



【Summary】 Corporate Governance Report

December 21, 2018

Name of the Company: Tokyo Electron Limited

Name of the Representative: Toshiki Kawai

President and 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)

<https://www.tel.com/>

This is a translation of Summary of a Corporate Governance Report updated on December 21, 2018.

The report was made in accordance with all principles set forth in the Corporate Governance Code revised on June 1, 2018.

Basic Views on 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.

【Disclosure based on corresponding principles in the Corporate Governance Code】

TEL established Tokyo Electron Corporate Governance Guidelines to provide a governance framework that will contribute to the achievement of this aspiration.

For details of Tokyo Electron Corporate Governance Guidelines:

https://www.tel.com/about/cms-file/cg_01_guideline_en.pdf

【Reasons for not implementing some principles in the Corporate Governance Code】

Supplementary Principle 4.8.1 Independent Directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint, by means such as regular meetings consisting solely of Independent Directors (executive sessions).

TEL has not established a meeting consisting solely of Independent Directors.

However, as part of the debates about evaluating the effectiveness of the Board of Directors meetings, there was discussion and exchange of opinions with Outside Directors and Outside Audit & Supervisory Board Members, in particular. To improve the effectiveness of this discussion, one internal Corporate Director who are well-versed in matters such as past events and the philosophy of TEL also attended the meeting. In the future, TEL will continuously create opportunities for this kind of discussion and exchange of opinions with Outside Directors and Outside Audit & Supervisory Board Members.

Moreover, TEL is striving to ensure to provide Independent Directors and Outside Audit & Supervisory Board Members with sufficient information and dialog with the managements in regard to matters that are of particular importance, by sharing information in advance and exchanging opinions among Independent Directors and Outside Audit & Supervisory Board Members and TEL executive management in advance. TEL believes that, by doing so, the Independent Directors and Outside Audit & Supervisory Board Members have fulfilled their responsibilities through the active participation in discussions at Board of Directors meetings.

Supplementary Principle 4.8.2 Independent Directors should endeavor to establish a system for communicating with the management and for cooperating with Audit & Supervisory Board Members or The Audit & Supervisory Board by, for example, appointing the lead Independent Director from among themselves.

TEL is striving to ensure to provide Independent Directors and Outside Audit & Supervisory Board Members with sufficient information and dialog with the management in regard to matters that are of particular importance, by sharing information in advance and exchanging opinions among Independent Directors and Outside Audit & Supervisory Board Members and TEL executive management in advance.

While TEL has not appointed a lead Independent Director, TEL believes that there are no issues with communication and cooperation between Independent Directors and the management or cooperation with the Audit & Supervisory Board.

Supplementary Principle 4.10.1 In order to strengthen independence, objectivity and accountability of board functions on the matters of nominations, compensation, or other matters of particular importance, the company should seek appropriate involvement and advice from Independent Directors in the examination by establishing independent advisory committee under the board, such as an optional nomination committee and an optional remuneration committee, to which Independent Directors makes significant contributions.

In FY2019, three Corporate Directors and one Independent Outside Audit & Supervisory Board Member are serving as the four members of the Nomination Committee. The Independent Outside Audit & Supervisory Board Member currently serving as a member of the Nomination Committee is considered to be qualified to serve as a member of the Nomination Committee due to qualities such as long years of familiarity with the business of the Company and company personnel who could be candidates for leadership, along with having broad insight in the field of capital markets and business management. In addition, it is specified in the regulations of the Nomination Committee that CEO are not included among Nomination Committee Members. The authority of the CEO does not extend to management of the Nomination Committee, and the Nomination Committee is employing a high degree of independence and fairness in selecting candidates. In addition, the Nomination Committee is also obtaining appropriate involvement and advice from Independent Directors through such means as consulting Independent Directors before proposing candidates.

Principle 4.11 The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender and international experience, and appropriate size.

The current Board of Directors consists of 12 Corporate Directors, including one Corporate Director of foreign nationality, and TEL believes this to be the appropriate size for achieving a well-balanced composition of directors at the present time.

Although at this time, there are no female Corporate Directors or Audit & Supervisory Board Members appointed, regarding to candidates for the Board of Directors and Audit & Supervisory Board Members, TEL will make continuous efforts to appoint a variety of personnel, in the aspect of gender and international, who have the combination of knowledge, experience and skills expected of them.