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Name of the Company: Tokyo Electron Limited
Name of the Representative: Toshiki Kawai
President & CEO
(Representative Director)
(Code No.8035; The First Section of the Tokyo Stock Exchange)
Person to contact: Tatsuya Aso
Vice President of General Affairs Dept.
(Tel: 03-5561-7000)

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 ended March 2020. 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 carried out interviews individually with some Corporate Directors and Audit & Supervisory Board Members, regarding the main items in evaluating the effectiveness of the Board of Directors, including the Nomination Committee and the Compensation Committee, held discussions, and we obtained their responses.

Following on from last year, we again appointed a third-party institution to provide advice on establishing areas for evaluation, carry out the interviews, and aggregate and analyze the results. We held a discussion and exchange of opinions with the Outside Directors and Outside Audit & Supervisory Board Members as the primary participants, referring to the collated details and analysis by the third-party institution. Furthermore, we shared and discussed these with the entire Board of Directors, and deliberated and comprehensively evaluated the effectiveness of the Company's Board of Directors.

The main items of evaluation of effectiveness are as follows:

- ① The governance structure of TEL
- ② The roles and duties of the Board of Directors
- ③ The composition of the Board of Directors
- ④ The succession plan
- ⑤ The management of, and active deliberation by, the Board of Directors
- ⑥ Risk management
- ⑦ The relationship with stakeholders
- ⑧ Group governance, including affiliated subsidiaries

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

Based on the results of the questionnaire, self-evaluation of the Board of Directors' effectiveness is generally high. In the questionnaire, 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 each matter is reviewed and deliberated in-depth, with effective plans made and conclusions drawn, in terms of continuous improvement of corporate value, as a key aim of effectiveness.

Furthermore, we have seen progress in tackling and improving the following issues that were highlighted in the previous fiscal year's evaluation:

- Improvements have been made to the Board of Directors regarding gender diversity, and there has also been discussion among the Board of Directors concerning the appropriate ratio of Outside Directors.
- There was discussion in board meetings and off-site meetings about matters that are important in the medium- and long-term, such as management strategy, risk management, group governance, and Corporate Social Responsibility (CSR).
- In the Compensation Committee, as well as making an Outside Director the chairman in order to improve independence of the committee, discussions were held on the topic of what executive compensation should be going forward, and the Nomination Committee discussed the succession plan, with both discussions being shared with the Board of Directors.

On the other hand, we reaffirmed that there is a need for continued work in such areas as further enhancing discussion of the medium- and long-term management strategy, strengthening group governance, achieving an appropriate ratio of Outside Directors, the objectivity of the Nomination Committee, and the early-stage preparation of matters for deliberation by the Board of Directors.

Based on the above, we concluded that, while several issues were identified, in general the Board is effectively ensuring that the key roles of the Board of Directors are being fulfilled, namely, "indicating the management strategy and vision" and "making major operational decisions based on strategic direction" as prescribed in the TEL Corporate Governance Guidelines. Furthermore, we recognized 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

In light of this evaluation of effectiveness, the Company's Board of Directors will continue in its efforts to improve the following:

- Ensuring sufficient time and opportunity to discuss the medium- and long-term management strategy
- Strengthen risk management system and group governance
- Appropriate organization of the Nomination Committee, and consideration of the relationship between the Nomination Committee and the Board of Directors
- Strengthening stakeholder discussions with an awareness of Environment, Social, Governance (ESG) and United Nations Sustainable Development Goals (SDGs)