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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 (TEL) 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 ending March 2019. A summary of the results of this evaluation is provided below.

1. Method of evaluation of effectiveness

We conducted a questionnaire survey of all Corporate Directors and Audit & Supervisory Board Members and conducted interviews with some Corporate Directors and Audit & Supervisory Board Members regarding the effectiveness of the Board of Directors, including the Nomination Committee and the Compensation Committee, and we obtained their responses.

On this occasion, we appointed a third party institution which we commissioned to provide advice on setting the evaluation items of effectiveness and to conduct, collate and analyze the interviews. We discussed and exchanged opinions regarding effectiveness with the Outside Directors and Outside Audit & Supervisory Board Members as the primary participants, referring to the collated details and analysis by this third party institution. Furthermore, we shared and discussed these with the entire Board of Directors and conducted an evaluation of the effectiveness of the Company's Board of Directors.

The main items of evaluation of effectiveness are as follows:

- ① The governance structure
- ② The roles and duties of the Board of Directors
- ③ The composition of the Board of Directors
- ④ The management of the Board of Directors
- ⑤ Active deliberation by the Board of Directors
- ⑥ Management supervision and the relationship with senior management
- ⑦ Risk awareness
- ⑧ The relationship with stakeholders
- ⑨ Opinions on individual themes

2. Results of analysis and evaluation of the effectiveness of the Board of Directors

Based on responses to the questionnaire, self-evaluation of overall effectiveness was determined to be high. In regard to the items “The roles and duties of the Board of Directors” and “Active deliberation by the Board of Directors” in particular, many expressed the view that active discussion takes place among Corporate Directors and Audit & Supervisory Board Members, who have a variety of insights and experience, with each person having a strong awareness of a global perspective and the Company’s culture. Many also expressed the view that in-depth reviews and deliberation take place on each matter.

Even in relation to other question items, views that there is appropriate, in-depth discussion of matters such as the following were expressed:

- Discussion of themes relating to management strategy, vision and governance in offsite meetings
- Discussion on strengthening risk and compliance management system at the global level
- Sharing the nomination policy and succession plans of the Nomination Committee with the Board of Directors
- Sharing the compensation policy and decision-making process of the Compensation Committee with the Board of Directors

On the other hand, concerning the item “The composition of the Board of Directors.”, some expressed the view that there is scope for improvement in diversity in areas such as internationality and gender as well as the ratio of Outside Directors. In addition, views were also expressed and proposals put forward on a range of matters. These include increasing the opportunities for discussion about major policies such as the growth strategy, strengthening group management including overseas operations, and discussion on more appropriate allocation of roles and clarification of authority between the Board of Directors and executive conference bodies.

Based on these findings, we concluded that the Company’s Board of Directors is appropriately fulfilling the role of the Board of Directors, namely, “indicating the management strategy and vision” and “making major operational decisions based on strategic direction” as prescribed in the TEL Corporate Governance Guidelines, and that the Board of Directors, including the Nomination Committee and the Compensation Committee, is functioning in an effective manner.

3. Future issues and policy on initiatives

To deepen discussion concerning matters such as the Company group’s medium and long term vision and growth strategy, the Company’s Board of Directors will continue its efforts to improve the following:

- Enrich the diversity of the Board of Directors
- Increase opportunities to discuss major policies
- Review the group’s governance structure and clarify matters such as the important status and role of executive conference bodies

In addition, while referring to the views and proposals put forward by individuals, we will engage in further reviews and discussion of the following matters to position them as major issues for management and to enable the Board of Directors to become more deeply involved:

- Effective management of succession plans
- Providing the value to society for ESG and SDGs