Tokyo Electron (TEL) uses the following process to identify important and priority material issues (key issues) to be addressed for the medium- to long-term enhancement of corporate value.

### Issues awareness

#### Social environment

While steady growth is forecast for the global economy, humans are also faced with various social issues, including abnormal climate conditions and natural disasters, conflicts between states and cyber-terrorism, water and food crises. TEL is deepening its awareness of social environments that may affect the value chain as a whole, and social issues with a high degree of relevance to the business, giving consideration to SDGs, the United Nations Global Compact, RBA, and recommendations from third-party organizations.

#### Business issues

With the spread of big data and AI, the dawn of IoT and the introduction of the 5G next-generation communication system, applications are expanding for semiconductors and flat panel displays (FPDs) that support social infrastructure and demand for technological innovation is also growing. In these circumstances, TEL, whose core business is semiconductor and FPD production equipment, must accurately grasp social trends and customer needs, and consider them from the early stages of development, in order to provide products for the market in a timely manner. Furthermore, it is important to provide high-value-added maintenance services for improving the productivity of delivered equipment, extending service life, and so on.

### Risks and opportunities

TEL examined the risks and opportunities closely related to sustainable business development in consideration of social issues and business/social environments such as SDGs.

### Stakeholder engagement

TEL learned about stakeholder opinions and requests through ongoing dialogue, before sorting through them and reviewing the important themes to be addressed.

<table>
<thead>
<tr>
<th>Stakeholders/Innovators</th>
<th>Communication opportunities</th>
<th>Key opinions and requests</th>
<th>Relevant material issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders/Investors</td>
<td>Earnings announcement, ESG surveys, interviews</td>
<td>Medium-term and long-term growth scenario and associated measures</td>
<td>Product competitiveness, higher productivity, management foundation</td>
</tr>
<tr>
<td>Customers</td>
<td>Technology conference, Customer satisfaction survey, individual philosophy collaboration</td>
<td>Understanding of diverse application needs, proposal of high-value-added solutions, comprehensive and optimal solutions</td>
<td>Product competitiveness, higher productivity, responsiveness to customers, higher productivity</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Production update briefing, Partners day, TQC audit</td>
<td>Sharing of higher-quality, timely information, improvement of own processes through compliance with quality standards</td>
<td>Higher productivity, management foundation</td>
</tr>
<tr>
<td>Employees</td>
<td>Employee meetings, Global engagement survey, Career interest survey ( Japan)</td>
<td>Creation of opportunities for promoting and recognizing productivity in the working environment and the spirit of challenge among diverse employees</td>
<td>People and workplaces, management foundation</td>
</tr>
<tr>
<td>Local communities</td>
<td>Community contribution activities, tours of factories and offices</td>
<td>Consistency of company with communities</td>
<td>People and workplaces, management foundation</td>
</tr>
<tr>
<td>Governments/Associations</td>
<td>Industry group activities, Collaboration with various initiatives</td>
<td>Innovation leading to the resolution of social issues, initiatives targeted at climate change and respect for human rights, building of sound supply chains</td>
<td>Product competitiveness, higher productivity, management foundation</td>
</tr>
</tbody>
</table>

### Analysis and selection

TEL has ascertained the social and business environment, has considered the risks and opportunities, and made arrangements according to the wishes of all stakeholders. The company has deliberated material issues from the perspectives of their importance to both the building of a sustainable society and importance to the business to lead to increasing TEL's corporate value.

As a result, the company has defined its material issues as product competitiveness, responsiveness to customers, and higher productivity, which are items identified for enhancement in the medium-term management plan, in addition to people and workplaces, which are important as a resource for creating value, and management foundation, which concerns corporate governance, the environment, human rights, and other issues.

### Examination of validity

With regard to the defined material issues, an examination of validity was conducted at the review council which included external experts.

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1. **Big data**: To record, store, and analyze massive amounts of data, which are difficult to record, store, and analyze with conventional database management systems and similar.
2. **AI**: Artificial Intelligence
3. **IoT**: Internet of Things
4. **5G**: Fifth-Generation mobile communication system
5. **SDGs**: Sustainable Development Goals
6. **UN Global Compact**: Global compact_MO0416
7. **RBA**: Responsible Business Alliance
8. **UN Human Rights**: UN Human Rights
9. **Riska and opportunities**
10. **Material issues**
11. **Stakeholders Communication opportunities Key opinions and requests Relevant material issues**

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**Key opinions and advice obtained from Review Council**

- Integrated thinking is exhibited in the fact that goals are set after identifying material issues which are linked to the medium-term management plan and which relate to both strengthening management foundation and creating value.
- High-level indicators as well as unique indicators are evident, reflecting an eagerness for action.
- Going forward, further improvements are expected, such as combining both outcome indicators and process indicators for goals.

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**Material issues**

<table>
<thead>
<tr>
<th>Material issues</th>
<th>Medium-term goals</th>
<th>Priority themes</th>
</tr>
</thead>
</table>
| **Product competitiveness** | • Create strong next-generation products | • Tackling technological innovation
• Environmental contribution of products |
| **Responsiveness to customers** | • Become the best and sole strategic partner | • Solutions that create value for customers
• Improvement of customer satisfaction |
| **Higher productivity** | • Constantly pursue higher management efficiency | • Quality management
• Improvement of quality in the value chain |
| **People and workplaces** | • Maximize dreams and drive | • Diversity and inclusion
• Cancer development
• Work-life balance
• Health and safety |
| **Management foundation** | • Build a management foundation for increasing value | • Corporate governance
• Compliance
• Human rights
• Environmental management
• Supply chain management |