relationship based on trust / Sole strategic partner

As an equipment manufacturer with a diverse product lineup, Tokyo Electron provides invaluable maintenance services that support the stable operation of your equipment and our "Best Technical Service".

Higher productivity

Pursuit of operational efficiency

Tokyo Electron is constantly pursuing improved productivity along the entire value chain as well as furthering the improvement of business efficiency by implementing "Quality Focus" operations.

Management foundation

Build a strong management foundation that underpins our business activities

Tokyo Electron builds a strong management foundation by promoting a highly effective corporate governance system, strengthening risk management, enforcing compliance, and launching initiatives that protect the environment and human rights in our operations.

See from ESG
Sustainability initiatives

Environment

Social

Governance

Search by keyword

Green procurement, Report, Environmental data...

Recommended keywords

Quality | Safety | Compliance | Human Resource | Human Rights | Supply Chain Management | Environmental goals | TCFD | E-COMPASS | Third-party Recognition | Actual data

CEO's Message

Tokyo Electron's 60th Anniversary

On November 11, 2023, Tokyo Electron will celebrate 60 years since its founding in 1963. From that time, we have been able to contribute to the development of the semiconductor industry and achieve the level of growth that we have entirely thanks to the support we have received from all our stakeholders. I wish to express my deepest appreciation.

Until now, we have strived to create strong next-generation products and to provide the Best Technical Service, specializing in the semiconductor business. While prioritizing the building of trust and reliability with all our stakeholders, we aim to practice our Corporate Philosophy of "We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support," endeavoring to expand medium- to long-term profit and to continuously enhance our corporate value.

These 60 years have seen spectacular technological innovation in semiconductors, and at the same time, we have initiated innovation and grown by staying true to our venture spirit. The uses for semiconductors expanded to computers, televisions and then to mobile phones, and the emergence of the Internet led to the connection of billions of devices, as we witness the shift from selling products to selling value. With the arrival of the DX era, where big data drives society, semiconductors have become indispensable, with persistent technological demands for semiconductors with larger capacity, higher speed, superior reliability and lower power consumption.

The current semiconductor market is reaching a period of adjustment, due to concerns of continued inflation, geopolitical risks and accompanying macro-economic deceleration and other factors such as inventory control of semiconductors, with a focus on memory. But demand will gradually recover, and is expected to grow considerably from 2024 onwards. The global data traffic is increasing at a compounded annual growth rate of 26%* due to the spread of various applications, improved data processing capabilities and other factors, and is forecast to reach 10 times its current level in 10 years time. With investment in data centers, the recovery of demand for computers and smartphones, the spread of EVs and autonomous driving and the use of generative AI, the semiconductor market is forecast to grow to twice its current size and be worth over US$1 trillion in 2030. Along with the advancement of technology through further scaling and higher multi-layering of semiconductors used in logic, DRAM, NAND and so on, the semiconductor production equipment market, in which we operate, is also expected to expand.

* A compounded annual growth rate of 26%: Omdia' s projection for 2020-2030

TSV Aimed at Sustainable Corporate Value Enhancement

With the 60th anniversary of Tokyo Electron approaching, last year we formulated a new Vision to become "A company filled with dreams and vitality that contributes to technological innovation in semiconductors." This new Vision is based on the idea of CSV (Creating Shared Value). The concept behind CSV is that, by using their unique resources and expertise to resolve social issues, companies can realize sustainable growth through the creation of social and economic value. The world is aiming for the coexistence of digitalization and decarbonization for preservation of the global environment in order to build a strong and resilient society in which economic activities do not stop under any circumstances, and technological innovation in semiconductors is essential for this. We are expanding our business activities based on our TSV (TEL's Shared Value), our CSV, aiming for sustainable corporate value enhancement by leveraging the expertise we have cultivated as an industry leader, to drive semiconductor technological innovation.

As we implement TSV, in our Medium-term Management Plan we set fiscal 2027 financial targets aimed at further growth—an operating margin of 35% or more and ROE of 30% or more with net sales of 3 trillion yen or more. We are aware that such financial targets are unique even for the Tokyo Stock Exchange Prime Market, and will strive to ensure we can achieve them. We consider profit to be an important measure of value in our products and services, and are therefore aiming for a world-class operating income of over 1 trillion yen, through creating high-value-added technologies that world has never seen and only we can accomplish.

In addition, we endeavor to implement appropriate balance sheet management and to focus on producing returns for shareholders by setting a high-level payout ratio of 50%.

Leveraging Our Strengths

We consider the following to be our strengths: (1) being the world's only manufacturer with products in deposition, coater/developer, etch and cleaning, the four sequential key processes necessary for semiconductor scaling, (2) a 100% share in EUV lithography coater/developer, which are necessary for semiconductor evolution, (3) our product lines being strongly positioned in their respective segments, all of which having achieved first or second place in market share, (4) technical service and marketing developed based on relationships of absolute trust with customers, built through the highest number of installations in the world (approximately 88,000 units) and (5) approximately 22,000 patents owned, the largest number in the industry globally. In order to leverage and further develop these strengths, we are planning 1 trillion yen or more in R&D investment and 400 billion yen or more in capital investment over five years.

Products are our lifeline. Moving forward, we will continuously produce "only one" and "number one" products needed in the future by customers in a timely manner.

Net Zero Initiatives through E-COMPASS

Through our business activities, we are expanding E-COMPASS, focused on the environment, and will work with our customers and partner companies to promote the technological innovation in semiconductors and to reduce environmental impact across the entire supply chain, mainly from the following three perspectives.

- Pursuing higher performance and lower consumption in semiconductors
- Achieving both the process performance and environmental performance of equipment
- Reducing CO_2 emissions in all business activities

We have set net zero, the reduction of greenhouse gas actual emissions, as a long-term environmental goal, and are implementing and accelerating our E-COMPASS initiatives to be able to realize net zero for Scope 1 and 2 emissions*1 by 2040, and for Scope 3 emissions*2 by 2050.

*1 Scope 1 and 2: Emissions from the use of energy such as electricity in our own business activities

*2 Scope 3: Emissions from the use and disposal of equipment sold, purchase of materials, distribution, etc.

Our Corporate Growth Is Enabled by People, and Our Employees Both Create and Fulfill Company Values

Without a doubt, it is people who will achieve this. Based on our belief that "our corporate growth is enabled by people, and our employees both create and fulfill company values," we conduct management and appropriate initiatives focused on employee motivation so they can fully exercise their capabilities, centered on the following five points.

As one pillar of our management, we are also focusing on initiatives for diversity, equity and inclusion, in an effort to enhance 3G diversity (encompassing Global, Gender and Generation aspects).

Going forward, with the expectation of expanding applications for semiconductors in society and development of further innovation, it is important to nurture the students, researchers and other human resources who will lead future technological innovation. We are continuing efforts to boost human resource development in the semiconductor industry through the promotion of a program of industry-ademiagovernment collaboration that includes collaboration with universities in Japan and abroad.

1 Awareness that our company and work contributes to society
⇨ Realization of our Vision based on TSV

2 Dreams and expectations of the Company's future
⇨ To achieve net sales of 3 trillion yen or more, operating margin of 35% or more, and ROE of 30% or more

3 Opportunities to take on challenges
⇨ 1 trillion yen or more in R&D investment over five years

4 Fair evaluations that recognize employee efforts and globally competitive rewards
⇨ Performance-linked compensation

5 Workplace with an open atmosphere and positive communication
⇨ Convening employee meetings and round-table discussions with employees globally

The Five Points and Main Activities for Motivation-oriented Management

Aiming to Be a Company Filled with Dreams and Vitality

We look towards a prosperous future made possible by semiconductors, their ongoing evolution and the significant expansion of the semiconductor production equipment market that supports this. Tokyo Electron will make even greater contributions to the technological innovation in semiconductors, as the industry leader. As we mark the 60th anniversary of our company's founding, we will continue tackling challenges for further growth and evolving, while valuing trust and reliability. We will aim to be "a company filled with dreams and vitality" so as to be cherished and deeply trusted by all stakeholders and so that our employees can fully exercise their motivation and capabilities.

We look forward to your continued support and patronage.

Toshiki Kawai
Representative Director, President & CEO
Tokyo Electron Limited

* This message is the CEO's message in the Integrated Report 2023.

Long-term environmental goal were reviewed in December 2023. Tokyo Electron Brings Forward its Net Zero Achievement Target by 10 Years to 2040

TEL's Sustainability

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

Sustainability and Framework of Corporate Principles

Sustainability Promotion Framework

Initiatives for Sustainable Development Goals (SDGs)

New Medium-term Management Plan

Participation in Global Initiatives

Third-party Recognition

Sustainability and Framework of Corporate Principles

Tokyo Electron's sustainability initiatives are the practice of its Corporate Philosophy through achieving its vision. We make clear the material issues in our growth and promote these initiatives. Together with the building of a resilient management foundation, by providing high-value-added products and services, we contribute to the resolution of issues and development of industry and society as well as the achievement of the SDGs.

To be a company that is highly trusted and loved by society, we work on medium- to long-term profit expansion and continuous corporate value enhancement.

Sustainability Promotion Framework

We promote sustainability activities throughout the entire Group through the following committees.

Conference Name	Participants	Function	Meeting Frequency
Sustainability Committee	■ Corporate Officers and General Managers ■ Presidents of the Group companies in Japan and overseas companies	■ Set and manage progress of sustainability goal (short-, medium-, and long-term) ■ Promote company-wide projects*1	Twice annually
Sustainability Global Committee	■ The executive officer in charge of the sustainability promotion ■ Heads of related departments ■ Sustainability managers of the Group companies in Japan and overseas companies*2	■ Promote activities for achieving annual sustainability goals (short- and medium-term) ■ Implement global projects	Twice annually
Sustainability Monthly Meeting	■ Person in charge of sustainability at relate divisions	■ Share information on sustainability activities ■ Discuss cross-division sustainability initiatives	Monthly

*1 Report and discuss important issues at the Corporate Officers Meeting, the highest decision-making body on the executive side Corporate Officers' Meeting: Refer to the Corporate Governance System

*2 Sustainability Manager: Person responsible for coordinating all aspects of sustainability at the Group companies in Japan and overseas companies

In addition to these committees, we invite all employees to submit examples of sustainability in the workplace, toward issue resolution and advancement of industry and society, and practice of our Corporate Philosophy. Outstanding initiatives are awarded the TEL Sustainability Award by the CEO and shared throughout the entire Group as best practices.

Initiatives for Sustainable Development Goals (SDGs)

The SDGs are a universal set of goals to achieve by 2030, which were unanimously adopted by the United Nations Sustainable Development Summit in 2015.We conduct activities on a company-wide basis, and for each CSR fiscal year and medium-term goal, and each material issue, we clarified the SDGs it is working toward through business.

Additionally, we regularly hold SDGs workshops where employees working in a variety of fields come together autonomously to share activities through business and discuss issues such as future prospects toward the achievement of the SDGs.

Tokyo Electron Supports the SDGs

In fiscal year 2022, we reaffirmed the 17 goals and 169 targets* being undertaken by the priority themes of our material issues.

* 169 targets reaffirmed: Our initiatives toward the 17 goals and 169 targets that make up the SDGs. Refer to 169 Targets of the SDGs

Medium-term Management Plan

In addition to pursuing sustainable operations in line with our approach to sustainability, we also strive to generate medium- to long-term profit expansion and continuing corporate value enhancement by creating new value through our business and contributing to the resolution of industrial and social issues and to the development of industry and society. In June 2022, we revised our vision and set new financial targets in the new Medium-term Management Plan and also announced our main initiatives for the future to achieve the new Medium-term Management Plan as well as our capital policy, shareholder return policy and other measures.

Financial Model Targets in the New Medium-Term Management Plan

In addition, we have expressed our approval of the recommendations offered by the Task Force on Climate-related Financial Disclosures (TCFD[*3]) and are pursuing initiatives based on the framework of governance, strategy, risk management, indicators and targets relating to the risks and opportunities that climate change presents to its business.

Financial Targets

Financial Targets(by FY2027)	
Net Sales	¥3 trillion or more
Operating Margin	35% or more
ROE[*]	30% or more

* ROE: Return On Equity

Participation in Global Initiatives

We participate in a variety of global initiatives and promote sustainability in our business activities.

The United Nations Global Compact (UNGC) is a global initiative that promotes sustainability, proposed by former UN Secretary-General Kofi Annan at the 1999 World Economic Forum. We signed onto the UNGC in 2013 and are working to contribute to the realization of sound globalization and a sustainable society in accordance with its Ten Principles in the areas of Human Rights, Labor, Environment and Anti-Corruption.

United Nations Global Compact

The Responsible Business Alliance (RBA) is a global initiative promoting supply chain sustainability focused on the electronics industry. We joined the RBA in 2015, and as a member company, we work together with suppliers to ensure compliance with the RBA Code of Conduct comprised of five sections: Labor, Environment, Health and Safety, Ethics and Management Systems.
RBA audits are carried out mainly at major manufacturing sites in Japan and overseas, and we implement any necessary corrective actions.

Responsible Business Alliance

In 2020, we expressed our approval of the recommendations offered by the Task Force on Climate-related Financial Disclosures (TCFD)*. We are conducting ongoing disclosures and discussions based on the framework of governance, strategy, risk management, metrics and targets relating to the risks and opportunities that climate change presents to our overall business.

Task Force on Climate-related Financial Disclosures

* Refer to TCFD

Third-party Recognition

Our sustainability initiatives have allowed us to continue to be selected as a constituent stock under leading global ESG indices, including the DJSI Asia/Pacific Index*1, FTSE4Good Index*2, MSCI ESG Leaders Indexes*3, Euronext Vigeo World 120 Index*4 and STOXX Global ESG Leaders indices*5. In fiscal 2023, we were selected under the Bloomberg Gender-Equality Index (GEI) and evaluated as a low-risk company in Sustainalytics' ESG Risk Ratings*6, as well as being selected for the first time as an "All-Star" under the 2023 All-Japan Executive Team*7 announced by Institutional Investor.

Additionally, we received recognition as one of the top 500 companies under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program*8 for the 5th consecutive year, while the Tokyo Electron Integrated Report 2022 was selected again as an "Excellent Integrated Report" by the Government Pension Investment Fund (GPIF)'s external asset managers entrusted with domestic equity investment, continuing from the previous year.

*1 DJSI: Dow Jones Sustainability Indices. An ESG investment index of S&P Dow Jones Indices LLC. The DJSI Asia Pacific covers companies in that region.

*2 FTSE4Good Index: An index related to environmental performance and corporate social responsibility developed by FTSE Russell.

*3 MSCI ESG Leaders Indexes: Companies that have high ESG performance are selected from the MSCI Global Sustainability Index, an ESG investment index developed by Morgan Stanley Capital International (MSCI). Please refer to the link for the logo's disclaimer.Please refer to the link for the logo's disclaimer.

*4 Euronext Vigeo World 120 Index: An index selected by NYSE Euronext and Vigeo Eiris composed of 120 companies that excel from an ESG perspective.

*5 STOXX Global ESG Leaders indices: STOXX, a subsidiary of Deutsche Börse, selects companies that meet its evaluation standards based on the results of research from the ESG research company Sustainalytics.

*6 Sustainalytics' ESG Risk Ratings: An ESG risk measured for institutional investors by Sustainalytics in the Netherlands. The rating is based on a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This article contains information developed by Sustainalytics (www.sustainalytics.com).Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

*7 A group of listed Japanese companies delivering excellent IR activities and selected by Institutional Investor magazine, based on votes cast by global institutional investors and analysts.

*8 Certified Health & Productivity Management Outstanding Organizations Recognition Program: The program publicly recognizes particularly outstanding organizations that are practicing health-oriented business management, based on initiatives attuned to local health-related challenges and toward health promotion initiatives led by the Nippon Kenko Kaigi.
Our Group companies in Japan have been certified under this program since 2019.

Learn more >

Identifying material issues

Every year, we look at social issues and business environments, consider risks and opportunities, and examine the opinions and requests of all stakeholders to identify our material issues following discussions and approval at the Corporate Officers Meeting, participated in by the CEO, and a report to the Board of Directors.

We strengthen our “Product Competitiveness” that continuously creates next-generation products with high added value for the future by pursuing innovative technologies and leveraging our expertise and our “Customer Responsiveness” as their sole strategic partner based on the strong trust of our customers, and engage in "productivity improvement" to continuously pursue management efficiency by improving operational efficiency using digital technology and prioritizing quality in our operations, and enhance our “Management Foundation” including governance, compliance, risk management and human capital in order to support these from a strong financial foundation based on profits.

Process of Identifying Material Issues

Identified Material Issues

Process of Identifying Material Issues

Issues Awareness	Stakeholder Engagement	Identifying Material Issues
Social Issues ■ Climate change, human rights issues, geo-economic conflicts, supply chain management, cybersecurity, price rises, etc. **Business Environment** ■ Further expansion of semiconductors and wafer fab equipment (WFE*1) market as we move rapidly to a data society ■ Initiatives for the preservation of the global environment ■ Human rights initiatives ■ Further strengthening of corporate governance **Risks for our company and main initiatives** ■ Identify the following cross-division and comprehensive key risks across the entire Group to build a solid financial foundation based on the Medium-term Management Plan ■ Market fluctuations, geopolitics, R&D, procurement/production/supply, safety, quality, laws/regulations, intellectual property, information security, human resources, environmental responses, etc ■ Key initiatives for these risks are reviewed and deployed*2	**Shareholders/ Investors** ■ Realization of medium- to long-term growth and enhancement in corporate value ■ Return earnings to shareholders (shareholder returns) generated through business activities **Customers** ■ Propose products, services, and optimal solutions that contribute to value creation for customers ■ Deployment of environmentally-friendly products and services with focus on safety and quality **Suppliers** ■ Working collaboratively to Further improve the added value of products and services and construct a sustainable supply chain **Employees** ■ Creating a workplace environment replete with dreams and vitality that enables a diverse range of people to realize their full potential, based on mutual trust between the organization and the individual **Local Communities** ■ Promotion of regional revitalization and environmental preservation ■ Financial contributions through tax payments and investments **Governments/Associations** ■ Business activities that comply with laws and regulations, industry codes of conduct, etc. ■ Providing solutions that contribute to development and solving the issues of industry and society	■ Identify material issues based on their importance to society and their importance to business ■ Determine annual goals*3 for each material issue and clarify SDGs*4 to be addressed ■ Organize material issues related to the value chain ■ Discussion and approval at the Corporate Officers Meeting and reporting to the Board of Directors 

*1 Wafer Fab Equipment. The semiconductor production process is divided into front-end production, in which circuits are formed on wafers and inspected, and backend production, in which wafers are cut into chips, assembled and inspected again. WFE refers to the production equipment used in front-end production and in wafer-level packaging production. The semiconductor wafer fab equipment includes equipment for wafer level packaging.

*2 Refer toRisk Management

*3 Refer toAnnual Sustainability Goals and Results

*4 Refer to169 Targets of the SDGs

Identified Material Issues

Material Issues	Awareness as materiality issues	Initiatives to the SDGs
Product Competitiveness	■ Continually creating and providing high value-added next-generation products to achieve technological innovation in semiconductors is vital for our medium- to long-term growth ■ Solid business and finance foundations are required to continue to develop next-generation products with leading-edge technology	■ Create innovative technologies by promoting innovation ■ Help develop a sustainable society by providing environmentally friendly products and services 
Customer Responsiveness	■ Building relationships of strong trust with our customers and pursuing technological innovation in semiconductors with our customers as their sole strategic partner are vital for our growth. ■ It is important to work to further improve customer satisfaction, one of our Management Policies, through proposing optimal solutions that contribute to customer value creation, and providing the Best Technical Service with high added value in a prompt and appropriate manner	■ Contribute to customer innovation and value creation through the proposal of optimal solutions and the provision of high added value services ■ Ensure sustainable forms of production and consumption throughout product life cycles by considering safety and the environment 
Higher Productivity	■ In all business activities, it is important to pursue management efficiency by streamlining operations and implementing quality-first operations to increase medium- and long-term profits and enhance corporate value. ■ It is important to establish a competitive edge through prompt and appropriate business decisions as well as to engage in improving productivity in all aspects, from the product planning and development stages to maintenance, by promoting Shift Left and drawing on our digital technologies	■ Pursue productivity, continuously increase management efficiency, and contribute to sustainable economic growth ■ Promote streamlined business operations and quality management throughout the value chain, ensuring sustainable forms of production and consumption 
Management Foundation	■ It is vital to work to enhance a strong management foundation that underpins our business activities, focused around the three material issues above ■ It is important to promote initiatives such as corporate governance and risk management, safety and quality, compliance, human rights, and human capital, and to expand sustainable operation	■ Build a solid management foundation that achieves sustainable growth based around highly effective corporate governance ■ Promote value creation in the supply chain, including ourselves, through respect for human rights and environmental awareness


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Sustainability goals and results

Annual Sustainability Goals for Each Material Issues

Tokyo Electron is identifying the priority themes for each material issue, setting annual sustainability goals for each fiscal year, and understanding and verifying the progress of results.
We have also clearly identified the persons responsible for each goal, and by conducting various activities to achieve said goals, we are in turn contributing to the SDGs and further enhancing our corporate value.

Annual Sustainability Goals and Results

Goals and Results for Fiscal Year 2023 ▾ Goals for Fiscal Year 2024 ▾ 169 Targets of the SDGs ▾

Goals and Results for Fiscal Year 2023

Material Issues	Priority Themes	Annual Sustainability Goals	Results
Product Competitiveness	Tackling technological innovation	■ Increase research and development (R&D) investment to 1 trillion yen or more over 5 years (fiscal year 2023 to 2027)	■ R&D investment 191.1 billion yen
		■ Maintain the previous year's global patent application rate*1 (±10 percentage points)	■ Maintained the previous year's rate (Achieved 74.6% in fiscal year 2022 and 75.8% in fiscal year 2023)
Customer Responsiveness	Solutions that create value for customers	■ Increase Tokyo Electron's value to customers	■ Achieved sales at or above the previous year's level even in a softening memory market.
		■ Increase sales-in-field solutions business by 5% or more from the fiscal year 2022 level	■ Increased by 15.1% from previous fiscal year
	Improvement of customer satisfaction	■ Achieve evaluations of "Very Satisfied" or "Satisfied" for 100% of customer satisfaction survey responses*2	■ 100% (All 30 questions)
Higher Productivity	Continuous improvement of business operations	■ Target a 10% improvement in operational efficiency as a medium- to long-term goal, achieve centralized data management through adoption of a new ERP system and build a business foundation where employees can focus even more on high-value work 1. Launch ERP introduction to overseas subsidiaries 2. Prepare for ERP introduction to domestic manufacturing sites	1. Postponed ERP introduction to overseas subsidiaries until fiscal year 2024 2. Implemented ERP introduction to domestic manufacturing sites
	Quality Management	■ Check the impact of important common issues and thoroughly implement measures to prevent recurrence of similar faults	■ Continued and thoroughly operated QA-BOX*3 ■ Held regular meetings monthly and ensured decisions on responses to cases posted in the QA-BOX and Group-wide deployment. ■ Started monitoring effects of activities in accordance with internal policies ■ System improvements

		■ Strengthen the information environment for more accurate quality status and promote improvement activities	1. Operated and regularly updated quality dashboard 2. Prepared and improved quality rules Internal audits carried out*4 based on Quality Regulations (TEL Manual/TEL Guidelines*3)
	Improvement of customer productivity/yield	■ Identify root causes of market failures and promote and strengthen Shift Left initiatives by thoroughly implementing countermeasure activities	■ Make visible information related to risks from market failures ■ Implement B-FMEA*6 strengthening activities with reference to specific factories
		■ Identify risks and thoroughly implement countermeasures from the initial development stage (thorough prevention)	■ Improvement activities aimed at ideal quality assurance ■ Accurately grasp information about failures ■ Strengthen analysis capacity ■ Strengthen supplier quality
	Diversity and inclusion	■ Recruit and develop world-class human resources regardless of nationality, age, gender, etc., in order to realize an optimal organization and optimal placement of the appropriate personnel to execute our business strategy	■ Currently preparing a system to allow employees to act widely, beyond restrictions of organization or region ■ Provide growth opportunities through things like cross-regional assignments
		■ Conduct a diversity-conscious talent pipeline (plan for developing human resources) for succession planning and achieve the goal of increasing the ratio of female managers*7 to 8% globally and 5% in Japan (by fiscal year 2027)	■ Global: 5.7%, Japan: 2.7% ■ Identified females with potential in a global scope and carried out career development support for individual talent ■ Confirmed pipeline of high-potential female talent through succession planning for department manager-level positions and considered/implemented actions to expand this.
		■ Implement initiatives to make the ratio of female recruits equal to or greater than the general ratio of females in each region	■ Ratio of female engineers entering the company in April 2023: 8.6% (Japan) ■ Held briefings/follow-ups for those with job offers for female engineer candidates ■ Directly scouted and held individual interviews for females with the potential to be engineers ■ Created relationships with universities that have faculties/departments with high female student ratios

	■ Create an organizational structure where even those from outside of Japan can take on corporate roles through the use of technology and shared global human resources systems	■ Implemented the development of this structure globally
	■ Implement a personnel exchange program for engineers at overseas subsidiaries and domestic manufacturing sites	■ Hosted about 30 engineers from overseas subsidiaries at domestic manufacturing sites and implemented training programs
	■ Share the message of top management's commitment to promoting diversity and inclusion and its continued dissemination	■ Carried messages from the presidents of overseas subsidiaries in the internal newsletters ■ Announced messages from top management at employee meetings and DE&I events
Career development	■ Foster a culture of learning and development in the workplace through 1. Leader development a culture of business ethics and compliance programs. 2. Provision of personalized global learning opportunities. 3. Support for career development throughout working life	1. Conducted leader training (e.g., management skills training) Total: 342 participants (Japan) 2. Conducted external web-based education Total: 6,319 participants (Japan), 3,691 participants (Overseas) 3. Conducted generation-specific career training Total: 204 participants (Japan) Number of Career Counseling Room users: 75 (Japan)
Work-life Balance	■ Reach at least 70% take-up rate of annual paid leave	■ 70.0% (Japan)
Health and safety	■ Increase the percentage of employees receiving specific health guidance to 60% (figures based on the results of medical checkups up to the end of fiscal year 2024)	■ 55% ■ Aim for a 60% implementation rate for fiscal year 2024, and continued to work to encourage specific health guidance for certain employees and improve participation rates
	■ Reduce the number of workplace injuries per 200,000 work hours Target: TCIR is less than 0.50	■ 0.33

Management Foundation	Governance	■ Continue to improve on issues identified in evaluations of the effectiveness of the Board of Directors	■ Established a Corporate Officers Meeting (COM) as the highest decision-making body on the executive side, and granted the COM the authority to determine some of the matters to be decided by the Board of Directors ■ The contents of COM agendas were added to the reports/briefings at the Board of Directors meetings, and the minutes were also shared with the Board of Directors ■ Two offsite meetings were held, in which the key measures and road map to achieving the medium-term management plan, capital policies and personnel strategies such as diversity, risk management, looking back on what happened after the corporate officer system was introduced and so on are discussed. ■ Reported to the Board of Directors on the status of activities such as progress with successor planning and future directions regarding the Nomination Committee. ■ At venues outside the Board of Directors meetings, meetings were held to exchange information by the Chairman of the Board of Directors and outside officers
	Risk Management	■ Further strengthen the PDCA cycle ■ Continue to implement internal education programs ■ Implement company-wide risk management tools	■ The Risk Management Committee met twice this year, and was positioned as the permanent organization to promote the PDCA cycle for company-wide risk management activities. Promoted initiatives towards strengthening the risk management system in each Group company ■ Studied holding workshops for management and web-based training for all employees to foster an in-house risk culture ■ Implemented the ERM*8 Dashboard company-wide risk management tool to make visible risks and response statuses across all Group companies In addition, risk assessment standards were revised and rolled out globally to allow more effective operation

Compliance	■ Continue to foster a culture of business ethics and compliance 1. Strengthen efforts to continuously communicate the CEO message and foster a culture of business ethics and compliance 2. Continue to improve and implement a compliance program based on compliance risk assessments 3. Systematic implementation and effective review of various compliance training programs	1. Presented messages from the CEO at employee meetings and management meetings. Carried out training that includes messages from executives. Regular newsletters distributed 2. Discussion, planning, and implementation of risk reduction measures through regular meetings with the Business Ethics Committee and Group companies. Completed 95% of improvement actions based on compliance risk assessments for overseas local subsidiaries. Promoting the Compliance Project (Related to licensing procedures and the Subcontract Act) 3. Prepared an annual schedule and developed training programs based on the targets (carry out training for managers, training for departments that handle personal information), and share cases of misconduct.
Environmental contributions of products	■ Reduce per-wafer emissions of CO_2 by 30%(by fiscal year 2031, compared with fiscal year 2019)	■ 20.8% reduction (compared to FY2019)
	■ Reduce the amount of the use of woden packaging materials by 50% (packaging for semiconductor production equipment, by fiscal year 2024)	■ 20.3% reduction
	■ Reduce CO_2 emissions of overall logistics (own delivery) by 10% through modal shift and joint delivery (by fiscal year 2027)	■ 11.4% reduction
Environmental management	■ Reduce total CO_2 emissions at plants and offices by 70% (by fiscal year 2031, compared with fiscal year 2019)	■ 76% reduction (compared to FY2019)
	■ Introduce 100% renewable energy usage at plants and offices (by fiscal year 2031)	■ 91%
	■ Reduce energy consumption by 1% YoY at each plant and office (per-unit basis*9)	■ Achieved goal at 6 of 11 plants or offices
	■ Maintain water consumption (per-unit basis*10) at each plant and office at the fiscal year 2012 level in Japan and at individual base year levels overseas	■ Achieved 9 of 13 goals

	Supply Chain Management	Implement supply chain sustainability assessments for the following percentages of suppliers ■ Material suppliers: Covering at least 85% of our procurement spend ■ Logistics suppliers:100% of customs-related operators ■ Staffing suppliers: 100% of employment agencies and contracting companies (internal contractors)	■ Material suppliers: Achieved 85% or more of our procurement spend ■ Logistics suppliers: Achieved 100% of customs-related operators ■ Staffing suppliers: Achieved 100% of employment agencies and contracting companies (internal contractors)
		Implement supply chain BCP*11 assessment for the following percentages of suppliers ■ Material suppliers: Covering at least 85% of our procurement spend	■ Material suppliers: Achieved 85% or more of our procurement spend

*1 Global patent filing rate: Percentage of inventions filed as a patent application in multiple countries

*2 For each question, average score is calculated for all customers who responded

*3 QA-BOX: Tool for the sharing and horizontal deployment of important quality-related information within our Group companies

*4 Audited sites: Tokyo Electron Technology Solutions Tohoku Office, Tokyo Electron Kyushu, Tokyo Electron Miyagi

*5 TEL Manual/TEL Guidelines: Regulations based on company-wide quality policies set for each major business category, such as development, designed, manufacturing, and services

*6 B-FMEA: Base-Failure Mode and Effect Analysis

*7 Include experts in the number of managers

*8 ERM: Enterprise Risk Management. Refer to Risk Management

*9 Per-unit basis: Calculated using complex weighting of the number of developed evaluation machines, units produced, floor area and labor-hours for each district

*10 Per-unit basis: Calculated based on floor area and labor-hours, etc., for each district

*11 BCP: Business Continuity Plan

Goals for Fiscal Year 2024

Material Issues	Priority Themes	Annual Sustainability Goals	Initiative to the SDGs
Product Competitiveness **Continuously create high value-added next-generation products**	Tackling technological innovation	■ Maintain the previous year's global patent application rate (±10 percentage points)	
Customer Responsiveness **Strong relationship based on trust /Sole strategic partner**	Solutions that create value for customers	■ Increase Tokyo Electron's value to customers	
	Improvement of customer satisfaction	■ Achieve evaluations of "Very Satisfied" or "Satisfied" for 100% of customer satisfaction survey responses	
Higher Productivity **Pursuit of operational efficiency**	Continuous improvement of business operations	■ Target a 10% improvement in operational efficiency as a medium- to long-term goal, achieve centralized data management through adoption of a new ERP system and build a business foundation where employees can focus even more on high-value work 1. Launch ERP introduction to overseas subsidiaries 2. Start ERP introduction to domestic manufacturing sites	
	Quality Management	■ Check the impact of important common issues and thoroughly implement measures to prevent recurrence of similar faults ■ Strengthen the information environment for more accurate quality status and promote improvement activities	
	Improvement of customer productivity/yield	■ Identify root causes of market failures and promote and strengthen Shift Left initiatives by thoroughly implementing countermeasure activities ■ Extract risks from initial development stage and ensure countermeasures (ensure prevention before issues arise)	
	Diversity and inclusion	■ Conduct a diversity-conscious talent pipeline (plan for developing human resources) for succession planning and achieve the goal of increasing the ratio of female managers to 8% globally and 5% in Japan (by fiscal year 2027)	
	Career development	■ Foster a culture of learning and development in the workplace through 1. Leader development a culture of business ethics and compliance programs 2. Provision of personalized global learning opportunities 3. Support for career development throughout working life	

Management Foundation

Build a strong management foundation that underpins our business activities

Work-life Balance	■ Take-up rate of annual paid leave　Japan: 75% or more Overseas: Equal to or better than the previous fiscal year's results
Health and safety	■ Reduce the number of workplace injuries per 200,000 work hours Target: TCIR is less than 0.30
Governance	■ Achieve solid corporate governance for enhancing corporate value over the medium to long term and sustainable growth by working at all times to establish an optimally effective Board of Directors and an aggressive management execution system, and by continuously addressing issues based on evaluations of the effectiveness of the Board of Directors and input from institutional investors and other stakeholders. 1. Seeking a Board of Directors with high effectiveness ■ Audit & Supervisory Board System: Ratio of outside directors: One-third (including two female). Free and open discussions including corporate auditors ■ Off-site meetings: For discussions on medium- to long-term strategies, issues, etc. (twice annually) ■ CEO reports: Reports to the Board of Directors on the status of execution of key duties by the CEO (every Board of Directors) ■ CEO mission: Information is shared concerning the CEO's mission for achieving the new Medium-term Management Plan ■ Representative director assessment closed sessions: Sessions including directors and Audit & Supervisory Board members but excluding the representative director (once annually) 2. Operating rhythm supporting the execution of business ■ Corporate Officers Meeting: The highest decision-making body on the executive side (once monthly) ■ CSS（Corporate Senior Staff): Global, across-the-board coordination of company-wide business execution (four times annually) ■ Quarterly review meeting: Monitoring the progress of the new Medium-term Management Plan (four times annually)
Risk Management	■ We are building and further improving a highly effective risk management system that supports a strong management foundation. ■ Enhance risk management and compliance based on the slogan "Safety, Quality and Compliance. Our top priority. It's our pride." Together with establishing a dedicated Compliance Department at our headquarters and appointing a Chief Compliance Officer and Regional Compliance Head, we are also conducting assessments by external agencies and undertaking education. ■ Conduct supervision and monitoring through reports to the Corporate Officers Meeting—the highest decision-making body on the executive side—and the Board of Directors (twice annually). ■ Conduct appropriate measures with certainty across the entire Group, we are identifying risks (12 risks in fiscal 2024) expected in the execution of business centered on the Risk Management Committee and deploying them in the activities of each company. ■ Continuously conductactivities to foster awareness about safety, compliance and risk management, and reflecting the awareness of all executives and employees as well as their autonomous and specific initiatives in our human

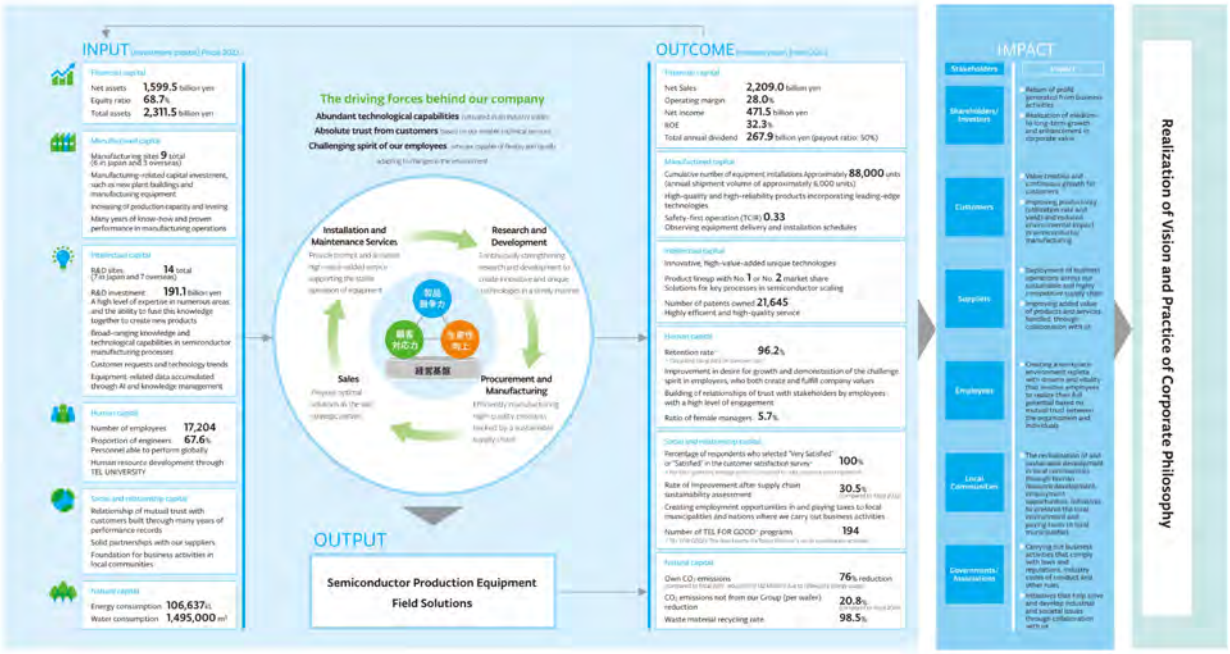
	Compliance	■ Establish a compliance system and ongoing fostering of corporate ethics/culture to prevent major incidents before they happen. 1. Construction of a compliance promotion system Group-wide and increase sophistication of operating rhythm 2. Revise and execute a system to spread awareness about compliance and change actions 3. Sustained improvements and execution of programs based on compliance risk assessments 4. Digital promotion of compliance work and programs
	Environmental contribution of products	■ Reduce the amount of the use of wooden packaging materials by 50% (packaging for semiconductor production equipment, by fiscal year 2024)*1
	Environmental management	■ Reduce energy consumption by 1% YoY at each plant and office (per-unit basis) ■ Maintain water consumption (per-unit basis) at each plant and office at the fiscal year 2012 level in Japan and at individual base year levels overseas
	Supply Chain Management	Supply chain sustainability assessment implementation rate ■ Material suppliers: Covering at least 85% of our procurement spend ■ Logistics suppliers: 100% of customs-related operators ■ Staffing suppliers: 100% of employment agencies and contracting companies (internal contractors) Implement supply chain BCP assessment for the following percentages of suppliers ■ Material suppliers: Covering at least 85% of our procurement spend

*1 Revised listing method for targets

169 Targets of the SDGs

PDF version（375KB）

Tokyo Electron will make the most of the capital we own and continue to provide new value that contributes to the resolution of issues and development of industry and society through the development of a value chain in our business activities in research and development, procurement and manufacturing, sales and installation and maintenance services.



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Product competitiveness

Continuously create high value-added next-generation products

We will expand the following initiatives to "Continuously create high value-added next-generation products."

- Create the best, high-value-added equipment with innovative technology in a timely manner through the development of product marketing and the global promotion of research and development with an eye on future generations
- Boost competitiveness by assigning personnel at research, development and production sites worldwide, including corporate headquarters, to promote intellectual property (IP) management, and by building IP portfolios aligned with technology and product strategies
- Continuously strive to reduce the environmental impact of equipment and provide technology that contributes to the development of devices with even lower power consumption, to preserve the global environment
- Strengthen product competitiveness by deploying digital transformation, through the use of digital technology as "leverage" to improve added value and efficiency

Research and Development

Tackling Technological Innovation

SDGs initiatives

- Create innovative technologies and contribute to the development of a sustainable society through the promotion of innovation
- Promote inclusive and sustainable industrialization
- Promote scientific research and improve technological capacity in the industrial sector of every country
- Contribute to the reduction of environmental impact company-wide by providing products and services that are conscious of the environment
- Improve resource use efficiency and expand the introduction of clean and environmentally-friendly technologies
- Strengthen global partnerships for sustainable development

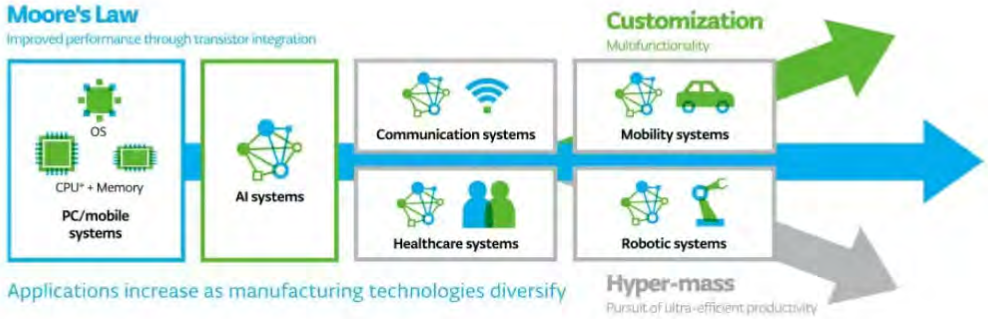
Research and Development

Research and Development for the Future

With the evolution of ICT, electronics are more and more indispensable to people's lives. In addition, there is an increasing need to realize both the development of a data-driven society and preservation of the global environment, with the growing demand for semiconductors, which is the base of ICT and increasing global awareness of the environment. The performance required of semiconductors is also becoming more diversified.

In order to contribute to the development of a dream-inspiring society, Tokyo Electron is engaged in R&D with an eye on the future to capture changes in society, including innovations in manufacturing technology and the pursuit of ultra-efficient productivity.

Market Heading toward Diversification



* CPU: Central Processing Unit. A semiconductor chip that serves as the brain of a computer.

Strengthening Research and Development Capabilities

To continuously create the high-value-added next-generation products needed for technological innovation in semiconductors and bring them to the market in a timely manner, we promote technological development and integration while domestic and overseas development sites, Business Divisions and the Corporate Innovation Division maintain their respective individuality and collaborate in necessary areas. We construct development systems ranging from fundamental technologies to mass-produced products and promote DX that uses AI technologies in our R&D.

Each development site and Business Division has an eye toward future generations and is engaged in the development of semiconductor production equipment with innovative technologies. They also promote R&D related to peripheral technologies for this production equipment.

The Corporate Innovation Division strives for the creation of further high-value addition by working closely with each development site to develop cross-

function initiatives in each product area as well as promoting and optimizing R&D while maintaining a bird's eye view on the entire development structure. In addition, the division is also engaged in a search for potential growth areas, as well as in R&D of fundamental technologies toward creating value in the future.

* CSS: Composed of the Vice President and General Managers of Tokyo Electron, Presidents from overseas subsidiaries

Shift Left

We are focused on using the Shift Left approach, investing resources such as technology, personnel and expense into the early processes of product development. Through this approach, we are endeavoring to develop various technologies and conducting research for multiple future generations in order to realize the technology roadmaps we have created with customers.

With product development through the Shift Left approach, we understand customer needs at an earlier stage, reflect the information obtained from feedback into our R&D and propose superior products. This contributes to maximizing yield for customer devices and capacity utilization of their mass production line equipment. We are also promoting on-site collaboration for early delivery of evaluation equipment to customers' fabs and development and research laboratories, and are working to accelerate the process in which R&D is reflected in mass production equipment as well as to optimize development efficiency.

- Joint development of technology roadmaps spanning multiple generations
- Promotion of early engagement
- Maximization of yield for customer devices and equipment operating rate from early stages of mass production, and also reduction of environmental impact
- Promotion of improvement in work efficiency and per person productivity, and further increase in investments into human resources and development
- Increase in equipment efficiency per unit area by achieving higher productivity and using less space

Product Marketing

We are endeavoring to further enhance the productivity of product development by having our sales departments and product marketing departments appropriately fulfill their respective roles.

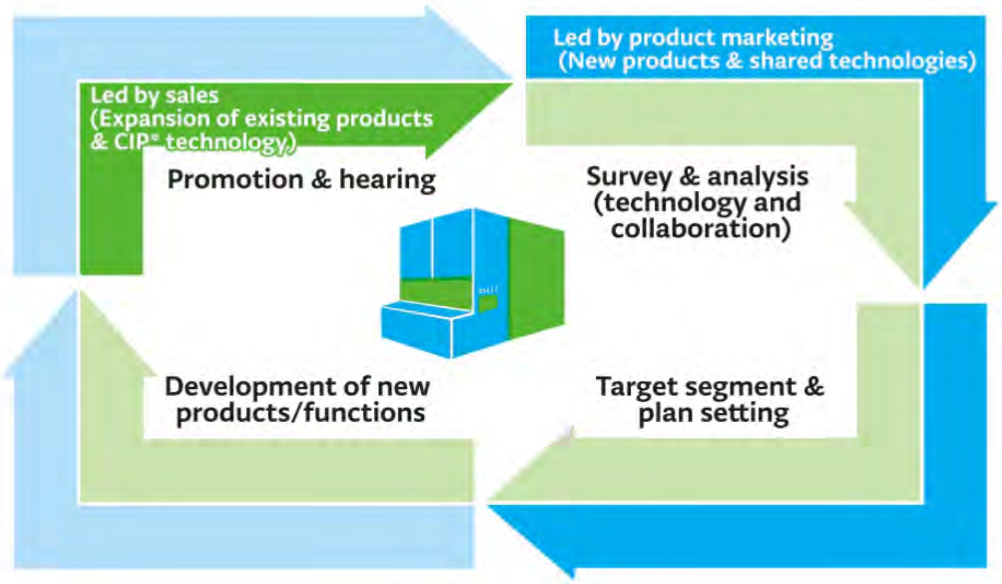
Our sales departments not only take responsibility for reliably delivering products and services to customers based on solid relationships of trust, but are also working to improve customer satisfaction levels still further by accurately gaging customers' true needs and working in partnership with development departments on initiatives relating to the improvement and enhancement of products and services.

Meanwhile, our product marketing departments work to plan cutting-edge products that meet the future needs of customers in target markets, and roll out activities based on these plans. In addition to considering new products and functions based on the seeds created by our development divisions, our product marketing departments also formulate plans for optimal collaboration including tie-ups with partner companies and consortiums, to create products with still

high-value-added.

In the semiconductor industry, where change happens at bewildering speed, companies need the flexibility to change policies in a timely manner as and when circumstances require. Our sales departments and product marketing departments work together in developing product marketing activities that anticipate market needs and contribute to customers' products, and in doing so, help improve our product competitiveness and promote our Shift Left approach.

Roles of Sales Departments and Product Marketing Departments for Product Development



* CIP: Continuous Improvement Program

Collaboration with Consortia and Academia

For many years, Tokyo Electron has been focusing on joint research and development efforts with domestic and international consortia and academia (universities). These initiatives include development under CHIPS Acts[*1] that are currently being promoted in the USA and Europe to help develop infrastructure to maximize the benefits of open innovation-based development in each region. In recent years, we are also making efforts to boost human resource development in the semiconductor industry through collaboration with major universities in Japan and abroad.

We continue our engagement in a wide range of collaborations from applications to product development in various fields of semiconductor technology. R&D is of course underway in the front-end and back-end areas at TEL Technology Center, America, which marked its 20th anniversary in 2023. We also participate in a global research hub for hardware development of next-generation AI, leading-edge logic and quantum computing. Collaboration is also underway with imec in the field of EUV and high-NA EUV[*2] patterning technologies and logic process development; and we have a partnership with BRIDG[*3], a non-profit public-private partnership in Florida, USA.

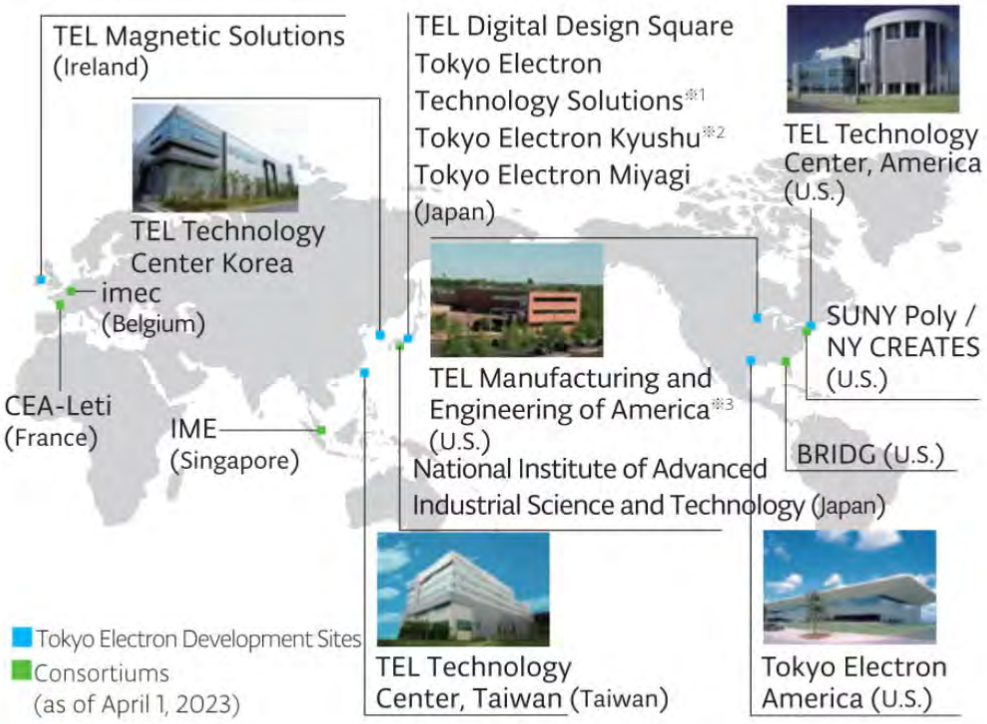
With the diversification of semiconductor development, we collaborate with the National Institute of Advanced Industrial Science and Technology (AIST), one of Japan's largest public research institutions, leveraging its world-class research environment and personnel to enhance our own development by conducting research in the MRAM[*4] and 2D material-related research.

*1 CHIPS Act: Creating Helpful Incentives to Produce Semiconductors and Science Act. An act to support investment in the USA into semiconductor development and mass production, AI, quantum computing and communications technology.

*2 EUV and high NA EUV: Extreme Ultraviolet. A semiconductor industry term for an exposure technology that uses a specific wavelength of 13.5 nm. High-NA EUV refers to next-generation EUV, an exposure technology that shortens the resolvable line width by increasing the numerical aperture (NA)

*3 BRIDG: A non-profit public-private partnership specializing in areas including deposition of III-V materials for advanced system integration, microelectronics manufacturing, sensors, optoelectronics and high-speed transistors

*4 Magnetoresistive Random Access Memory. Magnetoresistive memory



*1 Tohoku Office, Hosaka Office, Fujii Office

*2 Koshi Office, Otsu Office

*3 Chaska Office, Chelmsford Office

Intellectual property management

We are promoting intellectual property (IP) management under the fundamental tenet of contributing to an increase of corporate profits by supporting our business activities through IP protection and its utilization.

To achieve sustainable growth in the semiconductor industry where the growth is driven by technological innovation, we are globally expanding our R&D activity including industry-academia collaborations. IP professionals are assigned to headquarters, R&D, and production sites around the world to evaluate inventions created in R&D projects from various perspectives such as technology trends or marketing, and we have established IP portfolios aligned with our technology and product strategies.

In 2022, the number of inventions created in Japan was 1,226 and 317 in other countries. We have maintained the global patent application rate* approximately 70% for ten consecutive years, and the allowance rate of the filed patents has reached 74% in Japan and 81% in the United States. Furthermore, various inventions have been created through collaboration with domestic and overseas business partners, consortium, and academia, and we have jointly filed patent applications on 41 inventions in the past two years. Consequently, the number of active issued patents as of March 31, 2023 is 21,645, which is the largest number in the semiconductor production equipment industry, and we are building our competitive edge in the intellectual property field on a global level.

In recognition of these initiatives, we have been selected as one of the "Clarivate Top 100 Global Innovators 2023" for the second consecutive year. In this award, Clarivate, a global information service company, makes an original evaluation based on patent data, and once a year recognizes "companies or institutions protecting original invention ideas with intellectual property rights, and leading the world's business through successful commercialization".

We strive to improve the competitiveness of our products through differentiating our own technologies with building a competitive IP portfolio in terms of both quantity and quality.

* Global patent application rate: the percentage of inventions filed in multiple countries among the number of filed inventions as patent application.

Research and Development

Tackling Technological Innovation

Tackling Technological Innovation

Research and Development for Next-Generation Computing

Demand for semiconductors is increasing on a global scale and production is expected to grow even further in the future. Under such conditions, an unchecked increase in power consumption due to the growing use of semiconductors may lead to an energy supply risk in the market. In modern-day computing, focus for edge devices is placed on lower power consumption, but for the server-side the focus is more on performance rather than power consumption. This is in response to the market needs. Therefore in the future, we may need to rethink the balance of Power usage, Performance, Area of silicon, Cost and Environmental impact (PPACE) of our devices in order to address this energy issue. At Tokyo Electron, we recognize these and other issues and are working to resolve them through our semiconductor production equipment business.

One solution to the power efficiency problem is to place memory devices closer to logic devices (computational circuits). By shortening the electrical pathway, one can reduce the electrical resistance and thereby reduce power consumption during information transfer between the devices. Optimization of device architecture using this technique is effective, and development in this area has been gaining momentum in recent years.

Additionally, for logic devices, SoCs*1 that take advantage of the computing characteristics of CPUs, GPUs*2 and NPUs*3 and distribute computational tasks to the most efficient circuits are increasingly popular. This SoC architecture can be built by a monolithic process that does not use bonding technology, but can also be built using 3D system integration techniques which leverage bonding technology. Also called "heterogeneous integration*4", 3D system integration technology combines and packages a variety of different materials such as silicon and non-silicon elements, CPUs and DRAMs*5, analog and other electronic components.

In AI technology, development of analog neural devices*6 and nonvolatile resistive random access memories*7 which mimic the energy-efficient human brain function is well underway. Our film deposition technology contributes to this development.

By combining and applying these technologies, we will be able to further reduce power consumption and improve computing efficiencies in a variety of devices.

Realizing next-generation computing requires the development of AI chipsets with an even higher processing speed and greater energy efficiency. By taking maximum advantage of a wide range of technologies and techniques from semiconductor production, we are working to create high-value-added equipment that can help meet one of the next-generation computing needs of bringing computer performance closer to that of the human brain. We are expanding the technological areas in which we can contribute by developing new materials and boosting the performance of chipsets through 3D system integration equipment offerings, which in turn optimize the power efficiency of semiconductors by realizing next-generation computing requirements.

We are also working on the development and application of quantum computing technology for the next generation and beyond.

*1 SoC: System on a Chip, a design technique in which many or all of the functions required for system operation are mounted on a single semiconductor chip, or a chip built using this technique.

*2 GPU: Graphics Processing Unit, a dedicated electronic circuit designed to manipulate and modify memory to speed up the generation of images used for displays.

*3 NPU: Neural network Processing Unit, a processor dedicated to AI that incorporates a neural network that is modeled after the human cranial nervous system.

*4 Heterogeneous Integration: Packaging that unites different kinds of chips

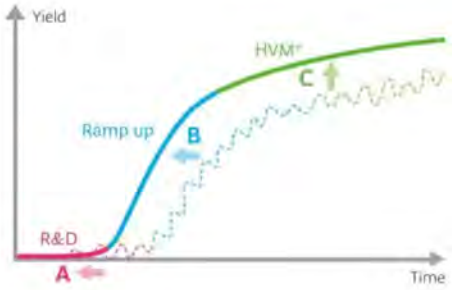
*5 DRAM: Dynamic Random Access Memory. A type of semiconductor memory used in the main storage unit (or other electronic devices) of a computer as a large-capacity working memory

*6 Analog neural devices: Electronic devices capable of continuously changing resistance

*7 Nonvolatile Resistive random access memory: Random access memory that uses nonvolatile resistive memory elements

Strengthening of Product Competitiveness through Digital Transformation (DX)

DX, which is expanding globally across all industries, is accelerating in the semiconductor and flat panel display production equipment industries as a method to resolve a variety of issues that are becoming more complex every year.

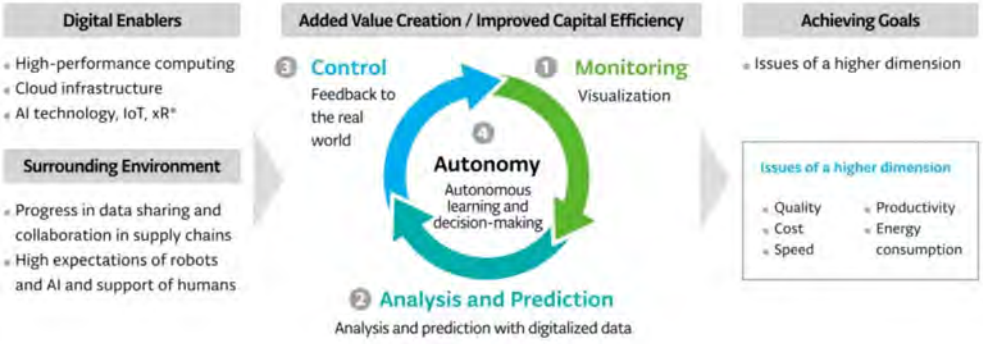


Data application and Use Opportunities	Examples
A **Shortening business processes for research and development**	Accelerating the customer proposal process based on accurate simulations
B **Shortening the time to mass production**	Reduced mechanical error difference, automatic adjustment functions
C **Improving productivity/ product yield**	Predictive maintenance, fault detection, process adjustment functions via monitoring and analysis functions

* HVM: High Volume Manufacturing

Having positioned DX as an important part of the solution for the demand for further miniaturization and multi-layering of semiconductors, we formulated the TEL DX Vision in January 2021 to become "a global company where all employees drive enterprise value creation sustainably through activities such as value addition and efficiency improvements by leveraging digital technology." We will make full use of a variety of digital enablers*, aim to resolve high-level problems via a cycle of 1) monitoring, 2) analysis and prediction, 3) control and 4) autonomy, and further strengthen the competitiveness of our production equipment.

* Enablers: People, organizations, factors and means that enable success and achievement of objectives

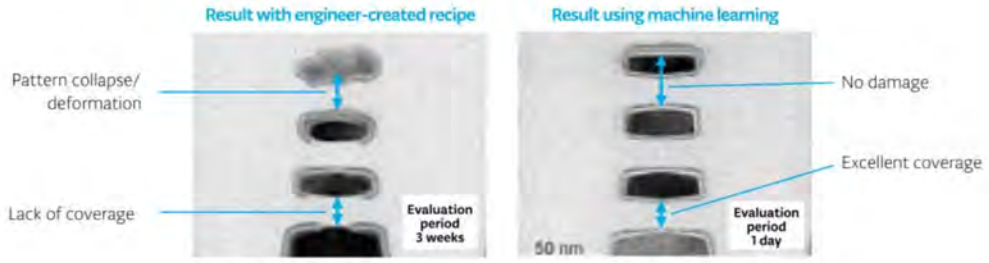


* xR: Extended Reality. Collective name for Virtual Reality (VR), Augmented Reality (AR), Mixed Reality (MR) and Substitutional Reality (SR).

Example Initiative

We use AI-based machine learning to adjust film coverage by plasma-enhanced atomic layer deposition (PE-ALD)* in order to ensure film deposition with even thickness around the nanosheet structure. As a result of using AI to collect experimental data and optimize the analysis and process, we have established an optimal process for film deposition with high coverage in a short time without damage such as pattern collapse or deformation. Through the use of AI, the amount of wafers and energy used in development is minimized, and engineers are able to engage in high-value-added work without being bound by conventional ideas and practices.

* Plasma-enhanced atomic layer deposition (PE-ALD): Atomic layer deposition is a thin-film deposition technology that uses continuous vapor-phase chemical reactions. PE-ALD is a method of applying plasma to activate a reaction on the substrate.



Source: Tokyo Electron Technology Solutions Limited / Tokyo Electron Limited

Comparison of exploration results of a film coverage process in a simulated nanosheet structure using a 300 mm PE-ALD system, conducted by a human engineer and machine learning respectively.

Support for Evolving Displays

In recent years, with the development of ICT, new work options that are not bound by time or place, such as remote work, have expanded. As a result, there have been dramatic changes in areas such as lifestyles and health awareness.

Amid this change, displays are expected to continue to develop and support people's daily lives as an interface between people and data. For example, organic light emitting diode (OLED) displays have evolved to be lighter, thinner and with a higher image quality, and are expected to be used for computers and tablets as well as large screens for televisions and other devices.

The key to this widespread use is the establishment of production technology using large substrates, and improving technology to control production defects as well as reducing environmental impact in the manufacturing process are important issues. Larger substrates will contribute to improved production efficiency and reduced manufacturing costs.

Our product lineup in the flat panel display (FPD) market includes the Impressio™ and the Betelex™ FPD etch/ash systems, the Exceliner™ FPD coater/developer and the Elius™ inkjet printing system for manufacturing OLED displays.

Impressio™ and Betelex™ use PICP™*1, a plasma module with improved energy efficiency, reducing power consumption by up to 20% and achieving precise processing and stability during the mass production process. In addition, PICP™ Pro, which was released in 2021 and designed for high-definition displays, enables both yield improvements and mass production stability by reducing the generation of microscopic particles.

The Exceliner™, equipped with our original Air Floating Coater, permits higher throughput*2 while maintaining excellent film uniformity and saving chemical consumption.

We will continue contributing to the further development of diverse display products, tackling effective technological innovation based on market needs such as improving productivity and yield and using energy and materials more efficiently.

*1 PICP™: A plasma module that produces extremely uniform high-density plasma on panel substrates

*2 Throughput: Processing ability and data transfer amount per unit of time

Research and Development > Tackling Technological Innovation >

Customer responsiveness

Strong relationship based on trust / Sole strategic partner

We will expand the following initiatives to build a "strong relationship based on trust" and be a "sole strategic partner."

- Contribute to customers that manufacture cutting-edge devices by maintaining an accurate and timely grasp on customer needs and providing innovative technologies for future generations
- Propose optimal solutions contributing to value creation for customers as a production equipment company with a diverse product range
- Make full use of state-of-the-art AI and digital technologies and provide high-value-added maintenance service that support the stable operation of equipment
- Continuously develop the PDCA cycle to further enhance customer satisfaction, a key management theme since our founding

Solutions that Create Value for Customers

Field Solutions

Ensuring Safety for Customers

Safe Equipment Design

Customer Satisfaction

SDGs initiatives

- Contribute to customers manufacture cutting-edge devices by maintaining an accurate and timely grasp on customer needs and providing innovative technologies for future generations
- Propose optimal solutions contributing to value creation for customers as a production equipment company with a diverse product range
- Make full use of state-of-the-art AI and digital technologies and provide high-value-added maintenance service that support the stable operation of equipment
- Continuously develop the PDCA cycle to further enhance customer satisfaction, a key management theme since founding

Solutions that Create Value for Customers

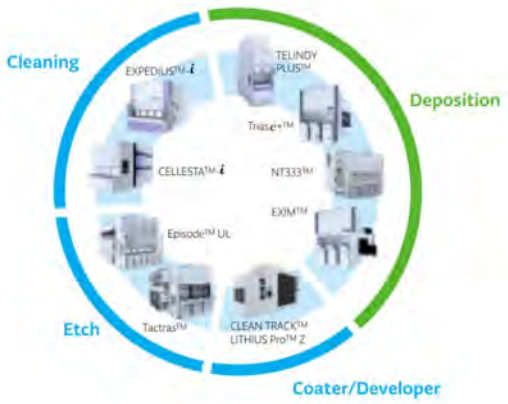
Development of Global Operations

We established the Customer Collaboration Group and are working to further strengthen our customer support capabilities in order to be the sole strategic partner for our customers. The Customer Collaboration Group consists of the Account Sales Division, and the Global Sales Division. Major semiconductor manufacturers, who are our traditional customers, share the needs for next-generation leading-edge technologies in memory, logic devices, foundry and other fields, to the Account Sales Division, and this leads to R&D of new technologies, and the Global Sales Division responds to the needs of domestic and overseas customers that handle products for the rapidly growing Chinese market and the industrial IoT market.

These two divisions work closely with business units, development and manufacturing divisions, service divisions and overseas subsidiaries to develop global operations throughout our entire Group (=One-TEL), enabling us to quickly provide the technologies, services and solutions that our customers demand.

Proposing Customer Solutions Leveraging a Wide Range of Product Lineup

To solve customers' issues and contribute to the manufacture of highly competitive devices, we are developing proposal activities that leverage our wide range of product lineup, including equipment for the four key successive processes of deposition, coater/developer, etch and cleaning in the front-end process. We simultaneously strive to help customers improve productivity and quality in their development and manufacturing by providing optimal solutions that include remote support systems and software for maximizing equipment utilization rate. We are also continuously working to improve the performance of installed equipment to respond to customer requests for the manufacture of products that span multiple generations.



In the pursuit of higher speed, lower power consumption and lower cost semiconductors, 3D system integration in back-end processes is advancing. The 3D system integration requires cleaner process environment to have better yield because it is close to the final stage of semiconductor manufacturing and front-end processes are sometimes repeated after this process. Therefore, equipment that integrates front-end and back-end process technologies is required. KGD* with advanced testing is also important for the 3D integration of individual chips called Chiplet. To meet these requirements, we provide wafer bonding and laser edge trimming equipment based on the technology and experience we have cultivated in front-end processes, and wafer probers to ensure KGD.

* KGD: Known Good Die. Semiconductor chips with guaranteed quality, including reliability

Solutions that Create Value for Customers >

Ensuring Safety for Customers >

Customer Satisfaction >

Field Solutions >

Safe Equipment Design >

Field Solutions

Field Solutions Business

As demand for semiconductors increases in various fields, such as medicine, finance, transportation and manufacturing, the miniaturization and integration of CPUs and memory devices to achieve higher performance is further advancing. To meet this demand, it is becoming an extremely important issue for our customers to improve the utilization rate of their equipment.

At Tokyo Electron, we are striving to further enhance our field solutions business by promoting knowledge management in field service, continuously improving the skills of field engineers and strengthening our global support system through the Total Support Centers (TSCs)* to ensure that the equipment we ship will operate stably in the market for a long period of time.

Furthermore, in order to comply with various regulations, such as overseas travel restrictions due to COVID-19, we are developing remote maintenance support and educational tools, and are striving to develop a high-value-added field solutions business that contributes to our customers' business operations.

* TSC: Total Support Center. Refer

Initiatives to Reduce Environmental Impact

In order to meet the needs of customers producing IoT-related products, etc., we are developing and producing a new reengineered equipment based on the previous generation of 200 mm wafer-compatible equipment. The reengineered equipment replaces old units and components with new ones while maintaining compatibility with existing processes, and achieves the same level of performance as the latest equipment in terms of transfer and other aspects, thereby helping customers improve productivity and reduce their environmental impact.

As part of our efforts to reduce environmental impact, we are also deploying LEAP*, a support service that extends the life cycle of our equipment.

Support for semiconductor production equipment, which consists of tens of thousands of parts, typically ends seven to eight years after discontinuation. The main reason for this is due to the discontinuation of parts or the difficulty in maintaining safety and quality. This has led to the promotion of replacement with newer equipment and the discarding of older equipment. In response to customer needs and in consideration of the SDGs, we began redesigning discontinued parts, and by strengthening and restructuring our support system, including repairs, we are now able to provide extended life cycle support for equipment to more than 15 years after discontinuation. Through these new support services, we are working to reduce equipment disposal and contribute to the continuous use of equipment over a long period of time.

* LEAP: Lifecycle Extension and Availability Program

Total Support Center

We established Total Support Centers (TSCs) in Japan, the United States, China and Europe to support overseas companies through our global network centered around Japan.

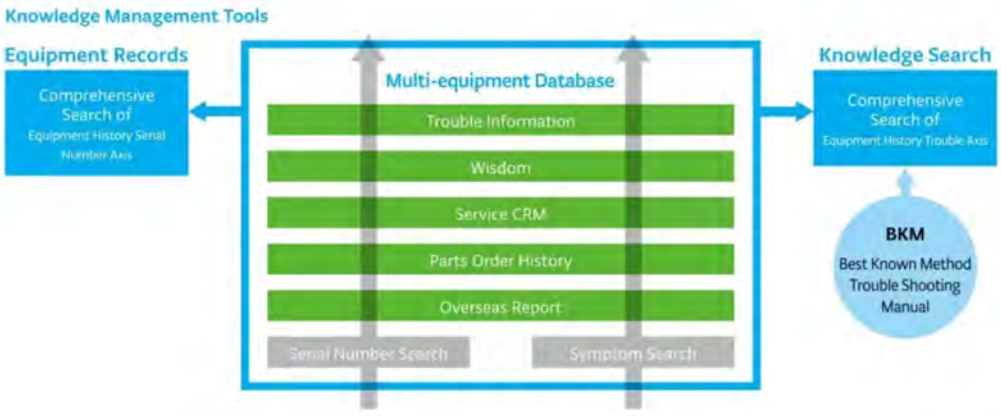
At each TSC, dedicated representatives maintain and utilize a database of information about customers' equipment and examples of similar incidents to strive for better support, and at the same time, conduct remote support service by operating TELeMetrics™ and other systems. In fiscal year 2022, we continued to establish a system where TSCs around the world support each other, taking advantage of time differences in each region, and strove to strengthen our global network. Through these initiatives, we respond to inquiries and problems from customers around the world with even greater speed and precision.

Knowledge Management

We promote knowledge management*1 throughout the entire Group so that it can deliver high-quality technical service swiftly. In the area of field service, we have built Service CRM*2 so that we can create a database and centrally manage customer equipment support and trouble histories. Operation of Service CRM has begun in Japan and is currently being rolled out globally.

Our knowledge management tools allow comprehensive searches of equipment history of multiple systems to be performed, thereby contributing toward shortening response time when there are problems. Equipment Records is a tool that allows batch searches of information such as equipment work histories and parts replacement histories based on equipment serial numbers, while Knowledge Search enables users to enter keywords of equipment-related problems to carry out batch searches of files and documents saved in the database based on past trouble information.

In fiscal year 2022, we worked on making the equipment database multilingual to support Korean and Chinese in addition to Japanese and English. This enables our global active field engineers to utilize the knowledge management tools with greater effectiveness. We will continue to promote efforts to manage the various systems throughout the entire Group using One Platform*3 to increase work efficiency and strive to further improve our customer responsiveness.



*1 Knowledge management: Management approach to promote internal company sharing of tacit knowledge held by individuals, in order to encourage innovation and to improve overall productivity

*2 Service CRM: Service Customer Relationship Management

*3 One Platform: An initiative to manage information using a standardized database and system. Refer to Continuous Improvement of Business Operations

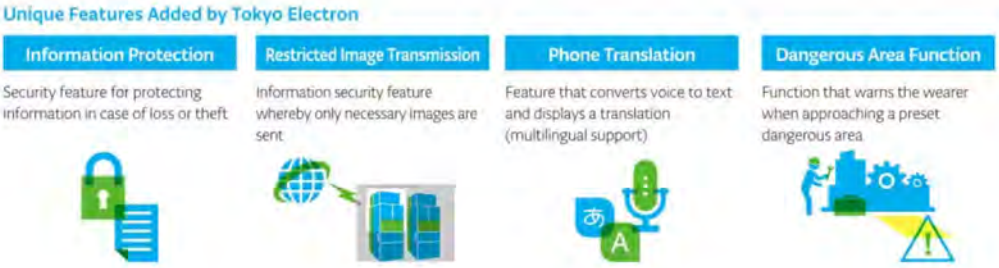
Remote Support System

We promote remote support service using TELeMetrics™ to minimize any downtime of production equipment, to detect abnormal operation before any major defect occurs and to support the stable operation of equipment.

Using smart glasses (image)

In addition, with the growing need to support on-site field engineers remotely due to travel restrictions and various regulations around the world arising from the COVID-19 pandemic, we are developing an advanced remote support system. This system not only allows audio and video from a customer's manufacturing site to be shared in real time but also enhances the confidentiality of information.

In fiscal year 2022, we added unique functions such as information protection, restricted image transmission and phone translation to our existing smart glasses* system to make remote support more convenient. At the same time, we are striving to further improve support quality, such as adding the option of tablet devices according to the environment of our customers.



* Smart glasses: Worn like an ordinary pair of glasses, smart glasses can display images and digital information through the glasses

Engineer's Skill Up

In fiscal year 2019, we established our training operations center to enhance the training structure and promote globalization of field engineers. The center establishes a company-wide common skills management system that meets the standards of SEMATECH (a U.S. consortium for the joint development of semiconductors). The system helps us to deploy the most suitable human resources to provide customers with service based on an objective measurement of the skills of our engineers.

In fiscal year 2021, we began providing education for expert engineers to improve the skills of engineers at our overseas subsidiaries. The education includes training programs that enable technical support engineers from overseas to learn not only technical support but also acquire advanced skills related to development in a practical manner at our manufacturing sites in Japan. Furthermore, we also conduct training for field engineers of our Global Data Engineering Team, established in fiscal year 2021, to develop data analysts specializing in digital transformation (DX)*.

In fiscal year 2022, field engineers who have acquired DX skills developed a program for the continuous improvement of business operations and are rolling it out globally. By linking this program to the field information database, it became possible to automatically update, analyze and visualize field information.

* Digital transformation: Refer to Strengthening of Product Competitiveness through Digital Transformation (DX) and refer to Higher Productivity through Digital Transformation (DX)

Ensuring Safety for Customers

Providing Safety-Related Information on Products to Customers

We are committed to providing sufficient safety information on our products so that customers can safely use them. All our products come not only with a manual specific to the product specifications, but also a TEL Safety and Environmental Guidelines manual applicable to all our products.

The TEL Safety and Environmental Guidelines manual is available in 12 languages* to ensure that customers around the world can understand the content accurately; it describes examples of potential risks associated with using our products together with the methods for averting those risks, as well as safety measures applied to products and recommended methods for product disposal, divided into such categories as chemical, electrical, mechanical and ergonomic.

If new safety warnings are identified after a product ships, we promptly report these to the affected customers. We also make particular efforts to ensure that necessary information is communicated to customers to whom we deliver products that involve the use of hazardous chemicals or high-voltage electricity.

TEL Safety and Environmental Guidelines

* 12 languages: Japanese, English, German, French, Italian, Dutch, Russian, Portuguese, Korean, Traditional Chinese, Simplified Chinese and Finnish

Global Expansion of Training for Customers

We establish training centers all over the world, mainly at our development and production sites, and provide customers with training on equipment operation and maintenance so that products can be used safely. In fiscal year 2022, demand for web-based training (WBT) and remote training* increased as a result of continuing difficulty in holding equipment training on-site because of COVID-19. Under such a situation, we provide remote training for much of our equipment and strive to further enhance training content, such as by filming footage from easy-to-see angles beforehand and using some of them as video content. In addition, we are working to improve the content and quality of not only remote training but also WBT by sharing the equipment and methods we introduced with each training center.

Furthermore, taking into consideration the difficulty in overseas travel, we are also expanding our equipment lineup at the training centers of our overseas companies.

Going forward, we will continue to give priority to customer safety as we promote further development of our training environment.

* Remote training: A training course, although remote, where trainees interact with the instructor in real time while viewing actual equipment through their monitors

- Solutions that Create Value for Customers >
- Field Solutions >
- Ensuring Safety for Customers >
- Safe Equipment Design >
- Customer Satisfaction >

Safe Equipment Design

Safe Design of Equipment

Taking the entire product life cycle into consideration, we carry out product risk assessments as early as possible in the development phase. We implement safe equipment design*1 to reduce the risks posed to humans by incorporating the assessment results in the design. We conduct global surveys of increasingly strict laws and regulations and conduct compliance checks through third-party assessment bodies to ensure conformity with international safety standards and SEMI Standards*2 on the equipment we ship. We have also established a system to comply with safety regulations of the regions where our equipment is delivered while working with overseas subsidiaries.

*1 Intrinsically - safe design: A design concept that eliminates the cause of the machine's harm to humans through the safety design of the machine

*2 SEMI Standards: SEMI Standards are regulations formed by SEMI, an international industry body which serves manufacturers of semiconductor production equipment, display production equipment, PV power generation equipment, materials and the like, to unify all of these international industrial standards.

Safety Education

In recent years, it has become increasingly important for us to ensure compliance with international safety standards and guidelines early in the equipment design and development processes. Since fiscal year 2008, we have been offering its engineers web-based training on safe equipment design. Through risk assessment exercises and examples of actual accidents, the participants acquire basic safety knowledge for equipment design.

In fiscal year 2016, we revised the education program using updated information, including new safety standards.

In addition to the training for design engineers, we are also promoting equipment safety education for all workers in areas such as manufacturing, start-up, service, and on-site logistics. This allows these employees to apply the knowledge to the handling of equipment as well as assist in the development of safer equipment. From fiscal year 2017, lectures and training by outside experts are provided.

Solutions that Create Value for Customers >

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Safe Equipment Design >

Customer Satisfaction >

Customer Satisfaction

Customer Satisfaction Survey

We conduct our own customer satisfaction surveys and use the feedback we receive from our customers to improve our services. This survey, which began in some divisions in fiscal year 2004, expanded its targets to include all semiconductor production equipment divisions in fiscal year 2014, and the display production equipment division and overseas subsidiaries in fiscal year 2016. This survey, called the Customer Satisfaction Survey Program (CSSP), is now conducted company-wide.

Percentage of responses that indicated Very Satisfied or Satisfied

100%

The CSSP conducts surveys at the same time each year, analyzes the information obtained for each business unit (product), account (customer) and function (software, development, etc.), and shares the results with related departments such as sales, equipment/plants and service, to improve the level of practical business operations. We are also making improvements in all aspects, including survey questions, analysis methods and the overall operation of CSSP activities.

In the survey for fiscal year 2023, approximately 1,500 customers responded (a response rate of 76.5%), with an average score of 3 points or more ("very satisfied" or "satisfied") for all survey items*, allowing us to achieve our annual sustainability goals for a second year in a row. On the other hand, we are promoting Shift Left, which is an early-stage improvement initiative, such as promptly responding to customers who gave a score of 1 "Very Dissatisfied."

We will continue to work as company-wide to engage in CSSP activities so that we can continue to achieve our annual sustainability goals in the future.

* For each question, average score is calculated for all customers who responded

Improvement Example

A survey conducted in fiscal year 2020 revealed that one of our overseas subsidiaries had lower customer satisfaction than the previous year in all departments, including sales, equipment/plants and service. That's when management intervened to implement the following improvement measures:

- Conducting regular status sharing and progress confirmation
- Building a support system that integrates the headquarters, local subsidiaries and business units
- Introducing a systematic tracking system

In the fiscal year 2023 survey, we can confirm that by deploying the PDCA cycle in these improvement measures, satisfaction levels in all departments, including sales, equipment/plants and service, have improved significantly. These initiatives have also led to further strengthening of our products.

PDCA Cycle

Solutions that Create Value for Customers >

Field Solutions >

Ensuring Safety for Customers >

Safe Equipment Design >

Customer Satisfaction >

Higher productivity

Pursuit of operational efficiency

We will expand the following initiatives in the "Pursuit of operational efficiency."

- Promote the standardization and automation of operations and improve productivity along the entire value chain, such as through the development of an enterprise resource planning system and the integration of business systems in each division and unification of databases
- Recognize the importance of quality management and strive to further improve business efficiency by implementing quality focus operations
- Implement quality improvement activities and continuously increase productivity throughout the entire supply chain through collaboration with suppliers

Promotion of Improved Productivity

Productivity Improvement in the Value Chain

SDGs initiatives

- Promote productivity, continuously increase management efficiency, contribute to the development of the industry and society, and contribute to sustainable economic growth
- Increase economic productivity through diversification, technological improvement and innovation
- Promote streamlined business operations and quality management throughout the value chain, ensuring sustainable forms of production and consumption
- Use environmentally appropriate chemical substances and reduce waste
- Continuously increase productivity throughout the entire supply chain by strengthening global partnerships with suppliers

Promotion of Improved Productivity

Initiatives of Digital Transformation (DX)

Based on the idea that digital transformation initiatives are a means and an opportunity to achieve the management vision and the company management plan and to create corporate value, in January 2021, we formulated the TEL DX Vision: "A global company where all employees drive enterprise value creation sustainably through activities such as value addition and efficiency improvements by leveraging digital technology" and the DX Grand Design.

The main purpose of digital transformation activities is to digitally accelerate and strengthen the key management measures of the "four material issues," with product reform*1 and business reform*2 as the main activities. In product reform, we will solve high-level issues while repeating the processes of 1. Recognition (sensing and monitoring), 2. Analysis and prediction, 3. Control and 4. Learning and evolution (autonomous), and we will strive to improve customer value. In addition, in business reform, we will grasp the current state of internal business, as well as envision how work should be like and change the way we use digital tools and our business methods to improve the company's capital efficiency.

At the same time, we are promoting the use of digital technology in our management foundation and business support departments, which are necessary to carry out these activities.

In addition, we will define the human resources necessary for promoting DX (DX engineers), design a training plan for each necessary skill and actively work on this training. Furthermore, we are not only training DX engineers but also employees that can use data in their everyday work.

*1 Product reform: Contributing to customer value creation in a variety of situations, from development to mass production

*2 Business reform: Improving capital efficiency in a variety of situations, from the product planning stage to maintenance.

TEL DX Grand Design

Continuous Improvement of Business Operations

We are implementing a new enterprise system (ERP[*1]) to further improve productivity and quality. This system is operated across business and country boundaries, to (1) significantly improve operational efficiency, (2) make management decisions that respond quickly to changes and (3) create new value by utilizing globally integrated information with an eye toward overall digital transformation.

We have completed the implementation of this system at the headquarters in fiscal 2022 and at the spare parts warehouse in Japan in fiscal 2023. Going forward, we will make maximum use of the knowledge we have gained through the process so far, and will proceed with the implementation of the system to our overseas subsidiaries and manufacturing sites in Japan. In addition, we will work with our partner companies to realize a globally integrated system by developing functions and others to improve operations, increase efficiency and further enhance system performance.

*1 ERP: Enterprise Resource Planning. A system that integrates the core business operations of an enterprise, such as accounting, personnel, production, logistics and sales, for better efficiency and centralized information.

Initiatives for Higher Productivity

As a manufacturer of semiconductors and flat panel display production equipment, we are committed to continuously improving productivity while remaining focused on safety and quality in operations along the entire value chain.

Specifically, under the slogan "Safety First[*1]," we are striving to improve the safety and work environments of every person connected with our business activities, and at the same time, we are building quality management systems and pursuing quality improvement throughout the value chain in order to understand the true needs of our customers and to achieve the world's best quality. We are also conducting company-wide activities for compliance with safety and environmental laws and regulations and to make software development more efficient and smarter.

In manufacturing operations, our current initiatives include labor saving in production through a system that links BOM[*2] to MES[*3], and transforming production performance into a Digital Twin[*4].

Furthermore, to respond swiftly to customer requests and market fluctuations, we have built a production system that centralizes all information related to production, and have developed an IT infrastructure with manufacturing execution system (MES) and a supply chain management (SCM)[*5] system.

By utilizing the wide range of data aggregated through these systems in each business operation, we are working on optimizing and streamlining production planning as well as visualizing delivery dates of parts by strengthening information coordination with our suppliers. We are also promoting comprehensive improvement of business productivity by achieving stronger coordination between sales planning and production/procurement/inventory planning.

Additionally, in our manufacturing and logistics operations, where we deal with a wide variety of components, we are also working on labor savings and efficiency improvements by establishing automated warehouses, introducing a warehousing navigation system and promoting automated inspections.

*1 Safety First: Company slogan that prioritizes the safety of every person connected with our business activities

*2 BOM: Bill Of Materials. This shows the hierarchical structure of the product and includes basic information of each part, including which parts are used to assemble the product.

*3 MES: Manufacturing Execution System. A system for understanding and managing production processes and for providing instructions and support to workers.

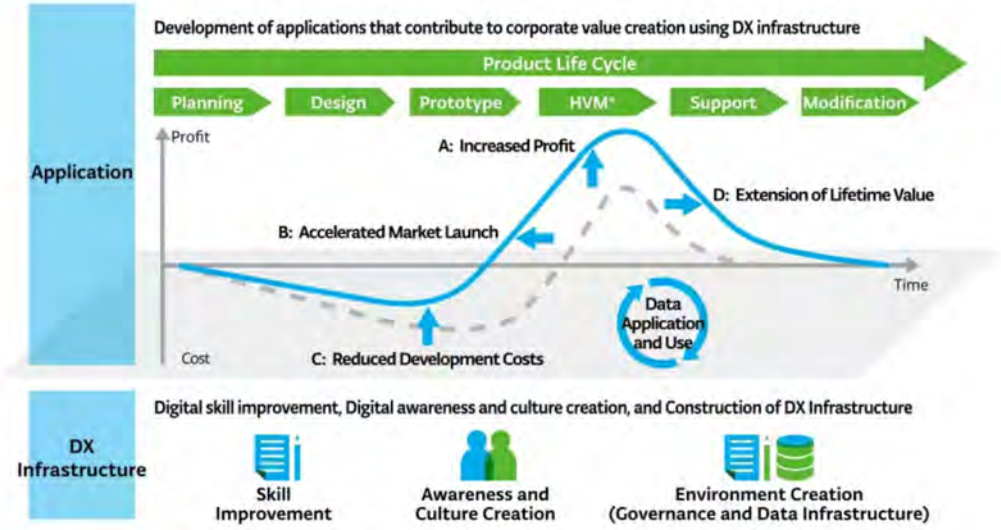
*4 Digital Twin: A "Twin in digital space" refers to a technology that copies and replicates various data collected from physical objects in the real world onto a digital space.

*5 Manufacturing execution system (MES) and a supply chain management (SCM): Refer to Continuous Improvement of Business Operations

Higher Productivity through Digital Transformation (DX)

We aim to enhance product competitiveness and improve capital efficiency in various operational processes— from the product planning stage to maintenance—by promoting DX.

Image of DX Usage



* HVM: High Volume Manufacturing

In our DX activities, regarding the 13 risks*, we implement a risk management PDCA cycle that includes formulating and executing measures to minimize these risks, monitoring the state of management and supporting and promoting risk management activities of the various departments.

We are building a system that allows appropriate risk management at the right time through real-time monitoring of risks, control measures and implementation state across the entire Group while collaborating with the overseeing organizations in our headquarters. The purpose is to conduct fast risk detection and decision-making from the perspectives of data and digital technology utilization.

Furthermore, we are also making clear the human resources necessary for the promotion of DX and are formulating and training plans to develop the respective skills needed. In parallel, we are also carrying out human resource development to provide all employees with a minimum level of DX knowledge.

Skill Training Plan for DX Promotion

Data science	Ability to understand and utilize data science, such as data processing, AI and statistics
Data engineering	Ability to give meaningful shape to data science for our efforts to create corporate value, and to implement and operate in line with targets
Business planning	Ability to evaluate issues and their context, implement measures to resolve them and link this to business (earnings)

Systematically train human resources to utilize data science in our business

We will continue to focus on the promotion of DX and utilize digital technology to improve productivity in everything from accelerating the speed of development, improving productivity and quality and enhancing business efficiency to reforming work styles.

* 13 risks: Risk Management Initiatives

Promotion of Improved Productivity > Quality >

Quality

TEL Quality Global No.1

Knowing our customers' real needs enables us to attain world-leading product quality.

Approach to Quality

Tokyo Electron defines it's approach to quality in the following way: "The Tokyo Electron Group seeks to provide the highest-quality products and services. This pursuit of quality begins at development and continues through all manufacturing, installation, maintenance, sales and support processes. Our employees must work to deliver quality products, quality services and innovative solutions that enable customer success." We strive to implement this policy.

Quality Policy +

Quality Management System +

ISO 9001 Certified Plants and Offices

Company Name	Plant/Office Name	Certification Number	Certification Date
Tokyo Electron Technology Solutions	Fujii Office／Hosaka Office	00225-1994-AQ-KOB-RvA	Sep.1994
	Tohoku Office		Dec. 1994
Tokyo Electron Kyushu	Koshi Office	5569-1997-AQ-KOB-RvA	Mar.1997
TEL Magnetic Solutions	-	IE09/66498	Nov.2009
Tokyo Electron Miyagi	Taiwa Office	02609-2012-AQ-KOB-RvA	Sep.2012
Tokyo Electron Korea	Balan Plant	QSC1680	Sep.2011
TEL Manufacturing and Engineering of America	Chaska Office	FM586277	Mar.2013
Tokyo Electron (Kunshan)	-	260147-2018-AQ-RGC-RvA	May 2018

Process Improvement Activities ▾

Ensuring Self-Process Assurance Systems and Promoting Shift Left ▾

Measures to Prevent Quality Problems from Occurring and Recurring ▾

Initiatives with Suppliers ▾

Quality Education ▾

Process Improvement Activities

The production sites of our customers require limited variations in quality between equipment, accurate process repeatability and high productivity. To provide products that match such customer needs, we focus on process improvement activities (PCS*1) using a statistical method.

We create control diagrams for the information of various types of critical components (components directly in contact with wafers and components that directly affect the process of systems, such as components that transfer mechanical, thermal, electrical or electromagnetic energy to wafers) and analyze variations to quickly detect and respond to changes in manufacturing processes. By undertaking such PCS activities together with suppliers handling specific critical components, we work on the suppression of component quality variability and maintenance/improvement of manufacturing processes that produce quality products to help provide products surpassing customer expectations.

In addition, manufacturing processes handling new critical components need constant review and improvement. Our products comprise several tens of thousands of components, and the task to select specific components from these and carry out regular aggregation and analysis require many man-hours.

To optimize and streamline this task, we reexamine our operational flow, including the adoption of automation, and improve our systems by collecting information from customers, holding discussions among our manufacturing sites in Japan and interviewing our suppliers. By continuously carrying out these activities that are based on the concept of Shift Left, we are striving to improve our productivity further.

Example Initiatives

At Tokyo Electron Technology Solutions (Tohoku), design of experiments*2 based on statistics is used to establish quality metrics for critical components and the level of quality activities is being improved together with suppliers.

The best quality metrics established using the designs of experiments are set as the targets. Conditions that give rise to variations in inspection, adjustment and other values in the manufacturing processes of critical components are strictly managed using PCS activities to seek accuracy and stability in the manufacturing processes.

In the future, we will promote the automation of processing—from collection to assessment—of suppliers' data regarding quality and detect the state of quality in real time to further improve the manufacturing processes of critical components.

*1 PCS: Process Control System

*2 Design of experiments: A branch of applied statistics that aims to design efficient experimental methods and properly analyze the results

Ensuring Self-process Assurance Systems and Promoting Shift Left

In order to improve the quality of products, it is important to prevent non-conformance from occurring in upstream processes and to ensure thorough quality control in each process so that nonconforming products— if they occur —are not allowed to flow into later processes. From this perspective, we promote activities focused on self-process assurance systems. In particular, we aim to further improve quality by implementing thorough risk detection and mitigation measures (FMEA*1) from the initial stages of product design, as well as carrying out thorough inspections in each process and conducting verification using simulation.

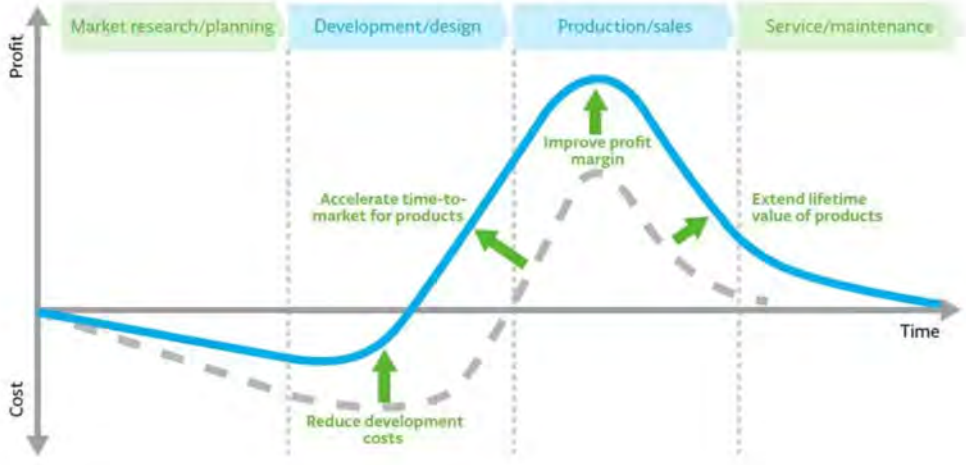
These activities for in-process quality control make it possible to create high-value-added technologies and products in the upstream processes by improving the precision of each process and reducing reworking costs*2, and at the same time, lead to the promotion of the Shift Left*3 concept.

We are also promoting Product Lifecycle Management (PLM) by using in-process quality control to comprehensively manage and analyze all processes from product planning, development, design and production through to service in an effort to facilitate the earlier release of products, enhance operational efficiency, improve quality and reduce costs.

*1 FMEA: Refer to Approach to Quality

*2 Reworking costs: Costs incurred by going up the chain of processes and reworking when there is non-conformance

*3 Shift Left: Refer



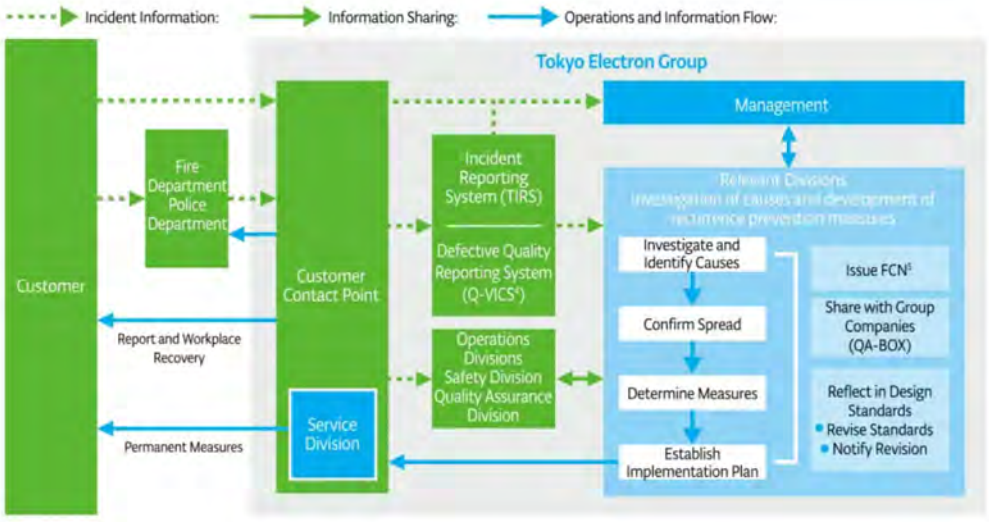
Measures to Prevent Quality Problems from Occurring and Recurring

To comply with ISO and EN[*1] safety standards and achieve higher safety levels, we have established its own design rules for each product. At the same time, we have developed systems for manufacturing products, which include safety considerations. We also have other systems in place for responding to issues such as equipment design and production non-conformance and any occupational incidents.

In the event of an incident, we use our TIRS[*2] incident reporting system to distribute information to safety and quality personnel in each division and officers and management, including senior management. An incident investigation is also conducted immediately to identify the cause and plan preventive measures.

We use a proprietary system called QA-BOX[*3] to share information on equipment quality and any major non-conformance across all quality departments in accordance with our operating rules. Measures obtained from the results of an incident investigation are promptly applied, not only to the problem equipment but also to relevant equipment operated by other customers. At the same time, after finding the root cause, revisions are also made to the current design standards and processes to perpetually prevent the occurrence of major non-conformances.

For departments that become subjects of incident investigations, we validate repercussions to other equipment and commonalities and share the issues and countermeasures at regularly scheduled QA-BOX meetings together with the heads of quality assurance divisions. This allows us to examine various approaches to prevent similar non-conformances. The common policies determined at the regular meetings are quickly deployed across the entire Group and reflected in the respective equipment. This helps to reduce nonconformances caused by equipment.



*1 EN: European Norm. Uniform standard for the European Union complimenting parts of technical standards not stated in European Commission directives ("New Approach" directives)

*2 TIRS: TEL Incident Report System

*3 QA-BOX: Tool for the sharing and horizontal deployment of important quality-related information within our Group companies

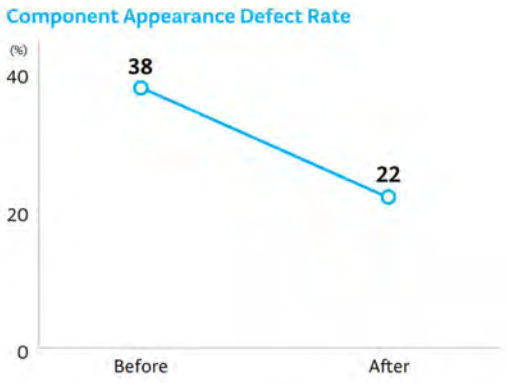
*4 Q-VICS: Quality Valuable Information Chain System

*5 FCN: Field change notice. Refers to the general recall notice

Initiatives with Suppliers

Continuously improving quality based on strong partnerships with suppliers is essential for providing high-quality products quickly to the market. Since fiscal year 2001, we have conducted our unique Supplier Total Quality Assessments (STQA) in an effort to ensure our suppliers properly understand the level of quality expected from them.

Before starting a new business with suppliers, we conduct an STQA via self-assessment to evaluate their product quality, costs and information security. The assessment also includes their corporate social responsibility initiatives, including human rights, ethics, safety, and the environment. If a risk is identified in this assessment, we visit the supplier and confirm the area of non-conformance on-site.



Once our approaches to quality and other important related issues have been shared with the supplier, we request that they plan and implement improvement measures and provide continuous
support until all of them have been completed. In addition, we also conduct audits once every three years for suppliers who handle important components and for suppliers where quality issues have been found.

We also hold regular meetings with the leaders of various manufacturing sites in Japan who use STQA to share supplier-related information and discuss measures to resolve issues.

Example Initiatives

The quality assurance division of Tokyo Electron Technology Solutions is strengthening the acceptance inspection process to allow signs of component non-conformance to be discovered early. Component appearance defects from scratches and dents make up approximately 40% of all non-conformances discovered
during acceptance inspection. As a result of efforts to improve and strengthen component appearance, such as working with suppliers to find the causes and selecting appropriate packaging materials, the target value of 130 ppm (130 nonconforming products in every one million products) was achieved in fiscal year 2022 even though the number of shipments increased. Going forward, we will continue to strengthen cooperation with suppliers and undertake continuous improvement activities.

Quality Education

We are striving to enhance the awareness of every employee toward quality by conducting various education programs. In addition to the basic education on quality that new employees receive, we have also globally rolled out PDCA Education and other programs that target all TEL group employees. In PDCA Education, employees learn about the need for continuous improvement through the four processes of plan, do, check, and act. As of FY2020, 84% of employees had completed this program.

We also implement our own education program, called TEL 6-Step, for employees closely involved in quality control, such as developers, designers, quality managers, and service personnel, through which they acquire a problem-solving model to handle important issues. The program is a modified version of the eight discipline (8D) problem-solving method*1, widely used in quality control, customized to replace our problem-solving process. The program cultivates the ability to resolve problems quickly and to take measures preventing recurrence, by thoroughly investigating the true nature of problems, and determining the technical factors and root causes. As of FY2020, approximately 5,800 employees had attended this program. We also conduct group training targeted at quality control leaders to provide them exercise-based learning opportunities for resolving quality-related issues to further enhance their work improvement skills at production and development sites.

Moreover, so that employees can tackle quality improvement autonomously, we advocate QC certification*2 and encourage them to acquire fundamental skills. Since fiscal year 2012, the number of QC certified employees has increased yearly to approximately 2,400 as of FY2020.

*1 8D problem-solving method: A method for solving problems in quality improvement through eight disciplines or processes

*2 QC certification: Quality management certification operated by the Japanese Standards Association and the Union of Japanese Scientists and Engineers. The total number of certified people nationwide exceeds 580,000 (as of September 2019)

Promotion of Improved Productivity > Quality >

Management foundation

Build a strong management foundation that underpins our business activities

We will expand the following initiatives to "Build a strong management foundation that underpins our business activities."

- Build a highly effective corporate governance system to realize medium- to long-term growth, strengthen risk management and thoroughly enforce compliance to ensure that operational decision-making and supervisory functions are exercised sufficiently
- Maintain high ethical standards and expand human rights due diligence (impact assessment and remediation) and grievance processes based on the group-wide Human Rights Policy to practice respect for human rights
- Strive to create new value by respecting the individuality and values of each employee and exercising their individual capabilities, and encourage work styles in sync with their respective lifestyles
- Strive to achieve medium- and long-term environmental goals for products, plants and offices and promote E-COMPASS through partnerships with suppliers to reduce environmental impact throughout the value chain
- Develop sustainable operations in accordance with global standards throughout the entire supply chain

Corporate Governance

Risk Management

Information Security

Compliance

Human Rights

Health

Safety

Human Resource

Environment

Supply Chain Management

SDGs initiatives

- Create a work environment where employees can work in good health and with peace of mind
- Promote gender equality and ensure equal opportunity and fairness of outcomes
- Enhance engagement and build a work environment that respects human rights and diversity while maximizing individual abilities
- Practice motivation-oriented management based on the idea that "Our corporate growth is enabled by people, and our employees both create and fulfill company values."
- Ensure equal opportunity and fairness of outcomes through the appropriate promotion of relevant laws and regulations, etc.
- Promote activities to reduce environmental impact through our business and contribute to the preservation of the global environment
- Reduce toxic chemicals and air, water and soil pollution
- Strengthen resilience and adaptability to climate-related and natural disasters
- Build a highly effective corporate governance system while strengthening risk management and thoroughly enforcing compliance in order to build a strong and sound management foundation
- Reduce all forms of bribery and corruption
- Build a management foundation that underpins business activities by strengthening global partnerships

Corporate Governance

Corporate Governance System

Basic Stance

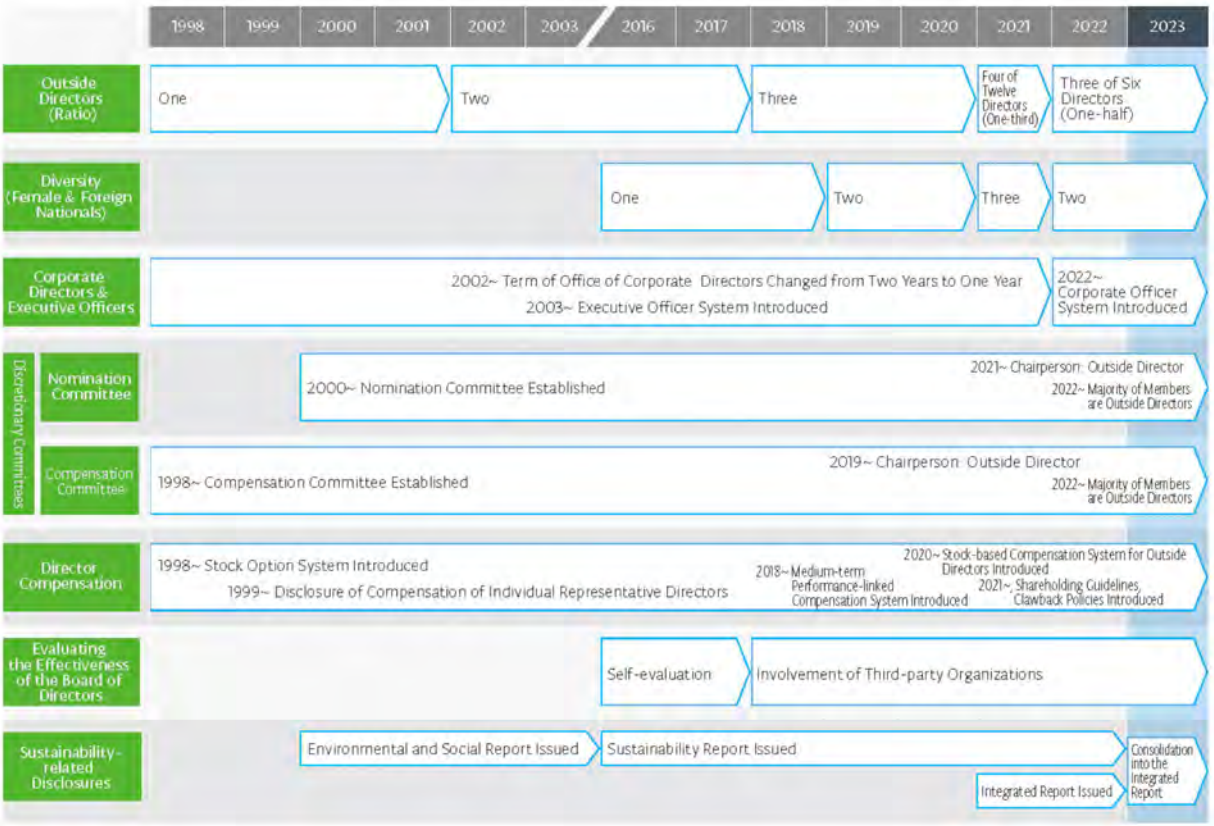
Tokyo Electron regards the improvement of its corporate governance structures as important for achieving success in global competition and realizing sustainable growth. To that end, we have built a structure which utilizes to the maximum the worldwide resources we possess and have worked to incorporate a wide range of opinions to strengthen our management foundation and technology base, establishing a governance structure capable of ensuring that we attain global-level earnings power. We have established the Corporate Governance Guidelines* and outlined the corporate governance structures that we have developed and reinforced to date, in advance of other companies.
We use the Audit & Supervisory Board System, which consists of a Board of Directors and an Audit & Supervisory Board, and have achieved effective governance based on the supervision of management by the Audit & Supervisory Board.

The Corporate Governance Guidelines >

Characteristics of Our Corporate Governance

A Board of Directors that is Independent and Diverse	Strengthening the Functions of the Executive Side	Advanced Initiatives Taken Ahead of Other Companies
■ Outside directors make up half of our corporate directors (Three outside directors and three inside directors) ■ Two female directors among six corporate directors ■ Outside directors make up majorities in the Nomination Committee and Compensation Committee, including their respective chairpersons	■ Introduction of a Corporate Officer system with corporate officers as the highest-level officers on the executive side of the Group ■ Establishment of the Corporate Officers Meeting as the highest decision-making body on the executive side of the Group, and delegation of authority from the Board of Directors to the executive side	■ Introduction of stock-based compensation system for outside directors ■ Introduction of Shareholding Guidelines for corporate directors, corporate officers and executive officers and Clawback Policies for executive directors and corporate officers

Changes in Corporate Governance (Since CY1998)



Corporate Governance Framework >

Corporate Governance Framework

Board of Directors	Audit & Supervisory Board	Nomination Committee	Compensation Committee
Composition Three inside directors and three outside directors Audit & Supervisory Board member and Corporate officers also attend, to share opinions and give reports **Chairperson** Inside director (non-executive) **Number of Meetings** 11 in fiscal year 2023	**Composition** Two inside Audit & Supervisory Board members and three outside Audit & Supervisory Board members **Chairperson** Inside Audit & Supervisory Board member **Number of Meetings** 7 in fiscal year 2023	**Composition** Two outside directors and one inside director **Chairperson** Outside director **Number of Meetings** 11 in fiscal year 2023 **Deliberation Topics** Appointment and dismissal of corporate directors and the CEO, candidates of independent outside directors, status of successor development, other topics	**Composition** Two outside directors and one inside director **Chairperson** Outside director **Number of Meetings** 10 in fiscal year 2023 **Deliberation Topics** The policy and the system for compensation received by Corporate Directors and executive officers of the Group, individual compensation amounts for the Representative Directors, other topics

Committees on the Executive Side

Committee Name	Main Composition	Purpose	Meeting Frequency
Business Ethics Committee	Executive officers in charge Division general managers, General managers (GMs) Presidents of relevant companies	Verifies the status of practice in accordance with the Code of Ethics Proposes and supports training and educational programs relating to business ethics Confirms compliance promotion activities	Twice annually
Sustainability Committee	Executive officers in charge General managers Presidents of relevant companies	Considers and formulates sustainability-related policies Sets and manages sustainability goals (short-, medium- and long-term) Implements company-wide projects (the environment, human rights, RBA, etc.)	Twice annually
Risk Management Committee	Executive officers in charge Risk owners of individual risks Presidents of relevant companies	Performs and shares information on company-wide risk management Establishes systems and mechanisms to investigate and counter risk scenarios for individual risk items in collaboration with risk owners	Twice annually
Information Security Committee	Executive officers in charge Officers in charge at relevant companies	Spreads awareness of information security strategies and policies Shares information on information security planning and the current situation	Twice annually
Export Trade Control Committee	Executive officers in charge Presidents of relevant companies	Promotes export compliance activities	Annually

Learn more >

About Corporate Officers

As a leading company in the semiconductor production equipment industry, where technological innovation is rapid and market changes are active, we introduced our unique Corporate Officer system in June 2022 to further strengthen governance and implement quick decision-making agile operational execution. Corporate officers are the highest-level officers on the executive side within the Group; unlike executive officers, who have responsibility for particular areas, corporate officers have responsibility for the management of the entire company, taking the same perspective as the CEO. Corporate officers also attend Board of Directors meetings, where they give briefings on operational execution, to ensure that the Board of Directors is able to supervise the executive side in an appropriate manner, and that discussions at the Board of Directors meetings can be put to use appropriately and speedily in operational execution, in order to promote proactive management.

We have also established the Corporate Officers Meeting , the highest-ranking decision-making body on the executive side of the Group. Corporate Officers Meeting sessions are held once a month as a basic principle, with inside directors and inside audit & supervisory board members taking part in addition to six corporate officers; at the sessions, participants help to ensure agile operational execution by deliberating and making decisions on key items on the executive side, including those items for which authority has been delegated from the Board of Directors to the executive side.

Highest position on the executive side within the Group	Has responsibility not only over their own scope of execution but over the execution of management of the entire company, taking the same perspective as the CEO
Members of the Corporate Officers Meeting	Promote the appropriate delegation of responsibility to the executive side from the Board of Directors, to ensure prompt decision-making and agile operational execution
Attendance at Board of Directors meetings (without voting rights)	Utilizing the contents discussed at the Board of Directors meetings for appropriate and speedy operational execution, to ensure that the Board of Directors' highly effective supervisory functions can be harnessed to the full

Main Topics for the Board of Directors and Off-site Meetings

CEO	■ Reports on status of business execution by CEO (each meeting) ■ Sharing of CEO missions
Medium- to long-term growth strategies	■ Market environments over the medium to long term and our growth plans ■ Medium-term Management Plan and future growth strategies ■ Financial strategies/capital policy/human resource strategies ■ Business portfolio (establishment of new DSS BU) ■ Mergers with Group companies ■ Expansion and reinforcement of development and production facilities in Japan and overseas ■ Business innovation projects
Risk/Compliance	■ Improvement of risk management processes ■ Legal affairs and Compliance/Information Security ■ Procurement risks ■ Declarations of Partnership Building
Governance	■ Reports on Sustainability ■ Initiatives for diversity ■ Reports on investment in human capital and intellectual property activities ■ Reports on internal audits ■ Status of investment targets and cross-shareholdings ■ Status of IR activities ■ Status of the activities of the Nomination Committee and Compensation Committee ■ Status of progress of successor development plan ■ Closed session on evaluation of representative directors (members of the Board of Directors excluding the Representative Directors)

Off-site Meetings

In addition to the Board of Directors meetings, off-site meetings have been held on two occasions (September 2022 and March 2023), where medium- and long-term growth strategies, financial strategies, capital policy and human resource strategies have been discussed. In March, members also undertook an observation of the Miyagi Technology Innovation Center and other sites at Tokyo Electron Miyagi, where they developed a deeper understanding of the operations while also engaging in dialogue with employees on-site.

Observation of the Miyagi Technology Innovation Center

Establishment of the Director Compensation System

Basic Policy on Director Compensation

The TEL Group emphasizes the following points in its basic policies on compensation for corporate directors and Audit & Supervisory Board members.

1. Levels and plans for compensation to secure highly competent management personnel with global competitiveness
2. High linkage with business performance in the short term and medium-and-long term increase of corporate value aimed at sustainable growth
3. Securement of transparency and fairness in the decision process of compensation and appropriateness of compensation

Compensation Structure

Among corporate directors, compensation for inside directors consists of “fixed basic compensation,” “annual performance-linked compensation” and “medium-term performance-linked compensation.” Compensation for outside directors consisits of “fixed basic compensation” and “non-performance-linked compensation (stock-based compensation).”

Compensation for audit & supervisory board members consists solely of “fixed basic compensation,” in consideration of their role being primarily audit and supervision of management.

The following table sets out an overview of our policies and decision-making methods for each type of compensation.

Type of Compensation		Recipient			Overview of Compensation
		Inside Directors	Outside Directors	Audit & Supervisory	
Fixed Basic Compensation		○	○	○	■ Monthly compensation is determined within the limit of total fixed basic compensation, which has been resolved at the Meeting of Shareholders ■ For inside directors, amounts are determined according to the scale of job responsibilities by making reference to the job grade frameworks of an external expert organization (Willis Towers Watson)
Annual Performance-linked Compensation	Cash Bonuses	○	—	—	■ Amount to be paid is linked to business performance in each fiscal year, with a view to motivating recipients to contribute to improving the business performance in each fiscal year ■ Consists of cash bonuses and stock compensation-based stock options; the composition is roughly 1:1 ■ Specific amounts and the number of stock options granted shall be commensurate with the Company’s business performance and the results of individual performance evaluations in the relevant fiscal year (Indicators of the corporate business performance) Net income attributable to owners of parent and consolidated ROE are adopted, while the result of the comparison with the competitors in terms of operating margin and operating margin growth ratio is reflected on the amount of payment (Individual performance evaluation items) Includ contribution to short- and medium-term management strategy targets including ESG ■ Includ contribution to short- and medium-term management strategy targets including ESG
	Stock Compensation-based Stock Options	○	—	—	

					■ Stock compensation-based stock options are subject to a three-year exercise restriction period from the granting of rights, designed to motivate recipients to share a shareholder perspective while contributing to increasing corporate value over the medium to long term
Medium-term Performance-linked Compensation	**Performance Share (Stock-based Compensation)**	○	—	—	■ Paid to motivate recipients to contribute to medium- to long-term performance improvement ■ If the payout rate is 100%, the payment amount is set at around 30% to 100% of the fixed basic compensation, commensurate with the scale of job responsibilityies ■ The number of shares delivered is determined depending on the level of achievement of performance goals for the covered period (three fiscal years) ■ Consolidated operating margin and consolidated ROE are adopted as performance indicators
Non-performance-linked Compensation	**Restricted Stock Units (Stock-based Compensation)**	—	○	—	■ The remuneration system is designed to be more consistent with the expected role of giving advice to the management from the perspective for increasing corporate value over the medium- to long-term ■ Payment amounts is set at around 50% to 60% of the fixed basic compensation to ensure an adequate balance between cash compensation and stock-based compensation ■ The Company shares shall be delivered after the expiration of the applicable period (three fiscal years)

Calculation Method for Medium-term Performance-linked Compensation

Calculation indicators ❶ Indicator of profitability ➡ Consolidated operating margin ❷ Indicators to represent capital efficiency ➡ Consolidated ROE

Calculation formula 1 TEL share is allocated per point, in line with the share delivery points calculated by the following formula

Share delivery point = Reference points (set according to the scale of job responsibilities) × 70% × Consolidated operating margin attainment factor*

\+ Reference points (set according to the scale of job responsibilities) × 30% × Consolidated ROE attainment factor*

* Indicators evaluating the level of achievement of performance goals for the covered period (three fiscal years) are the actual values for consolidated operating margin and consolidated ROE respectively in the final fiscal year of the target period. The various factors are as follows, in line with the level of achievement of performance goals.
Plan for 2020/2021: Payout rate: Five levels (0%/50%/75%/100%/120%)
Plan for 2022: Payout rate: 0% or within the scope of 50%–120%

Evaluating the Effectiveness of the Board of Directors

Overview of Evaluations of Effectiveness

To further enhance our governance and the effectiveness of the Board of Directors, we have conducted annual evaluations of the effectiveness of the Board since fiscal year 2016 and have disclosed summaries of the results.

Since fiscal year 2019, we have used external experts as a third-party organization to verify the status of initiatives relating to issues identified in the preceding fiscal year, identify future issues and work toward continuous improvement.

Evaluation of the Effectiveness of the Board of Directors for Fiscal Year 2023

- **Scope of Evaluation**
  - Board of Directors Overall (including details of the activities of the Nomination Committee and Compensation Committee)
- **Process**

- **Evaluation Items**
  - The main evaluation items for evaluating effectiveness are as follows.

- Overall evaluation
- Composition of the Board of Directors
- Preparation in advance of Board of Directors
- Board of Directors operations
- Deliberations by the Board of Directors
- Roles and operational status of the Nomination Committee and Compensation Committee
- Roles of Audit & Supervisory Board members
- Corporate Officer system

- **Initiatives for Issues Identified in Evaluations of Effectiveness in the previous fiscal year**

1. Clarification of roles and decision-making authority between the executive side and the Board of Directors
   - Introduce a Corporate Officer system, and establish Corporate Officers Meetings
   - Revise the criteria for resolutions of the Board of Directors, and delegate a portion of the matters to be resolved to the Corporate Officers Meeting
   - Corporate officers attend every meeting of the Board of Directors, and give briefings on the contents of any deliberations at the Corporate Officers Meeting and important matters relatedto the execution of business operations
   - At off-site meetings, conduct a review following the introduction of the Corporate Officer system and confirm the issues to be considered going forward
2. Continuous deliberations to realize medium to long term growth and ongoing improvements to corporate value
   - Have the CEO made reports continuously to the Board of Directors on the medium to long term growth strategies, including the progress of the Medium term Management Plan.
   - Hold off-site meetings on two occasions, with discussions of key measures for accomplishing the Medium term Management Plan and their roadmaps, as well as topics of importance in the medium to long term, including strategies such as diversity and other human resources strategies, capital policy, and risk management.
   - Have BUGMs (Business Unit General Managers) attend the off-site meetings, and exchange opinions with outside directors and outside Audit & Supervisory Board members on the status of operations executed with a view to achieving medium to long term growth strategies.
3. Have information be shared between members of the Board of Directors, and discretionary committees
   - Have the Nomination Committee report to the Board of Directors regarding the status of its specific activities, including the progress of discussions regarding the succession plan and how to proceed going forward.
   - Hold meetings outside of the Board of Directors to exchange information between the Chairman of the Board of Directors and outside directors and outside Audit &Supervisory Board members.

Overview of Fiscal Year 2023 Evaluation Results

The Company's Board of Directors believes that the Board of Directors is very effectively ensuring that the key roles and obligations of the Board of Directors are being fulfilled, namely, "establishing management strategy and vision," "making major operational decisions based on strategic direction," and "engaging in constructive, open minded debate" as prescribed in the TEL Corporate Governance Guidelines, and that the Board, including the Nomination Committee and the Compensation Committee are functioning effectively. The results of the analyses and evaluations performed by the external experts also confirmed that the Company's Board of Directors is functioning effectively, supported by its strengths such as "non-hierarchical, open and natural discussion," "agile execution," and "drive in execution and unity of the management." On the other hand, based on the analysis and evaluation results of external experts, the Board of Directors shared the intention to further enhance strategic discussions with a view to the future business environment from a longer term perspective as the importance of semiconductors increases.

Future Initiatives

Aiming to become the top company globally in the medium to long term we will continue to work on each of the following matters to further strengthen the supervisory function of the Board of Directors and the management and execution functions of the executive side and will further enhance its effectiveness by regularly reviewing its progress.

- The company will systematically set agendas in line with medium to long term strategies and issues for growth, and will enhance discussions from a long term perspective
- The company will enhance the effectiveness of the Corporate Officers Meeting, the highest decision making authority on the executive side
- The company will conduct an analysis of the decision making of the Board of Directors, clarify the points of deliberation, and enhance opportunities for sharing information with outside directors and outside Audit & Supervisory Board members on occasions other than board meetings and off site meetings

Skills Matrix

We define "Product Competitiveness," "Customer Responsiveness," "Higher Productivity" and "Management Foundation," which supports our overall business activities, as material issues.

We will achieve the medium-term goals in each material issue and realize expanding medium- to long-term profit and continuous corporate value enhancement through each Corporate Director and Audit & Supervisory Board Member, who have demonstrated their skills in Global Business, Governance, Sustainability, and others listed below as determined by the Nomination Committee and the Board of Directors.

	Name			Expected Skills					
				Corporate Management	Semiconductor Markets	Manufacturing/ Development	Sales/Marketing	Finance, Accounting/ Engagement with Capital Markets	Legal Affairs/ Risk Management
Corporate Directors	Toshiki Kawai	Re-appointed		●	●	●	●		
	Sadao Sasaki	Re-appointed		●	●	●	●		
	Yoshikazu Nunokawa	Re-appointed			●	●	●	●	
	Michio Sasaki	Re-appointed	Outside	●		●	●		
	Makiko Eda	Re-appointed	Outside	●	●		●		
	Sachiko Ichikawa	Re-appointed	Outside					●	●
Audit & Supervisory Board Members	Kazushi Tahara	Re-appointed		●	●	●	●		
	Yutaka Nanasawa	Newly appointed			●			●	
	Kyosuke Wagai		Outside					●	●
	Masataka Hama		Outside	●				●	
	Ryota Miura		Outside						●

Definition of Expected Skills

Corporate Management	Experience of corporate management (experience serving as a representative director or chairman/president)
Semiconductor Markets	Knowledge of semiconductor markets
Manufacturing/Development	Knowledge/experience in manufacturing and development at TEL and other manufacturers
Sales/Marketing	Knowledge/experience in sales and marketing at TEL and other manufacturers
Finance, Accounting/Engagement with Capital Markets	Knowledge in financial accounting and M&A, or knowledge/experience in engagement with capital markets
Legal Affairs/Risk Management	Knowledge of legal affairs, compliance, and risk management

Diversity of Board Members

Expected Skills of Corporate Directors and Audit & Supervisory Board Members

Independence and Diversity of Corporate Directors

Engagement with Capital Markets

Our management actively engages in IR (investor relations) and SR (shareholder relations) activities to contribute to our sustainable growth and increase corporate value over the medium to long term. In terms of IR activities, the CEO and each company's executive appear at quarterly financial announcement and Medium-term Management Plan briefings to share our business strategies and growth story. We have also established the IR department under the direct control of the CEO to enable deeper discussions with our investors. As a part of our SR activities, company executives play a central role in constructive dialogue with our major investors and proxy advisory firms. In addition to explaining the Shareholders' Meeting agenda in advance, we engage in repeated dialogue throughout the year on a wide range of topics including corporate governance, our policies about sustainability-related initiatives, the environment, human rights, and diversity and deepen mutual understanding. Opinions gathered from dialogues with investors are regularly reported to management and the Board of Directors.

Engagement with Capital Markets	IR activities	■ Individual meetings for institutional investors: 624 times*; overseas IR road shows: 3 times*
Provision of Information	Financial announcement Medium-term Management Plan announcements	■ Broadcasting using simultaneous interpretation and subtitles ■ Broadcasting of archives from announcements/conferences within one business day; disclosure of Q&A within two business days
	Shareholder's meeting	■ Posting of convocation notices on the website and dispatch of convocation notices at an early stage
Disclosure	IR-related	■ Consolidated Financial Statements, Integrated Report, Fact Book (each once per year) ■ Quarterly Report, Earnings Release, Financial Announcement Materials, Corporate Update (each 4 times/year)

* Fiscal year 2023

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Risk Management

Approach to Risk Management

Risk Management System

Risk Management Initiatives

Approach to Risk Management

Tokyo Electron is building and developing a risk management system to respond appropriately and promptly to risks that are growing increasingly complex and diverse as society and the business environment change. We identify cross-division and comprehensive risks across the entire Group to build a solid financial foundation based on the Medium-term Management Plan that is competitive globally. We make decisions and supervise particularly material risks at the Corporate Officers Meeting and the Board of Directors, and implement countermeasures without fail alongside each of the Group companies and related departments.

We believe accurately understanding the risks and impacts that we may face in our businesses with an eye on the future, viewing them as opportunities for business growth and appropriately addressing them are essential to sustainable growth as a company that is trusted by society.

Learn more >

Risk Management System

We have established the organization to oversee the entire Group at our headquarters and carry out enterprise risk management*1 to promote more effective risk management. This organization, together with the respective departments responsible for each operation, comprehensively identifies a wide range of risks associated with our business activities, such as compliance, human resource, labor and business continuity, and classifies those with high impact and probability as our material risks.

In addition, we strive to improve the effectiveness of risk management through measures such as regular education and training programs for management and employees to raise Group-wide risk awareness, formulating and monitoring the implementation of measures to reduce material risks, and reinforcing the PDCA cycle through discussions at major internal meetings. Specifically, we review the response status of the executive department and each of the Group companies regarding the identified material risks at the BUGM meeting, quarterly review meeting and the CSS, etc., and decide a response policy at the Corporate Officers Meeting. We ensure the operating rhythm of this procedure and also report periodically to the Board of Directors.

Additionally, we are also continuing to focus on the revision and operational improvement of our BCP for the entire Group, and we regularly conduct BCP drills and disaster drills for all employees to foster the practical ability to ensure the continuation of business operations in the event of an emergency.

Starting in fiscal year 2023, we are promoting further DX in our risk management activities by introducing GRC tools*2 that utilize digital technology. It is now possible to visualize the assessment of and countermeasures against risks across the entire Group, as well as to synchronize the information among risk owners and departments in charge of each risk on a global and cross-sectional basis through the use of these tools.

To continue practicing autonomous and highly effective risk management, we will develop group-wide activities for each risk owner to further strengthen risk management for the 12 risk items that we have defined.

*1 Enterprise risk management: Group-wide systems and processes related to risk management activities

*2 GRC tools: A system that contributes to managerial decision-making in a timely manner by systematically organizing multi-layered and complex corporate management functions and management information collected through the integration of governance, risk and compliance (GRC) measures related to corporate activities

Risk Management Initiatives

We have begun to address emerging risks from a medium- to long-term perspective, going a step further than its conventional approach of assessing the current risk management state, identifying known and unknown risks that may surround the company in the future and examining mitigation measures. In fiscal year 2023, the 12 risks identified to date were reviewed and reevaluated from the perspective of their potential to have a significant impact on our operating results, financial condition and cash flow. We then pushed forward risk management initiatives for each identified risk even further.

Item	Main Potential Risks	Main Risk Management Initiatives
1.Market Fluctuations	■ A rapid contraction of the semiconductor market could lead to overproduction or an increase in dead inventory ■ A sharp increase in demand could lead to an inability to supply customers with products in a timely manner, resulting in lost opportunities	■ Periodically review market conditions and orders received at the Board of Directors and other important meetings, and appropriately adjust capital investments, personnel/inventory planning and other aspects of business ■ The Account Sales Division and the Global Sales Division strengthen the sales framework and customer base by grasping investment trends of customers and responding to a wide range of customer needs
2.Research and Development	■ Delays in the launch of new products or the mismatch of such products with customer needs could lead to a decline in the competitiveness of products	■ Establish the Corporate Innovation Division and build a Group-wide development framework that integrates innovative technology development with the technologies of each development division ■ Provide highly competitive next-generation products ahead of competitors by collaborating with research institutions and sharing a technology roadmap spanning multiple generations with leading-edge customers
3.Geopolitics	■ Geopolitical tensions could undermine the international order and global macroeconomic conditions, affecting national and regional security, foreign, industrial or environmental policy. This could in turn lead to supply chain disruptions or deterioration of the macroeconomic environment, restricting the Company's ability to operate business	■ Carefully monitor the international situation as well as the diplomatic and security measures and industrial policy trends in each country and region ■ Anticipate the impact of macroeconomic fluctuations and regulations related to product imports/exports or technological development on the Company's business and consider countermeasures in advance
4.Procurement, Production and Supply	■ Interruptions in the Company's production due to a natural disaster or delays in component procurement due to deterioration in the business conditions of a supplier or an increase in demand that exceeds the supplier's supply capacity could lead to delays in the supply of products to customers	■ Formulate business continuity plans (BCP), develop alternate production capabilities, promote the seismic reinforcement of plants, standardize production, enhance the backup capabilities for information systems, use multiple sources of important parts, and maintain appropriate inventory levels ■ Share forecasts based on demand projections for semiconductors with suppliers and build a system for the stable supply of products

5.Safety	■ Safety problems with the Company's products or serious accidents resulting in workplace injuries could lead to damage to customers, liability for damages and a decline in public trust and confidence in the Company's safety initiatives	■ Based on the "Safety First" approach, implement inherently safe design with an awareness of risk reduction at the product development stage ■ Implement company-wide efforts such as promoting safety education tailored to each employee's job and developing an incident reporting system
6.Quality	■ The occurrence of a product defect could lead to liability for damages, costs for countermeasures and a decline in the Group's brand and credibility	■ Promote continuous education on quality to employees and suppliers to establish a quality assurance system and a world-class service system ■ Resolve technical issues from the product development and design stage ■ Thoroughly investigate the cause of any defects and implement measures to prevent the same or similar defects from occurring ■ Monitor the quality status of suppliers, conduct audits and provide support for improvement
7.Environmental Issues	■ The inability to respond appropriately to each country's climate change policies, environmental laws and regulations, and customer needs could lead to additional related costs such as for developing new products or changing specifications, as well as to reduced product competitiveness and diminished public confidence in the Company	■ To achieve medium- to long-term environmental goals that include the net zero target, implement measures such as reducing greenhouse gas emissions from the use of our products, increasing the rate of renewable energy usage at plants and offices, reducing overall power consumption, reviewing packaging materials, and promoting a modal shift ■ Provide technologies, etc., that contribute to higher performance and energy efficiency of semiconductor devices through implementation of our E-COMPASS initiative
8.Laws and Regulations	■ Violations of the laws and regulations of the countries and regions where the Company operates could lead to diminished public confidence in the Company, fines, liability for damages or restrictions on business activities	■ Monitor compliance activities at key sites in and outside Japan under the direction of the Chief Compliance Officer ■ Have assessments conducted by external experts and report identified issues to the CEO, the Board of Directors and the Audit & Supervisory Board for swift and effective action
9.Intellectual Property Rights	■ The inability to obtain exclusive rights to proprietary technologies could lead to reduced product competitiveness ■ Infringement of the intellectual property rights of third parties could lead to restrictions on the production and sale of products as well as liability for damages	■ Advance the intellectual property strategy, business strategy and R&D strategy in an integrated manner to build an appropriate intellectual property portfolio ■ Reduce the risk of infringement of other companies' patents by continuously monitoring other companies' patents and establishing a system to take appropriate measures in cooperation with the business and R&D departments
10.Information Security	■ Breaches of information or the suspension of services due to unauthorized access by cyberattack against the Company or suppliers, natural disasters or other factors could lead to diminished public confidence in the Company or liability for damages	■ Launch a dedicated security organization and establish an information security system that conforms to international standards by having security assessments conducted by external experts, etc. ■ Establish globally standardized rules and regulations for information management and implement response guidelines
11.Human Resources	■ The inability to recruit and retain necessary human resources on an ongoing basis or the inability to create an environment where people with diverse values and expertise can play an active role could lead to diminished	■ Make continuous improvements to work environments and promote diverse work styles as well as health and productivity management (e.g., sharing our visions by management, establishing training plans for human resource who will lead the

	product development capability or customer support quality	future, visualizing career paths for employees and offering attractive remuneration and benefits)
12.Other Risks Such as Infectious Diseases and Natural Disasters	■ The global and regional political landscape, economic environment, financial and stock markets, foreign exchange fluctuations, infectious diseases and natural disasters such as earthquakes, windstorms and floods, among other factors, could cause the Company's business activities to stagnate and the global economy to deteriorate	■ Take appropriate measures against such risks ■ In case of a potential impact on the continuation of the business, establish an Emergency Task Force headed by the CEO and implement measures to minimize the impact

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Information Security

Approach to Information Security

Main Activities

Approach to Information Security

As the data-driven society advances and the importance of information security increases, we aim to achieve both data utilization and information security by promoting digital transformation and other measures. We are working with our suppliers to promote ongoing measures to protect the entire supply chain from the risk of cyberattacks that could target Tokyo Electron.

Main Activities

Information Security Systems

The Vice President and General Manager, Information Security, run the Security Committee and implement measures on a global scale. We hold the TEL Group Information Security Committee twice a year, and Information Security Committees at each company more than twice a year

Security at Manufacturing Sites

We implement security measures at each manufacturing site to ensure that the manufacturing systems that support our business activities are operating safely and stably while maintaining QCD*.
We are also working to ensure information security in our products as one of our services and as part of the quality that is required to meet our customers' expectations.

* QCD: Quality, Cost, Delivery

Information Security Management

We regularly verify and revise our global information security regulations, and conduct information security education twice a year and phishing email training every month for all executives and employees. We also hold seminars for management twice a year to share the latest situation on information security, including cyber security. In addition, we implement risk assessments and internal audits for each department of the entire Company, evaluate risks and undertake improvement activities for technological, human, organizational and physical security measures.

Supply Chain Security

We respond to customer requests for security and work with our suppliers to visualize, evaluate and improve their security situations, to ensure that confidential information and information on our customers and suppliers that is shared in the course of business activities can be used safely without a loss of convenience.

Responses to Security Threats

We have proactively introduced advanced technology and established a dedicated security organization, and are operating a robust monitoring system, to respond to security threats such as cyberattacks (including ransomware) and information leaks.

Increasing Resilience

We operate a system that can detect the occurrence of security incidents, and have structures in place that aim to respond to issues and recover systems swiftly. We also carry out incident response training for the entire Company, including management, and confirm pre-determined procedures to ensure that impacts on operations and on customers will be minimized even in the event of operations being disrupted by an incident. We also implement a penetration test* for systems-related aspects twice a year and are developing improvement activities on an ongoing basis.

* Penetration test: A test method for verifying vulnerabilities in networks, PCs, servers and systems.

Overview of Information Security

Learn more >

Compliance

Approach to Compliance

To practice our Corporate Philosophy, it is vital that each employee performs their daily duties with strong interest in and a deep understanding of compliance. We established “Tokyo Electron Group Code of Ethics” as a code of conduct to ensure that our employees are aware of the risks around them and conduct themselves appropriately. We have built a global system that can directly raise questions and concerns about compliance and business ethics to quickly address potential problems.

Learn more

Compliance System

In order to effectively promote a compliance program that is expected of a global company, we have appointed a Chief Compliance Officer (CCO) and established a dedicated Compliance Department at our headquarters. We have also appointed Regional Compliance Heads at key overseas sites, and have established a framework for direct reporting to the CCO and Compliance Department.

Compliance Initiatives

Business Ethics and Compliance

We have formulated “Tokyo Electron Group Code of Ethics” as a code of conduct for all executives and employees and established the Business Ethics Committee, and are working to promote business ethics and compliance more effectively and ensure that these permeate the entire Group.
We have set up the Disciplinary Committee as a subordinate organization of the Business Ethics Committee to ensure the implementation of reasonable and appropriate disciplinary action and proper procedures. In addition, through regular meetings with each of the Group companies, we discuss and implement measures to promote compliance.

We have also set up an award system for employees who have engaged in particularly excellent activities relating to business ethics and compliance, to raise awareness within the Group and fostering a compliance-oriented culture.

Initiatives for Anti-Bribery and Corruption and for Competition Laws

We have globally established the Basic Policy on the Prevention of Bribery and Corruption and the Guidelines for Gift, Hospitality and Entertainment in the area of anti-bribery and corruption, and the Basic Policy on Competition Law Compliance and Guidelines in the area of competition laws. In order to prevent violations, we regularly provide training to promote understanding of these Policies and Guidelines and ensure their permeation throughout the entire Group.

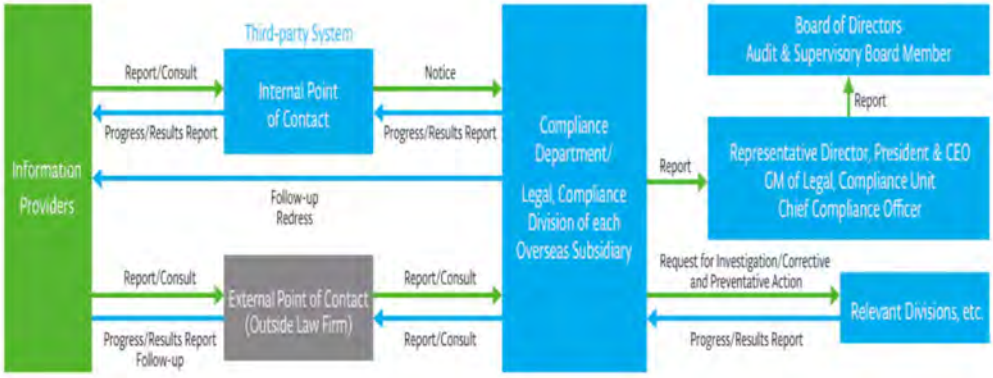
Internal Reporting System

We have established an internal reporting system that ensures complete confidentiality, anonymity and the prohibition of retribution and unfavorable treatment, so that employees can safely and in peace of mind provide information and seek redress outside the chain of command about behavior that is, or may be, in violation of laws, regulations or business ethics. In addition, the introduction of an internal leniency system, whereby any disciplinary action may be reduced or exempted in the event that the employee involved in a compliance violation has made a report or sought advice on their own volition, is encouraging employees to proactively provide information and is leading to problems being discovered and resolved at earlier stages.

As part of this internal reporting system, we have established and are operating the Tokyo Electron Group Ethics & Compliance Hotline—a global common internal point of contact that uses a third-party system and is also accessible to our suppliers and retirees—as well as an external point of contact that allows direct consultation with an outside law firm.
The internal point of contact can be accessed via phone or a dedicated website 24 hours a day, 365 days a year, and accommodates all languages used by employees.

Reports and consultations received via these points of contact are handled with sincerity and investigations are undertaken in accordance with internal regulations. If a compliance violation is found, disciplinary actions in accordance with the Rules of Employment, corrective measures such as improvements to the workplace environment and preventive measures are implemented as necessary.

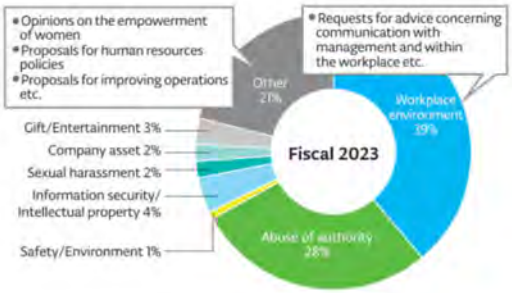
Global Response to Internal Reports



In fiscal year 2023, a total of 130 reports and consultations were received via the internal reporting system, of which 19 were recognized as compliance violations. The reports and consultations were primarily related to harassment and the workplace environment. Based on this result, we have conducted regular education programs for our employees with the goal of preventing harassment and have provided thorough follow-up with those concerned or involved. In fiscal year 2023, the COO carried out compliance training for managers, which included coverage of prevention of harassment and the importance of establishing an appropriate workplace environment.

There were no reports or cases of violations of laws/regulations in our operations that could have had a serious impact on our business or on local communities.

Breakdown of Consultation/Report Contents



Corporate Governance

Risk Management

Information Security

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Human Rights

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Human Rights

Approach to Human Rights

We at Tokyo Electron are conscious of our corporate social responsibility, and we recognize that it is important to conduct ourselves with a strong sense of integrity. Based on this recognition, we have firmly upheld human rights since our founding, as reflected in the spirit of our Corporate Philosophy and Management Policies. For us, respecting human rights means a significant undertaking, not only to fulfill our responsibility for eliminating adverse impacts on people caused by business activities but also to respect those people who support our business activities, and contribute to the realization of a sustainable, dream-inspiring society. We incorporate the concept of respect into every aspect of our business activities, and strive to nurture a dynamic corporate culture where each person can realize their full potential.

- Tokyo Electron Group Human Rights Policy +
- 東京エレクトロングループ人権方針 +
- Tokyo Electron Group 인권 방침 +
- Tokyo Electron Group人权方针 +
- Tokyo Electron Group人權方針 +
- Chính sách về nhân quyền của Tập đoàn Tokyo Electron +

UK Modern Slavery Act Statement for FY2024

UK Modern Slavery Act Statement for FY2024 (267KB) PDF

CTPAT Forced Labor Policy Statement

CTPAT Forced Labor Policy Statement (85KB) PDF

Human Rights Initiatives

Human Rights Initiatives

Revision of our Human Rights Policy and the Promotion Framework for Respect for Human Rights

In 2017, we summarized our approach to human rights in our Human Rights Policy, referring to the United Nations' Guiding Principles on Business and Human Rights and the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work referred to therein, the Ten Principles of the United Nations Global Compact, and the RBA Code of Conduct*.

Our Human Rights Policy specifies five focus areas: Freedom, Equality & Non-Discrimination; Freely Chosen Employment; Product Safety & Workplace Health and Safety; Freedom of Association; and Appropriate Working Hours & Breaks/Holidays/Vacations.

In April 2023, we revised our Tokyo Electron Group Human Rights Policy in order to reflect the actual status of our initiatives, adding "Governance" and "Grievance Mechanisms" as new items and reviewing existing contents.

The implementation of initiatives based on this Policy is deliberated at the Sustainability Committee, and approved at the Corporate Officers Meeting attended by the CEO. The executive officers in charge of sustainability report on these initiatives at the Board of Directors, with the Board undertaking supervision.

We are working to disseminate this Policy not only among our executives and employees but also among our suppliers, and are providing online education about human rights.

* RBA Code of Conduct: A set of standards established by the RBA (Responsible Business Alliance) for supply chains in the electronics industry, to ensure that labor environments are safe, that workers are treated with respect and dignity, and that companies take responsibility for the environmental impacts of manufacturing processes

Initiatives which Align with the United Nations' Guiding Principles on Business and Human Rights

Promoting Human Rights Due Diligence

We conduct human rights due diligence annually to identify human rights risks and develop corrective actions. In fiscal year 2023, we conducted a survey based on RBA auditing standards of 12 Group companies in Japan and overseas and approximately 680 business partners involved in materials, staffing, customs services, packaging, etc.

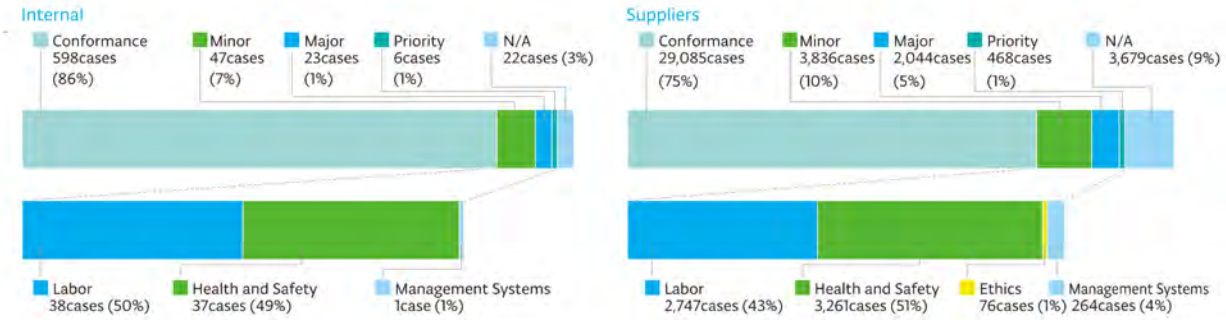
Consequently, potential/actual risks were found in 11% of our Group companies and 16% of suppliers, with labor- and health and safety-related risks comprising the majority of the risk breakdown.

We conduct analysis of each of these identified risks and provide individual feedback to each of our Group sites and suppliers, requesting to discuss the impact of these risks and conduct corrective actions to reduce them, while we confirm the progress and effectiveness of such corrective actions through periodic monitoring.

These corrective actions include formulating policies and procedures of various kinds, providing employees with notifications and explanations of employment terms, reinforcing management of working hours, implementing evacuation drills and the like.

In addition, no risks were found in connection with child labor, forced labor or bonded labor in the outcomes of this survey.

Number and Percentages of Conformance and Potential/Actual Risks (Priority/Major/Minor)*



* Our classifications and definitions of conformance as well as potential/actual risks based on RBA auditing standards are as follows.

Priority: Issues considered particularly serious, which are at significant risk and require immediate priority remediation

Major: High-urgency issues which are at significant risk and require immediate remediation

Minor: Minor issues and risks recognized in each area which require remediation

Conformance: No issues were recognized in each area and requirements are being met

N/A: Indicates that "listed options do not resemble actual circumstances, or that the question is not applicable."

Main Items Where Potential/Actual Risks Regarding Human Rights Due Diligence are Recognized and Responses are Underway

Main Contents		Internal	Suppliers
Labor	Policies/procedures on forced labor/bonded labor/child labor		☑
	Advance notifications and explanations of employment terms	☑	☑
	Retention of personal identification documents by the company	☑	
	Working hours	☑	☑
	Consecutive working days		☑
	Policies and procedures prohibiting disciplinary wage deductions		☑
	Policies and procedures for religious practices	☑	☑
	Policies and procedures for freedom of association	☑	☑
	Respect for the right to peaceful assembly	☑	☑
Health and safety	Policies and risk assessment for pregnant workers/nursing mothers	☑	
	Access to emergency exit, inspection of emergency lighting fixtures guide lights, emergency lighting signs		☑
	Implementation of evacuation drills including nighttime, corrective actions of any issues that are detected	☑	☑
	Formation and training of emergency response team		☑
	Deployment of first aid personnel		☑
	Adequate first aid kits in place	☑	
	Identification and management of physically demanding work		☑
	Awareness and training on health and safety, and mechanisms for workers to express concerns about safety		☑
Management systems	Establishment and execution of complaint-handling mechanism		☑

Grievance mechanism

We recognize the importance of having highly effective grievance mechanisms related to human rights issues and have established a reporting systems with a high level of confidentiality for Group employees and our suppliers and all other stakeholders in Japan and overseas. We have established and are operating an internal point of contact that can be accessed 24 hours a day, 365 days a year and accommodates multiple languages, as well as an external point of contact that allows direct consultation with an outside law firm. Through these measures, we have developed a grievance mechanism that is able to deal reliably with grievances which could have negative impacts on human rights.
Going forward, we will proactively roll out human rights-related initiatives based on a high level of ethics, and will continue working to mitigate human rights risks and address grievances within ourselves and across the supply chain.

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Health

Approach to Health

Health and Productivity Management

Systems and Initiatives for Health

Approach to Health

So that employees can realize a fulfilling life's work, and at the same time, contribute to the advancement of Tokyo Electron's business by harnessing their full capacity, it is important that each and every employee can maintain their health and dynamism while at work. By putting systems in place, we have built an environment where employees can work with peace of mind. We also believe that to maintain health, it is important that employees are aware of their own state of health and take self-directed steps for improving it. Based on our wellness declaration announced in February 2012, we have conducted a number of ongoing initiatives to support employees in this pursuit.

Health and Productivity Management

For Tokyo Electron to continue to grow, it is important for every employee to lead a fulfilling life and maximize their performance. Based on the understanding that our employees are the driving force of our business, we strive to create a healthy and safe work environment.

Besides conducting various medical checkups in accordance with the law, we offer face-to-face consultations by designated occupational health physicians for employees who work long hours. We also offer counseling opportunities supported by external industrial counselors for those who request them.

Furthermore, we are organizing regular line-care*1 seminars aimed at management, and, where necessary, holding liaison meetings with the health officers and health professionals at each Group company in Japan. Based on the collaborative health*2 concept, in cooperation with the Tokyo Electron Health Insurance Society, we are actively expanding data health*3 initiatives, providing employees health guidance and effective prevention and health promotion according to their individual circumstances while utilizing the examination data from medical checkups.

As a result of these efforts, the percentage of employees receiving specific health guidance*4 has increased, improving the health consciousness of the employees. Furthermore, the entire Group in Japan has collectively received recognition as top 500 companies under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program*5 for the fourth consecutive year from fiscal year 2020.

We will continue to promote various initiatives at the global level to maintain and improve our employees' health.

*1 Line-care: A workplace measure for mental health, in which managers and supervisors take a lead role in responding to requests by workers for advice, with the aim of improving the workplace environment

*2 Collaborative health: Situation where a company actively cooperates with an insurer, such as a health insurance society, to effectively and efficiently promote the health of its employees and their families

*3 Data health: Refers to a more effective and efficient health care program that is implemented in line with the health status of insured persons, by utilizing and analyzing the health and medical information held electronically by the medical insurer

*4 Specific health guidance: Health guidance provided for reducing the number of people with metabolic syndrome (visceral fat syndrome) or at risk of metabolic syndrome, and for the early detection and early treatment of lifestyle diseases and cancer, etc.

*5 Certified Health & Productivity Management Outstanding Organizations Recognition Program: The program publicly recognizes particularly outstanding organizations that are practicing health-oriented business management, based on initiatives attuned to local health-related challenges and on health-promotion initiatives led by the Nippon Kenko Kaigi.

Health and Productivity Management Promotion Roadmap

Changes in major items over time	FY2022	FY2023
Annual paid leave utilization rate	64.6%	70.0%
Number of people taking refreshment leave	512	1,731
Specific health guidance implementation rate*1	43.7% (FY2021)	52.7% (FY2022)
Percentage of employees on leave (Calculated the percentage of people on long-term leave of one month or more, including physical and mental ones)	1.8%	1.8%
Participation status in measures related to women's health issues	12.0%	12.5%
Percentage of employees who smoke	22.0%	22.4%
Number of registrants and percentage of registrants on Healthcare Platform*2	—	8,697 (95.0%)
Monthly average active user percentage on Healthcare Platform	48.7%	46.0%

*1 Since the year of calculation is different from the health insurance association, the year of calculation is shown in parentheses.

*2 Calculated from FY2023

Systems and Initiatives for Health

Support systems for health

We have built systems that are mindful of employee health. Besides conducting various medical checkups in accordance with the law, we also offer face-to-face consultations by doctors for employees who work long hours. We have also set up health help desks supported by doctors so that employees and their families can seek advice if they have any health concerns. We also offer counselling services supported by external industrial counselors if requested by an employee. Regular “line-care” seminars are also held, targeted at line managers.

Stress Checks

Within Japan, we have implemented comprehensive measures for mental health. Using a questionnaire recommended by the Ministry of Health, Labour and Welfare, employees complete a stress check once a year, and if determined to be under high stress, they are put in contact with a public health nurse or occupational health physician for in-depth face-to-face support. During fiscal year 2018, the stress check was taken by 92.7% of employees in Japan.

Self-care Platform

We have introduced the Pep Up personal healthcare platform, enabling employees to get healthier by monitoring their own state of health. The platform allows employees to easily check the results of their medical checkups, and to record their daily health management data, such as weight, blood pressure and body fat ratio. Other functions of Pep Up include offering employees information and suggesting activities suited to their state of health. Health age* is also displayed, incentivizing employees to improve their own health.

* Health age: An indicator showing risk of lifestyle diseases, calculated based on the results of an employee’s medical checkup. The difference in years with the employee’s actual age is displayed, helping them understand their equivalent age in terms of their health conditions.

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Safety

Our Approach to Safety and Health

Tokyo Electron Group performs a range of business activities including development, manufacturing, transportation, installation, and maintenance with the highest priority on the safety and health of all personnel from top management to frontline staff and makes proactive and continuous improvements to enhance safety and promote good health.

Safety Policy +

Framework +

Incident Reporting System

Initiatives to Safety

Incident Reporting System

In the event of an incident, we operate the TEL Incident Report System (TIRS) to quickly share information with all parties involved and follow up with the relevant department to confirm the incident response as well as to implement measures to prevent reoccurrence. Through the operation of this system, we will continue to strive for speedy information sharing and incident response.

Initiatives to Safety

On-site Safety Patrols

We conduct monthly health and safety committee meetings by representatives of employees at each plant and office to discuss measures for any workplace safety or employee health issues and to conduct safety patrols. In addition, at least once a month, a representative from each department conducts safety patrols at manufacturing sites to establish a system to solve problems on their own initiative.

Risk Assessment and Stop Work Authority

Before we start to work , the work details and the risks are shared with all workers involved, and they each increase their safety awareness in an effort to prevent incidents. In addition, effort is also being directed to providing guidance to safety managers as well as making workers stop work and take corrective action in the event of an unforeseen incident while on the job.

Safety Education

In addition, we are implementing two education programs globally for the establishment of safe work environments.

Basic Safety Education

Basic safety education is basic safety training targeting all employees. It is provided as introductory training for new hires, and thereafter, employees are required to take refresher training once every three years.

Advanced Safety Education

Advanced safety education is a more specialized type of safety training targeted at workers on production lines and in cleanrooms. Those who are eligible for this training are required to take refresher training every year. For overseas transferees, the laws and regulations in their previous and future places of employment are compared, and additional safety education is added as necessary.

Also, to ensure the concept of safe equipment design permeates from design, manufacture and service operations, we hold a semiannual safe equipment design* seminar at our manufacturing sites in Japan, inviting an external guest to speak. We also promote our initiatives to prevent incidents, by providing our suppliers and customers with safety information as circumstances demand. As a result of having maintained a high priority on creating safe work environments, TCIR has been maintained at less than the goal of 0.50, with 0.30 in fiscal year 2023.

TCIR
0.33

* Safe equipment design: Refer to Safe Design of Equipment

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Human Resource

Approach to Human Resource management

We believe that our corporate growth are enabled by people, and our employees we create and fulfill company values. Based on this approach, we practice motivation-oriented management. We actively invest in our employees and implement a variety of measures while also providing many opportunities for employees to challenge themselves to achieve high-level goals by making the most of their individual potential.
These initiatives have led to continuous improvement of employee engagement scores and the maintenance of high retention rates. This has also helped us earn the trust of our customers by ensuring reliable technology.
Our global uniform human resource platform discloses information such as job duties and career opportunities to all employees. Through this, we are implementing autonomous career development and visualizing career paths.
In addition, to promote career development, we are investing in capability development through TEL UNIVERSITY*. Furthermore, we differentiate employee evaluations based on Company performance as well as employee's individual responsibilities and contributions to the Company. Through this, we achieve fair and competitive global level compensation while striving to attract and retain the best human resources.

* TEL UNIVERSITY: Refer to Human Resource Concept at TEL UNIVERSITY An in-house education platform that helps employees independently build their careers and realize their personal goals for their growth and development

Personnel Policy +

Framework +

Employee Engagement
Diversity, Equity and Inclusion
TEL Values
Human Resource Development
Work-life Balance

Employee Engagement

Improving employee engagement is essential to maximize corporate performance and achieve sustainable growth. Recognizing that employees both create and fulfill company values for us, we have been regularly conducting engagement surveys since fiscal year 2016 to assess the current state of employee engagement and identify issues.

Based on the results of these surveys and on employee feedback, we endeavor to establish better workplace environments; at the same time, we are working to foster a better corporate culture that empowers all our employees to maximize their abilities in an open-minded environment, to engage energetically with their work and to participate in constructive discussions and exchanges of opinions.

Examples of our measures include ensuring continued messages from the management; increasing opportunities for direct dialogue between management and employees on the current state of the company and its future; and providing training aimed at increasing employee awareness of safety, quality, compliance and other foundational management principles.

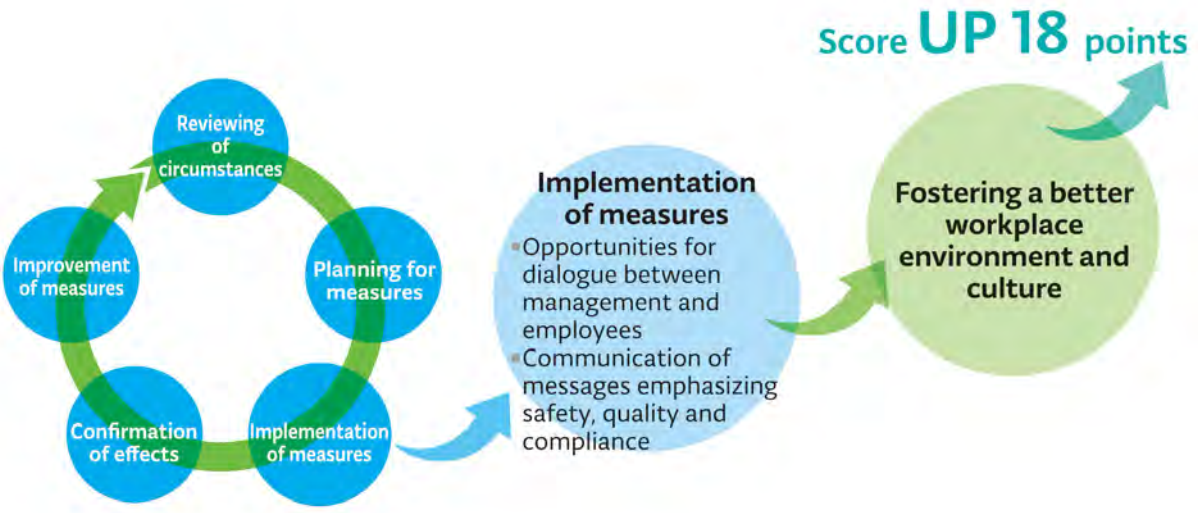
As a result of these initiatives, employee engagement scores improved in nearly all Group companies in Japan and overseas subsidiaries between fiscal year 2016 and fiscal year 2023. Our overall employee engagement score has risen by 18 points since fiscal year 2016 and by 6 points since fiscal year 2021, and in Japan our employee engagement score now falls within the top 25% of all companies.

As our employee engagement score has risen, so our employee retention rate* has reached an extremely high level, standing at 92.7% globally and 98.9% in Japan for fiscal year 2023.

We believe that improving employee engagement is vital for providing increased value to our stakeholders. To this end, we intend to implement various measures in a continuous and effective manner, such as further enhancing our employees' work-life balance, improving work efficiency through DX, and strengthening safety, quality and compliance.

* Retention rate is calculated using data on turnover rate.

Regular engagement survey process



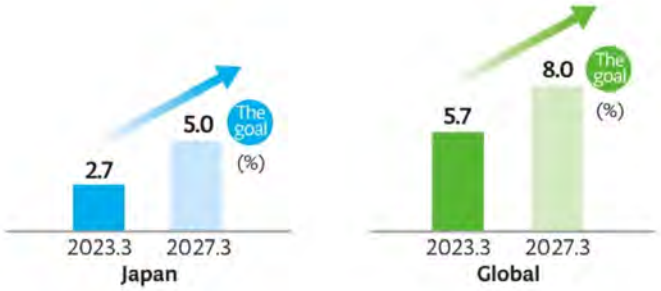
Diversity, Equity and Inclusion (DE&I)

Diversity and Inclusion and Inclusion System and Initiatives

With the strong commitment of managements, we actively promote DE&I as one of management pillars that leads to the continuous generation of innovation and increased corporate value. Based on the idea that "One-TEL and DIFFERENT TOGETHER with 3G (Global, Gender, Generation)", we have taken on gender, nationality and generation as major themes. Each Group company is implementing various initiatives, such as setting the following goals for the ratio of female managers based on the characteristics of each region.

- Conduct a diversity-conscious talent pipeline (plan for developing human resources) for succession planning and achieve the goal of increasing the ratio of female managers* to 8% globally and 5% in Japan (by fiscal year 2027)

Ratio of Female Managers



- Taking into consideration that many of our employees are engineers, we actively invest in the use of recruiters and employer branding to hire female engineers at a level that is equal to or greater than the general ratio of female engineers*2 in each region
- Create an organizational structure where even those from outside of Japan can take on corporate roles through the use of technology and shared global human resources systems
- We promote collaborations between Japanese employees and employees of overseas subsidiaries, and cross-departmental projects
- We organize events such as "DE&I Talks" and other events with internal promotion leaders and external experts, create networking opportunities for employees with similar characteristics and experience, and hold roundtable discussions regarding careers before and after taking maternity/paternity leave and childcare leave

*1 Include experts in the number of managers

*2 The ratio of females majoring in science or engineering

Diversity, Equity and Inclusion Talks (DE&I Talks)

In March 2023, we held a DE&I Talk that was streamed simultaneously online to the Group companies worldwide. As the fifth of these events held, "equity" was added to the discussion this year, with the name "DE&I Talk" being used for the first time. While there have been no significant changes to the original purpose and policy of these talks, this addition aims to more proactively pursue the development of environments where diverse employees can play active roles.

In his opening speech at the event, the CEO stated "By continually driving motivation-oriented management, while improving diversity through our 3G policy, we aim to further grow the company." Guest speakers also helped deepen our understanding of DE&I, with one speech titled "The Importance of Equity: World Trends D&I to DE&I" and another titled Corporate Transformation through Diversity: An Organization That maintains strength through its recognition of the "differences" from LGBTQ+.

Diversity and Inclusion Day

Diversity and Inclusion Day, an online event with simultaneous streaming for Group companies worldwide, was held in February 2022.

In his opening speech, the CEO stated "We need to incorporate all wisdom and diverse ideas to maximize the growth potential of the entire Group. In order to do this, it is essential to promote diversity and inclusion." In addition, members from the U.S. including the president of Tokyo Electron America spoke about the importance of diversity and inclusion at a talk session. From Japan, two outside directors participated in a panel discussion regarding the roles of the Company in a rapidly changing global society. Through this event, the importance of embracing and making the most of diversity was once again confirmed.

Diversity and Inclusion Day

Diversity and Inclusion Talk Event

To realize a workplace where diverse employees have a better understanding of each other and can play an active role, we have been implementing awareness activities globally. In January 2020, we held a D&I Talk event at our headquarters in Akasaka. The event included guest speakers and a panel discussion, and was well attended by employees.

The event was streamed live to business sites in Japan and overseas in an effort to raise awareness for D&I among all employees in the Group. The second event was held online for global employees to attend.

We aim to further promote D&I throughout the Group.

Diversity and Inclusion Talk Event

Main DE&I Activities

As a global, borderless company, we are implementing various initiatives as detailed below to leverage the strengths of our diverse human resources and create well-balanced systems and teams.

- We create and publish reports on the DE&I activities of all of our Group companies, including overseas subsidiaries, to make the activities of each site more visible. We also communicate internally and externally through an internal newsletter, intranet, social media and other channels.
- We hold Career Design Seminars for Women employees. With voluntary attendance of about 100 employees, participants acquire basic knowledge of such things as self-leadership skills for independent career planning. Participants explore their career potential at us by learning self-centered career design and personal strength-based leadership, etc.
- Employees have participated in J-Win*1 programs since 2021. Enabling participants to meet personal role models and foster a readiness for career advancement, by conducting activities with members of other companies in external environments that have a high level of diversity, the programs help increase willingness to take on the challenge of management positions, or senior director and above positions*2.
  - We established the Employee Resource Group (ERG) to create networking opportunities for employees with similar characteristics and experience. Events are held on an ongoing basis, including Mommy & Daddy Talks, which are roundtable discussions regarding careers before and after taking maternity/paternity leave and childcare leave.
- An LGBTQ+ helpline was established in April 2021, and a congratulations and condolences system that includes same-gender partners was adopted from October 1, 2022. The aim is to improve and expand systems and facilities going forward to ensure ongoing development of workplaces where everyone, not just the people concerned, can work with enthusiasm and energy.
- New graduates and mid-career recruits are continually employed on the basis of whether they will work actively at us, regardless of gender, nationality, generation or other characteristic, by considering such aspects as their expertise, experience, and expectations for their future.
- A competitive remuneration system based on responsibilities and contributions was established for all workers, even when reemploying people after reaching retirement age, to take advantage of experience, knowledge and skills learned at us.

*1 Japan Women's Innovative Network (NPO J-Win) was established in April 2007 as a corporate member-based organization with the aim of supporting the promotion and establishment of diversity management in companies.

*2 Employees of a certain level or position based on the global human resources system

Related Information >

Initiatives at Group companies in Japan

Tokyo Electron Limited (Employer action plans PDF) (349KB)

Tokyo Electron Technology Solutions Limited (Employer action plans PDF) (215KB)

Tokyo Electron Kyushu Limited (Employer action plans PDF) (349KB)

Tokyo Electron Miyagi Limited (Employer action plans PDF) (433KB)

Tokyo Electron FE Limited (Employer action plans PDF) (349KB)

Tokyo Electron BP Limited (Employer action plans PDF) (348KB)

Disclosure of information about women in leadership roles

	FY2019		FY2020		FY2021		FY2022		FY2023	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Average service years*	17 yrs. 5 mos.	15 yrs. 8 mos.	17 yrs. 5 mos.	15 yrs. 11 mos.	17 yrs. 7 mos.	15 yrs. 10 mos.	17 yrs. 6 mos.	15 yrs. 8 mos.	16 yrs. 10 mos.	15 yrs. 7 mos.
	17 yrs.2 mos.		17 yrs.2 mos.		17 yrs.4 mos.		17 yrs.2 mos.		16 yrs.8 mos.	
Use of annual paid leave*	67.2%		72.6%		62.5%		64.6%		70.0%	

* Group companies in Japan

Disclosure of the career-track recruits ratio of regular employees in accordance with the Labor Measures Comprehensive Promotion Act.(Disclosure date: May 1st , 2023)

	FY2019	FY2020	FY2021	FY2022	FY2023
New graduates hired	199	281	253	209	232
Career-track recruits	213	140	152	391	566
Total	412	421	405	600	798
Tokyo Electron Group's Career-track recruits ratio*	51.7%	33.3%	37.5%	65.2%	70.9%

* In the Tokyo Electron Group, all new graduate recruitment is done by headquarters. Career-track recruits are done by each of the Group companies

Diversity Activities

Employee Resource Group “DRIVE”

DRIVE is a working group comprising engineers who gather from sites located all over Japan under the vision “To aim to be a company where anyone can play an active role and generate high added value and profits.” Members share opinions and actively conduct activities based on the activity policy of creating opportunities to know about diversity and inclusion (D&I), listening to various ways of thinking transcending site boundaries, and developing proposals on creating workplaces where anyone can play an active role.

Activity Report

So far, as opportunities to learn about D&I, we have conducted regular workshops by members and invited external lecturers to give lectures on themes such as promoting women’s participation and awareness of unconscious bias. In fiscal year 2021, we conducted an online forum to share problems and concerns about nursing care and a LEGO® SERIOUS PLAY® workshop where employees learn about D&I while using LEGO blocks. Approximately 50 employees participated in these events. Through these activities, employees were able to think deeply and share their awareness about the differences and diversity in their ways of thinking and positions. Going forward, together with creating opportunities for mutual interaction and learning about diverse values through repeated dialogues between employees, we will promote activities that allows such initiatives to lead to the driving force that generates high added value and profits.

Active Involvement of Diverse Human Resources

We seek to be a corporation where a diverse range of employees can work to their full potential. By developing a workplace where anyone, irrespective of gender, nationality, age, background or ability, can work easily and feel motivated, TEL will promote creation of an environment where the diversity of talent leads to greater competitiveness.

Furthermore, TEL have established an inclusive working environment for people with disabilities. People with disabilities account for 2.43% of employees at TEL headquarters and 2.3% of employees in Japan operations overall. *

* As of March 31, 2021

Employee voices | Active Involvement of Employees with Various Nationalities

In 2018 I relocated to Japan and joined Tokyo Electron FE as Co-Leader of the Global FE(Field Engineer) Training Operations Center. Many things have changed in TEL since my first business trip to Japan in 1994. Technology now makes it easy to communicate and navigate in a country where the language and culture are so different from my own. I often use the translation technology that TEL has integrated into the work environment to enhance communication with co-workers in Japan and abroad. As a member of Global FE Training Operations Center and the Global Service Solutions Committee, I collaborate with training and service leaders from all over the world. I've been fortunate to experience TEL's unique culture, which for me is about a team of people who are friendly, helpful, dedicated to quality and focused on building and maintaining good relationships.

For relocating my home and start working in Japan, I have experienced the respect, encouragement, and strong support of my co-workers. I was able to quickly adapt to the office working style and effectively perform my job. I feel included in the team and the experience has been very enjoyable in a comfortable work environment where everyone can work effectively.

GLOBAL FE TRAINING OPERATION CENTER

Expert

Mccloud, Ethan

Employee voices | Active Involvement of Employees with Disabilities

After joining the company mid-career, I currently work in the management of the Compliance Policy & Program Group of the Compliance Department. Workplaces not only take measures reasonably to ensure accessibility depending on the type and degree of disability (such as barrier-free designs and permitting commuting to work by car) but also nurture an organizational culture that allows individuals to freely apply themselves without reservation or hesitation even if they have disabilities. Because the environment allows us to see disabilities as positive individual characteristics, I strongly feel that I am able to apply my skills. Going forward, I hope to utilize my strong specialty to bravely undertake new and difficult issues.

Masashi Tamura
Group leader
Compliance Policy & Program Group, Compliance Department

TEL Values

Systems and Initiatives for TEL Values

A total of 17,204* employees are working at Tokyo Electron, which operates worldwide. We believe that each of them maintaining a high level of engagement and demonstrating their full potential will lead directly to our growth as a company.
By sharing with our employees the direction toward which management is aiming and providing platforms for direct dialogue through the employee meetings and discussions held at each site, we are striving to build mutual trust between the organization and individuals. Furthermore, to realize our Corporate Philosophy, we established TEL Values, which delineate Tokyo Electron's values, the mindset that each employee must possess and the codes of conduct to be passed on to the future. The TEL Values—pride, challenge, ownership, teamwork and awareness—are being put into practice by our employees all over the world.

* As of March 31, 2023

TEL Values

Pride	We take pride in providing high-value products and services.
Challenge	We accept the challenge of going beyond what others are doing in pursuing our goal of becoming number one globally.
Ownership	We will keep ownership in mind as we think things through, and engage in thorough implementation in order to achieve our goals.
Teamwork	We respect each other's individuality and we place a high priority on teamwork.
Awareness	We must have awareness and accept responsibility for our behavior as respectful members of society.

Human Resource Development

Principles of Human Resource Development

We are making continued efforts for employee education and training while encouraging and supporting employees' proactive approaches toward learning in line with our basic human resource development policy, which consists of the following three principles:

1. Self-motivation and a sense of responsibility are the basic requirements for developing the talents of employees.
2. The workplace supports employee development.
3. The company provides employees with opportunities and incentives to learn and must build the necessary platform or framework.

Global Human Resources System

We operate in 83 sites in 18 countries and regions. We believe it is important for human resources with different cultural backgrounds, experiences and attributes to share values and work together as one toward value creation.
In addition to implementing a common global job-based human resource system (GTC: Global TEL Careerpaths) and this system, we are also focusing on global human resource management to promote career advancement under a common platform without biases against any country or the Group companies affiliation. This allows us to respond to changes in business environments and allocate resources in an agile and optimal manner.

Human Resource Development Concept at TEL UNIVERSITY

We have established "TEL UNIVERSITY" as an internal educational institution for all employees, to support them in building their careers and achieving self-realization through voluntary self-growth. To realize our company's vision of being a company filled with dreams and vitality that contributes to technological innovation in semiconductors, it is essential to develop our human resources. Therefore, each of our group companies conducts education tailored to the needs of each location, in order to carry out effective human resources development. We are creating a foundation for growth where the organization and employees trust each other, and we support lifelong self-growth and rich career formation.

Karuizawa Training Center

Provision of Global and On-demand Learning Opportunities

Since each employee develops differently, we provide on-demand education* that enables learning in multiple languages according to individual needs and timing. In addition to group training, we actively use online education and other methods to provide a common platform for learning from any location in the world.

* On-demand education: Education programs that allow employees to learn at their own convenience, anywhere, anytime

Support for Career Development

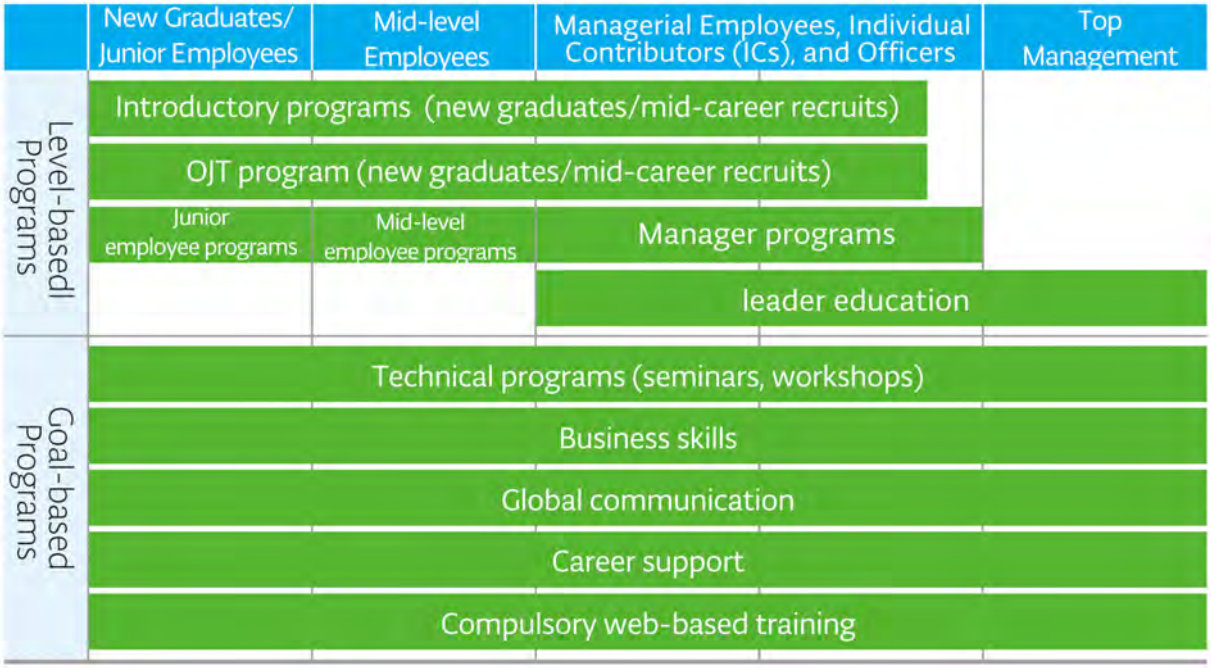
We are expanding our education programs to help employees quickly acquire basic skills. We also provide information and tools so that employees can gain a more concrete image of their own learning, experience and career development.

Leader Programs

In order to nurture the next generation of leaders to support our future, we identify and systematically nurture staff to take on the role of realizing medium- to long-term corporate value enhancement. We provide next-generation management candidates with opportunities to build networks through participation in events such as external training, to develop a broader perspective, and to receive 360-degree feedback*. In addition, management, including outside directors, conduct systematic assignment considerations and reviews.

* 360-degree feedback: Process for collecting feedback from the subordinates, peers and supervisors of employees, as well as self-assessments by the employees themselves

Corporate Education System (TEL UNIVERSITY)



Onboarding Education

We provide important knowledge and skills related to ethics and compliance, information security, environment, safety and quality, risk management, and sustainability at the time of joining the company. We have prepared appropriate programs in accordance with the laws and cultures of each country. Additionally, we are expanding DX basic education to all employees to ensure they understand the importance of DX and can take action towards transformation.

Work-life Balance

Work-life Balance Concept and Systems

We believe that harmony between work and life for each employee produces a synergistic growth effect both of employees and the company, and we are building structures for this.
Our vision is to realize a truly global company that creates high added value and profit. We recognize that in order to achieve this, it is necessary to reduce overtime through efficient work techniques and to have mechanisms in place to evaluate the outcomes. In fiscal year 2018, we began global operation of a new unified human resources system. It clarifies the roles and responsibilities for each employee, sets appropriate targets and challenging targets, provides absolute evaluation of degree of achievement, awards performance bonuses and provides further career opportunities. We aim to encourage greater engagement by evaluating the proactiveness of employees. Furthermore, we will realize creative work styles through awareness of more efficient working, where time gained can be used for learning opportunities and can provide further benefit to our business.

Features of the new personnel system

- Rating system
  The system clarifies duties (the roles and responsibilities required of the employee) supporting a global way of working
- Evaluation system
  The system is designed to establish performance goals appropriate to employee level and stretch goals designed to develop the employee, and it assesses the employee based on achievement of (or contribution to) those goals
- Remuneration system
  In addition to a level of remuneration that is competitive in the market, the system provides the employee with career opportunities as well as a productivity-linked bonus proportionate to their degree of achievement (contribution)

Work Styles and Offices

We endorse work styles that contribute to a positive work-life balance, and are continually working to create environments that facilitate this.
For example, we recommend that both mothers and fathers take advantage of our parental leave systems—one of several childcare leave systems we operate—and this has resulted in a high proportion of our employees returning to work after taking maternity/paternity leave and childcare leave.
We also offer a range of work style programs, such as flextime system that allow employees to work flexible hours, and work for home system. We incorporate user feedback to improve our programs and promote efficient work styles that cater to diverse lifestyles and social situations.
We are engaged in building unprecedented new office environments that are work-friendly for all our employees and that support their endeavors.
To take one example, the Miyagi Technology Innovation Center we opened at Tokyo Electron Miyagi in 2021 features an “Innovation Area,” which is a communal space for creating new technologies, and a “Creative Office,” which is centered on a bright and open communication space.
We are also working on creating office spaces at our other sites that encourage interactions between different departments and that provide support for new innovations.

Leave System

We believe that employees are more productive when they can properly manage their work hours and take leave. Accordingly, we are working to eliminate long working hours, and to both enhance our leave systems and encourage employees to make use of them.
We have set a medium-term target of ensuring that our employees take 80%*1 or more of the paid leave available to them. To this end, we educate employees on how to take leave in a systematic manner, we regularly monitor how much leave employees have available and we encourage management styles aimed at improving leave usage rates.
For fiscal year 2023, paid leave usage rates stood at 70%. This was higher than the previous period, despite the fact that COVID-19 discouraged employees from taking consecutive days of paid leave.
We also operate a unique "refreshment leave system" in different countries around the world, depending on the prevailing circumstances.
This system aims to provide both mental and physical refreshment for employees, and so boost their motivation to work. In Japan, employees who have worked at the company for 10 years or more are granted special, supplementary paid leave of between two weeks and one month for every five years of continuous service. In fiscal year 2023, 1,731 employees in Japan and 606 employees overseas took advantage of refreshment paid leave.
We are also working to establish various other leave systems for different life events, including childcare leave, leave to care for a sick or injured child, childcare support leave and paid leave to provide nursing care*2.
Employees are permitted to extend childcare leave until the day the child reaches three years of age; employees are now also eligible for the reduced working-hours program for childcare until the child graduates from elementary school.

*1 Usage for employees in Japan

*2 Leave to care for a sick or injured child: employees are granted five days of paid leave per year until the child enters elementary school. Childcare support leave: employees are granted five days of unpaid leave per year until the child enters junior high school

Childcare and Nursing Systems・Employee Life Support

Childcare and Nursing Systems

We respect the various lifestyles of its employees and is investing effort into providing an environment where each employee can thrive. In addition, to the system made available by existing laws, we are independently building a substantial framework that allows employees to adopt a flexible approach to work that accords with diverse life events such as raising children or caring for family members.

With regard to the situation in Japan, we have acknowledged the maximum extension of the childcare leave period to the day a child reaches three years of age, as well as expanding our provision of a reduced working hours program for childcare to include employees rearing children as far as graduation from elementary school. In addition to leave to care for a sick or injured child, we are enriching the provision of support through establishment of our own childcare leave, etc. As a result, currently in Japan, 42% of female TEL employees are working mothers. To further our support for the compatibility of work, and nursing care, nursing care leave on full pay is available for up to five days. We are advancing improvement of the system, for instance, by allowing nursing care leave to be taken up to three times per person requiring nursing care for a one year in total.

System	Overview	Eligible employees	Notes
Relief for commuting difficulties	Allows work start times and finishing times to be moved forward or back by a maximum of one hour each day	Pregnant female employees who are under instruction from their doctor	As per the legal requirement
Childcare leave	(1) Allows leave to be taken up until a requested date but no later than the end of April after the child turns 18 months of age (2) If the child cannot gain admission into a nursery school, leave may be extended from the end of April after the child turns 18 months of age until the child turns three years of age (i.e. the day before their third birthday)	Employees with a child who will be less than 18 months of age at the end of the following April	More than the legal requirement (up to a maximum of three years of age)
Childcare time	Allows an employee to request time to care for their infant for two 30-minute periods per day, in addition to prescribed rest periods (treated as paid leave)	Female employees with an infant under one year of age	More than the legal requirement (paid component)
Flextime for childcare and nursing care	Allows work start times and finishing times to be moved forward or back by a maximum of 90 minutes per day	Employees with a child who has not graduated elementary school, or who are caring for a family member requiring nursing care	More than the legal requirement (up until the child finishes elementary school)
Leave to care for a sick/injured child	Allows leave to be taken for up to a maximum of five days for employees with one child, and 10 days for employees with two or more children, per business year (up to five days treated as paid leave)	Employees with a child not old enough to commence elementary school	More than the legal requirement (paid component)
Childcare support leave	Special leave to care for a child for up to a maximum of five days per business year(unpaid)	Employees with a child not old enough to commence junior high school	Unique system
Short nursing care leave	Allows leave to be taken for up to a maximum of five days for employees with one family member requiring nursing care, and 10 days for employees with two or more family members requiring nursing care, per business year (up to five days treated as paid leave)	Employees with a family member requiring nursing care	More than the legal requirement (paid component)
Extended nursing care leave	Allows an extended period of leave to be taken for up to three times per person requiring care, up to a maximum of one year in aggregate	Employees with a family member requiring nursing care	More than the legal requirement (up to one year of leave)

Employee Life Support

We are enacting a diverse range of support toward achieving a workplace environment where employees can work energetically while each making full use of their abilities. We present regular opportunities for employees aged 50 or over to attend seminars providing necessary information and review of financial planning, encouraging them to consider their way of working after retirement. Furthermore, we support employees' everyday lives by offering assistance to all age groups on familiar topics such as nursing care for family members and inheritance.

Employee voices | Childcare leave for men

My eldest son was born in November 2018, and I took childcare leave for six months from June 2019. Working in sales means a life with many business trips, and I decided to take childcare leave because I wanted to play an active part in raising my son and support my wife. I also thought it could be my first and also final time to experience raising children. My supervisor respected my intention and I was able to hand over my work based on reassuring support. During childcare leave, I was close to my son as he grew each day, and I recorded things down in a childcare diary. I look forward to looking back on this precious time someday together with my family. When I returned to work, I was able to go back to the same team. I am sincerely grateful to my supervisor and colleagues. Taking childcare leave became an opportunity to learn about the importance of being involved in raising children and the difficulty of raising children, which continues without a break. At the same time, I think it also led me toward a work attitude of being further aware about improving efficiency.

Kiyohisa Motoda
CT Product Group
Field Solutions Department 1

Corporate Governance >
Risk Management >
Information Security >
Compliance >
Human Rights >
Health >
Safety >
Human Resource >
Environment >
Supply Chain Management >

Environment

Our Approach to the Environment

Tokyo Electron aims to solve environmental issues through our leading-edge technology and services under the slogan of "Technology for Eco Life." We strive to contribute to the establishment of a sustainable society by reducing our impact on the consumption of resources, on biodiversity, and on climate change by taking actions that both directly and indirectly contribute to the protection and conservation of the environment.

Environment Policy +

Framework +

Conference Name	Participants	Function	Meeting Frequency
Council for the Regular Reporting of Environmental Activities	CEO, corporate director in charge of the environment	Report on matters discussed at the Global Environment Council and the TEL Corporate Environment Council and review items for approval	Quarterly
Manufacturing Companies Presidents'Council*	Corporate director in charge of the environment, etc.	Monitor and supervise progress related to environmental issues	Quarterly
TEL Corporate Environment Council	The GMs in charge of the environment and vice presidents of department,, etc.	The promotion of environmental activities across the entire Group, set Group-wide goals	Appropriately
Global Environment Council	Appointed members by the executives at headquarters and the Group companies	Set individual goals related to environmental issues, monitor progress, work to achieve our goals	Twice annually

* At the Manufacturing Companies Presidents' Council, information is shared on business affairs and issues regarding environment, safety, quality, supply chain management, etc.

ISO 14001:2015 Certified Plants and Offices

Company Name	Plant/Office name	Certification Number	Certification Date	Update Date
Tokyo Electron	Environment Promotion Department (Fuchu Technology Center)	1124-1998 -AE-KOB-RvA	May 1998	Mar. 2023
Tokyo Electron Technology Solutions	Fujii Office/Hosaka Office/Tohoku Office			
Tokyo Electron Kyushu	Koshi/Ozu Office			
Tokyo Electron Miyagi	Taiwa Office			
Tokyo Electron (Kunshan)	—	130755-2013-AE-RGC-RvA	Mar. 2013	Mar. 2022
TEL Manufacturing and Engineering of America	Chaska Office, North Chelmsford Office	EMS586278	Mar.2013	Feb. 2022
Tokyo Electron Korea	TEL Technology Center Korea, Balan Plant	ESC2795	July 2014	Aug. 2023

E-COMPASS

As an industry leader in the domain of environmental management company, we rolling out E-COMPASS (Environmental Co-Creation by Material, Process and Subcomponent Solutions) , our environment-focused initiative.. Through E-COMPASS, we will work together with our customers and partner companies to preserve the global environment by promoting technological innovation and aiming to reduce the environmental impact of semiconductors throughout the entire supply chain, centering on the three following perspectives.

- Pursuing higher performance and lower consumption in semiconductors
- Achievement of both process performance and environmental performance of equipment
- Reducing of CO_2 emissions in all business activities

Environmental Risks and Opportunities
TCFD
CO_2 Emissions Across the Value Chain
Medium- and Long-term Environmental Goals and State of Progress
Product Initiatives
Plant and Office Initiatives
Environmental Communication
Green Procurement
Logistics Initiatives
Initiatives with Suppliers (E-COMPASS)

Environmental Risks and Opportunities

Various environmental issues affect our daily lives and corporate activities. Physical risks, such as rising average global temperatures, strong winds, disasters and water shortages caused by climate change and abnormal weather, are expected to damage assets, increase operating costs and impact the supply chain. In addition, legal risks including stronger environmental laws and regulations, more stringent regulations on greenhouse gas emissions and the introduction of carbon taxes are expected to lead to higher costs for associated measures.

At the same time, promoting environmental initiatives leads to more opportunities to sell environmentally friendly products and reduce operating costs. We also recognize that providing high-value-added products that contribute to higher performance and lower power consumption of semiconductors and FPDs leads to the building of an energy-saving society that makes the most of information technology, and thus provides an opportunity to improve corporate value.

Based on the requirements of ISO 14001, we identified and analyzed internal and external issues in relation to the environment, namely, our relationship with the climate, air quality and water quality. We also clarified the environmental needs and expectations of customers, suppliers, governments and employees and identified our compliance obligations as an organization. In addition, we define risks and opportunities to address as: (1) environmental management by reducing the environmental impact of our business activities, (2) compliance with applicable laws and (3) enhancing product competitiveness with the environmental contribution of products.

In addition, we are also considering risks and opportunities that are expected to occur due to the impact of climate change based on recommendations of the TCFD.

TCFD

Initiatives Related to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Based on the TCFD recommendations, we examine the risks and opportunities that climate change poses to our business and take various response measures as we endeavor to make ongoing disclosures.

Status of Initiatives Related to Recommendations of the TCFD

Items	Contents
Governance	■ We have established the Environment Promotion Department and the Corporate Sustainability Management Department at our headquarters, and are pursuing initiatives for the TCFD under the entire Group. ■ Our responses to climate-related risks and opportunities and progress towards our goals have been deliberated at the Sustainability Committee, and approved at the Corporate Officers Meeting attended by the CEO. ■ The executive officers in charge of the environment and sustainability issues report on these initiatives at the Board of Directors, with the Board undertaking supervision. ■ At the Global Environmental Council, comprised of members appointed by executives of the headquarters and Group companies, goals are set, progress is monitored, and the achievement of these goals is promoted.
Strategy	■ We are conducting analysis that takes into account the following points in order to identify medium- to long-term risks and opportunities that climate change poses for our business. ■ Location of plants and offices ■ Occurrence of natural disasters caused by climate change and status of damages ■ Demands from customers, investors, NGOs and local communities ■ Government policies and regulations and taxation ■ Technological trends relating to renewable energy and energy saving ■ Climate change scenarios predicted by external agencies and research results ■ Under the 1.5˚C scenario, we identified transition risks including rising energy costs associated with fuel and energy taxes, and under the 4 ˚C scenario we identified physical risks such as the impact of abnormal weather.On the opportunity side, we identified advanced initiatives to address climate change through technological development. ■ In response to these risks and opportunities, we are implementing the findings from our scenario analyses into our business strategies and are undertaking initiatives aimed at reducing greenhouse gas emissions across the entire supply chain and achieving our medium- and long-term environmental goals, through introducing renewable energy and providing innovative manufacturing technologies that will contribute to lower power consumption in electronic products.We will increase our resilience (responsiveness to climate change) as a company by periodically reviewing the identified risks and opportunities and our responses thereto.
Risk Management	■ We have utilized enterprise risk management*1 to identify a wide range of risks arising in business activities, and have classified “Environmental Issues” including climate change as a key risk having high impact and probability of manifestation, and developed initiatives relating to this risk. ■ We have formulated and executed measures to minimize the risks of these “Environmental Issues,” and are monitoring the effect of said measures, working to understand the status of risk control and implementing the PDCA cycle for management. ■ Short-, medium- and long-term company-wide risk management initiatives that are recommended by relevant divisions and councils are being undertaken at the facilities and divisions of the Group companies, after approval by the Manufacturing Companies Presidents' Council, which includes the corporate director in charge of the environment. ■ For Scope 1 and 2 CO_2 emissions, in addition to implementing measures to reduce CO_2 emissions at our key manufacturing sites in Japan with high emissions, we are pursuing the adoption of renewable energy on a global scale. ■ For Scope 3 emissions, we are focusing on the development of a range of environmental technologies and reducing CO_2 emissions in our suppliers' operations, based on recognition of the importance of providing products that generate fewer CO_2 emissions because about 70% of the emissions in our entire value chain are generated during use of products after sale. ■ We have formulated business continuity plans (BCPs) in anticipation of natural disasters caused by abnormal weather and other factors, and are working with our suppliers to implement measures to ensure that business operations can be maintained. We have conducted analysis of the risk of natural disasters at our key manufacturing sites in Japan, and confirmed such risks to be low.

Metrics and Targets	■ We are pursuing E-COMPASS initiatives*2 to help develop a data-driven society and preserve the global environment across the entire supply chain. ■ With our semiconductor production equipment technology, we are contributing to enhancing the performance and lowering the power consumption of semiconductor devices being used around the world. ■ We are delivering achievements in both process performance and environmental performance for semiconductor production equipment. ■ We are reducing CO_2 emissions in all of our business activities. ■ Initiatives for our medium- and long-term environmental goals*3

*1 Refer to Risk Management

*2 Refer to E-COMPASS, Initiatives with Suppliers (E-COMPASS)

*3 Refer to Medium- and Long-term Environmental Goals and State of Progress

Anticipated Risks and Opportunities of Climate Change Impact and Our Response

- Timeline: Short-term = five years or less; medium-term = 2030; long-term = 2050
- Scenarios used: 1.5 ˚C scenario (1.5 ˚C temperature increase), 4 ˚C scenario (4 ˚C temperature increase)
- Scope: The entire Group as well as the entire value chain including upstream and downstream

Type (Scenario)	Risk	Timeline of Risk Manifestation	Anticipated Risks	Impact on Tokyo Electron	Risk Evaluation*1	Our Response
Transition Risks (1.5°C scenario)	■ Carbon tax*2 and increased energy costs	Short- to medium-term	■ It has been projected that the following levels of carbon tax will be levied: Fiscal year 2026: Approx. 9,750 yen/t-CO_2, Fiscal year 2041: Approx. 26,650 yen/t-CO_2 ■ Soaring electricity/fuel costs	■ Assuming that our greenhouse gas (GHG2) emissions and renewable energy usage levels remained at the levels of fiscal year 2023, the carbon tax burden would rise as follows: Fiscal year 2026: Increase of 400 million yen/year, Fiscal year 2041: Increase of 1.1 billion yen/year ■ Increased transportation costs ■ Increased procurement costs (energy costs would be passed on to suppliers)	Low～Middle	■ Promote energy-saving and adopt renewable energy at plants and offices in order to achieve the medium-term environmental goals.Furthermore, as a result of adopting renewable energy, the increased burden from fiscal year 2023 levels due to the introduction of a carbon tax will be reduced by 1.1 billion yen for fiscal year 2026 and 3.2 billion yen for fiscal year 2041 compared to the amounts originally estimated in fiscal year 2022.
	■ Responses to environmental challenges including climate change and environment-related laws and regulations	Short- to medium- to long-term	■ Poorer evaluations among customers, investors, non-governmental organizations (NGOs) and local communities ■ Delays in our responses to need to meet customers' requirements and demands and energy-related regulations	■ Increased reputational risks ■ Increased costs of capital investment/R&D ■ Decreased net sales if we are unable to meet customers' requirements and demands ■ Legal proceedings and fines if regulations are violated	Low～High	■ Develop activities to achieve medium- and long-term environmental goals through E-COMPASS activities in the supply chain ①Develop activities to achieve medium- and long-term environmental goals through E-COMPASS activities in the supply chain ②Achieving both the process performance and environmental performance of equipment (development of technology to achieve reduction of CO_2 emissions per wafer during the use of our reference products , etc.)

						③Reducing CO_2 emissions in all business activities (promotion to save energy in the supply chain and adoption of renewable energy, etc.) ■ Respond appropriately and promptly to respond to environmental laws and regulations revised in each country ■ Conducting risk management, leveraging TCFD and our support for the TCFD framework ■ Promote disclosure of information on the above activities through integrated reports, our websites, etc.
Physical Risks (4°C scenario)	■ Abnormal weather	Short- to medium-term	■ Impacts on us, our customers and suppliers (supply chain disruptions, operation stoppages, production/shipping delays, operation stoppages and other factors)	■ Increased procurement costs ■ Decreased net sales ■ Increased insurance premiums	High	■ Pursue the updating of our business continuity planning (BCP) based on future planning within our business continuity management (BCM), and carry out periodical BCP drills in line with the plans ■ Implementation of risk response through suppliers' BCP assessments*3.Surveys and evaluate risks and confirm the level of response to flood/landslides based on hazard maps of floods/landslides for suppliers as part of our surveying processes, and undertake follow-up of responses to such risks when necessary ■ Set out standards for a company-wide response to storm/flood damage (heavy rain, typhoons etc.), while planning the development of training for all employees on responding to storm/flood damage ■ Maintain a database of suppliers' production sites to promptly identify impacted suppliers and quickly collaborate in recovery efforts

						■ Enroll in insurance in preparation for disasters resulting from abnormal weather
	■ Higher temperatures	Medium- to long-term	■ Increased usage of air conditioning and chillers in clean rooms and others with rising temperatures	■ Increased energy costs	Low	■ Develop activities to achieve medium- and long-term environmental goals through E-COMPASS activities in the supply chain (Refer to ①, ② and ③ above for contents) ■ Generate innovations in environmental technology when responding to climate change, and to environmental regulations across the supply chain ■ Globally promote the latest in research and development to continually supply the high-value-added Best Products with innovative technology in a timely manner
Opportunities (Common)	■ Improved operational efficiency relating to the environment	Short- to medium-term	■ Higher productivity	■ Reduced energy costs	High	
	■ Generate added value through initiatives, products and services that aim to respond proactively to climate change ■ Building resilience in our global operations	Medium- to long-term	■ Promote innovation toward development of low- GHG products and services ■ Establish competitive superiority and business opportunities increase net sales by creating new value, including the development of equipment and technologies that contribute toward the manufacture of low-power consumption devices	■ Increased net sales	Middle～High	

*1 Risk evaluation: sets out the findings of evaluations of the impact of risks within Tokyo Electron.

*2 Carbon tax: We referred to the International Energy Agency (IEA) Net Zero Emissions by 2,050 Scenario for the increase in tax associated with GHG emissions. 1 U.S. dollar was converted as 130 yen.

*3 Suppliers' BCP assessments: Assessments have been conducted since fiscal year 2014 for suppliers accounting for more than 80% of our procurement spend (more than 85% of our procurement spend from fiscal year 2023).

CO_2 Emissions Across the Value Chain

Based on our environmental slogan "Technology for Eco Life," we aim to resolve environmental problems through leading technology and reliable services, understand the environmental impact generated throughout our entire value chain and promote business activities to reduce that impact. Our total CO_2 emissions of Scope 1 and Scope 2 is 42 kilotons, while Scope 3 as the sum of upstream and downstream activities accounts for a total of 14,333 kilotons, approximately 99.7% of the total. Among these, CO_2 emissions during product use account for approximately 70% of the total, or 9,854 kilotons. This is why we consider the development of products with low CO_2 emissions during operation is important. In fiscal year 2023, we also revised our calculation method for emissions resulting from the use of products and services we have purchased and products we have sold, in order to calculate our Scope 3 emissions with greater accuracy.

- Scope 1: Direct greenhouse gas (GHG) emissions from use of fuel and gas we owned or controlled
- Scope 2: Indirect GHG emissions from use of electricity, steam and heat we purchased
- Scope 3*: Emissions from corporate value chains (excluding Scope 1 and 2 emissions), such as product transportation, employee business travel and major outsourced production processes

* Scope 3 is divided into upstream activities, which include emissions associated with purchased or procured products and services, and downstream activities, which include emissions associated with sold products and services.

Medium- and Long-term Environmental Goals and State of Progress

We have set the following medium- and long-term environmental goals.

Own Emissions (Scope 1 and 2)

We aim to reduce total CO_2 emissions at plants and offices by 70% (compared with fiscal year 2019), increase the rate of 100% renewable energy usage by fiscal year 2031, and achieve net zero by fiscal year 2041. In order to achieve the above objectives, we have launched initiatives for energy saving/ creation, recycling, alternative energy, renewable energy use, emissions trading, etc.

Outside Our Group (Scope 3)

We aim to achieve net zero by fiscal year 2041. In order to achieve these goals, we must have the cooperation of our customers and suppliers. More concretely, we will promote development of processes, etc. that aim to increase the ratio of environment-conscious materials, reduce logistics-related emissions through modal shifts and joint delivery, improvement of energy efficiency, energy saving in utility equipment and process development with an awareness of GHG emissions reduction.

Achievement levels of goals

◎Exceeded target ○Proceeding well △Need to accelerate to achieve the goal

Category	Item to reduce	Goal value	Fiscal year to achieve goal	Achievement level as of fiscal year 2023	Evaluation
Plants and offices	Total CO_2 emissions	70% reduction	2031	Reduced by 76%	◎
	Renewable energy (electricity)	100%	2031	91%	○
	Energy consumption (per-unit basis)	1% reduction	Comparison with the previous year's result	Achieved goal at 6 of 11 plants and offices	○
Products*	CO_2 emissions	30% reduction	2031	Reduced by 20.8%	○
	GHGs (CFCs)	20% reduction	2031	Reduced by 34.8%	◎
Logistics	Reduction in CO_2 emissions	10% reduction	2027	11.4% reduction	◎
	Environmentally- sensitive packaging materials used (Replacing wooden frames with reinforced corrugated cardboard	50%	2024	20.3% reduction (Fourth quarter of fiscal year 2023)	△

* Processed using representative equipment at each BU

Based on the roadmap for products to achieve the goals, for each product we calculated the reduction in consumption of electricity, process gases and chemicals, water, and other resources depending on how much of the above are consumed when the relevant product is manufactured or used, effects of the reduction in consumption of these resources, and the reduction in consumption due to improved productivity. In October 2023, we have received the certification from the SBT initiative* for our greenhouse gas emission reduction targets set for 2030 (Scope 1,2 and 3). We will continue to work as one company-wide on initiatives aimed at achieving net zero by fiscal year 2041.

* Science Based Targets initiative(SBTi): The Paris Agreement aims to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. SBTi is an international initiative to certify greenhouse gas emission reduction targets set by companies for the next five to 15 years, consistent with the levels required by the Paris Agreement.

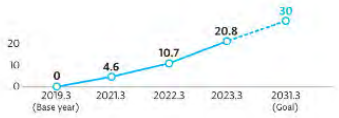
Progress in related initiative

- Reduction of water consumption: Initiatives to Conserve Water Resources and Reduce Water Consumption
- Reduction of waste: Initiatives to Reduce Waste
- Management of toxic substance emissions: Management of Chemical Substances, Initiatives for Product Environmental Laws and Regulations

Product Initiatives

Products that Contribute to a Sustainable Society

Of the CO_2 emissions from our value chain, emissions during product use account for about 70%. We believe that the low energy consumption of products is important as part of our social responsibility as a semiconductor production equipment manufacturer and are working on environmentally friendly product design. In fiscal year 2023, we promoted activities based on guidelines for calculating CO_2 emissions* and a roadmap for key models to reach our annual sustainability goal of reducing per-wafer CO_2 emissions by 30% by fiscal year 2031 (compared with fiscal year 2019) for the key models of each business unit. As a result, the CO_2 emissions of equipment shipped were reduced by 20.8% compared to baseline equipment. Regarding "Reduce per-wafer emissions of GHGs (F-gases) by 20% by fiscal year 2031 (compared with fiscal year 2019)", which is a goal we must attain to achieve net zero, we reduced emissions by 34.8% ahead of schedule in fiscal year 2023.



In addition, we use the Green Transformation (GX) Monitor, which captures information on energy use including electricity, water and nitrogen, as well as equipment operating status, and turns it into a database, to visualize energy consumption information during product use. Specifically, we have introduced a system that allows us to check equipment operating status and energy consumption information in chronological order through our intranet, and are planning to expand the scope of this system going forward.
We will continue to work to further raise environmental awareness and incorporate environmental technologies as important added value in our technological strategies, thus contributing to the reduction of the environmental impact of society as a whole.

* In addition to energy and water, amounts of process gases and chemical substances consumed, and the sizes of installation areas, and volumes and weights of products have been newly included

Example initiative

In order to achieve the mid-term environmental goals for fiscal year 2031, we are developing and employing energy-saving accessories, improving the productivity of equipment through high-throughput*, and reducing consumption of utilities via flow rate control. Furthermore, we are also actively implementing activities such as enhancing the yields of product parts, increasing the lengths of maintenance cycles, stabilizing operations, and reducing footprints that indirectly contribute to reductions of CO_2 emissions and environmental loads.
In fiscal year 2023, we released several types of equipment with superb environmental performances which utilize our technology, including UlucusTM, a laser edge trimming system which reduces deionized water (DIW) consumption, dust generation and wastewater generation, and CELLESTA™ MS2, a single wafer cleaning system which reduces power consumption during processing while ensuring high productivity.

* throughput : the capacity of processing wafers during a certain length of time

Initiatives for Product Environmental Laws and Regulations

In order to comply with each country's environmental laws and regulations pertaining to products, we promptly collect information and promote proactive responses. For example, we provide our suppliers with information on US TSCA*1 that will prohibit PIP(3:1)*2 from being included in and after November 2024 in order to prompt them to ensure that the substance will not be included in their products, or to use alternative substances. In addition, we have been introducing the chemSHERPA*3 format since fiscal year 2021 and collected information from suppliers on chemical substances in concentrations in the parts per billion (ppb*4). As a response toward GHS*5 requirements, we provide the necessary safety data sheets (SDS*6) and labels when supplying chemical products to customers, in addition to promoting the local procurement of chemical products.
To comply with the frequently revised environmental laws and regulations, we continue to offer "Product Environment Compliance" training to all employees, and provide suppliers with information related to the relevant environmental laws and regulations.
We will continue to grasp each country's environmental laws and regulations rapidly and strive to respond appropriately.

*1 US TSCA: The Toxic Substances Control Act

*2 PIP(3:1): Phenol, isopropyl phosphate (3:1)

*3 chemSHERPA: A data entry support tool for appropriately communicating information on chemical substances in products across the entire supply chain, and a common system for communicating information on chemical substances contained in products

*4 ppb: parts per billion (1×10-9)

*5 GHS: Globally Harmonized System of Classification and Labelling of Chemicals

*6 SDS: Safety Data Sheet. Refers to the document containing hazard information about chemical substances that is issued when a company transfers or provides chemical substances, or products containing chemical substances, to another company

Product Reuse and Recycling

With the advent of the Internet of Things (IoT), semiconductors are in greater demand and are becoming more diverse than ever. This has driven a corresponding rise in the need for more varied semiconductor production equipment. As a leading manufacturer of semiconductor equipment, we are strongly encouraging reuse and recycling of equipment and components by marketing refurbished TEL equipment and offering modification services to customers who already have our equipment installed. Our refurbished equipment operations start with procuring used equipment from the market, which takes place either directly or through leasing companies. This equipment is then properly tested and refurbished, before being offered to customers as our Certified Used Equipment.

Our equipment modification services boost the productivity of installed equipment by maintaining and improving its quality and availability. Through these approaches, we address our customers' cost, speed, and performance needs, while also contributing to waste reduction and resource conservation and utilization. These efforts help reduce the use of resources and CO2 emissions associated with procuring and manufacturing equipment and components. They are also effective in reducing the costs of production, logistics, and waste disposal.

Plant and Office Initiatives

Renewable Energy Initiatives

We have set medium-term environmental goals of total CO_2 emissions at plants and offices by 70% (compared with fiscal year 2019) and rate of 100% renewable energy (electricity) usage at plants and offices by fiscal year 2031. The ratio of renewable energy used in all companies in fiscal year 2023 was 91%, which reduced CO_2 emissions by 76% compared with the amount in the reference fiscal year. This enabled us to achieve the goal of reducing total CO_2 emissions from plants and offices by 70% (compared with fiscal year 2019) ahead of the scheduled fiscal year of 2031. In Japan, all manufacturing sites, plants, and offices including tenants have completed introducing renewable energy. We plan to further introduce the system at our overseas offices.

Reduction in CO_2 Emissions through the Introduction of Renewable Energy

Example initiative

At Tokyo Electron Miyagi (Taiwa), monitors displaying the energy profile of renewable energy generated from solar panels have been set up at the entrance to the plant. At Tokyo Electron Kyushu (Koshi), renewable energy generation initiatives are being promoted, such as the sale of generated energy. In fiscal year 2023, a total of 4,110 MWh of renewable energy was generated in Japan.

Initiatives to Prevent Global Warming and Save Energy

We have brought in a number of initiatives to achieve our medium-term environmental goal at plants and offices, including energy-saving cleanroom operation, setting office air-conditioning at appropriate temperatures, introducing devices that offer superior energy-saving performance and bringing in renewable energy.

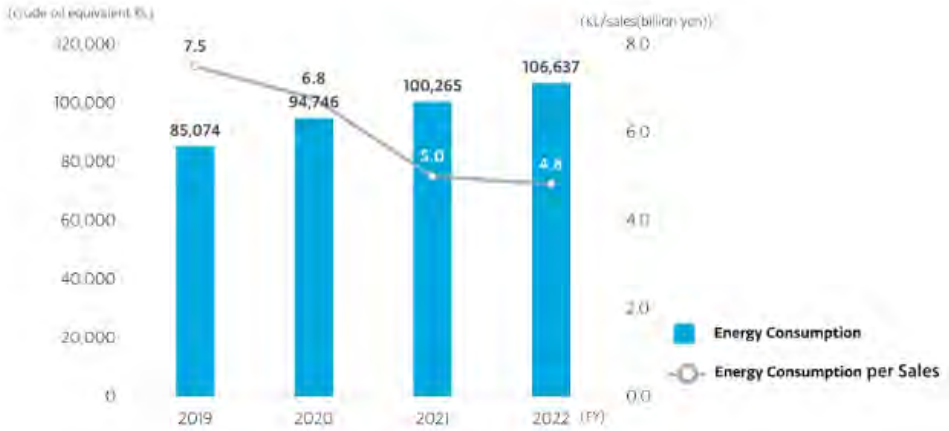
In fiscal year 2023, the introduction of renewable energy (electricity) made a significant contribution, and the CO_2 emitted by our energy sources*1 was 32 kilotons (63% decrease YoY). In addition, we managed to reduce by 4% YoY the amount of energy used at our plants and offices per net sales. An increase in the amount of energy used to develop and evaluate products and increase production meant that our power consumption was 402 GWh (7% increase YoY).

In fiscal year 2019, we revised*2 and shared the per-unit basis for plants and offices in Japan to more appropriate levels based on the correlation between business operations and energy. As a result, the annual sustainability goal has been achieved at 6 of the 11 total plants and offices in Japan and overseas.

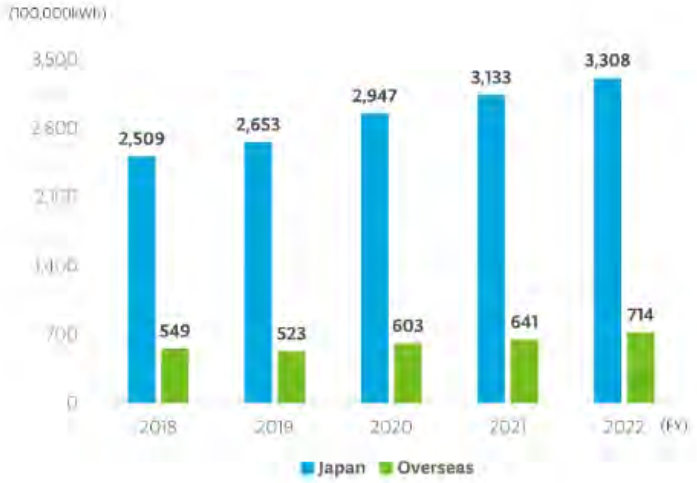
*1 The emission coefficient for power consumption in Japan in fiscal year 2023 uses the post-adjustment emission coefficient on a per-electricity supplier basis, while the emission coefficients for power consumption overseas uses the emission coefficients in Emissions Factors 2019 edition issued by the International Energy Agency (IEA).

*2 The per-unit basis is calculated by compound weighting using data on the number of development and evaluation machines, production volume, floor space, and man-hours in each region.

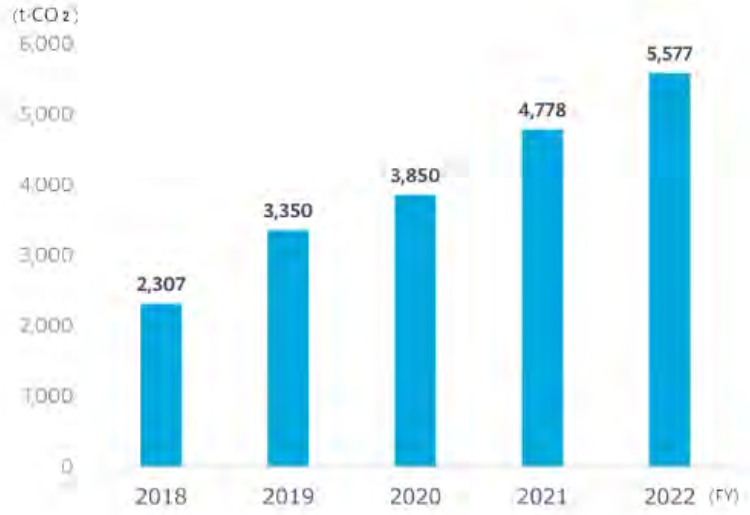
Energy Consumption and Energy Consumption per Net Sales



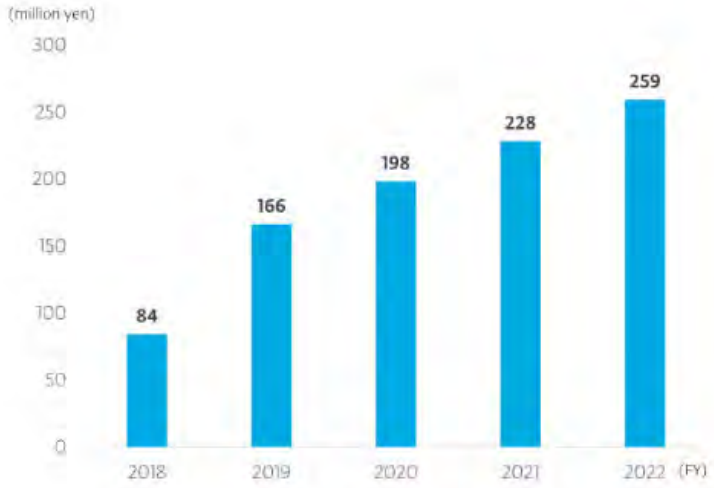
Changes in Power Consumption



Total CO_2 emissions reduction achieved by environment investments



Total energy cost reduction achieved through environmental investments



Example initiative 1

The introduction of a system to visualize clearly how much energy is saved at our plants and offices was completed at our major manufacturing sites in Japan in fiscal year 2022. Previously, energy consumption data had to be manually extracted and changes graphed by hand, but integrated management on the cloud has made it possible to check changes at any time. This has made it easier to check the deployment and effects of BKM* at each plant as well as study or implement measures.

More concretely, while in the past we were able to monitor increases and decreases in power consumption for entire business sites and buildings, now we are able to check increases and decreases for each piece of equipment such as refrigeration units, compressors, and lighting, making it easier to analyze and clarify the causes of increases and decreases in usage. In addition, this visualization system has made it possible to compare the effects of capital investment for energy conservation with pre-investment data for a more accurate understanding of the effects. We will accelerate our energy-conservation activities related to operations.

* BKM: Best Known Method

Example initiative 2

Tokyo Electron BP holds "Energy Conservation Competitions" in which employees at each site are encouraged to offer energy- and resource-saving ideas that are feasible within three years, and excellent ideas are announced, reviewed, and praised. In March 2023, the fourth competition was held and "Optimization of transformers" presented by Tokyo Electron Technology Solutions (Fujii) won the top prize. It is expected that annual CO_2 emissions will be reduced by 30 tons when this idea is put into practice. Through the "Energy Conservation Competitions", we will continue activities to turn ideas into reality and discover more energy- and resource-saving measures.

Example initiative 3

At Tokyo Electron Technology Solutions (Fujii, Hosaka), evacuation lights are being replaced with LED ones. In addition, the lights in clean rooms are controlled so that they are turned off when no one is inside. This is also expected to reduce electricity consumption. These energy-saving initiatives are also being implemented at each plant and office.

Initiatives to Conserve Water Resources and Reduce Water Consumption

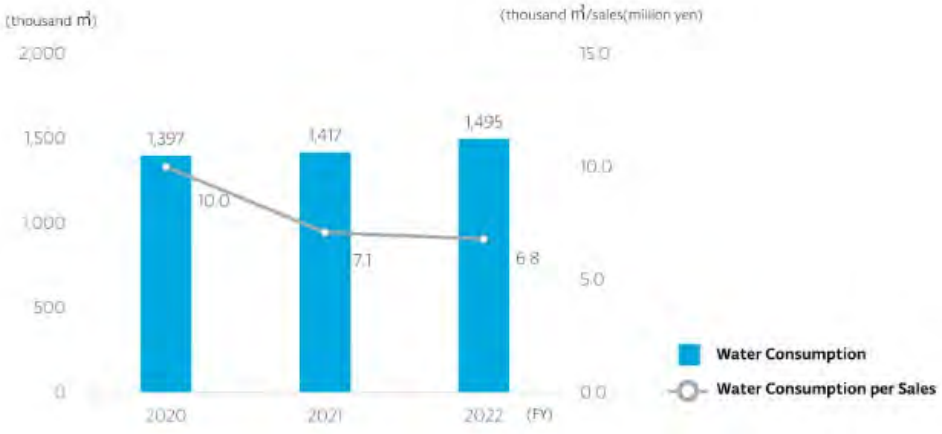
With the growing importance of water resource preservation, we use WRI Aqueduct* and freshwater resource quantity indicators to conduct water risk assessments in Japan and overseas. In addition, we confirm the status of water resource use in the supply chain, rainwater and wastewater management and goal setting with suppliers once a year.

We have established an annual sustainability goal of maintaining the same water consumption level of the base year (fiscal year of their choosing for each Japan and overseas operation). Our ongoing efforts to achieve these goals include reusing pure water from our manufacturing operations, installing water-saving devices, watering lawns with rainwater and implementing the intermittent operation of cafeteria faucets.

During fiscal year 2023, as a consequence of the operation of new buildings and an increase in water consumption associated with product development and evaluation, water consumption amounted to 1,495,000 ㎥, up 6% YoY. However, water consumption per net sales was down 4% YoY. Moreover, in terms of our goals at each plant and office in Japan and overseas, we achieved 9 of the 13 goals.

* WRI Aqueduct: A water risk assessment tool developed by the World Resources Institute

Water Consumption and Water Consumption per Net Sales



Initiatives to Reduce Waste

As part of its initiatives to reduce waste, we are striving to limit the amount of waste generated and recycle. In addition to participating in the electronic manifest system*1 to ensure proper waste management, we promote maintaining an appropriate amount of parts inventory, reusing cushioning material and waste separation activities. Furthermore, we are working to reduce waste processing costs by modifying space used for storing waste to increase storage capacity and reduce the frequency of collection.
As a result of these initiatives, in fiscal year 2023, we generated 271 tons of incinerated and landfill waste, and the recycling rate*2 was 98.5%, achieving our goal of maintaining a recycling rate of 97% or higher for the 167th consecutive year since fiscal year 2007. In addition, we have also maintained a high level of recycling of 88.7% at our overseas plants and offices.

*1 Electronic manifest system: A system for electronically tracking the flow of industrial waste instead of using paper-based manifests (i.e., paper forms for tracking industrial waste). The system uses a communications network of data processing centers, businesses that generate waste, and waste collection/disposal companies.

*2 Recycling rate: (Recycled amount / Amount of waste generated)×CO_2

Example initiative

At Tokyo Electron Kyushu, pallets that are partly made from ocean-bound plastics (recycled plastics known as OBPs) are used to store products in stock. Environmental issues related to plastic waste have been drawing attention in recent years. In particular, marine plastic waste is posing serious problems. OBPs, which are plastic waste disposed of in land areas within 50 km from the sea may, if left uncollected, flow into the sea as marine plastic waste and contaminate the environment. We use pallets made from recycled OBPs to help prevent ocean pollution.

Management of Chemical Substances

We constantly monitor and manage our use and release of any chemical substances used in product development and manufacturing subject to the Japanese PRTR* law. Whenever we introduce a new chemical substance or change the way an existing substance is used, we check for environmental, health and safety risks beforehand and conduct appropriate processing after use such as by contracting expert vendors and using in-house processing facilities. In response to the Fluorocarbons Recovery and Destruction Law, we conduct simple checks, regular inspections and so on based on law in an effort to monitor the amounts of fluorocarbons filled and recovered.

* PRTR: Pollutant Release and Transfer Register. A framework for tracking, tabulating and disclosing quantitative data on chemical substances that may be hazardous to human health and the ecosystem, including the amounts used and discharged into the environment and the amounts transferred (as part of waste) from the plants and offices

Biodiversity

Our business activities are supported by the benefits yielded from biodiversity. We recognize that our business activities have not an insignificant impact on biodiversity and thus carry out initiatives to conserve biodiversity. We set a single fiscal year goal of conducting ecosystem tours or conservation activities at our plants and offices in Japan at least twice a year. Results in fiscal year 2023 show that events were held a total of 22 times, attracting a total of 138 participants.
In fiscal year 2023, we formulated the commitments on biodiversity and forest conservation with the approval of the CEO.

Biodiversity and Forest Conservation Commitments

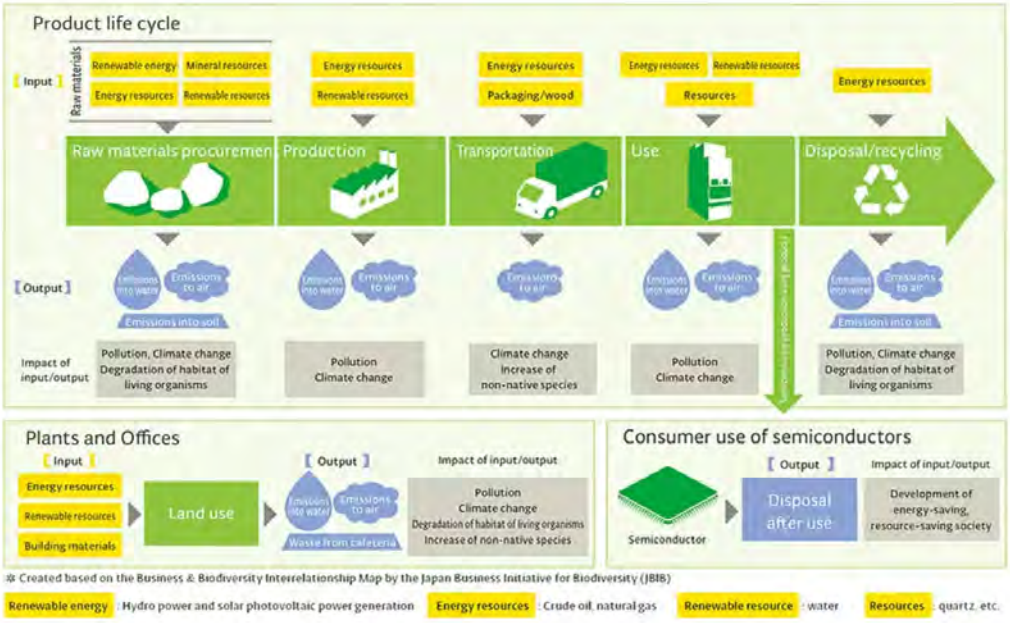
The benefits of biodiversity are essential for the sustainable development of society. However, human society's activities are having a major impact on biodiversity.

Through "TEL's Shared Value," we are working to resolve social issues through business activities that make use of our expertise. We aim to realize "Net Positive Impact (NPI)"* across our entire value chain through ongoing initiatives to preserve biodiversity. We believe that promoting activities in partnership with our stakeholders will help to boost our corporate value in an ongoing manner. As part of these efforts, we aim to achieve zero deforestation through working proactively to protect forests, which are home to ecosystems comprising numerous organisms and which constitute important CO_2 sinks.

We make a map of biodiversity relationships based on the product life cycle assessments. We promote biodiversity initiatives based on the activity guidelines and the relationship map.

* NPI: When loss of the natural environment cannot be avoided and the decision is instead taken to generate gains for the natural environment to offset the losses, ensuring that losses and gains are balanced constitutes "No Net Loss (NNL)," while going beyond this by ensuring that the gains outweigh the losses constitutes "Net Positive Impact (NPI)."

Interrelationship Map of Biodiversity Activities



Join the Taskforce on Nature-related Financial Disclosures(TNFD) Forum

In fiscal year 2023, we announced that we concur with the vision of the Taskforce on Nature-related Financial Disclosures(TNFD)*1 and has joined the TNFD Forum, a group of institutions that support the activities of the taskforce.
TNFD is an international initiative established in June 2021 to support the transition to a nature-positive*2 world, aiming to develop a risk management and disclosure framework for businesses with stakes in natural capital and biodiversity. The TNFD Forum was established in September 2021 as the taskforce's support organization that provides expert insights and technical assistance to TNFD.
At TEL, we are assessing the impact on nature caused by our business activities and the risks of nature loss, and are working to disclose relevant information in an appropriate manner. We are also collaborating with our stakeholders to enhance natural capital and biodiversity through our entire value chain.

*1 The Taskforce on Nature-related Financial Disclosures (TNFD) was launched in June 2021 with founding members including the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF), and a British non-profit organization Global Canopy. With the aim of shifting global financial flows away from nature-negative outcomes and toward restoring biodiversity, the taskforce is developing a framework that drives businesses, institutions, and organizations to disclose risks and opportunities impacting natural capital and biodiversity.

*2 Being "nature positive" means putting nature on the path to recovery by stopping and reversing the loss of biodiversity.

Example initiative

Tokyo Electron Miyagi has named a 4.2 ha area of prefectural forest in Yamato Town "Tokyo Electron Forest" as part of its efforts to nurture forests and preserve the environment, and has been conducting tree-planting activities (tree-planting events) since 2017. A total of 283 participants planted 324 trees in six years. In addition to planting trees and capturing trees, full-scale forest maintenance was carried out, including sorting out depleted trees and moving logs, and the participating children also had the opportunity to climb a cliff using ropes, make wreaths, and experience nature crafts.
In the sixth year of this activity, the forest, which was covered with dead and damaged trees before maintenance, is regaining its original appearance and has become like a park with a walking trail. In addition to the landscape, the number of shrimps, gentians, butterflies, and dragonflies in the ponds and puddles has increased, contributing to biodiversity.

Environmental Communication

Our environmental policy requires that we respond appropriately to the expectations of society. We promote initiatives for the environment while engaging in ongoing communication with all of our stakeholders.
In addition, to better promote environmental communication internally, we provide an environmental program for new employees and mid-career recruits, plus a refresher program for existing employees. In fiscal year 2023, approximately 8,600 employees in Japan participated in the refresher program for existing employees. We will continue to implement this program.

Example initiative 1

At Esashi Plant in Iwate, employees participate in activities of "Oshu Megumi Net", a citizens' environmental conference in Oshu City. In fiscal year 2023, they are promoting communication through activities such as delivering a lecture titled "Environmental Activities: Technology for Eco Life" and participating in nature observation activities with local residents.

Example initiative 2

As part of our enlightenment activities aimed at providing increased opportunities to consider biodiversity, eco-life, and the environment through taking photos and/or painting pictures, we have been holding the TEL Eco-Life Art and Photo Contest annually since 2009. The contest, which is held for employees and their families, has attracted more entries every year. As many as 1,665 entries were submitted in fiscal year 2023 from the entire Group companies worldwide, with a grand total of over 9,000 submissions over the past 14 years.

Example 1 of the TEL Eco-Life Art and Photo Contest

Example 2 of the TEL Eco-Life Art and Photo Contest

Green Procurement

Introducing Our Green Procurement

We are promoting, with the cooperation of our suppliers, the notion of "green procurement", which aims to give prior attention to purchasing parts, products, and materials that have been produced in a way that takes the environment into account. For details, please refer to the following "Green Procurement Guideline" and its appended documents.

Guideline for Green Procurement Rev. 4.2 (61KB)

TEL Substance List Rev.4.1 (Revised Apr. 30, 2024) (2.6MB)

Our View on Management of Chemical Substances in Tokyo Electron Group Products Rev. 4.2 (58KB)

Explanation of How TEL Addresses Issues Regarding Environmental Laws and Regulations in Products Rev. 2.0 (149KB)

Request for Provision of Environmental Information Regarding Delivered Products

We are conducting research on contained chemical substances used in all parts and products purchased from our suppliers.

Research on Contained Chemical Substance in Articles

We use chemSHERPA-AI* for the research on contained chemical substances in articles.
The tool of chemSHERPA-AI can be downloaded from https://chemsherpa.net/
If you need more details about the research process, please contact us using the Sustainability inquiry form.

Sustainability inquiry form

*1 chemSHERPA-AI : The information transmission sheet to be used to communicate information about chemical substances contained in products

Logistics Initiatives

Environmental Considerations in Logistics

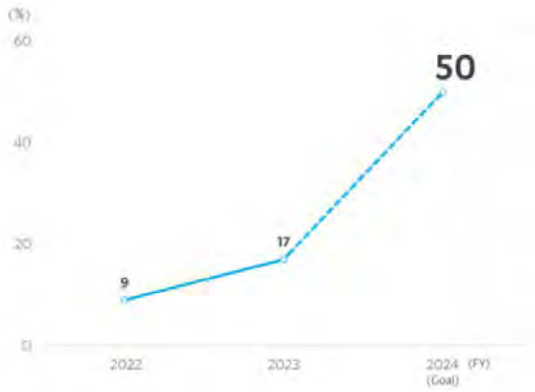
Because of worldwide environmental concerns such as global climate change and the rising demand to reduce the environmental burden of logistics activities, transportation regulations are becoming more stringent. We continue to adjust our logistics operations to meet these demands.

CO_2 Reduction Initiatives

As logistics regulations are tightened from the perspective of preventing global warming and addressing climate change, there is a growing demand to reduce the environmental impact of business activities. We have been actively implementing measures such as a modal shift* in transportation in Japan and overseas and the adoption of packaging methods that reduce environmental impact, as well as promoting activities designed to reduce the environmental impact of its logistics.
For logistics in Japan, we calculate and clarify CO_2 emissions within the scope defined by the Act on the Rational Use of Energy and Conversion into Non-Fossil Fuel, Etc. (Energy Saving Act). For logistics overseas, we calculate and clarify CO_2 emissions for both our Group companies and also for logistics in which our customers are serving as shippers.

Sauce: Tokyo Electron BP

In fiscal year 2023, we actively promoted the use of reinforced corrugated cardboard packaging and modal shifts to achieve our annual sustainability goal set in fiscal year 2021. Reinforced corrugated cardboard is lighter in weight, which is expected to reduce CO_2 emissions during transportation. It is also recyclable and has a lower environmental impact than wood. The rate of reduction of wood use was 17% in fiscal year 2023.
Furthermore, in fiscal year 2023, we set a new annual sustainability goal to further promote modal shifts and joint delivery and reduce CO_2 emissions from overall logistics (own delivery) by 10% (by fiscal year 2027), and developed activities that contributed to the achievement of this goal. In particular, we considerably increased the use of ferries between Osaka and Fukuoka in order to achieve the goal. As a result, CO_2 emissions due to domestic logistics were reduced by approximately 2,476 tons compared with the value calculated on the assumption that modal shifts and joint delivery are not implemented. This reduction amounts to 11.4 percent, and we achieved the above-mentioned goal ahead of schedule.
These initiatives were positively evaluated, and we and Tokyo Electron BP, a Group company, were nominated for commendation by the Director-General, Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism in relation to the accreditation of the "Eco-ship Mark"*1 for fiscal year 2023 organized by the Eco-ship modal shift*2 business execution committee, as corporations that contribute to environmental measures through sea transportation, and were commended in May 2023.



Reduction Rate of Wood Use

*1 Accreditation of the "Eco-ship Mark": The Eco-ship modal shift business execution committee organized by the Maritime Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, and operators of ferries, RORO ships, container vessels, automobile vessels, etc. awards the "Eco-ship Mark" to cargo owners and logistics operators that contributed to the modal shift to marine transport, and the Director-General at the Maritime Bureau of the Ministry of Land, Infrastructure, Transport and Tourism grants an award every year to an operator that made a notable contribution.

*2 Modal shift: Efforts to transform the means of transportation. Refers to the shift of transportation from car and air to rail and ship, which have lower environmental impacts.

Example initiatives

We are proactively promoting modal shifts to reduce environmental loads. In fiscal year 2023, we replaced more than 4,000 trucks used for transportation between Osaka and Fukuoka with ferries. Operation of Japan's first ferries for transporting liquefied natural gas has been started on this sea route. Because the amount of CO_2 emissions that occur during transportation is approximately 25% smaller than that of conventional ships, and due to the fact that ships only generate low environmental loads as they emit lower levels of sulfur oxides, we are actively using these ferries.
Tokyo Electron Miyagi has been making modal shifts to railways to transport components from suppliers in the Kansai district. In fiscal year 2023, they started to carry out modal shifts for transportation of components from suppliers in the Hokuriku and Kyushu districts. Because modal shifts will contribute to the mitigation of "year 2024 problems" that are expected to reduce the number of available truck drivers as a result of strengthening of overtime work regulations, we will continue to proceed with this initiative.

Resource-saving Initiatives

Because our products are precision equipment, they must be shipped with care and in clean conditions, requiring the use of wooden crates and cardboard boxes. To conserve some of these resources, We use recyclable cardboard boxes for packaging. After the equipment has been shipped and installed, casters and other specialized transport fixtures are collected and brought back to our factories for reuse. These are only a few examples of our resource-saving efforts.

Initiatives with Suppliers (E-COMPASS)

Example initiatives

As part of our E-COMPASS initiatives, we held a briefing session with all of our materials suppliers in March 2022, based on the notion that reinforcing our partnerships with our suppliers is key to the preservation of the global environment and to the data society which will be a growing reality in the years ahead. At this briefing session, we informed our suppliers of the status of our initiatives, and shared measures for mutual growth through co-creation with them as partners. We also conducted the “E-COMPASS Survey” to confirm matters including the state of suppliers' environmentally technology development, suppliers' activities for reducing the environmental burden of their operations, and the status of their products' compliance with environmental laws and regulations. In December, we awarded three of our suppliers the status of “Environmental Partners” at TEL Partners Day, in recognition of their tremendous cooperation with the activities of E-COMPASS. In February 2023, 53 suppliers which are excellent in terms of compliance with environmental laws and regulations and CO2 emission reduction activities were certified as “Green Partners” as an expression of our feelings of respect and gratitude. In March, a briefing session and survey were carried out as a continuation of last year's session and survey, and activities based on the results of these have been developed with suppliers. Achieving net zero by fiscal year 2041 will require not only reductions in CO2 emissions within Tokyo Electron itself but also substantial reductions at our customers' and suppliers' production lines. To achieve this goal, we will continue to develop and enhance the E-COMPASS program as we move forward with our activities. We will work proactively to preserve the global environment across the entire supply chain through our partnerships with customers and suppliers.

E-COMPASS

A Call for Proposals on Reducing Environmental Impact throughout the Lifecycle of Semiconductors and FPDs >

Supply Chain Management

Principles and System of Supply Chain Management

To build a supply chain that is sound and sustainable, Tokyo Electron has formulated a procurement policy based on the laws, regulations and social norms of each country, as well as the RBA Code of Conduct, and together with its suppliers, is implementing activities based on this policy. To identify issues in the supply chain from a variety of perspectives, we also value ongoing communication with diverse suppliers, including materials suppliers that handle parts and raw materials, staffing suppliers that provide services and logistics suppliers that handle physical distribution operations. Any issues which are identified are shared among the relevant departments which then work on improvement measures, under the supervision of the CEO. We will continue striving to create value across the supply chain by working to build relationships of trust with our suppliers, who support our business as partners, and by working together to deploy our operations in compliance with global standards.

Procurement Policy +

Procurement Policy - Supplement: Requests to Our Suppliers +

Framework +

Initiatives in the Supply Chain

Supply Chain Communication

Supplier Hotline

Initiatives in the Supply Chain

Sustainability Operations

To keep track of our suppliers' engagement in sustainability, we conduct an annual sustainability assessment in areas such as labor, health and safety, the environment and ethics since fiscal year 2014. We analyze the assessment results, provide feedback to suppliers and ask them to carry out any improvement activities required. In fiscal year 2019, we completely revised the content of the assessment based on audit standards stipulated by the RBA, and in addition to materials[*1] suppliers, included staffing[*2] and logistics[*3] suppliers in the scope of the assessment.

In fiscal year 2023, we had Tokyo Electron Technology Solutions (Yamanashi), one of our main manufacturing sites in Japan, undergo RBA auditing, and have carried out the necessary remediation activities together with our suppliers. Going forward, we will further promote compliance with industry codes of conduct through having our other major manufacturing sites undergo similar auditing, including those located overseas, and will expand sustainability initiatives throughout the supply chain.
In addition, to promote these initiatives and support supplier's efforts, we conducted briefings on RBA Code of Conduct and audit standards to personals in charge of supply chain management.

To ensure that all people in our supply chain can work of their own free will, we have expressly stipulated our zero-tolerance policy for forced labor and bonded labor, and have communicated this to our major suppliers.

Supply Chain Sustainability Process

*1 Materials suppliers: Assessment has been conducted for suppliers accounting for more than 80% of our procurement spend (85% from fiscal year 2023)

*2 Staffing suppliers: Assessment has been conducted since fiscal year 2019 on 100% of employment agencies and contracting companies (internal contractors).

*3 Logistics suppliers: Assessment has been conducted since fiscal year 2019 on 100% of customs-related operators.

Responsible Procurement of Minerals (Conflict Minerals)

We see taking action against conflict minerals (3TG[*1]) obtained through illegal exploitation, which lead to human rights violations and poor working conditions, as our corporate social responsibility. Our resolute goal is to eliminate the use of raw materials made from these conflict minerals, as well as any parts or components containing them. In alignment with this way of thinking, we conduct surveys on potential conflict minerals using the CMRT[*2] and referring to the OECD[*3] Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In fiscal year 2023, we conducted our ninth annual survey on potential conflict minerals. As a result, we were able to identify 234 smelters conformant with RMAP[*4] (one of the standards used for determining whether minerals are connected with conflict). In addition, none of the materials we procured were found to contain 3TG involved in conflict.

*1 3TG: Tantalum, tin, tungsten and gold

*2 CMRT: Conflict Minerals Reporting Template. Survey format for reporting conflict materials, provided by the Responsible Minerals Initiative (RMI), which has established international guidelines on conflict minerals.

*3 OECD: Organisation for Economic Co-operation and Development

*4 RMAP: Responsible Minerals Assurance Process. A program promoted and led by the RMI for auditing smelters/refiners to validate that they do not use conflict minerals.

Procurement BCP

As part of our business continuity plans (BCPs), we collaborate with suppliers on ongoing disaster preparation. We maintain a database of suppliers' production sites so that if a crisis arises, we can promptly identify impacted suppliers and quickly collaborate in recovery efforts. There are now approximately 30,000 registered production sites as of fiscal year 2023, and post-disaster impact assessments (conducted when disasters occur) have been implemented five times. In addition, we conduct BCP assessments on our suppliers and analyze their responses to provide them with feedback so that they can promote improvements in areas of concern.

* BCP assessment: Surveys have been conducted since fiscal year 2013 on suppliers accounting for more than 80% of our procurement spend.

Supply Chain Communication

Cooperation with Suppliers

In addition to daily communications, we hold Production Update Briefings and a TEL Partners Day to enhance relationships with suppliers. At these events, we present and exchange information on the management plans, market trends, business policies, and CSR initiatives. We also ask for continued cooperation in strengthening our supply chain, and honor outstanding suppliers to express our appreciation for their constant support.

In addition, we award "Environmental Partners" and recognize "The Green Partners" to suppliers who offer outstanding cooperation and contributions to our environmental activities through E-COMPASS initiatives.

Before starting business with new suppliers, an STQA is conducted via self-assessment to evaluate their product quality, costs, and information security. The assessment also includes CSR issues, including human rights, ethics, safety, and the environment. If any risks to quality are found, we visit the supplier on-site to explain the problems, our expectations for improvement, and the level of quality we require. After the supplier understands the issues, we ask that they plan and implement improvement measures. We also offer continual support to suppliers until all necessary improvements have been made. We conduct on-site audits once every three years at suppliers who manufacture important components and at suppliers where quality issues have been found.

We focus on the change control education with our suppliers. We aim to reduce the number of quality issues that occur as a result of changes to the design or manufacturing of equipment components and modules. We also aim to reduce the cost of quality improvements. We conduct briefings for suppliers to explain matters such as the importance of change control, and have conducted online training since fiscal year 2016.

In addition, Tokyo Electron announced the "Declaration of Partnership Building" in September 2022 to support the purpose of the Council on Promoting Partnership Building for Cultivating the Future, and in February 2023 Tokyo Electron Technology Solutions, Tokyo Electron Kyushu and Tokyo Electron Miyagi also announced, that is promoted by the Cabinet Office, the Ministry of Economy, Trade and Industry (METI), the Small and Medium Enterprise Agency (SMEA), and others.

パートナーシップ構築宣言

Declaration of Partnership Building (Tokyo Electron) (148KB)

Declaration of Partnership Building (Tokyo Electron Technology Solutions) (149KB)

Declaration of Partnership Building (Tokyo Electron Kyushu) (148KB)

Declaration of Partnership Building (Tokyo Electron Miyagi) (226KB)

Supplier Case Studies

Aside from the assessment program described above, Tokyo Electron Kyushu cooperates with suppliers to implement initiatives to reduce the occurrence of defective goods. We visit the production sites of suppliers to learn about their production environment whereby they are able to provide effective improvement proposals. We conduct process analysis together with suppliers to build better processes whereby we promote steady reduction of defects, creating win-win relationships for improved productivity.

Cooperation with industry organizations

In June 2015, TEL joined the RBA*. RBA participation includes adopting the RBA Code of Conduct, a set of standards to improve labor practices, health and safety, environmental impact, and ethics in supply chain. TEL adheres to the RBA Code of Conduct to maintain and strengthen its supply chain, in cooperation with other RBA member companies.

* RBA: Responsible Business Alliance

Supplier Hotline

Supplier Hotline >

Corporate Governance >
Risk Management >
Information Security >
Compliance >
Human Rights >
Health >
Safety >
Human Resource >
Environment >
Supply Chain Management >

Third-party Recognition

Dow Jones Sustainability Indices

Created jointly by S&P Dow Jones Indices LLC (U.S.) and SAM (Switzerland) , the Dow Jones Sustainability Indices (DJSI) is a global sustainability benchmark of the world's leading companies in terms of governance & economic, environmental and social criteria.
Tokyo Electron (TEL) has been selected as a component of the DJSI for the Asia Pacific region (DJSI Asia Pacific) since 2016.

* S&P Dow Jones Indices LLC: The world's largest provider of financial market indices, offering a variety of indicators such as the S&P 500®

The Sustainability Yearbook 2024

The Sustainability Yearbook, published annually by S&P Global (U.S.) is a compilation of major global companies that have been rated highly in evaluations the companies' sustainability, from the aspect of environmental, social, and governance initiatives. TEL has been chosen as one of the Year Book Members since 2017.

FTSE4Good Index Series

The FTSE4Good Index Series is an index related to environmental performance and corporate social responsibility developed by FTSE Russell (U.K), a wholly owned subsidiary of the London Stock Exchange Group.
The index is comprised of companies that implement superior environmental, social and governance (ESG). We have been selected for the FTSE4Good Index Series since 2003.

FTSE4Good Index Series: https://www.lseg.com/en/ftse-russell/indices/ftse4good

* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Tokyo Electron has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Blossom Japan Index

The FTSE Blossom Japan Index is designed to be industry neutral and measures the performance of Japanese companies that demonstrate strong environmental, social, and governance (ESG). FTSE Russell, a wholly owned subsidiary of the London Stock Exchange Group, evaluates companies on ESG themes such as corporate governance, health and safety, anti-corruption and climate change. TEL has been selected for the FTSE Blossom Japan Index since 2017.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Tokyo Electron has been independently assessed according to the FTSE Blossom Japan Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index Series. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index Series is designed to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.
FTSE Blossom Japan Index:https://www.ftserussell.com/products/indices/blossom-japan

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index, developed by Global Index Provider FTSE Russel, is designed to measure the performance of Japanese companies that demonstrate strong Environmental, Social and Governance (ESG) practices. This index is constructed so that industry or sector weights align with the Japanese equity market. The index also supports climate transition to a low carbon economy by evaluating companies' climate governance and climate change efforts with TPI Management Quality Score*.

* TPI Management Quality Score: A score that assesses companies on carbon emissions data and the management of risks and opportunities for a transition to a low-carbon economy.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Tokyo Electron has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index Series. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.
FTSE Blossom Japan Sector Relative Index: https://www.ftserussell.com/products/indices/blossom-japan

MSCI ESG Leaders Indexes

MSCI ESG Leaders Indexes is a member of the MSCI ESG Index series which were developed by Morgan Stanley Capital International (MSCI, US) and are globally recognized indices for ESG (Environmental, Social, Governance). TEL has been selected for MSCI ESG Leaders Indexes since 2017.

* The inclusion of Tokyo Electron Limited in any MSCI Index, and the use of MSCI logos, trademarks, service marks or Index names herein, do not constitute a sponsorship, endorsement or promotion of Tokyo Electron Limited by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

MSCI Japan ESG Select Leaders Index

"MSCI Japan ESG Select Leaders Index" targets 50% of the free float-adjusted market capitalization of each GICS®* Sector and is designed to target Japanese companies that have high ESG (Environmental, Social, Governance) performance.
"MSCI Japan ESG Select Leaders Index" aims to target sector weights that reflect their relative weightings within the underlying indexes, to limit the systematic risk introduced by the ESG selection process. Overall, the index targets coverage of 50% of the underlying MSCI parent index. TEL has been selected for MSCI World ESG Leaders Index since 2017.

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

* GICS: Global Industry Classification Standard

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MSCI Japan Empowering Women Index (WIN)

"MSCI Japan Empowering Women Index (WIN)" is part of the MSCI ESG (environmental, social and governance) indexes, and aim to represent the performance of companies that are leading within their GICS®* Sector groups in terms of promoting and maintaining gender diversity, while also meeting certain quality criteria. TEL is selected for MSCI Japan Empowering Women Index (WIN).
TEL was selected for MSCI Japan Empowering Women Index (WIN) in 2024.

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

* GICS: Global Industry Classification Standard

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MSCI Nihonkabu ESG Select Leaders Index

"MSCI Nihonkabu ESG Select Leaders Index" targets 50% coverage by number of securities in each GICS®* Sector of the Parent Index (MSCI Nihonkabu IMI) by selecting constituents based the ESG (Environmental, Social, Governance) performance.
TEL was selected for MSCI Nihonkabu ESG Select Leaders Index in 2024.

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

* GICS: Global Industry Classification Standard

* The inclusion of Tokyo Electron Limited in any MSCI Index, and the use of MSCI logos, trademarks, service marks or Index names herein, do not constitute a sponsorship, endorsement or promotion of Tokyo Electron Limited by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

Sustainalytics ESG Risk Ratings

Sustainalytics ESG Risk Ratings is an ESG (Environment, Social, Governance) risk rating provided to institutional investors by Sustainalytics (Netherlands),
a Morningstar Company which measures a company's exposure to industry-specific material ESG risks and how well a company is managing those risks.
In 2024, TEL was recognized by Sustainalytics as Low Risk company across all industries.

Rated
MORNINGSTAR | SUSTAINALYTICS

Euronext Vigeo World 120 Index

Euronext Vigeo World 120 Index released by the NYSE Euronext(US) which is operating a number of stock exchanges in US and Europe, and Vigeo Eiris (France/UK) which is an ESG (Environment, Social, Governance) research and service provider. The index is composed of the 120 highest-ranking companies in terms of ESG in Europe, North America, and Asia-Pacific regions. TEL has been selected for Euronext Vigeo World 120 Index since 2019.

STOXX Global ESG Leaders indices

The STOXX Global ESG Leaders indices are a set of indices maintained by STOXX, a subsidiary of Deutsche Börse Group (Germany) and a leading index provider in Europe. It selects world leading companies based on a evaluation results related to ESG by Sustainalytics (Netherlands). TEL has been selected STOXX Global ESG Leaders indices since 2016.

The Bloomberg Gender-Equality Index (GEI)

The Bloomberg Gender-Equality Index (GEI) is developed by Bloomberg (U.S.) to track the performance of public companies committed to disclosing their efforts to support gender equality through policy development, representation, and transparency.
In 2023, TEL was selected for The Bloomberg Gender-Equality Index.

ISS ESG Corporate Rating

ISS ESG is an ESG (Environmental, Social, Governance) investing solution unit of Institutional Shareholder Services Inc. (U.S.) , the world's leading provider of proxy voting and distribution solutions, and evaluates companies with ESG criteria. Companies that are received high evaluation in their industry sectors are rated "Prime."
TEL has been rated "Prime" since 2018.

Actual data

Performance Summary (Social)

Performance Summary (Environment)

Independent Practitioner's Assurance Report

Performance Summary (Social)

The scope for calculating social data is the Tokyo Electron group (27 consolidated companies), and the calculating period is fiscal year 2023 (April 1, 2022 to March 31, 2023).

- Japan：Tokyo Electron Ltd. and six consolidated subsidiaries (including Tokyo Electron Technology Solutions Ltd., Tokyo Electron Kyushu Ltd., Tokyo Electron Miyagi Ltd. and Tokyo Electron FE Ltd.)
- Overseas：20 consolidated subsidiaries (including Tokyo Electron America, Inc., Tokyo Electron Europe Ltd., Tokyo Electron Korea Ltd., Tokyo Electron Taiwan Ltd., Tokyo Electron (Shanghai) Ltd., and Tokyo Electron Singapore Pte. Ltd.)

●denotes data with third-party assurance in the Tokyo Electron Sustainability Data 2023

Composition of Employees(Japan and entire Group)

		FY2019	FY2020	FY2021	FY2022	FY2023
Regular employees (Region/Entire Group)	Number of regular employees	12,469	13,542	14,022	15,140	16,605
	Japan	7,526	7,806	7,921	8,234	8,796
	Rest of Asia	2,832	3,494	3,796	4,328	4,819
	Europe and Middle East	513	528	509	578	669
	North America	1,598	1,714	1,796	2,000	2,321

Composition of Employees (Japan)

		FY2019	FY2020	FY2021	FY2022	FY2023
Employees (Employment type/Japan)	Number of employees	7,797	8,100	8,296	8,661	9,325
	Regular employees	7,526	7,806	7,921	8,234	8,796
	Men	6,479	6,681	6,722	6,944	7,429
	Women	1,047	1,125	1,199	1,290	1,367
	Non-regular employees	271	294	375	427	529
	Men	220	263	348	403	490
	Women	51	31	27	24	39

Recruitment/Employment(Japan)

		FY2019	FY2020	FY2021	FY2022	FY2023
New graduates hired	Number hired	199	281	253	209	231
	Under 30 yrs old	198	280	252	208	231
	Men	166	233	207	177	193
	Women	32	47	45	31	38
	30–49 yrs old	1	1	1	1	0
	Men	1	1	1	0	0
	Women	0	0	0	1	0
	50 and over yrs old	0	0	0	0	0
	Men	0	0	0	0	0
	Women	0	0	0	0	0
	Percentage of women	16.1	16.7	17.8	15.3	16.5
	Number hired	239	150	191	400	580

Career-track recruits	Under 30 yrs old	85	42	56	131	209
	Men	67	35	49	96	185
	Women	18	7	7	35	24
	30–49 yrs old	145	96	123	250	355
	Men	119	82	92	202	306
	Women	26	14	31	48	49
	50 and over yrs old	9	12	12	19	16
	Men	5	10	11	17	13
	Women	4	2	1	2	3
	Percentage of women	20.1	15.3	20.4	21.3	13.1
Employees with disabilities	Percentage hired (TEL)	2.18	2.06	2.43	2.32	2.03
	Percentage hired (Group in Japan)	2.04	2.01	2.30	2.37	2.27
Reemployment system	Number of users	201	242	313	389	475
	Men	196	235	305	376	451
	Women	5	7	8	13	24
Percentage of regular employees who received regular performance and career evaluations		100.0	100.0	100.0	100.0	100.0

Female managers (Entire Group)

		FY2019	FY2020	FY2021	FY2022	FY2023
Ratio of Female Managers*1*2	Number of people	—	—	—	163	182
	Percentage	—	—	—	5.5	5.7
	Number of people (senior directors and above*3)	—	—	—	10	16
	Percentage (senior directors and above*3)	—	—	—	2.2	3.3

*1 Percentage of female managers, calculation method: (Number of female managers/Number of managers)×100.
Include experts in the number of managers from fiscal year 2022

*2 As of March 31

*3 Employees of a certain level or position based on the global human resources system

Female managers (Japan)

		FY2019	FY2020	FY2021	FY2022	FY2023
Female managers*1*2	Number of people	22	23	26	46	51
	Percentage	2.0	2.0	2.2	2.6	•2.7

*1 Percentage of female managers, calculation method: (Number of female managers/Number of managers)×100.
Include experts in the number of managers from fiscal year 2022

*2 As of March 31

Employee retention (Japan)

		FY2019	FY2020	FY2021	FY2022	FY2023
Employee retention	Retention after three years of joining TEL*	93.0	93.8	94.1	94.7	92.7
	Men	93.5	94.6	94.8	95.0	93.2
	Women	88.0	88.6	89.3	93.5	90.6
	Average service years	17 yrs.2 mos.	17 yrs.2 mos.	17 yrs.4 mos.	17 yrs.2 mos.	16 yrs.8 mos.
	Men	17 yrs.5 mos.	17 yrs.5 mos.	17 yrs.7 mos.	17 yrs.6 mos.	16 yrs.10 mos.
	Women	15 yrs.8 mos.	15 yrs.11 mos.	15 yrs.10 mos.	15 yrs.8 mos.	15 yrs.7 mos.

*1 Average in recent five years

Employee turnover (Entire Group)

		FY2019	FY2020	FY2021	FY2022	FY2023
Turnover*	Employee turnover	—	—	—	589	599
	Men	—	—	—	507	509
	Women	—	—	—	82	90
	Turnover percentage	—	—	—	4.2	3.9

* Turnover due to personal circumstances

Employee Turnover (Japan)

		FY2019	FY2020	FY2021	FY2022	FY2023
Turnover *	Employee turnover	108	82	87	87	98
	Men	88	54	75	69	81
	Women	20	28	12	18	17
	Turnover percentage	1.4	1.0	1.0	1.0	1.1

* Turnover due to personal circumstances

Work-life Balance (Japan)

		FY2018	FY2019	FY2020	FY2021	FY2022
Annual paid leave	Take-up rate*	67.2	72.6	62.5	64.6	•70.0
Refreshment leave	Number of those who took leave	605	901	688	512	1,731
	Men	507	773	610	435	1,485
	Women	98	128	78	77	246
Paternity leave	Number of those who took leave	155	184	148	137	149
Childcare leave	Number of those who took leave	56	46	41	70	96
	Men	8	12	16	36	57
	Women (percentage who took leave)	48 (100.0)	34 (97.1)	25 (92.6)	34 (97.1)	39 (97.5)
	Number of those who returned to work after leave	43	48	54	60	76
	Men	6	8	15	32	43
	Women	37	40	39	28	33
	Percentage reinstated	93.5	94.1	96.4	95.2	98.7
	Retention rate	88.9	93.3	95.0	90.0	97.9

Shorter working hour system	Number of those who used	153	149	132	110	105
	Men	8	11	9	7	10
	Women	145	138	123	103	95
Leave to care for a sick /injured child	Number of those who took leave	517	625	510	547	599
	Men	334	428	353	373	424
	Women	183	197	157	174	175
Childcare support leave	Number of those who took leave	129	125	86	80	98
	Men	26	26	29	23	33
	Women	103	99	57	57	65
Extended nursing care leave	Number of those who took leave	5	2	2	1	4
	Men	2	2	0	0	4
	Women	3	0	2	1	0
Short nursing care leave	Number of those who took leave	63	95	110	87	85
	Men	38	56	69	57	53
	Women	25	39	41	30	32
Shorter working hour system for nursing care	Number of those who used	2	2	0	4	0
	Men	0	1	0	2	0
	Women	2	1	0	2	0

* Take-up rate of annual paid leave Calculation method: (Days of paid leave taken by employees*) / (Days of paid leave provided to employees*) × 100 * Incl. non-regular employees

Products/Innovation

		FY2019	FY2020	FY2021	FY2022	FY2023
Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services		0	0	0	0	0
Active issued patents*1 (Region/Country)	Number of active issued patents	17,473	18,137	18,692	19,572	21,645
	Japan	5,304	5,348	5,484	5,703	6,307
	U.S.	4,415	4,606	4,822	4,988	5,360
	Europe	179	191	206	167	—*2
	Korea	3,076	3,223	3,363	3,731	4,683
	Taiwan	2,817	2,948	2,925	3,014	3,120
	China	1,682	1,821	1,892	1,969	2,175

*1 Figures for fiscal 2019 to fiscal year 2022 are based on our database; figures for fiscal year 2023 are based on LexisNexis®PatentSight® database.

*2 Europe is not included in the scope.

		CY2018*1	CY2019*1	CY2020*1	CY2021*1	CY2022*1
Global patent application rate		81.2	79.8	74.3	74.6	80.1*2
Patent application success rate	Japan	82.9	83.1	84.9	79.8	74.5
	U.S.	85.1	85.5	87.3	83.9	81.5

*1 Calendar year when patents were filed/granted

*2 Added international applications filed under the Patent Cooperation Treaty (PCT) to applications filed in other countries.

Customers

	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of respondents who selected "Very Satisfied" or "Satisfied" in the customer satisfaction survey	84.4	93.3	96.7	100.0	100.0

Safety

	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of employees who received training on basic safety	100	100	100	100	100
Percentage of employees who received training on advanced safety	100	100	100	100	100
Lost time incident rate (LTIR)	0.40	0.51	0.63	0.66	0.83
Number of workplace injuries per 200,000 work hours (TCIR)	0.20	0.23	0.27	0.30	0.33

Procurement

	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of new important suppliers screened using social criteria	100	100	100	100	100
Rate of improvement after supply chain sustainability assessment (including green procurement survey)	—*	35.8	23.1	31.5	30.5
Rate of improvement after supply chain BCP assessment	19.4	16.0	20.3	24.4	22.2
Number of identified RMAP conformant smelters (rate of identification)	253(100)	261(100)	236(100)	243(100)	234(100)

* Unable to compare with previous fiscal year due to comprehensive revisions, including the survey

Governance

	FY2019	FY2020	FY2021	FY2022	FY2023
Total number of critical incidents notified to Board of Directors	0	0	0	0	0
Total number of incidents subject to legal action on the basis of anti-competitive conduct,anti-trust activity, or monopolistic practices where the governance body's involvement was revealed	0	0	0	0	0
Number of executive officers who received training on anti-corruption*1	0	0	15	20	28
Total number (percentage) of directors who provided instructions on the body's policies and procedures in relation to anti-corruption*1	12(100)	11(100)	11(100)	12(100)	6(100)
Total number (percentage) of directors who received training on anti-corruption*1	0(0)	11(100)	0(0)	0(0)	3(50)
Payment to industry groups, etc. (thousand yen)*2	21,093	29,927	32,036	56,374	73,313
Payment to political affiliated organizations (yen)	0	0	0	0	0
Average tenure of directors	7.36	4.84	6.09	6.58	5.16
Average rate of attendance for board meetings	98.24	99.39	98.96	99.50	98.62

*1 Scope: Japan

*2 Industry groups were reviewed from FY2022(Scope: Global)

Compliance

	FY2019	FY2020	FY2021	FY2022	FY2023
Education on TEL's Code of Ethics/pledge rate*	—	—	98.8	91.6	96.1
Percentage of employees who have consented to the information security agreement	100.0	100.0	99.4	99.9	100.0
Significant fines and non-monetary sanctions for non-compliance with laws and regulations in the social and economic area	0	0	0	0	0

* Scope: Entire Group

Social Contribution

		FY2019	FY2020	FY2021	FY2022	FY2023
Spending on social contribution (million yen)*		281	250	244	170	301
Cash donations breakdown	Charity donations (providing donations/relief supplies to charity organizations)	11	4	13	15	9
	Community investment (charitable expenses for long-term cause for community)	55	68	62	75	40
	Commercial initiatives (charitable expenses with anticipated effects on business growth)	34	28	25	10	51

* Spending on social contribution activities excluding disaster relief contributions

Performance Summary (Environment)

The scope for calculating environmental data is the Tokyo Electron group (27 consolidated companies), and the calculating period is fiscal year 2023 (April 1, 2022 to March 31, 2023).

- Japan：Tokyo Electron Ltd. and six consolidated subsidiaries (including Tokyo Electron Technology Solutions Ltd., Tokyo Electron Kyushu Ltd., Tokyo Electron Miyagi Ltd. and Tokyo Electron FE Ltd.)
- Overseas：20 consolidated subsidiaries (including Tokyo Electron America, Inc., Tokyo Electron Europe Ltd., Tokyo Electron Korea Ltd., Tokyo Electron Taiwan Ltd., Tokyo Electron (Shanghai) Ltd. and Tokyo Electron Singapore Pte. Ltd.)

●denotes data with third-party assurance in the Tokyo Electron Sustainability 2023

Greenhouse Gas Emissions

		FY2019	FY2020	FY2021	FY2022	FY2023
Scope 1 emissions	Scope 1 emissions (kt-CO_2)	24	28	29	16	22
	Japan, energy-derived*1	7	10	10	10	●10
	Overseas, energy-derived*1	2	2	2	2	2
	Non-energy-derived greenhouse gas emissions total*2 (kt-CO_2e)	15	16	17	4	10
	Non-energy-derived greenhouse gas emissions(kt-CO_2e)(Japan)	15	16	17	4	10
	Japan – HFCs	0.7	0.2	0.1	0.7	3.4
	Japan – PFCs	8.5	10.6	13.2	1.3	5.6
	Japan – SF_6	5.1	5.0	3.1	1.4	1.2
	Japan – Other	0.3	0.4	0.6	0.4	0.2
	Non-energy-derived greenhouse gas emissions(kt-CO_2e)(Overseas)	—	—	—	0.1	0.0
	Overseas – HFCs	—	—	—	0.0	0.0
	Overseas – PFCs	—	—	—	0.0	0.0
	Overseas – SF_6	—	—	—	0.0	0.0
	Overseas – Other	—	—	—	0.1	0.0
Scope 2*3 emissions	Scope 2 emissions (Market standard) (kt-CO_2)	150	144	157	74	20
	Japan	120	118	128	55	●0*4
	Overseas	30	26	29	19	20
	Scope 2 emissions (Location standard)	156	156	169	168	180
	Japan	125	129	138	136	144
	Overseas	30	26	31	33	36

	Scope 3 emissions(kt-CO_2)	8,847	7,910	9,386	12,554	14,333
Scope 3*5 emissions	**Category 1 Purchased goods and services**	2,177	1,796	2,395	3,332	4,053
	Category 2 Capital goods	150	164	162	172	224
	Category 3 Fuel- and energy-related activities	22	23	25	27	27
	Category 4 Upstream transportation and distribution	9	9	9	15	19
	Category 5 Waste generated in operations	2	2	2	3	3
	Category 6 Business travel	27	2	1	4	14
	Category 7 Employee commuting	12	12	11	12	14
	Category 9 Downstream transportation and distribution	80	90	80	121	120
	Category 11 Use of sold products	6,365	5,808	6,696	8,865	9,854
	Category 12 End-of-life treatment of sold products	3	3	3	4	5

*1 Scope 1: Direct GHG emissions from use of fuel and gas we owned or controlled. Calculation method: Emissions = Σ (fuel consumed × CO_2 emission factor).
Emission factor based on Japan's Act on Promotion of Global Warming Countermeasures

*2 Scope 1: Non-energy-derived CO_2 and greenhouse gases other than CO_2. Calculation method: Emissions = Σ (consumption × emission per unit consumption – amount recovered and properly treated) × global warming factor
Global warming factor is based on Japan's Act on Promotion of Global Warming Countermeasures.
From fiscal year 2022, the value for the amount recovered and properly treated have been reviewed to match actual conditions.

*3 Scope 2:Indirect GHG emissions from use of electricity we purchased Calculation method: Emissions = Σ (purchased electricity × CO_2 emission factor). Adjusted emission factors for the electrical power providers concerned based on Japan's Act on Promotion of Global Warming Countermeasures were used as the emission factor for Japan
Emission factors based on values from the Emissions Factors 2019 edition published by the International Energy Agency (IEA) were used as the emission factor for overseas electricity consumption

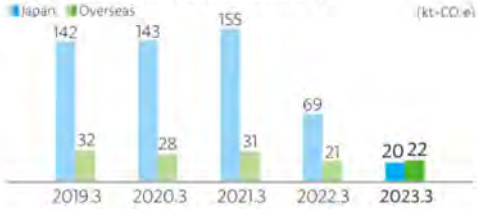
*4 Figure after Non-Fossil Certificate Equivalent Amount Deduction. Scope 2 emissions prior to Non-Fossil Certificate Equivalent Amount Deduction is 6kt-CO_2, Non-Fossil Certificate Equivalent Amount Deduction is 6kt-CO_2.

*5 Emissions from corporate value chains (excluding scope 1 and 2 emissions), such as product transportation, employee business travel and major outsourced production processes. The entire scope is divided into 15 categories, of which calculations were made for categories 1, 2, 3, 4, 5, 6, 7, 9, 11 and 12. Revised past figures. Calculations for categories 8, 10, 13, 14 and 15 were not made as they are either not included in our activities or have already been included in other categories.

Resource Consumption

		FY2019	FY2020	FY2021	FY2022	FY2023
Water	Consumption(thousandm³)	1,240	1,305	1,397	1,417	1,495
	Japan	1,054	1,098	1,183	1,204	•1,255
	Groundwater	363	390	430	440	402
	Tap water	422	411	450	479	520
	Industrial water	269	297	303	285	333
	Overseas	186	207	214	213	240
Copier paper Use (t) (Japan)		165	132	38	32	138

Scope 1 Emissions and Scope 2 Emissions (Market standard)



Water Consumption

Energy Consumption/Generation

		FY2019	FY2020	FY2021	FY2022	FY2023
Energy	Consumption metric (sales) (kL/billion yen)	6.3	7.5	6.8	5.0	4.8
	Consumption (crude oil equivalent) (kL)*1	81,074	85,074	94,746	100,265	106,637
	Japan	65,897	70,642	78,126	82,703	•87,137
	Overseas	15,177	14,432	16,620	17,562	19,499
Electricity	Consumption(MWh)	305,795	317,614	354,961	377,432	402,183
	Japan	250,911	265,293	294,652	313,322	•330,791
	Overseas	54,884	52,321	60,309	64,110	71,392
Gas (city gas, LPG)	Consumption (crude oil equivalent) (kL)*1	2,991	3,565	3,820	3,796	3,898
	Japan	1,948	2,611	2,728	2,738	•2,776
	Overseas	1,043	954	1,092	1,058	1,122
Fuel (heavy oil A, diesel oil, kerosene, gasoline)	Consumption (crude oil equivalent) (kL)*1	1,072	1,624	1,667	1,625	1,526
	Japan	1,055	1,603	1,651	1,612	•1,513
	Overseas	17	21	16	13	13
Renewable energy (electricity)	Purchase(MWh)	3,834	3,334	4,980	227,523	365,876
	Japan	0	0	0	197,137	330,791
	Overseas	3,834	3,334	4,980	30,386	35,085
PV power generation system	Power generation(MWh)	4,392	3,804	4,068	3,890	4,110
	Japan	4,392	3,804	4,068	3,890	4,110
	Overseas	0	0	0	0	0

Amount of self-consumption through onsite solar power generation system	Amount of self-consumption(MWh)	3,010	2,579	2,783	2,695	2,780
	Japan	3,010	2,579	2,783	2,695	2,780
	Overseas	0	0	0	0	0
Power sales	Power sales(MWh)*2	1,382	1,225	1,285	1,195	1,330
	Japan	1,382	1,225	1,285	1,195	1,330
	Overseas	0	0	0	0	0
Renewable energy (electricity) use rate	Power use percentage	2	2	2	60	91
	Japan	1	1	1	63	100
	Overseas	7	6	8	47	49

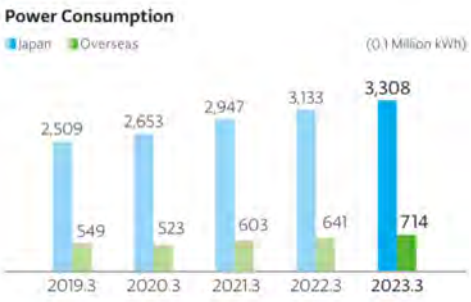
*1 Calculated using the conversion factors for fuel, gas and electricity in relation to the Act on Rationalizing Use of Energy and Shifting to Non-fossil Energy

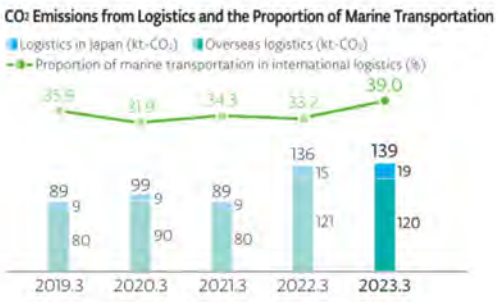
*2 Heat and steam not sold

Environmental Impact of Logistics

		FY2019	FY2020	FY2021	FY2022	FY2023
CO_2	Emissions(kt-CO_2)	89	99	89	136	139
	Japan	9	9	9	15	19
	Overseas*	80	90	80	121	120
Proportion of marine transportation (international)(%)		35.9	31.9	34.3	33.2	39.0
Use of reinforced cardboard	Reduction in amount of wooden packaging materials used (t) Japan	—	—	—	—	2,000

* Revised past CO2 emissions



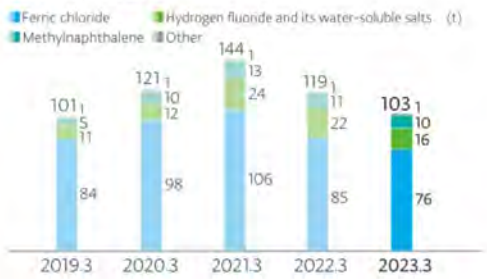


Amount of Waste Generated

		FY2019	FY2020	FY2021	FY2022	FY2023
Waste	Amount generated(t)	14,960	13,989	14,997	14,459	18,249
	Japan	14,208	12,973	13,705	12,921*	17,047
	Overseas	752	1,016	1,292	1,538	1,202
Dangerous/Hazardous waste	Amount generated(t)	6,951	6,228	7,227	5,231	5,634
	Japan (Specially controlled industrial waste)	6,619	5,911	6,718	4,705*	•5,239
	Overseas (Dangerous/Hazardous waste per country)	332	317	509	526	395
Recycling	Recycled amount(t)	14,770	13,748	14,814	14,189	17,978
	Japan	14,092	12,831	13,587	12,789*	16,912
	Overseas	678	917	1,227	1,400	1,066
Incinerated and landfill waste	Amount of waste(t)	190	241	183	270	271
	Japan	116	142	118	132	135
	Overseas	74	99	65	138	136
Water discharges	Water discharge volume (thousand m³)	1,006	1,078	1,195	1,194	1,272
	Japan	850	900	1,006	1,009	1,062
	Overseas	156	178	189	185	210

Recycling Rate/Generation of Incinerated and Landfill Waste in Japan

Volume of PRTR Class I Designated Chemical Substances Handled in Japan



* Revised past amount generated

Chemical Substances Consumption/Emissions (Japan)

		FY2019	FY2020	FY2021	FY2022	FY2023
PRTR Class I designated chemical substances	Volume handled(t)	101	121	144	119	104
	Ferric chloride	84	98	106	85	76
	Hydrogen fluoride and its water-soluble salts	11	12	24	22	16
	Methylnaphthalene	5	10	13	11	10
	VOCs*	0.0	0.1	0.1	0.1	0.1
	Other	1	1	1	1	1
	Amount transported (waste amount)(t)	96	111	131	108	94
	Consumption(t)	5	10	13	11	10
NOx	Emissions(t)	9.6	11.9	13.0	13.1	12.7
SOx	Emissions(t)	2.8	4.0	4.9	4.8	4.5

* VOCs: Volatile Organic Compounds

Other

		FY2019	FY2020	FY2021	FY2022	FY2023
ISO 14001	Number of certified offices	9	9	11	11	11
	Japan	5	5	5	5	5
	Overseas	4	4	6	6	6
Biodiversity	Number of ecosystem tours*	17	18	18	16	22
	Number of ecosystem tour participants*	595	368	52	87	138
Environmental laws and regulations	Number of breaches of environmental laws and regulations	0	0	0	0	0
	Amount of fines for breaches of laws and regulations	0	0	0	0	0
Total product shipment(t)*		32,715	31,184	28,862	41,352	48,922

* Scope: Japan

Independent Practitioner's Assurance Report

Tokyo Electron
Sustainability Data 2023
(281KB)

Related Policy

Tokyo Electron(TEL) has set various CSR-related policies, based on which CSR programs are implemented at each department.

- Sustainability and Framework of Corporate Principles
- Tokyo Electron Group Human Rights Policy
- Code of Ethics
- Personnel Policy
- Safety Policy
- Quality Policy
- Environment Policy
- Procurement Policy
- Tax Policy

Sustainability and Framework of Corporate Principles

Tokyo Electron's sustainability initiatives are the practice of its Corporate Philosophy through achieving its Vision. We make clear the material issues in our growth and promote these initiatives. Together with the building of a resilient management foundation, by providing high-value-added products and services, we contribute to the resolution of issues and development of industry and society as well as the achievement of the SDGs.

To be a company that is highly trusted and loved by society, we work on medium- to long-term profit expansion and continuous corporate value enhancement.

Approach to Human Rights

We at Tokyo Electron are conscious of our corporate social responsibility, and we recognize that it is important to conduct ourselves with a strong sense of integrity. Based on this recognition, we have firmly upheld human rights since our founding, as reflected in the spirit of our Corporate Philosophy and Management Policies. For us, respecting human rights means a significant undertaking, not only to fulfill our responsibility for eliminating adverse impacts on people caused by business activities but also to respect those people who support our business activities, and contribute to the realization of a sustainable, dream-inspiring society. We incorporate the concept of respect into every aspect of our business activities, and strive to nurture a dynamic corporate culture where each person can realize their full potential.

Tokyo Electron Group Human Rights Policy +

東京エレクトロングループ人権方針 +

Tokyo Electron Group 인권 방침 +

Tokyo Electron Group人权方针 +

Tokyo Electron Group人權方針 +

Chính sách về nhân quyền của Tập đoàn Tokyo Electron +

Code of Ethics

1 Business Practices

1-1 Safety and Quality	We pursue safety in our business activities – development, manufacturing, transportation, installation and maintenance of our products – and provide the highest quality products and services that meet customer expectations.
1-2 Suppliers	We select suppliers based on objective criteria and review their qualifications by ensuring that they comply with laws and regulations as well as our business ethics.
1-3 Export & Import	We are committed to upholding all applicable laws and regulations, and our Company's internal rules regarding the export and import of goods and technology.
1-4 Fair and Open Competition	We strive to operate in a fair, open and competitive marketplace.
1-5 Bribery and Corruption	We do not bribe anyone, anywhere, for any reason under any circumstances.
1-6 Conflicts of Interest	We make fair and objective decisions in the best interest of the Company, and avoid any action that puts our personal interests ahead of these of the Company's.
1-7 Political Activities and Contributions	We do not, directly or indirectly, support or make contributions to political parties or candidates using Company finances or assets.
1-8 Money Laundering	TEL Group does not receive the proceeds of criminal activities, as this can amount to the criminal offence of money laundering. Nor do we engage in any relationships with "antisocial organizations."

2 Our Assets & Property

2-1 Accounting/Tax/Financial Reporting	We prepare financial documents in a timely, accurate and appropriate manner, disclosing all accounting and financial reports in accordance with relevant laws and regulations, and generally accepted accounting principles.
2-2 Insider Trading	We do not use material non-public or non-disclosed inside information about TEL Group or any other company, including suppliers and customers, to buy, sell, or otherwise transact in securities of TEL Group or any other publicly traded company.
2-3 Intellectual Property	We respect intellectual property and protect, manage, and utilize it appropriately.
2-4 Information Security	We protect TEL Group confidential business information as well as any confidential business information that is entrusted to the Company by our customers and business partners, and prevent information leakage by maintaining a reasonable and appropriate information management framework and complying with rules concerning the handling and protection of the confidential business information including personal information.
2-5 Personal Data	We respect the privacy of all individuals and confidentiality of personal data and handle Personal Data with utmost care and take measures to promote the appropriate handling of personal data.
2-6 Company Assets	We do not improperly use company assets for our own personal benefit.

3 Our Workplace

3-1 Human Rights & Fair Employment Practices	We are committed to fostering a workplace that is respectful, inclusive and safe by promoting human rights and diversity and complying with all laws and regulations pertaining to labor practices, freedom of association, collective bargaining, and immigration. We also do not engage in discrimination or support forced labor, debt labor, child labor or any other form of modern slavery.
3-2 Workplace Free of Harassment	We do not allow any form of harassment and are committed to creating and safeguarding an environment where every person feels respected and valued, and where everyone is treated equally and fairly.

4 Responsibilities to the Public

4-1 Environmental Preservation	We are committed to upholding laws and regulations related to environmental protection and conservation, and conduct business activities while maintaining harmony with the global environment.
4-2 Corporate Social Contribution	We strive to build solid, trustworthy relationships with community members to help develop local communities and resolve social issues at the global level through various activities.

Personnel Policy

Business growth requires that each employee, as the core of the company, have creativity, a positive attitude, flexibility, enthusiasm, and a sense of responsibility. TEL group seeks to be a corporation where a diverse range of employees can work to their full potential.

Respect for Human Rights	We respect the character and individuality of each person and strive to create work environments without any infringement of human rights.
Diverse Workforce	We strive to respect and understand differences in values arising from gender, nationality, age, race, creed, religion, and other attributes and to be a corporation where a diverse range of employees can work to their full potential.
Human Resource Development	We believe that each employee is the source of value creation and support the development of skills by employees.
Employee Assessment and Treatment	We provide opportunities to those employees with the enthusiasm for personal growth and engage in fair evaluation of skills and employee treatment so that employees with significant results can be rewarded.
Occupational Safety and Health	We place the highest priority on ensuring the safety and health of employees and maintain environments such that employees can work safely at our workplaces and local residents feel a sense of reassurance.
Work-Life Balance	We implement measures to enable employees to achieve a good work-life balance.

Safety Policy

TEL group performs a range of business activities including development, manufacturing, transportation, installation, and maintenance with the highest priority on the safety and health of all personnel from top management to frontline staff and makes proactive and continuous improvements to enhance safety and promote good health.

Safety First	Based on the principle of "safety first," we strive to create safer products and work to maintain and improve the safety of all people involved with our products and healthy workplace environments.
Pursuit of Safe Technologies	With an awareness of the factors that impair safety and health in our various business activities, we continuously strive to create safer and more secure workplaces by making improvements concerning those factors and through intrinsically-safe equipment designs and superior service capabilities.
Management and Employees Responsibility	All employees maintain an awareness of potential problems and of the need for improvement concerning the maintenance and enhancement of safety and health at all workplaces, and management and employees act in accordance with their respective responsibilities.
Legal Compliance	We comply with safety and health laws and regulations and international rules, take into consideration industry guidelines, and strive to promote safety and health.
Collaboration and Cooperation with Society	Based on common understanding with a broad range of stakeholders, we cooperate and collaborate with society and work to appropriately meet their expectations.

Quality Policy

TEL seeks to provide the highest quality products and services. This pursuit of quality begins at development and continues through all manufacturing, installation, maintenance, sales, and support processes. Every TEL employee must work to deliver quality products, quality services, and innovative solutions that enable customer success.

Quality Focus	Focusing on quality to satisfy customers, meet production schedules, and reduce required maintenance even with temporary cost increases.
Quality Design and Assurance	Building quality into products and assure in-process quality control, from the design and development phase throughout every process.
Quality and Trust	When a quality-related problem occurs, working as a team to perform thorough root cause analysis and resolve problems as quickly as possible.
Continual Improvement	Ensuring customer satisfaction and trust by establishing quality goals and performance indicators and by implementing continual improvement using the PDCA cycle.
Stakeholder Communication	Listening to stakeholder expectations, providing timely product quality information, and making adjustments as needed.

Environment Policy

TEL group aims to solve environmental issues through our leading-edge technology and services under slogan of "Technology for Eco Life." We strive to contribute to the establishment of a sustainable society by reducing the Group's impact on the consumption of resources, on biodiversity and on climate change by taking actions that both directly and indirectly contribute to the protection and conservation of the environment.

Environmental Goals and Continuous Improvement	We establish environmental goals and continual improvement of the environmental management system to enhance environmental performance throughout our product lifecycle.
Compliance with Applicable Laws	We continually enhance our knowledge of environmental issues to not only comply with applicable laws, but also set additional voluntary standards.
Environmental Contribution with Product	We develop environmentally complimentary products through our leading-edge technology. TEL group cooperates with our customers and suppliers to strive for the prevention and improvement of environmental impacts to contribute to a sustainable society.
Operational Environmental Impact Reduction and Preservation	We quantitatively analyze and reduce the environmental impact of TEL global operations, with activity from all levels of employees and operations to prevent pollution and protect the environment.
Collaboration and Cooperation with Stakeholders and Society	We actively promote collaboration and cooperation with all our stakeholders to achieve mutual understanding and conformance to expectations.

Revision:July 1, 2016

Procurement Policy

The high-value manufacturing that the Tokyo Electron Group strives for is based on the functions of all materials and components that make up the products and the pursuit of high quality. We value communications with suppliers and seek to grow manufacturing on a global scale with our suppliers based on ongoing trusting relationships.

1. Compliance with Applicable Laws, Social Norms, and the RBA Code of Conduct*	We engage in procurement activities based on business ethics and with integrity, in compliance with the laws, regulations, and social norms of each country as well as the RBA Code of Conduct. * The RBA Code of Conduct: Responsible Business Alliance Code of Conduct https://www.responsiblebusiness.org/standards/code-of-conduct/ A code of conduct drawn up by the RBA. The RBA Code of Conduct establishes standards to ensure that working conditions are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.
2. Priority on the Environment	We conduct procurement with full consideration for reduction of environmental impact and protection of the global environment.
3. Fair Business Practices	We continuously seek high-value technologies and create broad opportunities for their business transactions based on the precondition of open competition.
4. Partnership	We prioritize relationships of trust based on mutual understanding with suppliers and conduct activities in the pursuit of mutual continuous growth.
5. Information Management	We properly manage the confidential information of suppliers that we obtain in the course of business

Procurement Policy - Supplement: Requests to Our Suppliers

The TEL group aims for sound and sustainable growth together with suppliers to contribute to the development of society. We will strive to achieve this, with the cooperation of our suppliers. We therefore request your active efforts in the following matters.

1. Compliance with Applicable Laws, Social Norms, and the RBA Code of Conduct

In addition to complying with the following matters, we ask our suppliers to observe the applicable laws and social norms in the countries and regions where they engage in business, as well as the RBA Code of Conduct.

- Compliance with prohibition of child labor, and forced labor, and with other labor-related laws and regulations
- Respect for fundamental human rights, beginning with the prohibition of discrimination
- Protection of intellectual property rights
- Compliance with export/import-related laws and regulations
- Prohibition of involvement with antisocial forces

[Conflict minerals] We see our efforts with regard to conflict minerals as part of our corporate social responsibility, and promote all efforts to eliminate any use of raw materials that utilize conflict minerals which have been mined or extracted with illicit funds or by illegal methods, as well as components or parts that contain such conflict minerals. To this end, we are conducting due diligence surveys of our supply chain, using the Conflict Minerals Reporting Template (CMRT) and referring to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We request that all suppliers work with us in dealing with conflict minerals.

2. Working Conditions

We request that suppliers respect fundamental human rights, also prepare independent standards, and provide safe and healthy work environments.

3. Environmental Activities

In accordance with "TEL Green Procurement Guidelines", we request that, together with the acquisition of ISO 14001 and the development of a structure for environmental conservation, suppliers also actively engage in environmental conservation activities and strive to use parts and materials, and methods of production, that have a reduced environmental impact and that consider resources conservation.

4. Management System

We request that management systems are developed and continuously improved, including systems related to safety, health, the environment, product quality and labor, in accordance with the corporate procurement agreement or any specific agreements or arrangements with the TEL group.

5. Technical Skills

We request that, in order to provide products and services that conform to customers' needs, suppliers always strive for improved technical skills and technological innovations.

6. Quality

We request that suppliers provide high quality products and services which meet the specifications required by the TEL group, by means of building quality during the design phase, and strengthening change control.

7. Supply, and Provide Systems

We request that suppliers provide a stable and flexible supply of products and services to deal with huge volatility in demand. Also, we request that suppliers prepare precautionary steps and continuity plans to reduce risks in the event of unforeseen situation such as disaster.

8. Price

We request that products and services are offered at competitive prices, and that continuous effort is made to reduce costs.

9. Business Management

For the continuation of our business transactions, we ask that sound and stable business management be implemented. We also request that the financial and company information needed to confirm those matters is disclosed.

10. Information Security

We request that a system be provided which prevents the leaking of confidential information and that any information acquired in dealings with the TEL group is strictly controlled.

Tax Policy

Global Tax Policy

Tokyo Electron (hereinafter, the "Company") and its group companies (hereinafter collectively, the "Group") believe that paying taxes appropriately in order to comply with the spirit and letter of tax laws and regulations of the countries and regions where the Group operates is one of our most basic and important social responsibilities. By paying taxes appropriately where the Group operates, the Group builds trust with stakeholders and further contributes to the economic development in which the Group operates, and aims to enhance corporate value.

1. Complying with laws and Tax Governance	The Group strives to fulfill its corporate responsibilities and obligations, and execute transparent and appropriate tax payment in compliance with the provisions of tax related laws and regulations of the countries and regions where the Group operates its business as well as OECD Guidelines including the "Action Plan on Base Erosion and Profit Shifting" (BEPS). Under the responsibility of the Chief Executive Officer (CEO) of the Company, the tax governance of the Group is supervised and controlled by the Director in charge of Finance and Accounting Department of the Company. With the cooperation of regional managements who have responsibility for tax affairs in the Group's overseas companies, the Group establishes a framework under which the global tax risk is managed. The Group appropriately responds and adapts to the changing global taxation environment, including the latest tax legislation changes, in the countries and regions where the Group and business relations operate.
2. Approach to transfer pricing taxation	With regard to the Group's international transactions, based on the arm's length price in accordance with the OECD transfer pricing guidelines, the Group carries out appropriate profit distribution according to the business risks borne by each relevant company and the functions and assets held. The Group is working to make appropriate tax payments and making every effort to avoid the risk of double taxation by utilizing Advance Pricing Agreement with the tax authorities.
3. Approach to anti-tax haven rules	The Group does not use tax havens (countries or regions with no tax or extremely low tax rates) with no presence of actual business conditions for the purpose of international tax avoidance purposes.
4. Relationship with tax authorities	The Group maintains positive relations with the tax authorities of each country and region and ensures appropriate taxation by providing suitable information in good faith in response to requests from the tax authorities. If any discrepancies of opinion arise between the Group and the tax authorities, the Group actively provides them with sufficient explanations and strives to resolve the issue.

* The Policy has been approved by the Corporate Officers Meeting at Tokyo Electron Limited.

UK Tax Strategy

UK Tax Strategy（162KB）

Appendix

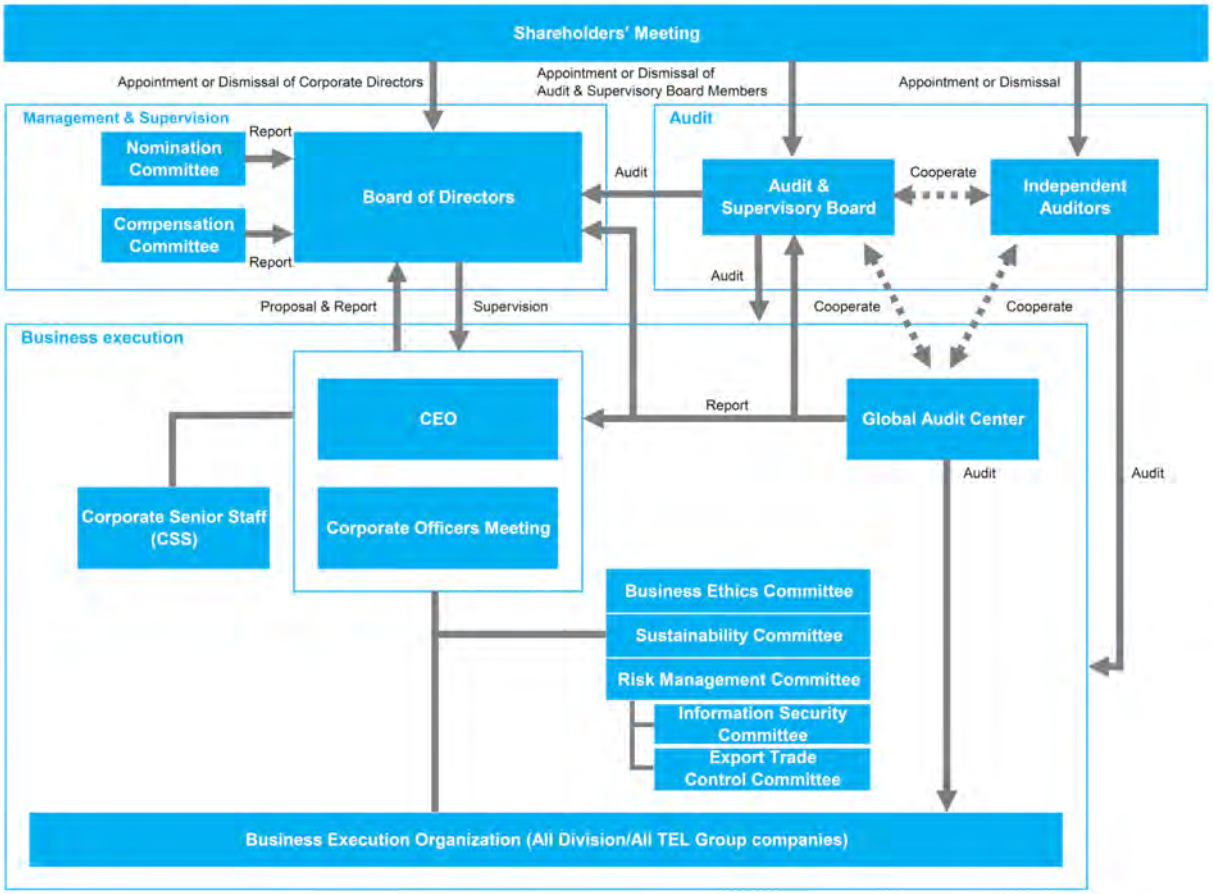
Corporate Governance

Tokyo Electron's Basic Principles of Corporate Governance

In view of Tokyo Electron's corporate philosophy that we strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support, Tokyo Electron(TEL) believes improving corporate governance is important for achieving success in global competition, realizing sustainable growth, and increasing corporate value over the mid to long term. To reinforce our corporate governance, TEL will build a structure for utilizing to the maximum the worldwide resources TEL possesses, strengthen our business and technological bases, and put in place a framework that will enable us to establish earning power at a global level.
Moreover, TEL believes that continuing to be a company replete with dreams and vitality will form the foundation that will support the motivation of our employees and the sustainable growth of TEL. TEL has established the Corporate Governance Guidelines that provide a governance framework that will contribute to the achievement of this aspiration.

Tokyo Electron Corporate Governance Guidelines (Updated on June 26, 2024) (1.0MB) PDF

The Corporate Governance Framework



In the semiconductor production equipment industry, where technological innovation is fast and market changes are active, we will further promote Group management that is on the offense globally, as well as grow short-, medium- and long-term earning and continually improve corporate value with a Board of Directors that plays a supervisory role and by establishing a strong execution system based on the form of corporate organization for the company with the Audit & Supervisory Board. In addition, we will strive to meet the expectations of our stakeholders.
In addition to the Board of Directors, whose role is to make major operational decisions, play a supervisory role in the executive management's execution and support appropriate risk-taking by them. TEL has also established systems that will facilitate growth-oriented governance directed at sustainable growth for TEL, including the following:

- The Nomination Committee and Compensation Committee to ensure fair, effective, and transparent management
- The Corporate Officers Meeting as the highest decision-making body on the executive side
- The Corporate Senior Staff (CSS) as the body that formulates and advances company strategy

Seven out of the 12 Corporate Directors and Audit & Supervisory Board Members, are outside members, consisting of four Independent Directors and three Outside Audit & Supervisory Board Members. Stating their unreserved opinions from an independent perspective, Independent Directors and Independent Outside Audit & Supervisory Board Members guide Board of Directors debates in the proper direction for success in global competition that does not follow the same line of discussion proposed by internal Corporate Directors. TEL believes that the current Board of Directors, with Corporate Officers who are well versed in the business also attending, is properly fulfilling the roles of supervising executive management and making important decisions based on engaging in constructive, open-minded debate.
TEL makes decisions the independence of Independent Directors and Independent Audit & Supervisory Board Members based on TEL's criteria for judging independence, "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members"; these criteria that were established based on the requirements for Independent Standards set forth by the Tokyo Stock Exchange.

Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members (Updated on March 1, 2021)（124KB） PDF

FY2025 Composition of the Committee

■ Nomination Committee
Michio Sasaki(Corporate Director (Outside Director))*
Sachiko Ichikawa(Corporate Director (Outside Director))
Yoshikazu Nunokawa(Corporate Director)

■ Compensation Committee
Michio Sasaki(Corporate Director (Outside Director))*
Joseph A. Kraft Jr.(Corporate Director (Outside Director))
Yoshikazu Nunokawa(Corporate Director)

* Chairman

【Summary】Corporate Governance Report (Updated on November 8, 2023)（183KB） PDF

Evaluating the effectiveness of the Board of Directors

In accordance with the Tokyo Electron Corporate Governance Guidelines, TEL's Board of Directors annually performs our own analysis and evaluation, debates the effectiveness of the Board of Directors based on an evaluation survey and individual interviews conducted for all members of the Board of Directors, Audit & Supervisory Board and Corporate Officers.
Additionally, in regard to issues that are recognized as a result of analysis and evaluation, the Board of Directors will endeavor to deepen discussion and make timely improvements.

A summary of the evaluation conducted on the effectiveness of the Board of Directors for the period June 2023–April 2024 PDF

A summary of the evaluation conducted on the effectiveness of the Board of Directors for the period June 2022–April 2023 PDF

A summary of the evaluation conducted on the effectiveness of the Board of Directors for the period June 2021–April 2022 >

Risk Management

Internal Control System and Risk Management

Basic Stance

In order to enhance the Tokyo Electron Group's corporate value and remain accountable for our actions to our stakeholders, we are making efforts to strengthen effective internal control. This involves implementing practical measures that are in line with the Fundamental Policies concerning Internal Controls within the Tokyo Electron Group, set out by our Board of Directors. We are also evaluating our internal control over financial reporting annually based on the Financial Instruments and Exchange Act of Japan.

Risk Management System and Initiatives

To more effectively strengthen risk management of the entire Group, Tokyo Electron has established a dedicated risk management unit within the General Affairs Department of our corporate headquarters. This unit analyzes the risks faced by the Group and identifies material risks. It then monitors the management of such risks while supporting and implementing risk management activities. The unit also regularly reports the status of risk management activities to the Audit & Supervisory Board Members and the Board of Directors. Going forward, the Group companies will continue with these initiatives to enhance the efficacy of our risk management framework.

Business Risks, Etc.

(1) Market Fluctuations

The semiconductor market is expected to further grow in the medium to long term due to continuing technological innovation amid an accelerating transition to a data-driven society backed by the spread of information and communication technology applications such as IoT, AI and 5G; progress in digital transformation (DX); and response to sustainability transformation (SX). However, a wide range of factors— including the global economy, demand for end products, trade and tariff policies, and geopolitical factors—can cause short-term supply and demand to become unbalanced and generate significant fluctuations in market size. Rapid contraction of the semiconductor market could lead to results such as overproduction, inventory surplus or losses from bad debts resulting from the worsening of a customer's financial position. On the other hand, a rapid increase in demand that we cannot respond to could lead to situations such as an inability to provide products to customers in a timely manner resulting in lost opportunities. Both of these circumstances can adversely affect our business performance.

To respond to such market fluctuations, we constantly work to appropriately adjust our capital investment, personnel, inventory plans and other aspects of our businesses based on understanding of the latest market conditions through periodically reviewing the market environment and orders received at Board of Directors and other important meetings.

In addition, our sales are affected by changes in capital spending by major, leading-edge semiconductor manufacturers. We have established a dedicated division to work closely with a wide range of customers around the world to quickly identify their needs and capital spending trends and to cultivate new customers emerging in step with growth in semiconductor demand. Through these efforts and others, we strive to strengthen our sales framework and further improve our customer responsiveness to expand our customer base.

(2) Research and Development

Through ongoing R&D investment in leading-edge technologies, we quickly bring to market new products incorporating such technologies, succeeding in capturing high market share in each product category and achieving a high profit margin. However, delays in the launch of new products that meet customers' technological needs, the mismatch of newly developed products with such needs, or the launch of new technologies or products by competitors before our launches could negatively affect the competitiveness of our products, impede the recovery of R&D costs or otherwise affect our business performance.

We have established a Corporate Innovation Division, which develops innovative technology and makes groundbreaking technology proposals that integrate the products and technologies of each development division as part of a groupwide development framework. In addition, we have in place a system that constantly provides highly competitive next-generation products that meet future needs ahead of our competitors through initiatives such as conducting joint research with global research institutions and sharing technology roadmaps spanning multiple technology generations with leading-edge customers.

(3) Geopolitics

We undertake businesses in various countries and regions, and a high proportion of our sales comes from overseas. Geopolitical tensions and regional conflicts could have an adverse effect on the international order, global macroeconomic conditions, and the national security, diplomatic, industrial or environmental policies of countries and regions, which could lead to disruptions in a part of the supply chain, a macroeconomic slowdown or other consequences that may hinder our business activities and impact our financial results.

We carefully watch international developments and the diplomatic and national security measures and industrial trends of countries and regions, analyze the implications on our business of regulations concerning product exports and imports and technological development and changes in the macroeconomic environment, and consider response plans ahead of time. In addition to the early identification of risks, we also strive to take fast and appropriate response when risks occur, while actively engaging in dialogues with the policy-making authorities, industry groups, and experts in various fields.

(4) Procurement, Production and Supply

Our key production sites are located in Japan, and we supply products to customers in and outside Japan. As such, earthquakes, typhoons, heavy rains, floods or other natural disasters, acts of terrorism, unavoidable events like infectious disease outbreaks or other such accidents occurring in Japan could cause interruptions in production that, if not promptly resolved, could delay the supply of products to customers. Furthermore, the stable supply of components and such provided by suppliers is indispensable to stable production. Therefore, in addition to the risk of disasters, accidents or other similar events, the worsening of a supplier's business conditions, demand that exceeds supply capabilities arising from the expansion of the semiconductor market, changes in laws and regulations, a shrinking working population or other factors could cause delays in component procurement or strains on domestic or international logistics networks, which could harm our ability to timely deliver products to customers and affect our business performance.

To better prepare us for any event that might occur, we have established a Corporate Production Division and develop and periodically review business continuity plans (BCPs), processes and procedures, pressing forward with risk mitigation measures. This includes establishing alternate production capabilities, seismically reinforcing our plants, promoting production leveling, maintaining backups of information systems, developing multiple sources of important components, and maintaining an appropriate level of inventory. In addition, we also strive to maintain stable product supply by, for instance, sharing with suppliers forecasts that are based on semiconductor demand projections.

(5) Safety

We may be subject to order cancellations and liability for damages if problems related to the safety of our products occur. Furthermore, if an accident involving severe or fatal injuries occurs, our safety awareness and practices could be called into question, which could lead to a decline in our credibility or other consequences that may otherwise affect our business performance.

Our "Safety First" approach entails the constant consideration of safety and health in the execution of business activities, including development, manufacturing, sales, equipment installation, services and management. Based on this approach, we implement thorough safety design at the product development phase with risk reduction in mind. We conduct frontline workers' hazard prediction meetings and risk assessments to identify potential risks and take preventive or mitigation measures. Furthermore, we are continuously making group-wide efforts to promote safety through in-house competency qualification and safety training programs that are designed according to job requirements, equipment user training for customers, and the maintenance of an accident reporting system.

(6) Quality

Our products are based on the integration of numerous leading-edge technologies. The occurrence of defects could lead to recalls, liability for damages based on quality responsibility, additional costs related to implementing defect countermeasures, a decline in our brand image and credibility, or otherwise affect our business performance.

Based on a uniform Group-wide quality control policy, we provide quality training for our employees and suppliers and maintain a quality assurance system, including ISO 9001 certification, as well as a world-class service system, based on continuous improvement. In development, we introduce collaboration with sales and service departments from the initial stages of product development and design to solve technological issues and meet customers' needs.

Furthermore, we work to mitigate and address risks such as using simulation technology for thorough validation. When defects occur, we investigate the root of the problem and take appropriate measures to prevent recurrences and the occurrence of similar defects. Similarly, in managing the quality of procured components, we constantly monitor the state of supplier quality and conduct audits, improvement support and other measures.

(7) Environmental Issues

Globally, there are growing requests from society, including our stakeholders, related to sustainability. In particular, it is urgent to address the pressing issue of climate change. Under these circumstances, difficulties in adequately responding to requirements accompanying the transition to a carbon-free society—including the climate change policies and environmental laws and regulations of countries, industry standards of conduct, technological innovation and customer needs—could result in costs for additional responses such as new product development, specification change and modifications, reduced product competitiveness, diminished public confidence in us or other consequences that may otherwise affect our business performance.

We work in partnership with customers and suppliers to protect the global environment throughout our supply chain under our environmental supply chain initiative entitled E-COMPASS (Environmental Co-Creation by Material, Process and Subcomponent Solutions).

Together with striving to comply with environmental laws and regulations and industry standards of conduct, we are working to provide technologies that deliver higher-performance and lower-power-consumption semiconductors. We also seek to reduce greenhouse gas emissions from the use of our products, increase the ratio of renewable energy usage and reduce energy consumption at the Group's plants and offices toward achieving our own industry-leading medium- to long-term environmental goals. In addition, we work to protect the global environment through our business activities by such means as reviewing packaging and promoting modal shifts.

(8) Laws and Regulations

We operate globally and are therefore subject to the various laws and regulations of the countries and regions where we do business, including those regarding imports and exports, the environment, competition, labor, corruption, bribery and transfer pricing taxation. We strive to ensure compliance with such laws and regulations. However, violations of such laws or regulations could result in consequences such as diminished public confidence in us, fines, liability for damages or restrictions on business activities. Furthermore, national security policies of countries and unanticipated future legal amendments or tightening of regulations could, if not appropriately responded to, result in liability for costs related to such response or restrictions on business activities, or otherwise affect our business performance.

We have built a system for monitoring compliance activities at each of the key sites in and outside Japan under the direction of a Chief Compliance Officer. In addition, we operate a Group-wide internal reporting system to identify any action or behavior that appears inconsistent with applicable laws and business ethics at early stages and to take steps promptly. We conduct compliance assessments by external agencies, report the identified issues to the CEO, the Board of Directors and the Audit & Supervisory Board, and carry out swift and effective measures as well as further enhancement of systems.

(9) Intellectual Property Rights

Our products are based on the integration of numerous leading-edge technologies. Obtaining and legally protecting our intellectual property rights and preventing infringements of such rights by third parties are crucial to differentiating and reinforcing the competitiveness of our products. Infringements by us of the intellectual property rights of third parties could lead to restrictions on the production and sale of our products or liability for damages, or otherwise affect our business performance.

By advancing intellectual property, business and R&D strategies in an integrated manner, we build an appropriate intellectual property portfolio. Additionally, we have built a system for avoiding the infringement of patents of other companies by continuously monitoring them and taking appropriate steps in collaboration with business and research and development divisions.

Through these measures, we strive to improve our product's competitiveness, reduce the risk of patent infringement claims, win high market share and improve profit margins in each of our product fields.

(10) Information Security

As society becomes increasingly digitalized, cyberattacks involving unauthorized access by third parties and computer viruses are on the rise worldwide. Under these circumstances, cyberattacks, internal fraud and other incidents against us or our suppliers that cause data breaches or service disruptions could result in a loss of our competitiveness or technological superiority, interruptions of our manufacturing and other operations, diminished public confidence in us, damage claims or other consequences which may otherwise affect our business performance.

We strive to properly manage and protect our information assets through establishing a global security policy, educating and training employees to increase awareness, while implementing cybersecurity solutions, security monitoring, and safeguards against internal fraud and other technical and operational measures. Furthermore, we have established an Information Security Committee to strengthen our group-wide security posture and are working to further enhance the effectiveness of our information security measures, including through internal audits and assessments by external agencies regarding information security.

(11) Human Resources

Securing and developing diverse human resources in and outside Japan and the practice of diversity, equity and inclusion are crucial to the continued innovation and growth of our global businesses. The inability to recruit and retain the necessary human resources on an ongoing basis or the inability to create an environment where human resources with diverse values and expertise can apply their individualities can lead to diminished product development capability or customer support quality.

This may result in not being able to realize an organization with competitive advantage or other such consequences that may affect our business performance.

We believe that our employees are the source of ongoing value creation and that increasing employee engagement is one of the most important factors in increasing corporate value. Specifically, we undertake measures such as the sharing of direction by the CEO through regular employee meetings, the building of plans to continuously develop next-generation human resources, the visualization of employee career paths, and the provision of attractive remuneration and benefits. We are also advancing ongoing measures to improve work environments as well as health and productivity management, including steps to prevent excessively long work hours and workplace harassment. In addition, we are proactively fostering semiconductor talent through collaborative efforts between industry, government, and academia as well as strengthening our partnerships with academic institutions globally.

(12) Pandemics, Natural Disasters and Others

Our businesses are influenced by many factors, including economic conditions, financial and stock markets, foreign exchange rates, the success or failure of corporate acquisitions, major lawsuits, competition over standardization, pandemics, earthquakes, typhoons, heavy rains, floods and other natural disasters in the countries and regions we operate in. Such factors could affect our business performance, and we proactively take the necessary measures to counter such risks.

Auditing by the Internal Audit Department

To enhance our internal auditing functions, we have established the Global Audit Center, which is an organization under the direct purview of the Representative Director, President & CEO, responsible for conducting operational audits and evaluating our internal control over financial reporting prepared in accordance with the Financial Instruments and Exchange Act.

Based on our Internal Audit Policy, the Global Audit Center formulates the annual audit implementation plan, conducts audits of the Group's business locations in Japan and overseas, evaluates the effectiveness of the Group's internal audit system (i.e., the framework for ensuring that our business policies and various types of information are shared responsibly within the Group, and that risk evaluation and financial reporting are conducted properly and in a reliable manner) and the business operations under its control, and instructs audited organization to improve their practices if deemed necessary. The audit results and the status or outcome of evaluation are reported to our management team and also to Audit & Supervisory Board Members of the company and our Japanese subsidiaries every two months. Further, a process is in place to keep our board of directors and Audit & Supervisory Board informed.

In addition, the Global Audit Center and our independent auditors intend to exchange information and views each other on a regular or ad hoc basis, so that our audits remain coordinated, efficient, and effective.

Diagram of the Corporate Governance Framework, Internal Control System, and Risk Management System >

Business Continuity Plans (BCPs)

The Tokyo Electron Group began formulating its business continuity plans (BCPs) in 2003. After the Great East Japan Earthquake, the Group rebuilt these plans to include more practical provisions for restoring operations at major business sites after a crisis. Specifically, the revised plan included disaster preparation measures such as stockpiling emergency supplies (including food and drinking water), the reinforcement of essential infrastructure, restructuring of the safety confirmation system, preparation of manuals, and the implementation of drills and employee training. To meet its responsibilities as an equipment manufacturer, the Group is constantly improving its BCPs to facilitate early disaster recovery and secure alternative production capabilities.

Drawing on our experience of previous earthquakes, reinforcement work is being conducted for our existing buildings in Japan to improve their seismic resistance, while techniques such as base isolation and seismic damping are being adopted for new buildings.

Information Security Management

To ensure our information assets are used in a safe and effective manner and managed properly, we have in place the Information Security Committee that consists of an information security officer of Tokyo Electron as its head and information security general managers of the Group companies. In addition, each Group company has set up an information management structure under its own Information Security Committee that consists of representatives from its departments. The Group has established a Group-wide hierarchy of governing documents that include the Information Security Policy, the Information Security Regulation, the Information Security Standard, and various guidelines. These documents are communicated and applied to the Group companies in Japan and abroad. A handbook and an e-learning content is used to educate and promote awareness of these rules among Group executives and employees, and all departments are required to perform self-assessment at the end of each fiscal year, thereby promoting and raising information security awareness across the Group.

Additionally, the Group has a reporting system for both actual and potential incidents that may lead to information leakage. The reports received enable the Information Security Department to quickly respond to the incidents, to reflect its analysis results in Group-wide efforts and initiatives and to provide support as needed. Regarding accidents and incidents above a certain level of severity, top management makes a final decision on risk acceptance and response.

To address emerging cyber security threats, the Group examines possible risk mitigation measures as needed by making effective use of intrusion tests, external threat intelligence, and other resources and makes rational responses. The Group also has a monitoring system in place to detect targeted attacks using social engineering and prevent damage.

Compliance/Code of Ethics

Tokyo Electron acts in strict compliance with business ethics and applicable laws to ensure that its corporate activities are fair and trustworthy.

Approach to Compliance

To practice our Corporate Philosophy, it is vital that each employee performs their daily duties with strong interest in and a deep understanding of compliance. We established “Tokyo Electron Group Code of Ethics” as a code of conduct to ensure that our employees are aware of the risks around them and conduct themselves appropriately. We have built a global system that can directly raise questions and concerns about compliance and business ethics to quickly address potential problems.

Compliance System

In order to effectively promote a global compliance program, we have appointed a Chief Compliance Officer (CCO) and established a dedicated Compliance Department at our headquarters. Additionally, we have also appointed Regional Compliance Heads at key overseas sites, and have established a framework for direct reporting to the CCO and Compliance Department. The primary role of the Compliance Department is to formulate and review our practical compliance programs, establish and implement business ethics, plan and implement education and training, and establish and operate internal reporting systems. It also cooperates with the Risk Management Department, regularly confirms the observance of laws and regulations in each country as well as internal company rules at each Group company, and assesses compliance risks. Furthermore, the Internal Audit Department conducts operational audits based on annual plans, which leads to the improvement of findings as appropriate.

Business Ethics

We have published “Tokyo Electron Group Code of Ethics” as a code of conduct for all executives and employees and established the Business Ethics Committee, and are working to promote business ethics and compliance more effectively and ensure that these permeate the entire Group. We have also set up the Disciplinary Committee as a subordinate organization of the Business Ethics Committee to ensure the implementation of reasonable and appropriate disciplinary action and proper procedures.

To ensure awareness of the Code of Ethics, we have translated it into six languages, including Japanese, and have distributed it in the form of a booklet to all executives and employees. In fiscal year 2021, the Code of Ethics was revised. In addition to reflecting standards required as a global company, we added a number of new provisions on such important issues as personal data protection, information security, and money laundering. In addition, in pursuit of clarity and usability, we have made changes to the booklet design and adopted a bullet point format. We are also striving to raise awareness of compliance and business ethics by obtaining confirmation every year from all executives and employees that they understand and comply with the revised content.

More +

Compliance Training

TEL conducts online education and face-to-face training on topics including business ethics and the basics of compliance, anti-corruption, export compliance, insider trading prevention, the Act for Subcontracting, and the prevention of harassment. Depending on the topic, this education is implemented for specific levels or across the board. We will systematically expand our comprehensive training program and multilingual support, and reinforce efforts to foster compliance awareness and practice in the company.

Initiatives for Anti-Bribery and Corruption and for Competition Laws

We established the company-wide Basic Policy on the Prevention of Bribery and Corruption, and through regular education, we are working to promote understanding and awareness. Based on this basic policy, we have prepared the Guidelines for Gifts, Hospitality and Entertainment, which stipulate specific, practical procedures and standards on monetary amounts, and we have established a thorough process requiring prior approval for cases outside these standards. Using questionnaires that we have prepared, we also regularly check the status of our suppliers' efforts to prevent corruption and provide them with feedback on the results and areas for improvement as required.

We have also established the company-wide Basic Policy on Competition Law Compliance, and have prepared, disseminated and enforced guidelines that summarize different types of violations in an easy-to-understand format, based on applicable laws and regulations in the countries and regions in which we operate.

Personal Information Protection

Tokyo Electron has appointed a "Manager of TEL Group Personal Information Protection & Management" to supervise the entire TEL Group regarding the protection and management of personal information via the Personal Information Protection Promotion Committee. We are striving to strengthen compliance with personal information by establishing a process to respond promptly if an incident related to personal information occurs. In accordance with the Rule of Employment, it is taken preventive and corrective measures including disciplinary action against an employee who violates the laws and internal company rules regarding personal information protection.
In fiscal year 2023, we received no complaints at the inquiry desk (for external) designated by the Compliance Department for the handling of personal information.

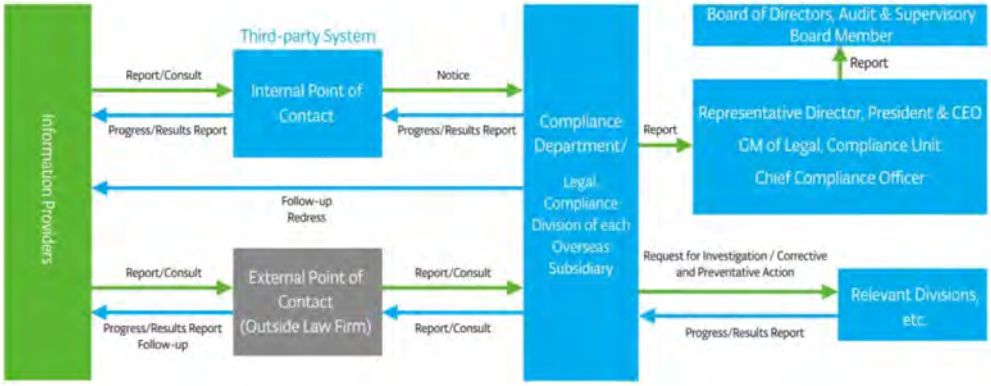
Tokyo Electron Group Privacy Policy

Internal Reporting System

Preventing problems from occurring and resolving them before they become significant requires a system that allows employees to raise questions and concerns about business ethics and compliance without reservation or hesitation and to discuss them fully. For this reason, we have established an internal reporting system that ensures complete confidentiality, anonymity and the prohibition of retribution so that employees can safely and reassuringly provide information and seek redress outside the chain of command about behavior that is, or may be, in violation of laws, regulations or business ethics.

Specifically, we have established and are operating the Tokyo Electron Group Ethics & Compliance Hotline—a global common internal point of contact that uses a third-party system that is also accessible to our suppliers—as well as an external point of contact that allows direct consultation with an outside law firm. The internal point of contact can be accessed via phone or a dedicated website 24 hours a day, 365 days a year, and accommodates all languages used by employees.

Reports and consultations received via these points of contact are handled with sincerity, and investigations are undertaken in accordance with internal regulations. If a compliance violation is found, disciplinary action is taken in accordance with the Rules of Employment, and preventive measures and corrective measures, such as improvements to the workplace environment, are implemented as necessary.



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UK Modern Slavery Act 2015 Transparency Statement

Introduction from the Representative Director, President and Managing Director

As a responsible manufacturing and supply business operating in the global business community, the Tokyo Electron Group (the Group) recognizes the risk of unintentionally being involved in human rights exploitation and is committed to collaborating with its supply chains to combat human rights abuses such as modern slavery and human trafficking. This commitment is recognized in the Group's corporate philosophy which defines its mission in society as "*we strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support*".

To respond to the increasing global concerns of, amongst other things, modern slavery, human trafficking and human rights, the Group has assigned the dedicated function to promote sustainability to lead this important initiative throughout the Group. As the guiding principle of sustainability, the Group has incorporated universal guidelines and standards, including the United Nations Global Compact and an industry standard, Responsible Business Alliance (RBA) Code of Conduct, into the Group's strategies, policies and procedures, and has established and continues to cultivate a culture of integrity.

Organisation's structure and business[1]

Tokyo Electron Limited is a global manufacturer of semiconductor production equipment and flat panel display production equipment in the technology sector and has its head office in Japan. It is the parent company of the Group which has 17,702[2] employees worldwide and operates in 19 countries.

Tokyo Electron Europe Limited is a subsidiary of Tokyo Electron Limited and engages in sales and services in a wide range of high-technology fields in Europe. Tokyo Electron Europe Limited, located in the United Kingdom, is the headquarters of our European operation, comprising, 720[3] employees in 4 companies across 10 countries.

The Group has a global annual turnover of 1,830,527million Japanese Yen.

Our supply chains

Our main direct suppliers are manufacturers of components and parts for semiconductor production equipment, as well as labour service providers for supporting such equipment. Among the Group-wide supply chains, the majority of our suppliers by spend are located in Japan.

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[1] This statement is made on behalf of Tokyo Electron Limited and its subsidiary Tokyo Electron Europe Limited, which are both required to make a statement pursuant to s54 of the Modern Slavery Act.

[2] As of 31 March 2024

[3] As of 31 March 2024

The Group is committed to partner with its people and supply chains to create an environment where workers' human rights are fully respected in each location in which it operates.

Our policies on anti-modern slavery and human trafficking

The Group has established Tokyo Electron Group Human Rights Policy referring to the United Nations' Guiding Principles on Business and Human Rights and the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work referred to therein, the Ten Principles of the United Nations Global Compact, and the RBA Code of Conduct. We have firmly upheld human rights since our founding as reflected in the spirit of "the Corporate Philosophy" and "the Management Policies" of the Group. Key human rights issues are also addressed in the Group's Code of Ethics and Procurement Policy, which covers the Group's entire operations and direct supply chains.

We incorporate the concept of respect into every aspect of our business activities, and strive for the creation of a corporate culture that enables each person to realize his or her full potential and freely enjoy their livelihoods. We also give the highest consideration to the health and safety of every person and respect his or her dignity.

For us, respecting human rights means a significant understanding not only to fulfil our responsibility for eliminating modern slavery and other adverse impacts on people through business activities, but also those who support our business activities, and contribute to the realization of a sustainable dream-inspiring society.

In recent years there has been an emerging concern in the electronics industry for better treatment of workers in supply chains, we therefore publicly announced our membership of the RBA in June 2015 and our commitment that the Group would conform to the RBA Code of Conduct. In line with this we are committed to pursue socially responsible practices in line with global standards and to ensure that there is no modern slavery or human trafficking in our supply chains or in any part of our business with a continuous improvement approach.

Due diligence processes for slavery and human trafficking

We have zero tolerance to slavery and human trafficking. As part of our initiative to identify and mitigate slavery and human trafficking risk the Group has worked to establish a robust due diligence system throughout the organization.

Key steps we have taken as of the fiscal year ending 31 March 2024 are as follows:

- We continue to assess our conformity with the RBA Code of Conduct. This is conducted by way of a sustainability assessment in the areas of labour and employment practices, health and safety, ethics, the protection of the environment, and management systems. This has been extended to cover human resources, logistics, customs and facility service suppliers in addition to our materials suppliers.

- We investigated our suppliers to mitigate risks associated with forced labour and debt labour in our supply chain. Our suppliers worked with us to take the corrective actions

that we had identified. With the understanding and cooperation of our suppliers, we continue to combat modern slavery in our supply chain.

- In 2023, continuing from the previous year, we also investigated our Group companies to identify whether there are internal risks of breaching human rights. Our investigation included distribution of a unified survey to each Group company. The survey contained the same questions and indicators as the survey we ask our suppliers to complete. Following review of the responses, we provided feedback to each group company, and requested corrective actions where required to further reduce any internal risks related to breach of human rights. We also visited at the site of overseas group company to confirm the actual situation and discuss the effectiveness of corrective actions taken.

- We have published “Tokyo Electron Group Code of Ethics” as a code of conduct for all executives and employees and to ensure awareness of our Code of Ethics, we have translated it into 6 languages. Our Code of Ethics includes a statement to secure human rights and commit to ensuring human rights and not discriminating or supporting forced labour, debt labour, child labour, or any other form of modern slavery. We conduct mandatory annual training on the Code of Ethics and collect acknowledgements of compliance from executives and employees, aiming to achieve a pledge rate of 100%.

  We have established an internal reporting system that is also accessible to our suppliers, “TEL Group Ethics & Compliance Hotline” as a global common internal point of contact that uses a third-party system, and to maintain confidentiality and anonymity. This hotline can be accessed via phone or a dedicated website 24 hours a day, 365 days a year, and accommodates all languages used by employees. Also, we provide an external point of contact at a law firm that can be contacted directly. We responded to all reports we received through these points of contact, conducted investigations in accordance with internal rules to implement corrective measures as well as preventive measures. We do not tolerate retaliation against those who report ethics and compliance concerns in good faith, ensuring no one is permitted to engage in retaliation, or any form of retaliatory behaviours, against another for reporting ethics and compliance concerns. We promote enhancement of the reporting system. Breakdown of Consultation/Report Contents is disclosed in our integrated report 2023.

- We proactively continued activities of our human rights project team with representatives from our compliance, human resources, procurement, logistics, facility service and sustainability departments. The team has focused on conducting the sustainability assessment, evaluation and analysis of assessment results. With the process established, the team promotes and supports established corrective actions by each Group company as well as our suppliers and requested them for their cooperation for corrective actions to mitigate the risk in our supply chain.

Training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide human rights training to all our employees.

Our effectiveness in combating slavery and human trafficking

Our Group's major sites are currently rated as low risk and we will continue to measure how effective we have been in ensuring that slavery and human trafficking is not taking place in any part of our business or supply chains:

Further steps

Following a review of the effectiveness of the steps we have taken this year to ensure that there is no slavery or human trafficking in our supply chains we intend to take the following further steps to combat slavery and human trafficking:

- Strengthen the structure and activities of human rights projects to deepen our due diligence process.
- Continue to assess and monitor the risks in our supply chain.
- Implement corrective actions in our supply chain to mitigate risks based on evaluation and analysis of the sustainability assessment results.
- We are actively working to evaluate the effectiveness of corrective actions. If there is a problem with effectiveness, the corrective measures themselves will be reviewed.
- Additionally, we will further improve our grievance mechanisms and make it more effective so that we can quickly and appropriately deal with negative impacts on human rights.
- Pursuit of transparency and enhancement of disclosed information.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending 31 March 2024.

This statement has been unanimously approved by the board of directors of Tokyo Electron Europe Limited.

DocuSigned by:
William Lussier
48A5E874E06F4FF...

Tokyo Electron Europe Limited

Date: 11 June 2024

CTPAT Forced Labor Policy Statement

As a responsible manufacturing and supply business operating in the global business community, Tokyo Electron U.S. Holdings, Inc. ("TEH") a wholly owned subsidiary of the Tokyo Electron Limited (the "TEL Group"), is committed to collaborating with partners across its supply chain to combat human rights abuses such as forced labor. This commitment is recognized in TEL Group's Corporate Philosophy which defines its mission in society as follows: "we strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support."

As emphasized in the TEL Group Human Rights Policy, we are committed to forbidding forced labor in any form and complying with all applicable laws, regulations, and industry compliance standards, including those related to TEH's status as a Customs Trade Partnership Against Terrorism ("CTPAT") Trade Partner. In support of these commitments, TEL Group maintains a robust compliance, due diligence, training, and monitoring system throughout the organization to identify and mitigate human rights risk. We regularly interface with and conduct compliance assessments on our suppliers and partners on these issues and expect and require that participants in our supply chain forbid the use of forced labor completely.

To further advance these principles and respond to the increasing global concerns regarding forced labor, TEL Group promotes compliance and sustainability as an important initiative throughout TEL Group. We have incorporated universal guidelines and standards, including the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact and an industry standard, Responsible Business Alliance ("RBA") Code of Conduct, into the TEL Group's strategies, policies and procedures, and have established and continue to cultivate a culture of integrity.

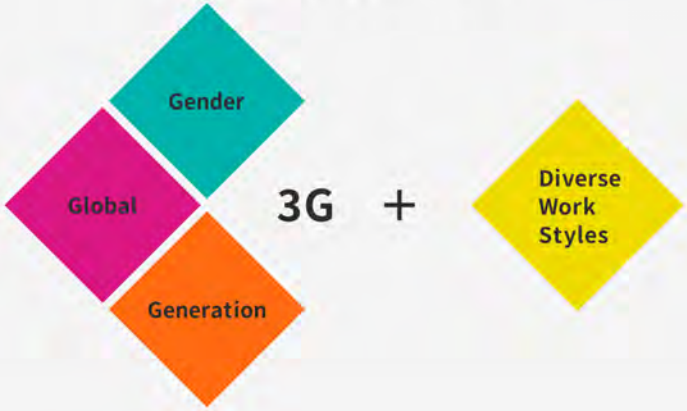
TEL Group is committed to partnering with its people and partners across its supply chains to help create and sustain an environment where workers' human rights are fully respected in each location in which it operates. We believe this is a matter of legal compliance, a sound business practice, and the right thing to do.

Diversity, Equity & Inclusion (DE&I)

ONE TEL, DIFFERENT TOGETHER

With the strong support of management, we at TEL actively promote Diversity, Equity & Inclusion (DE&I) as one of our management pillars that leads to the continuous generation of innovation and increased corporate value. Based on the idea “ONE TEL, DIFFERENT TOGETHER™,” TEL Group companies are implementing various initiatives to strengthen our commitment.

DE&I at Tokyo Electron



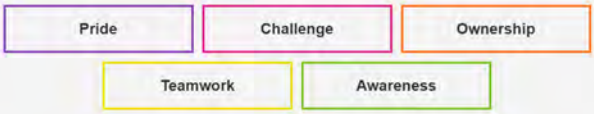
TEL's engagement in DE&I consists of four focus areas, including the 3Gs (encompassing Global, Gender, and Generation aspects) and Diverse Work Styles.
We are establishing a work environment where every employee can play active roles regardless of nationality, gender, age, or disability, so they can grow as creative sources of innovation.

Why We Are Promoting DE&I

We state in our corporate philosophy that "we strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support." Furthermore, we uphold the vision of becoming "a company filled with dreams and vitality that contributes to technological innovation in semiconductors," and pursue technological innovation in semiconductors that supports the sustainable development of the world.

The TEL Values represent the mindset we aspire to, as well as our codes of conduct and values. Sharing and practicing these values among the employees around the world has been the driving force of our growth.
While our business sites are located around the world, the TEL Group is a single, borderless entity (ONE TEL) united by the TEL Values that define who we are.

TEL Values



Now, DE&I initiatives are enhancing our readiness to accept and appreciate diversity that is inherent in TEL's DNA, driving further growth of the company.
Unswerving commitment to DE&I will enable all TEL employees to realize their maximum potential, building a cultural environment in which all of us respect one another and turn our differences into strengths.

CEO's Message

To maximize the growth potential of the entire Group, it is essential to promote Diversity, Equity & Inclusion (DE&I).
Incorporating all wisdom and diverse ideas, we will continue to evolve as a company filled with dreams and vitality.

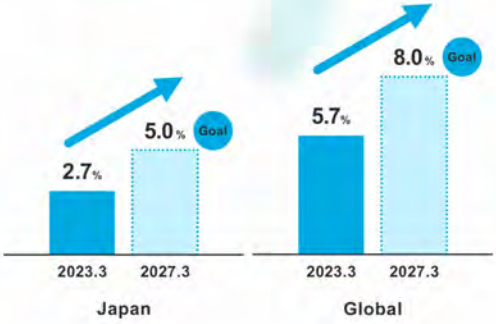
Toshiki Kawai
Representative Director, President & CEO

DE&I Targets and Focused Initiatives

We have selected the following DE&I targets and focused initiatives, aiming to ensure the employees' full potential can be demonstrated in an environment where their individual traits and characteristics are duly respected.

Increasing the Percentage of Female Managers

In succession planning, we will focus on establishing a gender diversity-conscious talent pipeline, aiming to increase the percentage of female managers[1] to 8.0% globally and 5.0% in Japan by the fiscal year ending March 2027.



Hiring Female Engineers

Since a large majority of TEL employees are engineers, we are hiring an equal or greater percentage of female engineers[2] compared to what is typical in each geographical region, with the aid of recruiting agencies and aggressive investments in branding initiatives.

Global and Cross-Departmental Initiatives

The TEL Group is making a concerted effort to promote DE&I, encouraging cross-regional employee collaboration and cross-departmental projects.

1. Advanced professionals are included in the manager category.
2. This refers to the percentage of women with backgrounds in science and engineering.

DE&I Report

A report introducing TEL's DE&I Initiatives

Go to DE&I Report →

Go to TEL's Human Resources Website →

Corporate Summary

Learn about semiconductors

Nanotec Museum

Telescope Magazine

Creative Library

Dr. Elements' Periodic Table

Art Gallery

About TEL
CEO's Message
Corporate Principles
Company Info
Milestones
Leadership
Corporate Governance
Group Company
Compliance/Code of Ethics
Risk Management
Diversity, Equity & Inclusion
Document Library

R&D
R&D sites
Intellectual Property Management
Technical column – R&D Highlights
Conference presentations
TEL VENTURE CAPITAL
E-COMPASS

Products and Services
Products
Services
MAGIC

Investor Relations
IR Calendar
Corporate Policy
Financial Information
IR Library
Stock and Bond Information
FAQ
Inquiries/Requests for Brochures
IR Site Page Information

Sustainability
CEO's Message
TEL's Sustainability
Material issues
Goals and results
Value creation model
Third-party Recognition
Actual data
Related Policy
TEL's Social Contribution TEL FOR GOOD
Integrated report/Annual report
Sustainability report
UK Modern Slavery Act 2015 Transparency Statement

News Room
Sign up for Alerts
TEL Social Media
TEL Careers
Contact Us

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TEL TOKYO ELECTRON LIMITED

2022 年 3 月 31 日

東京エレクトロン株式会社行動計画

東京エレクトロンにおいてダイバーシティ＆インクルージョンは、継続的なイノベーションの創出、企業価値の向上につながる経営の柱であり、経営陣の強いコミットメントのもと、積極的に取り組んでいます。東京エレクトロンにおける本行動計画では、女性社員の活躍推進に焦点を当て、次のとおり行動計画を策定します。

１．　計画期間：　2022年4月1日～2027年3月31日までの5年間

２．　数値目標：

⑴　女性管理職者数※（2021年3月末時点：26名）を2027/3 期中に56名にする

※高度専門職含む

⑵　計画期間内において、年次有給休暇取得率70%を達成する

３．　内容：

取り組み1：サクセッションプランニングにおいて、管理職における女性比率の向上に取り組む

＜計画期間＞

2022年4月1日～

＜対策＞

- ダイバーシティを意識したタレントパイプライン（人材育成計画）形成をおこなう
- 女性社員向け育成プログラム・リーダーシップ開発を支援する取り組みをおこなう

取り組み２：女性社員比率を高めるため、採用活動に注力する

＜計画期間＞

2022年4月1日～

＜対策＞

- 従業員の大半をエンジニアが占める当社の状況を踏まえて、リクルーターの活用やブランディングなどに積極的な投資をおこなう
- 各地域における一般的な女性比率（エンジニアの場合、理工学専攻の女性比率）と同等以上の女性を採用する

取り組み３：女性社員の活躍を促すため、社員の意識改革をおこなう

2022 年 3 月 31 日

＜計画期間＞

2022年4月1日～

＜対策＞

- 社内外の専門家やリーダーによるダイバーシティ＆インクルージョン・トークといったイベントを実施し、意識啓発をおこなう
- ロールモデル等、効果的な情報共有を通じて、女性社員本人だけではなく、職場のマネージャーや同僚の意識改革をおこなう
- 共通の特性や経験をもった従業員のネットワーク機会を創出する
- 産休や育休の取得前後でのキャリア座談会などを実施し、両立支援をおこなう

取り組み4：すべての社員の働きやすさと活躍を支援する職場環境を整備する

＜計画期間＞

2022年4月1日～

＜対策＞

- 年次有給休暇の取得しやすい職場環境づくりおよび計画的取得に向けた意識啓発等を実施し、計画期間内において、年次有給休暇取得率70%を達成する
- 定期的な取得状況のモニタリングおよび取得促進に向けたフォロー実施

以上

2023 年 9 月 30 日

東京エレクトロン テクノロジーソリューションズ株式会社行動計画

東京エレクトロン テクノロジーソリューションズにおいてダイバーシティ、エクイティ＆インクルージョンは、継続的なイノベーションの創出、企業価値の向上につながる経営の柱であり、経営陣の強いコミットメントのもと、積極的に取り組んでいます。東京エレクトロン テクノロジーソリューションズにおける本行動計画では、女性社員の活躍推進に焦点を当て、次のとおり行動計画を策定します。

１．　計画期間：　2023年10月1日～2027年3月31日までの3年6か月間

２．　数値目標：

⑴　女性管理職者数※（2023年9月末時点：9名）を2027/3 期中に17名にする

※高度専門職含む

⑵　計画期間内において、年次有給休暇取得率80%を達成する

３．　内容：

取り組み1：サクセッションプランニングにおいて、管理職におけるジェンダーダイバーシティの向上に取り組む

＜計画期間＞

2023年10月1日～

＜対策＞

- ダイバーシティを意識したタレントパイプライン（人材育成計画）形成をおこなう
- 人材育成プログラム・リーダーシップ開発を支援する取り組みをおこなう

取り組み２：女性社員比率を高めるため、採用活動に注力する

＜計画期間＞

2023年10月1日～

＜対策＞

- 従業員の大半をエンジニアが占める当社の状況を踏まえて、リクルーターの活用やブランディングなどに積極的な投資をおこなう
- 女性採用者比率の目標を、エンジニアは20%、それ以外の職種は50%とする

取り組み３：女性社員の活躍を促す

2023 年 9 月 30 日

＜計画期間＞

2023年10月1日～

＜対策＞

- 社内外の専門家やリーダーによるダイバーシティ、エクイティ＆インクルージョン・トークといったイベントを実施し、意識啓発をおこなう
- ロールモデル等、効果的な情報共有を通じて、女性社員本人だけではなく、職場のマネージャーや同僚の意識改革をおこなう
- 共通の特性や経験をもった従業員のネットワーク機会を創出する
- 産休や育休の取得前後でのキャリア座談会などを実施し、両立支援をおこなう

取り組み4：すべての社員の働きやすさと活躍を支援する職場環境を整備する

＜計画期間＞

2023年10月1日～

＜対策＞

- 年次有給休暇の取得しやすい職場環境づくりおよび計画的取得に向けた意識啓発等を実施し、計画期間内において、年次有給休暇取得率80%を達成する
- 定期的な取得状況のモニタリングおよび取得促進に向けたフォロー実施

以上

2022 年 3 月 31 日

東京エレクトロン九州株式会社行動計画

東京エレクトロン九州株式会社においてダイバーシティ＆インクルージョンは、継続的なイノベーションの創出、企業価値の向上につながる経営の柱であり、経営陣の強いコミットメントのもと、積極的に取り組んでいます。東京エレクトロン九州株式会社における本行動計画では、女性社員の活躍推進に焦点を当て、次のとおり行動計画を策定します。

１．　計画期間：　2022年4月1日～2027年3月31日までの5年間

２．　数値目標：

(1)　女性管理職者数※（2021年3月末時点：3名）を2027/3 期中に8名にする
※高度専門職含む

(2)　計画期間内において、年次有給休暇取得率70%を達成する

３．　内容：

取り組み1：サクセッションプランニングにおいて、管理職における女性比率の向上に取り組む

＜計画期間＞

2022年4月1日～

＜対策＞

- ダイバーシティを意識したタレントパイプライン（人材育成計画）形成をおこなう
- 女性社員向け育成プログラム・リーダーシップ開発を支援する取り組みをおこなう

取り組み２：女性社員比率を高めるため、採用活動に注力する

＜計画期間＞

2022年4月1日～

＜対策＞

- 従業員の大半をエンジニアが占める当社の状況を踏まえて、リクルーターの活用やブランディングなどに積極的な投資をおこなう
- 各地域における一般的な女性比率（エンジニアの場合、理工学専攻の女性比率）と同等以上の女性を採用する

取り組み３：女性社員の活躍を促すため、社員の意識改革をおこなう

2022 年 3 月 31 日

＜計画期間＞

2022年4月1日～

＜対策＞

- 社内外の専門家やリーダーによるダイバーシティ＆インクルージョン・トークといったイベントを実施し、意識啓発をおこなう
- ロールモデル等、効果的な情報共有を通じて、女性社員本人だけではなく、職場のマネージャーや同僚の意識改革をおこなう
- 共通の特性や経験をもった従業員のネットワーク機会を創出する
- 産休や育休の取得前後でのキャリア座談会などを実施し、両立支援をおこなう

取り組み4：すべての社員の働きやすさと活躍を支援する職場環境を整備する

＜計画期間＞

2022年4月1日～

＜対策＞

- 年次有給休暇の取得しやすい職場環境づくりおよび計画的取得に向けた意識啓発等を実施し、計画期間内において、年次有給休暇取得率70%を達成する
- 定期的な取得状況のモニタリングおよび取得促進に向けたフォロー実施

以上

2022 年 3 月 31 日

東京エレクトロン宮城株式会社行動計画

東京エレクトロンにおいてダイバーシティ＆インクルージョンは、継続的なイノベーションの創出、企業価値の向上につながる経営の柱であり、経営陣の強いコミットメントのもと、積極的に取り組んでいます。東京エレクトロンにおける本行動計画では、女性社員の活躍推進に焦点を当て、次のとおり行動計画を策定します。

１．　計画期間：　2022年4月1日～2027年3月31日までの5年間

２．　数値目標：

(1) 女性管理職者数※（2021年3月末時点：0名）を2027/3 期中に5名にする

(2) 計画期間内において、年次有給休暇取得率70%を達成する

３．　内容：

取り組み1：サクセッションプランニングにおいて、管理職における女性比率の向上に取り組む

＜計画期間＞

2022年4月1日～

＜対策＞

- メンターを設定し、ダイバーシティを意識したタレントパイプライン（人材育成計画）形成をおこなう
- 女性社員向け育成プログラム・リーダーシップ開発を支援する取り組みをおこなう

取り組み２：女性社員比率を高めるため、採用活動に注力する

＜計画期間＞

2022年4月1日～

＜対策＞

- 従業員の大半をエンジニアが占める当社の状況を踏まえて、リクルーターの活用やブランディングなどに積極的な投資をおこなう
- 各地域における一般的な女性比率（エンジニアの場合、理工学専攻の女性比率）と同等以上の女性を採用する

取り組み３：女性社員の活躍を促すため、社員の意識改革をおこなう

2022 年 3 月 31 日

＜計画期間＞

2022年4月1日～

＜対策＞

- 社内外の専門家やリーダーによるダイバーシティ＆インクルージョン・トークといったイベントを実施し、意識啓発をおこなう
- ロールモデル等、効果的な情報共有を通じて、女性社員本人だけではなく、職場のマネージャーや同僚の意識改革をおこなう
- 共通の特性や経験をもった従業員のネットワーク機会を創出する
- 産休や育休の取得前後でのキャリア座談会などを実施し、両立支援をおこなう

取り組み4：すべての社員の働きやすさと活躍を支援する職場環境を整備する

＜計画期間＞

2022年4月1日～

＜対策＞

- 年次有給休暇の取得しやすい職場環境づくりおよび計画的取得に向けた意識啓発等を実施し、計画期間内において、年次有給休暇取得率70%を達成する
- 定期的な取得状況のモニタリングおよび取得促進に向けたフォロー実施

以上

2022 年 3 月 31 日

東京エレクトロンFE株式会社行動計画

東京エレクトロンFEにおいてダイバーシティ＆インクルージョンは、継続的なイノベーションの創出、企業価値の向上につながる経営の柱であり、経営陣の強いコミットメントのもと、積極的に取り組んでいます。東京エレクトロンFEにおける本行動計画では、女性社員の活躍推進に焦点を当て、次のとおり行動計画を策定します。

１．　計画期間：　2022年4月1日～2027年3月31日までの5年間

２．　数値目標：

⑴　女性管理職者数※（2021年3月末時点：2名）を2027/3 期中に4名にする
※高度専門職含む

⑵　計画期間内において、年次有給休暇取得率80%を達成する

３．　内容：

取り組み1：サクセッションプランニングにおいて、管理職における女性比率の向上に取り組む

＜計画期間＞

2022年4月1日～

＜対策＞

- ダイバーシティを意識したタレントパイプライン（人材育成計画）形成をおこなう
- 女性社員向け育成プログラム・リーダーシップ開発を支援する取り組みをおこなう

取り組み２：女性社員比率を高めるため、採用活動に注力する

＜計画期間＞

2022年4月1日～

＜対策＞

- 従業員の大半をエンジニアが占める当社の状況を踏まえて、リクルーターの活用やブランディングなどに積極的な投資をおこなう
- 各地域における一般的な女性比率（エンジニアの場合、理工学専攻の女性比率）と同等以上の女性を採用する

取り組み３：女性社員の活躍を促すため、社員の意識改革をおこなう

2022 年 3 月 31 日

＜計画期間＞

2022年4月1日～

＜対策＞

- 社内外の専門家やリーダーによるダイバーシティ＆インクルージョン・トークといったイベントを実施し、意識啓発をおこなう
- ロールモデル等、効果的な情報共有を通じて、女性社員本人だけではなく、職場のマネージャーや同僚の意識改革をおこなう
- 共通の特性や経験をもった従業員のネットワーク機会を創出する
- 産休や育休の取得前後でのキャリア座談会などを実施し、両立支援をおこなう

取り組み4：すべての社員の働きやすさと活躍を支援する職場環境を整備する

＜計画期間＞

2022年4月1日～

＜対策＞

- 年次有給休暇の取得しやすい職場環境づくりおよび計画的取得に向けた意識啓発等を実施し、計画期間内において、年次有給休暇取得率80%を達成する
- 定期的な取得状況のモニタリングおよび取得促進に向けたフォロー実施

以上

2022 年 3 月 31 日

東京エレクトロンＢＰ株式会社行動計画

東京エレクトロンＢＰにおいてダイバーシティ＆インクルージョンは、継続的なイノベーションの創出、企業価値の向上につながる経営の柱であり、経営陣の強いコミットメントのもと、積極的に取り組んでいます。東京エレクトロンＢＰにおける本行動計画では、女性社員の活躍推進に焦点を当て、次のとおり行動計画を策定します。

１．　計画期間：　2022年4月1日～2027年3月31日までの5年間

２．　数値目標：

⑴　女性管理職者数※（2021年3月末時点：１名）を2027/3 期中に２名にする

※高度専門職含む

⑵　計画期間内において、年次有給休暇取得率70%を達成する

３．　内容：

取り組み1：サクセッションプランニングにおいて、管理職における女性比率の向上に取り組む

＜計画期間＞

2022年4月1日～

＜対策＞

- ダイバーシティを意識したタレントパイプライン（人材育成計画）形成をおこなう
- 女性社員向け育成プログラム・リーダーシップ開発を支援する取り組みをおこなう

取り組み２：女性社員比率を高めるため、採用活動に注力する

＜計画期間＞

2022年4月1日～

＜対策＞

- リクルーターの活用やブランディングなどに積極的な投資をおこなう
- 各地域における一般的な女性比率と同等以上の女性を採用する

取り組み３：女性社員の活躍を促すため、社員の意識改革をおこなう

＜計画期間＞

2022年4月1日～

2022 年 3 月 31 日

＜対策＞

- 社内外の専門家やリーダーによるダイバーシティ＆インクルージョン・トークといったイベントを実施し、意識啓発をおこなう
- ロールモデル等、効果的な情報共有を通じて、女性社員本人だけではなく、職場のマネージャーや同僚の意識改革をおこなう
- 共通の特性や経験をもった従業員のネットワーク機会を創出する
- 産休や育休の取得前後でのキャリア座談会などを実施し、両立支援をおこなう

取り組み4：すべての社員の働きやすさと活躍を支援する職場環境を整備する

＜計画期間＞

2022年4月1日～

＜対策＞

- 年次有給休暇の取得しやすい職場環境づくりおよび計画的取得に向けた意識啓発等を実施し、計画期間内において、年次有給休暇取得率70%を達成する
- 定期的な取得状況のモニタリングおよび取得促進に向けたフォロー実施

以上

July 20, 2020
Tokyo Electron Limited
EHS Promotion Center

Green Procurement Guidelines

As global environmental issues have been becoming a greater concern, Tokyo Electron Group has been conducting business operations based on its environmental policy, which aims to conserve the global environment and create a recycling-oriented society.

In order to develop an environment-conscious manufacturing system, it is essential that the impact the parts and devices that comprise products have on the environment is reduced to a minimum. Furthermore, on January 15, 2001, Tokyo Electron Group issued "Green Procurement Guidelines" to ensure that its green procurement processes, which include activities to help suppliers reduce environmental load, are correctly implemented.

Looking at every area of this planet and considering the fact that laws and regulations concerning environmental conservation have become increasingly comprehensive in terms of both depth and scope, we have concluded that we need to revise the "Green Procurement Guidelines". The aim of this revision is to accelerate our compliance with applicable laws and regulations.

Tokyo Electron Group will strive to continue and develop our sustainable global environmental conservation activities. We would like to ask every supplier to understand these guidelines and provide us with your kind cooperation.

Our Approach toward the Environment

Based on our slogan, "Technology for Eco Life", Tokyo Electron Group aims to help solve environmental issues by providing leading-edge technologies and services. We aim to reduce environmental load and preserve the global environment through all our business activities. We also promote environmental activities in consideration of biodiversity in order to help create a sustainable society.

1. Development of an environmental management system

Using ISO 14001 (Environmental Management System) and "Environmental Activity Evaluation Program" as references, develop an environmental management system that ensures corporate-based sustainable global environmental conservation activities.

◆ In general, the following activities should be promoted to develop an environmental management system:

(i) Develop a corporate credo concerning global environmental conservation.
(ii) Appoint an executive officer, dedicated organization, committee, and other people in charge of promoting environmental conservation so that the system can be operated accordingly.
(iii) Understand the environmental loads (emissions of chemical substances and waste, energy consumption, etc.) caused due to business activities.
(iv) Implement management systems that continuously reduce environmental loads, and that observe environment-related laws, regulations, and local ordinances.
(v) Disclose information related to environmental conservation.
(vi) Provide enlightenment and education related to the environment.
(vii) Undertake biodiversity conservation activities.
(viii) Run a green procurement system.

◆ The "Environmental Activity Evaluation Program", formulated by the Ministry of the Environment, provides simple methods that Japanese business operators can use to voluntarily "be aware of their relationship with the environment, set a goal, and start an action". The environmental activity evaluation program, called "EcoAction 21", is available at the following URL of the Ministry of the Environment.
https://www.env.go.jp/policy/j-hiroba/kigyo/EA21_2017%20English.pdf

2. Understanding and reducing environmental impact due to business activities, and disclosure of related information

- Business operators should be conscious of a broader range of environmental issues. Tokyo Electron Group is also expected to consider how to reduce environmental loads generated by our suppliers and customers, as well as those generated as a result of our own business activities.
- Environmental loads can be seen in a wide range of aspects including resource and energy restrictions, changes in climate, water pollution, chemical substance control, air pollution, forest preservation, and biodiversity conservation. All of these have varying impacts on the environment.

We would like to ask you to understand and reduce the environmental impact resulting from your business operations. Tokyo Electron Group may ask you to provide information about environmental activities and impacts related to your business activities. Your cooperation would be appreciated.

3. Environment-conscious measures on products

(1) Delivery of gases or chemical products

- Apply necessary labels and attach safety data sheets (SDSs). Labels and MSDSs should be written in the local language of the country or region where our customer or we will carry out business activities. Depending on the chemical product, you may be asked to provide a JAMP MSDS plus.

(2) Measures related to chemical substances contained in components, parts, materials, or chemical products used for maintenance

- Please implement necessary measures based on our list of substances that are prohibited, restricted, and that must be controlled. Also, please provide necessary information in the specified format together with the products delivered to us.

(3) Measures related to chemical products incorporated in components or parts

- Transportation of a device incorporating a chemical product may be subject to a relevant regulation(s). When delivering a component or part that incorporates a chemical product(s), indicate the name(s) and total weight of the chemical product(s), and safety measures provided for the device.

(4) Information on built-in batteries of components or parts

- Built-in batteries refer to batteries that were built into components or parts during your manufacturing process, and those that had already been built into components or parts before you procured them. When delivering a product that contains a built-in battery, provide information such as the names of countries the product can be used in and the product specifications, and also implement labeling that is required in the relevant country.

(5) Energy-saving and high energy efficiency measures

- Strive to develop energy-saving products. Aim to reduce standby power consumption as much as possible.
- Some electrical appliances have already been subject to laws and regulations that stipulate the energy efficiency level, and these regulations are considered to become applicable to more types of appliances. Products that you procure from your suppliers may have already been included in the list of controlled items. Provide your written judgment regarding the product's compliance or non-compliance with the laws and regulations applicable in the country or region we are referencing. If you consider that the relevant product does conform, present a certificate of conformity or documented conformity plan.

(6) Saving, reusing, and recycling resources

- Strive to reduce the size and weight of products, and the amount of materials to be used.
- Select and use materials that can be easily recycled.
- Strive to reduce the number of types of materials, and to employ a structure that enables the product to be easily disassembled.
- Indicate the recyclability information of as many materials as possible.

(7) Packing

- Use reusable packing materials, and collect and reuse them as much as possible.
- Use packing materials made of substances that have the smallest possible impact on the global environment after they are disposed of.
- Provide information as to whether the packing materials comply with the laws and regulations applicable in the country or region we are referencing.

(8) Provision of information

- We may ask you to provide us with environment-related information about your products. Please provide as much information as possible.

Scope

These guidelines are applicable to companies that manufacture components, parts, or materials we purchase, companies that assemble units or assemblies we use to manufacture our products, and companies that provide distribution or other services.

Other notes

These guidelines are subject to revision to reflect changes in social situations and legal trends.

Contact
Tokyo Electron Limited
EHS Promotion Center
30-7 Sumiyoshi-cho 2-chome, Fuchu City, Tokyo 183-8705
Phone 042-333-8252 Fax 042-333-8477

July 20, 2020
Tokyo Electron Limited
EHS Promotion Center

Our View on Management of Chemical Substances in Tokyo Electron Group Products

Contents

1. PURPOSE

In accordance with the basic environmental policies of Tokyo Electron Group (hereinafter referred to as TEL), the company established the Green Procurement Guidelines in January 2001 in order to manufacture environment-friendly products. TEL then launched the Compliance-with-RoHS Activity in 2006 to ensure the company voluntarily conforms to the EU RoHS directive. The China RoHS directive was enforced in March 2007 and EU REACH was enforced in June of the same year, kicking off a new era of chemical substance control. Similar laws and regulations have also been enacted and are enforced in other countries. In Japan, too, the movement toward stricter management of chemical substances has started through enactment of the Revised Act on Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. In order to ensure compliance with the above-stated laws and regulations on chemical substances, TEL brings our view on management of chemical substances into operation. This view applies, as part of green procurement, to prohibition and management of chemical substances contained in components used in TEL products, and auxiliary materials incidental to production such as solvents.

2. SCOPE

This procedure applies to management of chemical substances (simply called substances) contained in procured components used in TEL products, jigs shipped together with TEL products, and shaped products (also called articles) such as packaging materials.

3. DEFINITIONS

3.1 TEL Managed Substances Group

This term refers to all substances that fall under any of the following categories: TEL prohibited substances, TEL restricted substances, TEL mandatory managed substances, and TEL general managed substances. Applicable substances shall be designated by the TEL Contained Substance Steering Meeting. If the same substance is included in two or more lists, priority regarding its categorization shall be given in the order of

TEL prohibited substances, TEL restricted substances, TEL mandatory managed substances, and TEL general managed substances.

3.2 TEL Prohibited Substances

3.2.1 Substances prohibited by international regulations

Every group listed in Annexes A, B and E, and Group II of Annex C in the Montreal Protocol on Substances that Deplete the Ozone Layer

3.2.2 Substances that are legally prohibited in countries TEL operates in

3.2.3 Substances that TEL voluntarily prohibits

3.3 TEL Restricted Substances

These are six substances designated in the RoHS directive 2011/65/EU. However, TEL does not apply the exemptions admitted depending on the intended use stated in the RoHS directive. The six substances and their threshold values are shown below.

① Cadmium and cadmium compounds [100 ppm]
② Lead and lead compounds [1000 ppm]
③ Mercury and mercury compounds [1000 ppm]
④ Hexavalent chromium compounds [1000 ppm]
⑤ Polybromobiphenyl (PBB) [1000 ppm]
⑥ Polybrominated diphenyl ethers (PBDE) including Decabromodiphenyl ether (DecaBDE) [1000 ppm]
⑦ Bis(2-ethylhexyl) phthalate (DEHP) [1000 ppm]
⑧ Butyl benzyl phthalate (BBP) [1000 ppm]
⑨ Dibutyl phthalate (DBP) (0,1 %) [1000 ppm]
⑩ Diisobutyl phthalate (DIBP) (0,1 %) [1000 ppm]

3.4 TEL Mandatory Managed Substances

This term refers to substances that TEL specified, from the chemSHERPA Managed Substance List (hereinafter referred to as the chemSHERPA Management List), and from legally restricted substances in other countries, as those for which management is mandatory.

3.5 TEL General Managed Substances

This term refers to substances TEL specified from the chemSHERPA Management List (see 3.12.) as those for which information must be communicated.

3.6 TEL Substances Group List

3.6.1 About the TEL Substances Group List

The TEL Substances Group List is a list of substances included in the TEL Managed Substances Group. This list was developed based on the substance names and other information. In the list, the chemSHERPA Management List is in principle used as the main reference source. For details, see Attachment "TEL Substances List".

3.6.2 Supplement: On use of the chemSHERPA Management List

Since the chemSHERPA Management List is incorporated into the chemSHERPA data entry support tool for articles / chemicals provided by JAMP, almost all the substances in the TEL Managed Chemical Substances Group can be checked using this system. However, coverage of the list in the support system is limited to the

practical domain. Therefore, before presenting a final reply to TEL, the person in charge of reporting the inclusion must refer to the TEL Substances Group List for confirmation purposes.

3.6.3 Examples of the substances to be managed for which provision of information is required:

① Carcinogenic, reprotoxic and mutagenic substances listed in EU CLP Regulation Annex VI Table 3.2.
<Category 1 and Category 2>

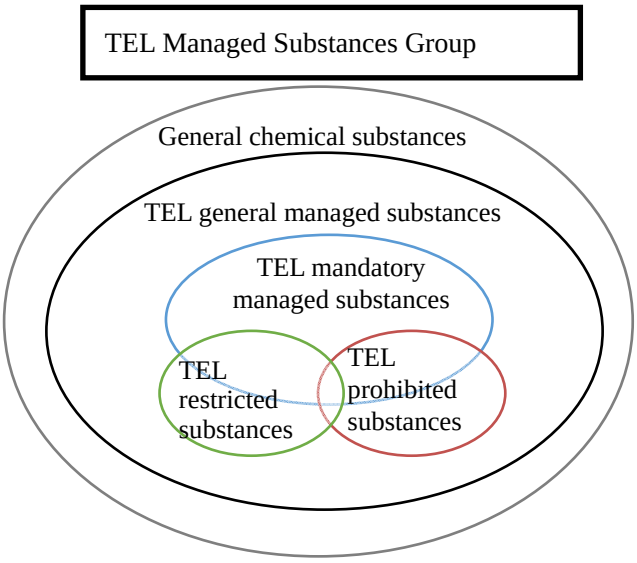
② Restricted substances listed in EU REACH Annex XVII (excluding ① above).

③ Substances listed in EU REACH Annex XIV that require approval, and their candidates.

④ Other substances, excluding ①, ② and ③ above, that are regulated by domestic or international regulations.

3.7 Chart Explaining Relationships between Types of Substances in the TEL Managed Chemical Substances Group

The chart shows the relationships between the substances described in 3.1 to 3.5 above.



3.8 EU RoHS

This is the abbreviation for the EU directive "Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment". Visit the following URL for details.
https://j-net21.smrj.go.jp/development/rohs/basic/basic.html

3.9 EU REACH

This is the abbreviation for Registration, Evaluation, Authorization and Restriction of Chemicals. This is a new regulation concerning chemical substances that was enacted on June 1, 2008. Visit the following URL for details.
https://www.meti.go.jp/policy/chemical_management/081127gaiyou.pdf

3.10 Format Specified by TEL

This term refers to the Contained Chemical Substances Inspection Format used by TEL. TEL uses the chemSHERPA-AI format, the format recommended by JAMP to use to communicate information about substances contained in shaped products.

3.11 JAMP

This is the abbreviation for Joint Article Management Promotion consortium. Visit the following website for details.
https://chemsherpa.net/english/jamp/about

3.12 chemSHERPA Managed Substance List

https://chemsherpa.net/tool#declarable

3.13 Shaped Product (Article)

This term refers to an object that has a specific shape, surface or design that exerts a greater influence on its function than its chemical composition does.

4. AWARENESS OF HAZARDOUS SUBSTANCES AND THEIR MANAGEMENT

4.1 TEL Prohibited Substances

TEL prohibits inclusion of these substances in products. If a regulatory standard has been defined, the concentration - including impurities - must be below the standard.

4.2 TEL Restricted Substances

TEL prohibits inclusion of these substances in products. If a regulatory standard has been defined for the target substances, the inclusion level must be below the threshold value. However, in spite of the foregoing, delivery of products containing quantities of substances beyond the threshold levels shall be permitted if such inclusion is reported using the format specified by TEL.

4.3 TEL Mandatory Managed Substances

This term refers to substances for which the relevant suppliers must be aware of inclusion levels. With the exception of prohibited and restricted substances, TEL does not immediately restrict inclusion of substances contained in this group in products. Rather, TEL mandates that suppliers submit to TEL data on use and inclusion levels of relevant substances that is obtained via investigation based on reasonably maximum possible efforts. In cases where TEL is subject to legal regulations, TEL manages the applicable substances based on facts known to it.

4.4 TEL General Managed Substances

This term refers to substances included in the chemSHERPA Managed Substance List. Such substances include TEL prohibited substances, TEL restricted substances, and TEL mandatory managed substances. TEL does not immediately restrict inclusion of substances contained in this group in products. Rather, TEL requires suppliers to submit data on the inclusion levels of such substances to TEL when "the inclusion is known". TEL sets the substances contained in this group as the managing target when "the inclusion is known". "The inclusion is known" means that "TEL has received information from an upstream supplier (e.g., a raw material manufacturer) in the supply chain about the fact that a target substance of management

is included", or that "TEL has confirmed in some way that such substances are included". TEL may restrict or prohibit use of specific substances based on facts known to it.

5. EXEMPTION OF INVESTIGATION BASED ON THE FORMAT SPECIFIED BY TEL

On the condition that the following requirements are satisfied, suppliers are exempted from submitting investigation results using the format specified by TEL:

5.1 Suppliers must define the responsibility and procedures in document format to satisfy the requirements described in the "Guidelines for the management of chemical substances in products" published by JAMP in relation to items and details of management actions concerning information on chemical substances contained in products.

5.2 Suppliers must evaluate their conformity to the "Guidelines for the management of chemical substances in products" published by JAMP. Based on the judgment, suppliers issue and submit a self-declaration of conformity to TEL, attached with the JAMP Guidelines for the Management of Chemical Substance in Products Annex - List of Action Items and Check Sheet (hereinafter referred to as the Guideline Check Sheet).

5.3 TEL checks the Guideline Check Sheet to confirm the validity of the self-declaration of conformity, and verifies that the management system has been constructed as demanded by TEL.

5.4 If the delivered items do not contain any chemical substances that TEL must manage, that is, TEL prohibited substances, TEL restricted substances, and TEL mandatory managed substances, the supplier is exempted from providing the relevant information using the format specified by TEL.

5.5 If TEL has specified an additional chemical substance(s) about which information must be reported in order to observe laws, regulations, or other rules applicable in Japan or other related countries, the supplier must immediately check that the delivered items do not contain the specified chemical substance(s). If the supplier has discovered that the substance(s) is contained, the supplier must report the relevant fact using the format specified by TEL and cooperate to ensure conformity when requested by TEL.

6. REVISION AND OTHER POINTS

TEL revises the TEL Substances Group List and other information as needed.

March 28, 2023 Rev.2.0
Tokyo Electron Limited
Environment Promotion Dept.

Explanation of How TEL Addresses Issues Regarding Environmental Laws and Regulations in Products

- View of Tokyo Electron Group

  Enactment of environmental laws and regulations has accelerated in many countries due to concerns over the impact on the environment and ecosystems of chemical substances contained in parts and materials and CO2 emissions. Tokyo Electron Group has set our basic method of response to environmental laws and regulations as follows:

  - We will deliver products that are promptly and appropriately attuned to relevant environmental laws and regulations to customers worldwide.
  - We will continue our voluntary activities to set our own standards and work on product environmental laws and regulations.

- Conformity to applicable laws in respective countries and regions

  - It has been announced that EU REACH[*1], China RoHS Restriction[*2], GHS Restriction[*3], Battery Restrictions[*4], Energy efficiency regulation[*5], F-Gas regulation[*6] and other restrictions will increasingly deepen. Moreover, these restrictions have been adopted in an increasing number of countries and regions. It is anticipated that new requirements will be proposed by several countries. We will conform to all new requirements by further strengthening liaison with local affiliates and obtaining information about laws and regulations as early as possible.

- Our voluntary efforts to reduce chemical substances contained in equipment

  The EU RoHS directive[*7] that went into effect in July 2006 is one of a number of well-known measures aimed at regulating hazardous chemical substances. Although Tokyo Electron Group's semiconductor manufacturing equipment, flat panel display manufacturing equipment, and solar panel manufacturing equipment are not targets of the regulation, we are voluntarily promoting reduction of ten substances (lead, mercury, cadmium, hexavalent chromium, PBB, PBDE, DEHP, BBP, DBP and DIBP) that are regulated in the EU RoHS directive. We will continue to comply with the EU RoHS Directive through cooperation with our suppliers.

Note:

[*1] EU REACH:

EU REACH: This is a new EU restriction on chemical substances that went into effect on June 1, 2008. Its official name is Registration, Evaluation, Authorization and Restriction of Chemicals. If any SVHC candidate is contained in a product, the new restriction demands that manufacturers provide relevant details on its inclusion as well as information regarding safe use of the product. Visit the following URL for details.

https://www.meti.go.jp/policy/chemical_management/081127gaiyou.pdf

[*2] China RoHS Restriction:

It is a law officially known as Administrative Measures for the Restriction of the Use of Hazardous

Substances in Electrical and Electronic Products. This restriction demands that manufacturers provide information on inclusion of the six substances (lead, mercury, cadmium, hexavalent chromium, PBB and PBDE) with respect to each part of the equipment.

*3 GHS Restriction:

GHS is the abbreviation for Globally Harmonized System of Classification and Labeling of Chemicals. The United Nations agreed to set classification criteria for degrees of toxicity of chemicals, and to ensure integrated harmony of labeling and contents of SDSs. In order to introduce GHS, many countries have enacted new laws or revised existing laws related to chemical substances.

*4 Battery Restrictions:

This law is already in place in many countries. It requires that manufacturers apply the recycling mark to their products and bear the costs of collecting used batteries in order to promote collection and recycling of batteries.

*5 Energy efficiency regulation:

Energy efficiency regulations for components have been established in each country, including the EU. For example, ErP Directive (Energy-related Products) in EU, Energy Consumption Efficiency Label Management Act in China, and EISA (Energy Independence and Security Act) in US.
Each component has its own requirements for energy efficiency, and some components require labeling, registration with government authorities, etc.

*6F-Gas regulation:

Starting with the EU Fluorinated Greenhouse Gases Regulation, countries are restricting HFCs, PFCs, SF6, etc. based on the Montreal Protocol. Refrigerants used in refrigerators such as chillers are also subject to this regulation, and the production and use of high GWP F-Gas are restricted.

GWP: Global Warming Potential

*7 EU RoHS Directive:

RoHS is the abbreviation for Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment. It prohibits sales of electronic products in the European market when such products contain lead, mercury, cadmium, hexavalent chromium, PBB, PBDE, DEHP, BBP, DBP and DIBP beyond the threshold.

「パートナーシップ構築宣言」

当社は、サプライチェーンの取引先の皆様や価値創造を図る事業者の皆様との連携・共存共栄を進めることで、新たなパートナーシップを構築するため、以下の項目に重点的に取り組むことを宣言します。

１．　サプライチェーン全体の共存共栄と規模・系列等を超えた新たな連携

直接の取引先を通じてその先の取引先に働きかける（「Tier N」から「Tier N+1」へ）ことにより、サプライチェーン全体での付加価値向上に取り組むとともに、既存の取引関係や企業規模等を超えた連携により、取引先との共存共栄の構築を目指します。その際、災害時等の事業継続や働き方改革の観点から、取引先のテレワーク導入やBCP（事業継続計画）策定の助言等の支援も進めます。

加えて、当社は地球環境保全に十分配慮した持続可能なサプライチェーンの構築に向けた取り組みとしてE-COMPASS（Environmental Co-Creation by Material, Process and Subcomponent Solutions）を立ち上げました。E-COMPASSは、製品はもとより事業活動全体を通して環境にフォーカスし、パートナーシップのさらなる強化とサプライチェーン全体での価値共創を目指した新たな取り組みです。当社はあらゆる経営資源を活用し、今後大きな潮流となる社会のデジタル化とグリーン化の両立を目指し、サプライチェーン全体の協働により、脱炭素社会の実現に向けて取り組みます。

２．　「振興基準」の遵守

親事業者と下請事業者との望ましい取引慣行（下請中小企業振興法に基づく「振興基準」）を遵守し、取引先とのパートナーシップ構築の妨げとなる取引慣行や商慣行の是正に積極的に取り組みます。

① 価格決定方法

不合理な原価低減要請を行いません。取引対価の決定に当たっては、下請事業者から協議の申入れがあった場合には協議に応じ、労務費上昇分の影響を考慮するなど下請事業者の適正な利益を含むよう、十分に協議します。取引対価の決定を含め契約に当たっては、親事業者は契約条件の書面等による明示・交付を行います。

② 型管理などのコスト負担

下請事業者との協議および合意に基づく適正な型取引を行い、不要な型の廃棄を促進するとともに、下請事業者からの要望に反する型の無償保管要請を行いません。

③支払条件

下請事業者との取引に対する下請代金は、全額現金で支払います。

④知的財産・ノウハウ

取引における下請事業者の知的財産権やノウハウ等について、下請事業者が損失を被ることのないよう十分配慮するものとし、下請事業者から協議の申し入れがあった場合はこれに誠実に

応じるものとします。

⑤働き方改革等に伴うしわ寄せ

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2022 年 9 月 20 日

東京エレクトロン株式会社　　代表取締役社長・CEO　　河合　利樹

「パートナーシップ構築宣言」

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2023 年 2 月 23 日
（2023 年 6 月 21 日　代表者変更による更新）

東京エレクトロン テクノロジーソリューションズ株式会社　　代表取締役社長　　両角 友一朗

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東京エレクトロン宮城株式会社　　代表取締役社長　　神原　弘光

Tokyo Electron Sustainability Data 2023

Environment

The scope of calculation for environmental data is the Tokyo Electron Group (27 consolidated companies), and the calculating period is fiscal year 2023 (April 1, 2022 to March 31, 2023).
Japan: Tokyo Electron Ltd. and six consolidated subsidiaries (including Tokyo Electron Technology Solutions Ltd., Tokyo Electron Kyushu Ltd., Tokyo Electron Miyagi Ltd. and Tokyo Electron FE Ltd.)
Overseas: 20 consolidated subsidiaries (including Tokyo Electron America, Inc., Tokyo Electron Europe Ltd., Tokyo Electron Korea Ltd., Tokyo Electron Taiwan Ltd., Tokyo Electron (Shanghai) Ltd. and Tokyo Electron Singapore Pte. Ltd.)

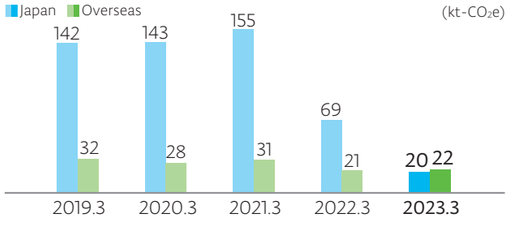
* ☑ denotes data with third-party assurance

Greenhouse Gas Emissions

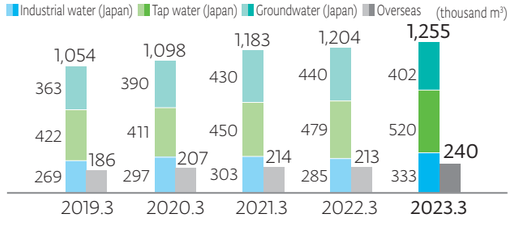
		2019.3	2020.3	2021.3	2022.3	2023.3	
Scope 1 emissions	Scope 1 emissions (kt-CO_2)	24	28	29	16	22	
	Japan, energy-derived[1]	7	10	10	10	10	☑
	Overseas, energy-derived[1]	2	2	2	2	2	
	Non-energy-derived greenhouse gas emissions total[2] (kt-CO_2e)	15	16	17	4	10	
	Non-energy-derived greenhouse gas emissions (kt-CO_2e) (Japan)	15	16	17	4	10	
	Japan – HFCs	0.7	0.2	0.1	0.7	3.4	
	Japan – PFCs	8.5	10.6	13.2	1.3	5.6	
	Japan – SF_6	5.1	5.0	3.1	1.4	1.2	
	Japan – Other	0.3	0.4	0.6	0.4	0.2	
	Non-energy-derived greenhouse gas emissions (kt-CO_2e) (Overseas)	—	—	—	0.1	0.0	
	Overseas – HFCs	—	—	—	0.0	0.0	
	Overseas – PFCs	—	—	—	0.0	0.0	
	Overseas – SF_6	—	—	—	0.0	0.0	
	Overseas – Other	—	—	—	0.1	0.0	
Scope 2[3] emissions	Scope 2 emissions (Market standard) (kt-CO_2)	150	144	157	74	20	
	Japan	120	118	128	55	0[4]	☑
	Overseas	30	26	29	19	20	
	Scope 2 emissions (Location standard) (kt-CO_2)	156	156	169	168	180	
	Japan	125	129	138	136	144	
	Overseas	30	26	31	33	36	
Scope 3[5] emissions	Scope 3 emissions (kt-CO_2)	8,847	7,910	9,386	12,554	14,333	
	Category 1 Purchased goods and services	2,177	1,796	2,395	3,332	4,053	
	Category 2 Capital goods	150	164	162	172	224	
	Category 3 Fuel- and energy-related activities	22	23	25	27	27	
	Category 4 Upstream transportation and distribution	9	9	9	15	19	
	Category 5 Waste generated in operations	2	2	2	3	3	
	Category 6 Business travel	27	2	1	4	14	
	Category 7 Employee commuting	12	12	11	12	14	
	Category 9 Downstream transportation and distribution	80	90	80	121	120	
	Category 11 Use of sold products	6,365	5,808	6,696	8,865	9,854	
	Category 12 End-of-life treatment of sold products	3	3	3	4	5	

1 Scope 1: Direct GHG emissions from use of fuel and gas we owned or controlled. Calculation method: Emissions = Σ (fuel consumed × CO_2 emission factor). Emission factor based on Japan's Act on Promotion of Global Warming Countermeasures
2 Scope 1: Non-energy-derived CO_2 and greenhouse gases other than CO_2. Calculation method: Emissions = Σ (consumption × emission per unit consumption – amount recovered and properly treated) × global warming factor
Global warming factor is based on Japan's Act on Promotion of Global Warming Countermeasures. From fiscal year 2022, the value for the amount recovered and properly treated have been reviewed to match actual conditions.
3 Scope 2: Indirect GHG emissions from use of electricity we purchased Calculation method: Emissions = Σ (purchased electricity × CO_2 emission factor). Adjusted emission factors for the electrical power providers concerned based on Japan's Act on Promotion of Global Warming. Countermeasures were used as the emission factor for Japan.
Emission factors based on values from the Emissions Factors 2019 edition published by the International Energy Agency (IEA) were used as the emission factor for overseas electricity consumption
4 Figure after Non-Fossil Certificate Equivalent Amount Deduction. Scope 2 emissions prior to Non-Fossil Certificate Equivalent Amount Deduction is 6 kt-CO_2, Non-Fossil Certificate Equivalent Amount is 6 kt-CO_2.
5 Scope 3: Emissions from corporate value chains (excluding scope 1 and 2 emissions), such as product transportation, employee business travel and major outsourced production processes. The entire scope is divided into 15 categories, of which calculations were made for categories 1, 2, 3, 4, 5, 6, 7, 9, 11 and 12. Revised past figures. Calculations for categories 8, 10, 13, 14 and 15 were not made as they are either not included in our activities or have already been included in other categories.

Scope 1 Emissions and Scope 2 Emissions (Market standard)



Water Consumption



Resource Consumption

		2019.3	2020.3	2021.3	2022.3	2023.3	
Water	Consumption (thousand m^3)	1,240	1,305	1,397	1,417	1,495	
	Japan	1,054	1,098	1,183	1,204	1,255	☑
	Groundwater	363	390	430	440	402	
	Tap water	422	411	450	479	520	
	Industrial water	269	297	303	285	333	
	Overseas	186	207	214	213	240	
Copier paper	Use (t) (Japan)	165	132	38	32	138	

Energy Consumption/Generation

		2019.3	2020.3	2021.3	2022.3	2023.3	
Energy	Consumption metric (sales) (kL/billion yen)	0.63	0.75	0.68	0.50	0.48	
	Consumption (crude oil equivalent) (kL)[1]	81,074	85,074	94,746	100,265	106,637	
	Japan	65,897	70,642	78,126	82,703	87,137	☑
	Overseas	15,177	14,432	16,620	17,562	19,499	
Electricity	Consumption (MWh)	305,795	317,614	354,961	377,432	402,183	
	Japan	250,911	265,293	294,652	313,322	330,791	☑
	Overseas	54,884	52,321	60,309	64,110	71,392	
Gas (city gas, LPG)	Consumption (crude oil equivalent) (kL)[1]	2,991	3,565	3,820	3,796	3,898	
	Japan	1,948	2,611	2,728	2,738	2,776	☑
	Overseas	1,043	954	1,092	1,058	1,122	
Fuel (heavy oil A, diesel oil, kerosene, gasoline)	Consumption (crude oil equivalent) (kL)[1]	1,072	1,624	1,667	1,625	1,526	
	Japan	1,055	1,603	1,651	1,612	1,513	☑
	Overseas	17	21	16	13	13	
Renewable energy (electricity)	Purchase (MWh)	3,834	3,334	4,980	227,523	365,876	
	Japan	0	0	0	197,137	330,791	
	Overseas	3,834	3,334	4,980	30,386	35,085	
PV power generation system	Power generation (MWh)	4,392	3,804	4,068	3,890	4,110	
	Japan	4,392	3,804	4,068	3,890	4,110	
	Overseas	0	0	0	0	0	
Amount of self-consumption through onsite solar power generation system	Amount of self-consumption (MWh)	3,010	2,579	2,783	2,695	2,780	
	Japan	3,010	2,579	2,783	2,695	2,780	
	Overseas	0	0	0	0	0	
Power sales	Power sales (MWh)[2]	1,382	1,225	1,285	1,195	1,330	
	Japan	1,382	1,225	1,285	1,195	1,330	
	Overseas	0	0	0	0	0	
Renewable energy (electricity) use rate	Electricity use rate (%)	2	2	2	60	91	
	Japan	1	1	1	63	100	
	Overseas	7	6	8	47	49	

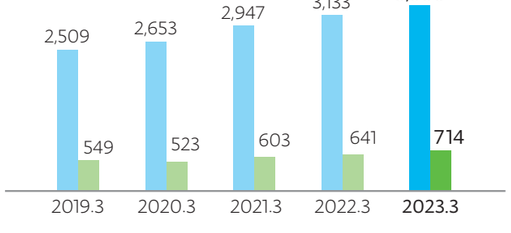
1 Calculated using the conversion factors for fuel, gas and electricity in relation to the Act on Rationalizing Use of Energy and Shifting to Non-fossil Energy
2 Heat and steam not sold

Environmental Impact of Logistics

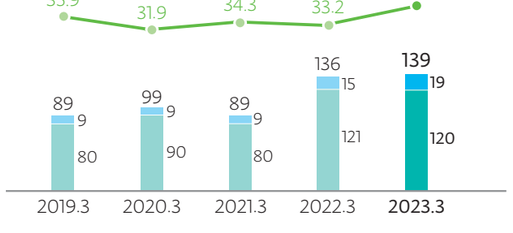
		2019.3	2020.3	2021.3	2022.3	2023.3
CO_2	Emissions (kt-CO_2)	89	99	89	136	139
	Japan	9	9	9	15	19
	Overseas*	80	90	80	121	120
Proportion of marine transportation (international) (%)		35.9	31.9	34.3	33.2	39.0
Use of reinforced cardboard	Reduction in amount of wooden packaging materials used (t) Japan	—	—	—	—	2,000

* Revised past CO_2 emissions

Electricity Consumption



CO_2 Emissions from Logistics and the Proportion of Marine Transportation



Amount of Waste Generated

		2019.3	2020.3	2021.3	2022.3	2023.3
Waste	Amount generated (t)	14,960	13,989	14,997	14,459	18,249
	Japan	14,208	12,973	13,705	12,921*	17,047
	Overseas	752	1,016	1,292	1,538	1,202
Dangerous/Hazardous waste	Amount generated (t)	6,951	6,228	7,227	5,231	5,634
	Japan (Specially controlled industrial waste)	6,619	5,911	6,718	4,705*	5,239 ☑
	Overseas (Dangerous/Hazardous waste per country)	332	317	509	526	395
Recycling	Recycled amount (t)	14,770	13,748	14,814	14,189	17,978
	Japan	14,092	12,831	13,587	12,789*	16,912
	Overseas	678	917	1,227	1,400	1,066
Incinerated and landfill waste	Amount of waste (t)	190	241	183	270	271
	Japan	116	142	118	132	135
	Overseas	74	99	65	138	136
Water discharges	Water discharge volume (thousand m^3)	1,006	1,078	1,195	1,194	1,272
	Japan	850	900	1,006	1,009	1,062
	Overseas	156	178	189	185	210

* Revised past amount generated

Chemical Substances Consumption/Emissions (Japan)

		2019.3	2020.3	2021.3	2022.3	2023.3
PRTR Class I designated chemical substances	Volume handled (t)	101	121	144	119	104
	Ferric chloride	84	98	106	85	76
	Hydrogen fluoride and its water-soluble salts	11	12	24	22	16
	Methylnaphthalene	5	10	13	11	10
	VOCs*	0.0	0.1	0.1	0.1	0.1
	Other	1	1	1	1	1
	Amount transported (waste amount) (t)	96	111	131	108	94
	Consumption (t)	5	10	13	11	10
NOx	Emissions (t)	9.6	11.9	13.0	13.1	12.7
SOx	Emissions (t)	2.8	4.0	4.9	4.8	4.5

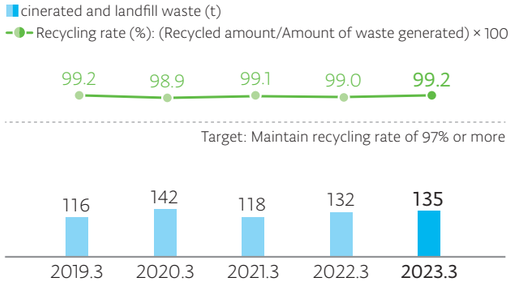
* VOCs: Volatile Organic Compounds

Other

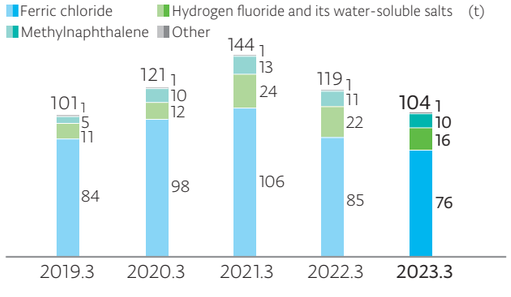
		2019.3	2020.3	2021.3	2022.3	2023.3
ISO 14001	Number of certified offices	9	9	11	11	11
	Japan	5	5	5	5	5
	Overseas	4	4	6	6	6
Biodiversity	Number of ecosystem tours*	17	18	18	16	22
	Number of ecosystem tour participants*	595	368	52	87	138
Environmental laws and regulations	Number of breaches of environmental laws and regulations	0	0	0	0	0
	Amount of fines for breaches of laws and regulations	0	0	0	0	0
Total product shipment (t)*		32,715	31,184	28,862	41,352	48,922

* Scope: Japan

Recycling Rate/Generation of Incinerated and Landfill Waste in Japan



Volume of PRTR Class I Designated Chemical Substances Handled in Japan



Social

The scope of calculation for social data is the Tokyo Electron Group (27 consolidated companies), and the calculating period is fiscal year 2023 (April 1, 2022 to March 31, 2023).
Japan: Tokyo Electron Ltd. and six consolidated subsidiaries (including Tokyo Electron Technology Solutions Ltd., Tokyo Electron Kyushu Ltd., Tokyo Electron Miyagi Ltd. and Tokyo Electron FE Ltd.)
Overseas: 20 consolidated subsidiaries (including Tokyo Electron America, Inc., Tokyo Electron Europe Ltd., Tokyo Electron Korea Ltd., Tokyo Electron Taiwan Ltd., Tokyo Electron (Shanghai) Ltd. and Tokyo Electron Singapore Pte. Ltd.)

* ☑ denotes data with third-party assurance

Number of Employees (Entire Group)

		2019.3	2020.3	2021.3	2022.3	2023.3
Regular employees (Region)	Number of regular employees	12,469	13,542	14,022	15,140	16,605
	Japan	7,526	7,806	7,921	8,234	8,796
	Rest of Asia	2,832	3,494	3,796	4,328	4,819
	Europe and Middle East	513	528	509	578	669
	North America	1,598	1,714	1,796	2,000	2,321

Composition of Employees (Japan)

		2019.3	2020.3	2021.3	2022.3	2023.3
Employees (Employment type)	Number of employees	7,797	8,100	8,296	8,661	9,325
	Regular employees	7,526	7,806	7,921	8,234	8,796
	Men	6,479	6,681	6,722	6,944	7,429
	Women	1,047	1,125	1,199	1,290	1,367
	Non-regular employees	271	294	375	427	529
	Men	220	263	348	403	490
	Women	51	31	27	24	39

Recruitment/Employment (Japan)

		2019.3	2020.3	2021.3	2022.3	2023.3
New graduates hired	Number hired	199	281	253	209	231
	Under 30 yrs. old	198	280	252	208	231
	Men	166	233	207	177	193
	Women	32	47	45	31	38
	30–49 yrs. old	1	1	1	1	0
	Men	1	1	1	0	0
	Women	0	0	0	1	0
	50 yrs. old and over	0	0	0	0	0
	Men	0	0	0	0	0
	Women	0	0	0	0	0
	Percentage of women	16.1	16.7	17.8	15.3	16.5
Career-track recruits	Number hired	239	150	191	400	580
	Under 30 yrs. old	85	42	56	131	209
	Men	67	35	49	96	185
	Women	18	7	7	35	24
	30–49 yrs. old	145	96	123	250	355
	Men	119	82	92	202	306
	Women	26	14	31	48	49
	50 yrs. old and over	9	12	12	19	16
	Men	5	10	11	17	13
	Women	4	2	1	2	3
	Percentage of women	20.1	15.3	20.4	21.3	13.1
Employees with disabilities	Percentage hired (TEL)	2.18	2.06	2.43	2.32	2.03
	Percentage hired (Group in Japan)	2.04	2.01	2.30	2.37	2.27
Reemployment system	Number of users	201	242	313	389	475
	Men	196	235	305	376	451
	Women	5	7	8	13	24
Percentage of regular employees who received regular performance and career evaluations		100.0	100.0	100.0	100.0	100.0

Female managers (Entire Group)

		2019.3	2020.3	2021.3	2022.3	2023.3
Ratio of Female Managers[1, 2]	Number of people	22	23	26	163	182
	Percentage	2.0	2.0	2.2	5.5	5.7
	Number of people (senior directors and above[3])	—	—	—	10	16
	Percentage (senior directors and above[3])	—	—	—	2.2	3.3

1 Percentage of female managers, calculation method: (Number of female managers/Number of managers) × 100 (Include individual contributors in the number of managers from fiscal 2022)
2 As of March 31 3 Employees of a certain level or position based on the global human resources system

Data Section

Female managers (Japan)

		2019.3	2020.3	2021.3	2022.3	2023.3
Female managers[1,2]	Number of people	22	23	26	46	51
	Percentage	2.0	2.0	2.2	2.6	2.7

1 Percentage of female managers, calculation method: (Number of female managers/Number of managers) × 100 (Include individual contributors in the number of managers from fiscal 2022) 2 As of March 31

Employee retention (Japan)

		2019.3	2020.3	2021.3	2022.3	2023.3
Employee retention	Retention after three years of joining TEL*	93.0	93.8	94.1	94.7	92.7
	Men	93.5	94.6	94.8	95.0	93.2
	Women	88.0	88.6	89.3	93.5	90.6
	Average service years	17 yrs. 2 mos.	17 yrs. 2 mos.	17 yrs. 4 mos.	17 yrs. 2 mos.	16 yrs. 8 mos.
	Men	17 yrs. 5 mos.	17 yrs. 5 mos.	17 yrs. 7 mos.	17 yrs. 6 mos.	16 yrs. 10 mos.
	Women	15 yrs. 8 mos.	15 yrs. 11 mos.	15 yrs. 10 mos.	15 yrs. 8 mos.	15 yrs. 7 mos.

* Average in recent five years

Employee turnover (Entire Group)

		2019.3	2020.3	2021.3	2022.3	2023.3
Turnover*	Employee turnover	—	—	—	589	599
	Men	—	—	—	507	509
	Women	—	—	—	82	90
	Turnover percentage	—	—	—	4.2	3.9

* Turnover due to personal circumstances

Employee turnover (Japan)

		2019.3	2020.3	2021.3	2022.3	2023.3
Turnover*	Employee turnover	108	82	87	87	98
	Men	88	54	75	69	81
	Women	20	28	12	18	17
	Turnover percentage	1.4	1.0	1.0	1.0	1.1

* Turnover due to personal circumstances

Work-life Balance (Japan)

		2019.3	2020.3	2021.3	2022.3	2023.3
Annual paid leave	Take-up rate[1]	67.2	72.6	62.5	64.6	70.0
Refreshment leave	Number of those who took leave	605	901	688	512	1,731
	Men	507	773	610	435	1,485
	Women	98	128	78	77	246
Paternity leave	Number of those who took leave	155	184	148	137	149
Childcare leave	Number of those who took leave	8	12	16	36	96
	Men	8	12	16	36	57
	Women (percentage who took leave)	48(100.0)	34(97.1)	25(92.6)	34(97.1)	39(97.5)
	Number of those who returned to work after leave	43	48	54	60	76
	Men	6	8	15	32	43
	Women	37	40	39	28	33
	Percentage reinstated	93.5	94.1	96.4	95.2	98.7
	Retention rate	88.9	93.3	95.0	90.0	97.9
Shorter working hour system	Number of those who used	153	149	132	110	105
	Men	8	11	9	7	10
	Women	145	138	123	103	95
Leave to care for sick/ injured child	Number of those who took leave	517	625	510	547	599
	Men	334	428	353	373	424
	Women	183	197	157	174	175
Childcare support leave	Number of those who took leave	129	125	86	80	98
	Men	26	26	29	23	33
	Women	103	99	57	57	65
Extended nursing care leave	Number of those who took leave	5	2	2	1	4
	Men	2	2	0	0	4
	Women	3	0	2	1	0
Short nursing care leave	Number of those who took leave	63	95	110	87	85
	Men	38	56	69	57	53
	Women	25	39	41	30	32
Shorter working hour system for nursing care	Number of those who used	2	2	0	4	0
	Men	0	1	0	2	0
	Women	2	1	0	2	0

1 Take-up rate of annual paid leave calculation method: (Days of paid leave taken by employees[2]) / (Days of paid leave provided to employees[2]) × 100 2 Incl. non-regular employees

Products/Innovation

		2019.3	2020.3	2021.3	2022.3	2023.3
Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services		0	0	0	0	0
Active issued patents (Region/Country)[1]	Number of active issued patents	17,473	18,137	18,692	19,572	21,645
	Japan	5,304	5,348	5,484	5,703	6,307
	U.S.	4,415	4,606	4,822	4,988	5,360
	Europe	179	191	206	167	—[2]
	Korea	3,076	3,223	3,363	3,731	4,683
	Taiwan	2,817	2,948	2,925	3,014	3,120
	China	1,682	1,821	1,892	1,969	2,175

		2017.12[3]	2018.12[3]	2019.12[3]	2020.12[3]	2021.12[3]
Global patent application rate		81.2	79.8	74.3	74.6	80.1[4]
Patent application success rate	Japan	82.9	83.1	84.9	79.8	74.5
	U.S.	85.1	85.5	87.3	83.9	81.5

1 Figures for fiscal 2019 to fiscal 2022 are based on our database; figures for fiscal 2023 are based on LexisNexis® PatentSight® database. 2 Europe is not included in the scope.
3 Calendar year when patents were filed/granted 4 Added international applications filed under the Patent Cooperation Treaty (PCT) to applications filed in other countries.

Customers

	2019.3	2020.3	2021.3	2022.3	2023.3
Percentage of respondents who selected "Very Satisfied" or "Satisfied" in the customer satisfaction survey	84.4	93.3	96.7	100.0	100.0

Safety

	2019.3	2020.3	2021.3	2022.3	2023.3
Percentage of employees who received training on basic safety	100	100	100	100	100
Percentage of employees who received training on advanced safety	100	100	100	100	100
Lost time incident rate (LTIR)	0.40	0.51	0.63	0.66	0.83
Number of workplace injuries per 200,000 work hours (TCIR)	0.20	0.23	0.27	0.30	0.33

Procurement

	2019.3	2020.3	2021.3	2022.3	2023.3
Percentage of new important suppliers screened using social criteria	100	100	100	100	100
Rate of improvement after supply chain sustainability assessment	—*	35.8	23.1	31.5	30.5
Rate of improvement after supply chain BCP assessment	19.4	16.0	20.3	24.4	22.2
Number of identified RMAP conformant smelters (rate of identification)	253 (100)	261 (100)	236 (100)	243 (100)	234 (100)

* Unable to compare with previous fiscal year due to comprehensive revisions, including the survey

Governance

	2019.3	2020.3	2021.3	2022.3	2023.3
Total number of critical incidents notified to the Board of Directors	0	0	0	0	0
Total number of incidents subject to legal action on the basis of anti-competitive conduct, antitrust activity or monopolistic practices where the governance body's involvement was revealed	0	0	0	0	0
Number of executive officers who received training on anti-corruption[1]	0	0	15	20	28
Total number (percentage) of directors who provided instructions on the body's policies and procedures in relation to anti-corruption[1]	12(100)	11 (100)	11 (100)	12 (100)	6 (100)
Total number (percentage) of directors who received training on anti-corruption[1]	0(0)	11 (100)	0 (0)	0 (0)	3 (50)
Payment to industry groups, etc. (thousand yen)[2]	21,093	29,927	32,036	56,374	73,313
Payment to politically affiliated organizations (yen)	0	0	0	0	0
Average tenure of directors	7.36	4.84	6.09	6.58	5.16
Average rate of attendance for Board meetings	98.24	99.39	98.96	99.50	98.62

1 Scope: Japan 2 Industry groups were reviewed from fiscal year 2022

Compliance

	2019.3	2020.3	2021.3	2022.3	2023.3
Education on TEL's Code of Ethics/pledge rate*	—	—	98.8	91.6	96.1
Percentage of employees who have consented to the information security agreement	100.0	100.0	99.4	99.9	100.0
Significant fines and non-monetary sanctions for non-compliance with laws and regulations in the social and economic area	0	0	0	0	0

* Scope: Entire Group

Social Contribution

		2019.3	2020.3	2021.3	2022.3	2023.3
Spending on social contribution (million yen)*		281	250	244	170	301
Cash donations breakdown	Charity donations (providing donations/relief supplies to charity organizations)	11	4	13	15	9
	Community investment (charitable expenses for long-term cause for community)	55	68	62	75	40
	Commercial initiatives (charitable expenses with anticipated effects on business growth)	34	28	25	10	51

* Spending on social contribution activities excluding disaster relief contributions

Deloitte.
デロイト トーマツ

（TRANSLATION）

Independent Practitioner's Assurance Report

July 27, 2023

Mr. Toshiki Kawai,
Representative Director, President & CEO,
Tokyo Electron Ltd.

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the environmental data and the social data indicated with ☑ for the year ended March 31, 2023 (the "Sustainability Information") included in the "Tokyo Electron Sustainability Data 2023" (the "Report") of Tokyo Electron Ltd. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Sustainability Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the Sustainability Information included in the Report). CO_2 quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and *the Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.