

Tokyo Electron's CSR

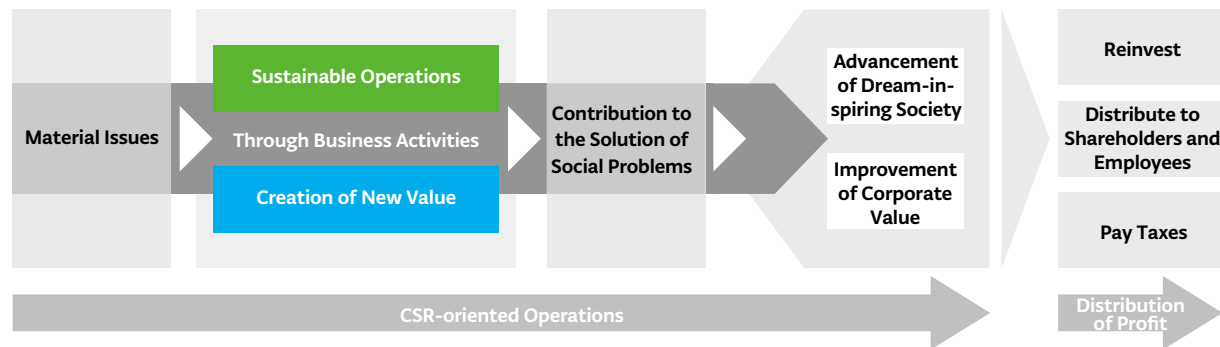
Tokyo Electron's Corporate Philosophy

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



CSR Policy

The CSR operations of Tokyo Electron are initiatives that realize our Corporate Philosophy. We pursue sustainable operations from the viewpoints of corporate governance, legal and regulatory compliance and business ethics while creating new value through our products and services. Based on these efforts, we implement CSR activities to help address social issues. We will continue to pursue CSR activities to build stakeholder trust, improve corporate value and, by doing so, promote the growth of a sustainable and dream-inspiring society.



CSR Promotion Framework

We implement sustainability management, integrating it with our business strategy from a medium- to long-term perspective of corporate value enhancement. Three groups have been established to promote CSR activities.

The CSR Management Council, the highest decision-making body regarding CSR, conducts discussions on the policy for the entire company, and important projects. Based on this, the CSR Global Committee discusses CSR target setting and progress management regarding activities for achieving CSR targets, along with promoting global projects, and shares best practices. At the CSR Monthly Meeting, information on CSR activities is shared with representatives from each division, and collaborative systems are built to tackle cross-division themes.

We are also working to further strengthen our CSR structure by appointing CSR managers at the company headquarters as well as the Group companies in Japan and overseas companies to be in charge of understanding CSR policy and goals and promoting activities.

Conference Name	Participants	Function	Meeting Frequency
CSR Management Council	<ul style="list-style-type: none"> Chairman of the Board Representative Director, President & CEO Corporate Directors and Managers 	<ul style="list-style-type: none"> Decide company-wide CSR policy Discuss important matters 	Twice annually
CSR Global Committee	<ul style="list-style-type: none"> Chief CSR Promotion Director Heads of related departments CSR managers of the Group companies in Japan and overseas companies 	<ul style="list-style-type: none"> Manage progress of activities for achieving CSR goals Implement global projects Share best practices 	Twice annually
CSR Monthly Meeting	<ul style="list-style-type: none"> Person in charge of CSR at each division 	<ul style="list-style-type: none"> Share information on CSR activities Discuss cross-division CSR initiatives 	Monthly

In addition to these groups, once a year we invite all employees to submit examples of CSR in the workplace, toward issue resolution and advancement of industry and society, and practice of our Corporate Philosophy. Outstanding initiatives are awarded the CSR Promotion Award by the Representative Director, President & CEO.



CSR Promotion Award Certificate

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, starting in fiscal year 2021, we have been on a regular basis holding SDGs workshops where employees working in a variety of fields come together and discuss various suggestions for contributing to the achievement of SDGs through business.



Tokyo Electron Supports the SDGs

Participation in Global Initiatives

We signed onto the United Nations Global Compact (UNGC¹) and support its Ten Principles in the four areas of Human Rights, Labour, Environment, and Anti-Corruption, to realize sound globalization and a sustainable society.

Additionally, as a corporate member of the Responsible Business Alliance (RBA²), we promote sustainability in our supply chain by abiding by the RBA Code of Conduct comprised of five framework sections (Labor, Environment, Health and Safety, Ethics and Management Systems).

In addition, we have expressed our approval of the recommendations offered by the Task Force on Climate-related Financial Disclosures (TCFD³) 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 our business.



UN Global Compact



Responsible Business Alliance



Task Force on Climate-related Financial Disclosures

Evaluation from Third-Party Institutions

Our CSR activities have received high appraisals from evaluation organizations around the world. We have continued to be selected as a constituent stock under leading global ESG investment indices, including the DJSI⁴ Asia Pacific Index, FTSE4Good Index⁵ and MSCI World ESG Leaders Indexes⁶, and in 2021, we were also rated as a low-risk company in Sustainalytics' ESG Risk Ratings⁷.



DJSI Asia Pacific 2020



FTSE4Good Index



MSCI World ESG Leaders Indexes



Sustainalytics' ESG Risk Ratings

Financial Model in the Medium-Term Management Plan

In addition to pursuing sustainable operations in line with its CSR policy, we are also striving for medium- to long-term profits and ongoing corporate value enhancement by creating new value through business and helping in the resolution of issues and development of industry and society. In May 2019, against a backdrop of market growth for semiconductor and flat panel display production equipment, we formulated the Medium-term Management Plan and set goals in the associated financial model of net sales of 2 trillion yen, an operating margin of 30% or higher and ROE⁹ of at least 30% by March 2024. We have also set two goals for generating and returning appropriate profits to shareholders in the event of changes in the macro-economy or in the semiconductor supply-demand balance.

FY2021 Actual/Financial Model in the Medium-Term Management Plan

	FY2021 (Actual)	Financial Model (By FY 2024)		
Net Sales	1,399.1 billion yen	1,500 billion yen	1,700 billion yen	2,000 billion yen
Operating Margin	22.9%	26.5%	28.0%	>30.0%
ROE	26.5%		>30.0%	

¹ The United Nations Global Compact (UNGC): An initiative proposed to corporations by then UN Secretary-General Kofi Annan at the 1999 World Economic Forum. We signed onto the Compact in 2013.

² RBA: An international initiative promoting supply chain sustainability focused on the electronics industry. We have been a member since 2015.

³ TCFD: Task Force on Climate-related Financial Disclosures. We have expressed approval of the recommendations since 2020.

⁴ DJSI: Dow Jones Sustainability Indices. An ESG (environmental, social and governance) investment index. The Asia Pacific covers companies in that region.

⁵ FTSE4Good Index: An index related to environmental performance and corporate social responsibility.

⁶ MSCI World ESG Leaders Indexes: Companies that have high ESG performance are selected from the MSCI Global Sustainability Index, an ESG investment index developed by MSCI.

⁷ Sustainalytics' ESG Risk Ratings: An ESG risk assessment 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 those risks are being managed. Copyright ©2021 Sustainalytics. All rights reserved. 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>.

⁸ Please check the link for the logo's disclaimer. <https://www.tel.com/csr/review/>

⁹ ROE: Return On Equity