



(Translation)

May 13, 2022

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## **Summary of Results of Evaluation of the Effectiveness of Tokyo Electron's Board of Directors**

To further enhance the governance of Tokyo Electron Limited (“Company”) and the effectiveness of its Board of Directors, the Company discussed and evaluated the effectiveness of the Company’s Board of Directors by reviewing its activities for the period ended March 2022. A summary of the results of this evaluation is provided below.

### **1. Method of evaluation of effectiveness**

(1) Subject of evaluation

Board of Directors overall (including details of activities of the Nomination Committee and the Compensation Committee)

(2) Evaluation method

We received the support of a third party external expert organization with professional knowledge to acquire advice on surveys and individual interview items, implement and aggregate surveys, implement individual interviews, and analyze survey and interview results, and conducted a comprehensive self-evaluation with reference to the results of said analyses, and after deliberations at Board of Directors meetings.

The specific evaluation process was as follows.

① Preliminary discussions with external experts

The Chairman of the Board (Chairman of the Board of Directors), President and Representative Director, and the Secretariat of the Board of Directors held individual discussions regarding awareness of problems, and present circumstances and issues, among other matters, with external experts.

② Surveys and individual interviews

Surveys consisting of questionnaires were conducted with respect to all (17) members of the Board of Directors and the Audit & Supervisory Board, and the external experts conducted individual interviews with all of the directors and Audit & Supervisory Board members based on the results of the surveys. We received a report from the external experts on the surveys, individual interviews, and the results of the analyses thereof.

③ Results report and discussions

Based on the results of the analyses performed by the external experts, we held discussions at internal meetings and exchanges of opinions between Outside Directors and Outside Audit & Supervisory Board Members. During the Board of Directors meeting held on April 27, the Board of Directors received a report on the results of the analyses from the external experts, and, based on said results, held discussions with the members of the Board of Directors and the Audit & Supervisory Board, and conducted a comprehensive self-evaluation.

④ Determination of disclosure details

The Board of Directors resolved in the meeting held on May 12, 2022 the disclosure details following deliberations.

(3) Evaluation items

The main items of evaluation of effectiveness are as follows.

- ① Overall effectiveness of the Company's Governance System and Board of Directors
  - Role and function of the Board of Directors
  - Size and composition of the Board of Directors
  - Operational status of the Board of Directors
- ② Composition, role, and operational status of the Nomination Committee
- ③ Composition, role, and operational status of the Compensation Committee
- ④ Further support for Outside Directors
- ⑤ Role of Audit & Supervisory Board Members
- ⑥ Relationship with investors and shareholders

**2. State of responses during this fiscal year to items that were deemed to be issues during the effectiveness evaluation performed in the previous fiscal year**

The state of responses this fiscal year to the following items recognized as issues during the effectiveness evaluation last fiscal year are as indicated in the table below, and improvements are advancing based on specific measures.

Issues	State of responses this fiscal year
Placing greater focus on continuous discussion of medium- to long-term management strategies for enhancing corporate value and improving competitiveness	Deep deliberations were held at off-site meetings (held twice), and further advancements made, regarding growth strategies, the Medium-term Management Plan, the governance system and decision-making process for the fiscal year ending March 31, 2023 and onward, diversity, and risk management, among other matters.
Efforts to position the promotion of diversity and the development and promotion of global human resources as important corporate strategies	Human capital initiatives and disclosure conditions were reported at the Board of Directors meeting. With respect to diversity, the Board of Directors held discussions from the perspective of the 3Gs (“Global,” “Gender,” and “Generation”), set and disclosed goals for the ratio of female managers, and deployed specific measures in pursuit of said goals.
Enhancements to internal audit systems and enhanced collaboration among the Internal Audit Department and the Board of Directors and the Audit & Supervisory Board from the perspective of Group governance at the global level	A report on companywide risk management activities and the status of internal audit implementation was provided at the Board of Directors meeting. In addition to the performance of a risk-based audit based on an audit map with respect to internal audits, the strategic promotion of building a robust risk management process for further growth were discussed by the Board of Directors.
More thorough sharing the information between Board of Directors and the Nomination Committee or the Compensation Committee	With respect to the Compensation Committee, reports were provided to the Board of Directors on details of Committee activities, and issues with efforts to revise the compensation system were explained. Furthermore, with respect to the Nomination Committee, reports were provided to the Board of Directors regarding the status of progress on the successor development plan.

### 3. Analysis and evaluation of the effectiveness of the Board of Directors for this fiscal year

#### (1) 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. In addition, the results of the analyses and evaluations performed by the external experts were also strong.

With the Company's transition to the Prime Market of the Tokyo Stock Exchange, we have decided to introduce a Corporate Officer system in pursuit of quick decision-making and agile executive management, alongside plans to improve the supervisory function, such as by increasing the ratio of Independent Outside Directors on the Board of Directors, with the aim of achieving a higher level of governance. In the fiscal year ended March 31, 2022, we were able to achieve our Medium-term Management Plan two years ahead of schedule. Going forward, we will strive to further enhance the effectiveness of governance, with the aim of further increasing earnings and continually improving corporate value.

(2) Matters confirmed by surveys and interviews

The following key matters were confirmed based on answers to surveys and results of interviews.

- ✓ The Board of Directors holds lively deliberations based on appropriate organizational structure and the guidance of the Chairman who is highly knowledgeable about internal matters, and the operation of Board of Directors meetings is also highly regarded. Furthermore, the composition of the Board of Directors, the Nomination Committee, and the Compensation Committee is also highly regarded, and the self-evaluations of each Director and Audit & Supervisory Board member indicate that they are actively participating in deliberations from their respective positions.
- ✓ Although the Board of Directors is responding promptly and flexibly to critiques from Outside Directors and Outside Audit & Supervisory Board Members regarding business issues and risks like geopolitical risks and securing the safety of supply chains, in order to ensure even greater improvements to corporate value, the Company will need to secure superior personnel and ensure diversity. Furthermore, medium- to long-term management strategies require deliberations after specific timelines have been shared.
- ✓ Going forward, in order to ensure that the Board of Directors can place greater emphasis on medium- to long-term deliberations, the Board of Directors will need to redefine its role, enhance system of executive management side, and clarify the allocation of roles between the Board of Directors and those on the side of executive management.
- ✓ Information sharing to the Board of Directors regarding the substance of deliberations within the Nomination Committee, which are highly confidential, will require more nuance, and further considerations will be given to the purpose of and necessity for establishing venues for exchanging information among Outside Directors and Outside Audit & Supervisory Board Members.

#### 4. Future issues

In light of the results of this evaluation, the Company's Board of Directors will continuously engage in the initiatives below, and endeavor to further increase the Board of Director's efficacy.

- (1) Enhancing the effectiveness of the Board of Directors for the 60th fiscal year
  - Clarify roles and decision-making authority, and ensure appropriate checks and balances between the executive side and the Board of Directors
  - Appropriately manage newly established Corporate Officers Meetings that ensure effectiveness
- (2) Continuous deliberations at Board of Directors meetings to realize medium- to long-term growth and ongoing improvements to corporate value
  - Organize goals, strategic themes, issues of risks (deepening deliberations regarding medium- to long-term growth strategies) after clarifying a specific timeline (short-, medium-, and long-term)
  - Make continuous efforts toward diversity and inclusion
- (3) Considerations as to the ideal state of information sharing between members of the Board of Directors, and discretionary committees
  - Ideal state of information sharing to the Board of Directors regarding the details of activities etc. of Nomination Committee
  - Establish venues for the exchange of opinions among Outside Directors and Outside Audit & Supervisory Board Members