Value Creation by the Value Chain

Initiatives in the Value Chain

Leveraging our unique characteristics, we have built a superior business model and continually create new value by the value chain of our business activities anchored around material issues.

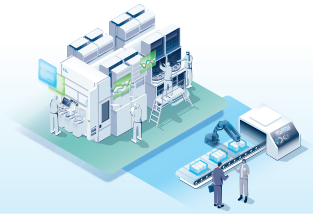
Research and Development

Continuously strengthening research and development to create innovative and unique technologies in a timely manner

- Best Products with Innovative Technology
- Product Energy Efficiency
- Customer Satisfaction and Trust
- Supplier Relationship

Procurement and Manufacturing

Efficiently manufacturing high-quality products backed by a sustainable supply chain



- Safety First Operation
- Quality Management
- Supplier Relationship
- Climate Change and Net Zero

Sales

Propose optimal solutions as the sole strategic partner for customers

- Best Products with Innovative Technology
- Best Technical Service with High Added Value
- Product Energy Efficiency
- Customer Satisfaction and Trust

Installation and Maintenance Services

Provide prompt and accurate high-value-added service supporting the stable operation of equipment

- Safety First Operation
- Quality Management
- Best Technical Service with High Added Value
- Customer Satisfaction and Trust

Related Main Material Issues

- Respect for Human Rights
- Employee Engagement
- Compliance
- Ethical Behavior
- Information Security
- Enterprise Risk Management

Sustainability Initiatives in the Value Chain P. 41-74

Initiatives in the Value Chain

Research and Development

Message

Sumie Segawa
Vice President & General Manager
Division Officer,
Corporate Innovation Division

The timely development of high-value-added technologies and products and their entry into the market is sought in the semiconductor industry, in which the speed of technological innovation is rapid. We promote the Shift Left approach, investing resources such as technology, personnel and expenses into the early stages of product development. By actively investing in development, we are advancing the creation of innovative technology.
In addition, we are strengthening development for the creation of future product added value and new businesses while promoting DX, which is crucial in improving the efficiency of everyday development activities. The recruitment and fostering of human resources with various specialties is important when balancing considerations for the environment with the advancement of manufacturing technology based on the value of "Digital & Green." In the semiconductor industry, which is expected to grow even further in the future, competition for the recruitment of excellent human resources has already begun. We will aim for even more growth through the integration of human resources with various specialties in addition to the personnel who have supported the industry up until now.

Initiatives in the Value Chain | Research and Development

Key Themes for Medium- to Long-term Value Creation

Timely development of high-value-added technologies and products through promotion of Shift Left

Further pursuing development efficiency and strengthening human resource development

Management Resources to Be Invested

Intellectual capital

R&D investment

Over five years, beginning in fiscal 2025

more than **1.5** trillion yen

Intellectual capital

R&D sites

16

(8 in Japan and 8 overseas)

Human capital

Human resources possessing knowledge in a variety of specialized fields

related to semiconductor production equipment

Differentiation Points

- **Strategic Research and Development**
- **Development Efficiency**
- **Collaboration System**
- **Intellectual Property**

Value Created

Innovative, high-value-added **unique technologies** that contribute to leading-edge semiconductor production

Equipment highly advantageous such as in higher throughput, a higher utilization rate and smaller space requirements

Environmental performance contributing to the achievement of net zero

Related Main Risks

- Risk 2 **Research and Development**
- Risk 9 **Intellectual Property Rights**
- Risk 11 **Human Resources**
- Risk 14 **M&A**

Risk Management P. 71-72

Initiatives in the Value Chain | Research and Development

Key Theme Timely development of high-value-added technologies and products through promotion of Shift Left

Key Theme Further pursuing development efficiency and strengthening human resource development

Strengthening Research and Development Capabilities

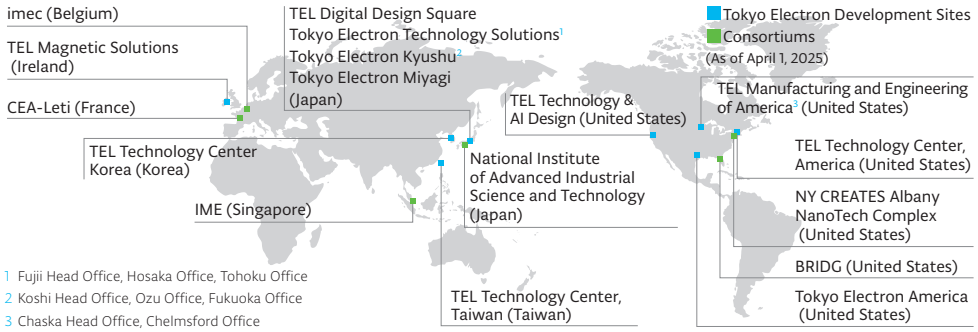
We are focusing on the promotion of Shift Left that strengthens R&D to bring high-value-added next-generation products into the market in a timely manner. Shift Left is an initiative that enables the understanding of customers' potential needs at an early stage and the prompt delivery of mass-produced prototypes by collecting resources in the early stages of product development processes. Close collaboration with customers in leading-edge technological development contributes to ensuring the competitive advantage of products and rapidly bringing technological innovation to the market.

Furthermore, through the promotion of DX that looks to the future, we promote development to create innovative products while aiming for more efficient R&D through data analysis using AI and the automation of processes. Simultaneously, we are also expanding programs for the recruitment and fostering of DX human resources.

In addition, R&D sites, business divisions and the Corporate Innovation Division unite to advance R&D, and we are strengthening global open innovation and collaboration between industry and academia to develop advanced technology and to create new values in the future.

Through such initiatives, we respond to changes in the global business environment and the demands of society and strive to ensure high quality products and product security that meet the expectations of our customers. We aim for continued growth as a company while contributing to balancing the digitalization and preservation of the global environment while supporting the evolution of the semiconductor industry.

R&D sites



1 Fujii Head Office, Hosaka Office, Tohoku Office
2 Koshi Head Office, Ozu Office, Fukuoka Office
3 Chaska Head Office, Chelmsford Office

Establishing a Competitive Advantage through a Strategic Approach

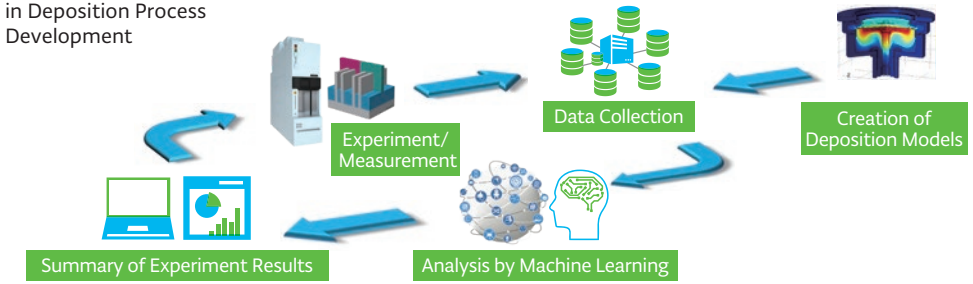
Kazuhide Hasebe
Vice President & General Manager
Technology Officer,
Tokyo Electron
Technology Solutions Ltd.

Tokyo Electron Technology Solutions actively promotes a Shift Left approach which looks to ten years into the future based on a semiconductor device roadmap. As competition intensifies in the semiconductor market, it is crucial to discover and resolve issues promptly and to create differentiated process models. To do this, we have established our material screening center and are rapidly evaluating the materials' features by utilizing leading edge technology. Furthermore, we promote the advancement of simulation technology and the introduction of materials informatics and are advancing the automation of material selection and design by efficiently analyzing expansive amounts of data. Through this, we have been able to dramatically improve development speed and provide high value-added products.

We are striving for more value-added creations through the promotion of DX. We are improving operational efficiency by systemizing the expansive data from everyday experiments and designs and utilizing technology such as machine learning for analysis and optimization. By improving such operational efficiency, we contribute to sustainable growth and promote the fostering of more creative human resources.

We will consistently respond to changes in the market and aim for the realization of innovation that supports next-generation technology while firmly establishing our competitive advantage in the future semiconductor market through such strategic approaches.

Data Analysis and Optimization in Deposition Process Development



Initiatives in the Value Chain | Research and Development

Key Theme Timely development of high-value-added technologies and products through promotion of Shift Left
Key Theme Further pursuing development efficiency and strengthening human resource development

For the Practical Application of Shift Left Development

Kosuke Yoshihara
Vice President & General Manager
Technology Officer,
Tokyo Electron Kyushu Ltd.

When developing solutions that respond to the potential needs of customers, we are mindful of management that is conscious of proposing collaborative development with customers from the initial stages of development ahead of other companies. However, this is not easy in practice.

Because the technology is not sufficiently mature in the initial stages of development, there are times where it is difficult to decide on introducing technologies to customers or proposing collaborative development. In such situations, we believe it is advantageous to set up the development environment as swiftly as possible and gather data. Even for new technologies without prior records, if there is enough data to support its validity, it becomes possible to make appropriate decisions that will in turn bring about a virtuous cycle in the flow of development.

The global semiconductor market size is forecast to reach approximately US$1 trillion by around 2030, and Tokyo Electron Kyushu is predicted to face a variety of technological issues during that process. In light of such market trends, we are constructing a new development building to be completed in October of 2025. We will strive to collect useful data so that we can rapidly propose unique solutions to the market in such a new environment.

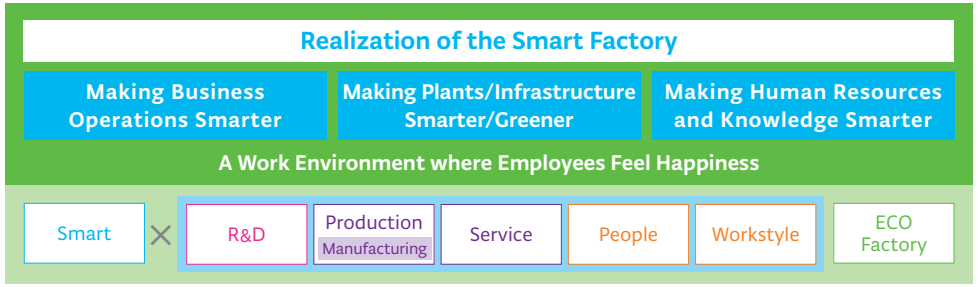
Tokyo Electron Kyushu New Development Building

For the Realization of the Smart Factory

Kunihiko Hinata
Vice President & General Manager
Technology Officer,
Tokyo Electron Miyagi Ltd.

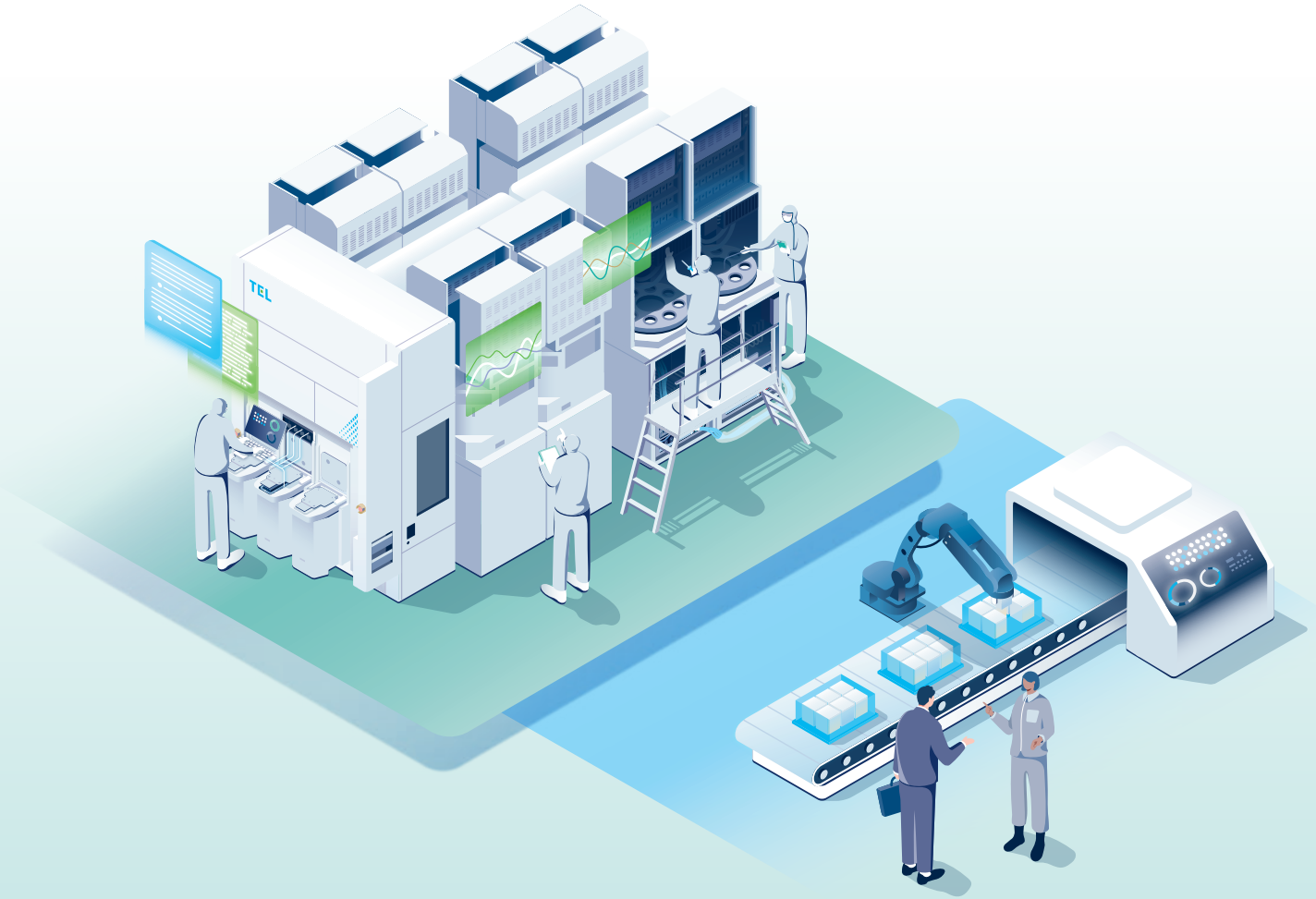
Tokyo Electron Miyagi, which is the manufacturing and development site for etch systems, has put forth Smart Factory Concepts since 2022, and is advancing 'smarter' initiatives such as (1) making business operations smarter, (2) making plants and infrastructure smarter and greener and (3) making human resources and knowledge smarter. These are increasingly crucial elements when providing high-value-added technologies and products to customers in a timely manner. We are putting various measures in place for the realization of Smart R&D particularly in terms of development. For example, analyzing and utilizing internal data collected through DX creates an environment where inexperienced engineers can learn from the knowledge and experience of expert engineers at any time, enabling timely feedback on the development of new products. Furthermore, in the Development Building No. 3 completed in April 2025, we are automating operations that engineers had repeatedly performed using digital technology so that employees can focus on work with high added value. With such promotion of DX, we are advancing the efficiency of development as a whole as well as Shift Left and are striving for shorter development times and improvements in the quality of development.

While the Smart Factory Concept is still developing, we believe that realizing such initiatives steadily and surely and facilitating a working environment where each employee can work with ease and sense better QOL (Quality of Life) and growth will then lead to the creation of high-value-added technologies and products.



Initiatives in the Value Chain

Procurement and Manufacturing



Message

Shinichi Hayashi
Senior Vice President & General Manager
Division Officer,
Corporate Production Division

To safely and promptly provide customers with high quality products with superior reliability that make full use of leading-edge technology, we constantly pursue production innovation and strive for environmentally friendly and sustainable production capabilities. Furthermore, we are adopting Smart Manufacturing that incorporates digital and automated technologies to further improve productivity and are strengthening our partnerships with suppliers and building sustainable supply chains to realize stable component procurement that can handle a variety of risks. We are aiming to establish world-class manufacturing operations and become a sole partner for customers.

Initiatives in the Value Chain | Procurement and Manufacturing

Key Themes for Medium- to Long-term Value Creation

Co-creation of value through solid relationships of mutual trust with suppliers

World-class manufacturing operations through the realization of Smart Manufacturing concepts

Management Resources to Be Invested

Manufactured capital/Human capital

Many years of know-how (people and products)
in semiconductor production equipment business

Manufactured capital

Manufacturing core systems
that make full use of the latest digital technologies

Social and relationship capital

Solid cooperative working relationships
with suppliers

Differentiation Points

- Quality and Reliability
- Sustainable Procurement Activities
- Pursuit for Efficient Productivity
- Initiatives to Achieve Net Zero

Value Created

High-quality and superior-reliability products
incorporating leading-edge technologies

Shortening of production lead times
through stable and efficient manufacturing operations

Contributions to the preservation of the global environment

Related Main Risks

- Risk 4 **Procurement, Production and Supply**
- Risk 5 **Safety**
- Risk 6 **Quality**
- Risk 7 **Environmental Issues**

Risk Management P. 71-72

Initiatives in the Value Chain | Procurement and Manufacturing

Key Theme

Co-creation of value through solid relationships of mutual trust with suppliers

Sustainable Procurement Strategies

In the semiconductor production equipment business, supply chain management is becoming increasingly important. In such circumstances, promoting strategic sustainable procurement activities is vital for our aim of even further growth.

The Corporate Production Division is building a joint management system for manufacturing sites and is involved in the resolution of a variety of supply chain issues.

- Making the supply chain visible for stable procurement, legal compliance and understanding risk components
- Strengthening supplementary parts systems between manufacturing sites and optimization of procurement processes and parts inventories

In addition, we are working to align sales plans with production, procurement and inventory plans by sharing short and medium- to long-term order forecasts between sales and manufacturing divisions to ensure reductions in shortages at the start of manufacturing as well as both production and start-up process leveling.

We are conducting sustainable procurement activities through these initiatives while aiming for further improvements in safety, product quality and efficiency.

Communication with Our Suppliers

We believe that strong partnerships with our suppliers are vital for building sustainable supply chains and create a variety of communication opportunities.

Name	Frequency	Organizer	Target Companies	Main Contents
TEL Partners' Day	Annually	Corporate Production Division	Partner companies	Management policy, technological trends, procurement policies etc.
Production update briefing	Twice annually	Each manufacturing site	Main suppliers	Production plans, sustainability initiatives
NEW TEL Supplier Summit	Irregular	Corporate Production Division	Important suppliers concerned with core technologies	Discussions on technological situations, Environmental initiatives

Starting in 2025, the "TEL Supplier Summit" has been held as a place to build partnerships specializing in core technologies with the aim of strengthening the supply chain even further and advancing technological developments with our suppliers. We also affirm the intent of the "Council on Promoting Partnership Building for Cultivating the Future" pursued by the Cabinet Office, the Ministry of Economy, Trade and Industry and the Small and Medium Enterprise Agency and announced the "Declaration of Partnership Building." We will continue to strive to improve added value in the supply chain and build sustainable supply chains by promoting cooperation and mutual prosperity with our suppliers.

Initiatives to Reduce Environmental Impact

We are actively pursuing E-COMPASS activities for achieving net zero by fiscal 2041 and are implementing various measures across our plants and offices, logistics and supply chains.

At each plant and office, we continue making energy usage visible, promoting energy efficiency measures and purchasing renewable energy (electricity). In logistics, we are promoting modal shifts and actively selecting packaging materials that reduce environmental impact.

In fiscal 2025, we held local briefings concerning net zero to further strengthen our cooperation with suppliers. Government officials also spoke at the briefings, and we shared related information to make net zero activities feel more familiar.

Initiatives in the Value Chain | Procurement and Manufacturing

Key Theme

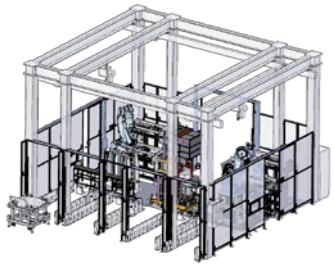
World-class manufacturing operations through the realization of Smart Manufacturing concepts

World-class Manufacturing Operations

Production Innovation through Smart Manufacturing

We constantly strive to innovate in production and improve product quality and profitability at manufacturing sites. We engage in the development of world-class manufacturing operations through the use of our knowledge and the data we have accumulated over many years.

At Tokyo Electron Miyagi, we are conducting verifications for the building of efficient manufacturing lines in preparation for the completion of the new production building in the summer of 2027. Specifically, we make full use of digital technologies and automated technologies, and building Smart Manufacturing Lines when implementing Manufacturing Process Architecture[1] to further strengthen our ability to respond to customer needs and increase our competitiveness in the market to consistently manufacture high quality products with consistent quality. Furthermore, building Smart Product Architecture[2] in the manufacturing process and the administrative and indirect support processes enables the planning of an operational flow that reduces the lead time from development to mass production. In this way, we aim to save labor and automate routine operations for dramatic improvements in productivity.



Automation of docking process for each module

1 Manufacturing Process Architecture: Standardization and efficiency in the manufacturing process
2 Smart Product Architecture: Operation streamlining in related divisions other than manufacturing processes, such as production capacity management, production planning, customer specification design and procurement

Initiatives to One-touch Start-up

With the aim of shortening the start-up period for equipment at customers' sites and ensuring safety and quality, we are promoting continued improvement activities to realize "One-touch Start-up." By simplifying installation and utility connection work and developing measurement and control technologies, we strive to improve the quality of work, and reduce accidents caused by human-error and prevent operational mistakes in addition to shortening the start-up period. Furthermore, we are working on the research and development of technology for the automation of processing performance tuning after the start-up of the equipment to promptly deliver high-quality equipment to customers.

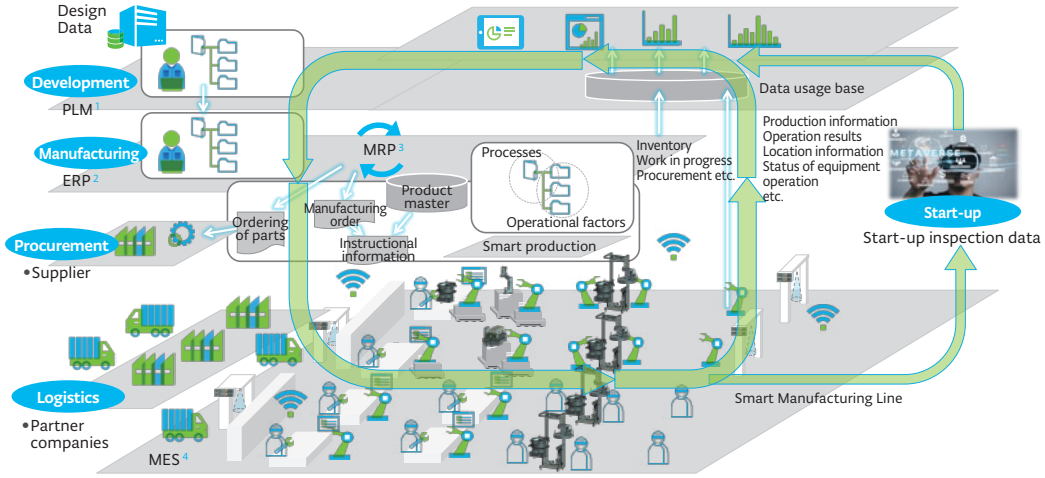
For engineers responsible for the actual start-up of the equipment, we are aiming for further quality improvement in the installation and start-up through the use of 3D models of the equipment and the implementation of global training programs utilizing VR technology.

Training scene utilizing 3D model of the equipment

Initiatives for the Implementation of Smart Technology (Data Solutions)

We strive to build superior production capabilities that enable optimal decision-making and immediate action through the cooperation and digitization of all production-related data in real time for efficient production at each manufacturing site. By expanding the sensing functions of the manufacturing sites and using that data, we aim to manufacture high quality equipment by realizing appropriate and flexible production plans and the operation of efficient manufacturing lines.

Innovative Production Capabilities by Digital Transformation



1 PLM: Product Lifecycle Management
2 ERP: Enterprise Resource Planning
3 MRP: Material Resource Planning
4 MES: Manufacturing Execution System

Initiatives in the Value Chain

Sales

Message

Shingo Tada
Senior Vice President & General Manager
Division Officer,
Account Sales Division

In our semiconductor manufacturing processes, we aim to leverage our diverse product portfolio and seek to increase mutual profits by providing the Best Products and Best Technical Service, not just for single processes but comprehensively, to address our customers' issues. To this end, we will always listen carefully to our customers and be responsive, growing together with them over the long term and building a better future together.

Message

Fumihiko Kaminaga
Senior Vice President & General Manager
Division Officer,
Global Sales Division

We aim to build strong relationships of mutual trust with our customers, becoming their sole strategic partner. Our Account Sales Division and Global Sales Division coordinate closely with our business units, overseas subsidiaries, development and manufacturing divisions, service divisions, and other units to enhance our customer responsiveness. Through timely proposals based on customers' medium- and long-term roadmaps, we will contribute to the creation of greater value for customers.

Initiatives in the Value Chain | Sales

Key Themes for Medium- to Long-term Value Creation

Increasing mutual profits by providing the Best Products, Best Technical Service

Improving our responsiveness to customers and customer satisfaction

Management Resources to Be Invested

Intellectual capital

A global sales and service system

in which the Account Sales Division, the Global Sales Division, business units and overseas subsidiaries coordinate with one another

Intellectual capital

Broad-ranging knowledge and comprehensive technological capabilities

born from our diverse product lineup

Social and relationship capital

Mutual trust with customers

built through many years of performance records

Differentiation Points

- Co-creation with Customers
- Global Operations
- Optimal Solutions
- Unique Customer Satisfaction Survey

Value Created

High-value-added products

incorporating innovative technologies through concurrent evaluation of technologies anticipating four generations and beyond in the future

Products and solutions

responding to a variety of applications

Sole strategic partner

through close collaboration throughout the entire Group

Related Main Risks

- Risk 1 **Market Fluctuations**
- Risk 3 **Geopolitics**
- Risk 10 **Information Security**
- Risk 16 **Business Locations**

Risk Management P. 71-72

Initiatives in the Value Chain | Sales

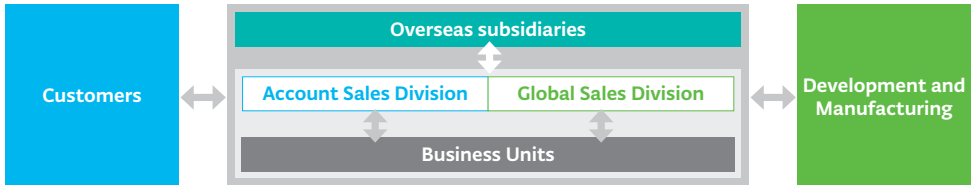
Key Theme

Increasing mutual profits by providing the Best Products, Best Technical Service

Development of Global Operations

We established the Account Sales Division and the Global Sales Division, and strive to swiftly offer the technology, services and solutions sought by our customers to be the sole strategic partner for our customers. In the Account Sales Division, the needs for next-generation leading-edge technologies in memory, logic devices, foundry and other fields are shared by major semiconductor manufacturers, who are our traditional customers, and the information from this is used for the R&D of new technologies. The Global Sales Division responds to the needs of domestic and overseas customers that handle products for the rapidly growing Chinese market and the industrial IoT market.

These two divisions work closely with the Frontend and Backend Process Business Divisions' business units, development and manufacturing divisions, service divisions and overseas subsidiaries to conduct comprehensive sales activities. They strive to communicate with everyone from customer senior management to worksite engineers, to further strengthen our responsiveness to our customers and to develop global operations as ONE TEL.



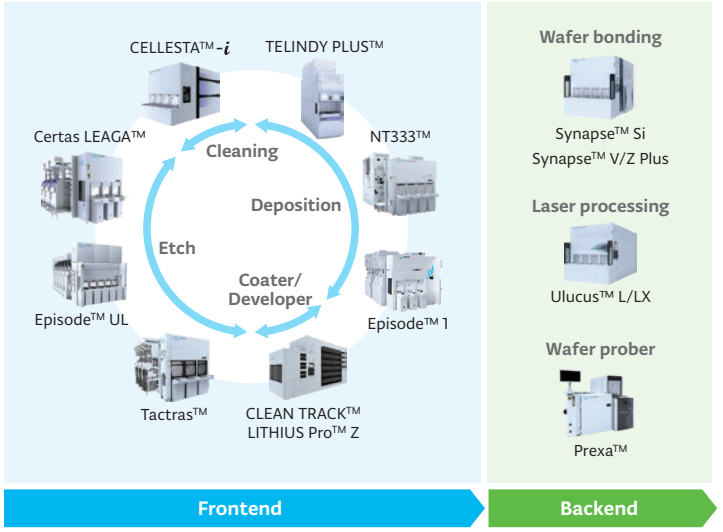
Proposing Customer Solutions Leveraging a Wide Range of Product Lineup

We are expanding the wide range of our product lineup, including equipment for the four key processes of deposition, coater/developer, etch and cleaning in the frontend process, as well as equipment for testing and bonding/debonding processes in the backend process. By leveraging this product lineup in our proposal activities, we will solve customers' issues and contribute to the manufacturing of highly competitive semiconductors.

In the frontend process, we are undertaking the development of equipment with innovative and extreme processing performance, centered on (1) deposition systems that can handle new materials and structure while utilizing batch, semi-batch and single-wafer characteristics and allow optimal film thickness and film quality control, (2) coater/developers for leading-edge EUV lithography, (3) etch systems that achieve precision processing of fine structure and processing of deep holes and trenches with high selectivity, and (4) cleaning systems that remove particles and residues—which are causes of lower yields—without causing the collapse of fine patterns. Possessing equipment with four key processes allows us to propose solutions for issues faced by customers from a variety of approaches, including process integration based on an understanding of upstream and downstream processes.

In the backend process, we also possess wafer probers used in wafer testing and bonding/debonding systems that realizes 3D packaging. In the future, there will be a demand for further improvements in the performance of semiconductors as well as scaling technology using cutting-edge nodes to improve the performance in generative AI services and expand the application range. To achieve this higher performance, the introduction of advanced packaging technology called Chiplet is accelerating, which combines individualized semiconductors. To meet these demands, we will proactively provide solutions for bonding processes necessary for both next-generation scaling technology and packaging technology, and introduce KGD* testing equipment, essential for Chiplet.

* KGD: Known Good Die.
Semiconductor chips with guaranteed quality, including reliability



Initiatives in the Value Chain | Sales

Key Theme

Improving our responsiveness to customers and customer satisfaction

Expansion into the Diversified Semiconductor Market

In recent years, the semiconductor has been diversifying to meet the needs of various applications, such as the spread of virtual space due to digital technology, EVs and the autonomous driving level of automobiles as well as IoT and devices for communication represented by generative AI, which is driven by digital transformation (DX) and green transformation (GX). We define the diversified semiconductor market as MAGIC (Metaverse, Autonomous mobility, Green energy, IoT & Information, Communications) market, and are strengthening our business by leveraging our leading-edge technologies and experience based on our extensive installation record.

Each business unit within our company has continuously suggested functional revisions with a focus on customers in the 300 mm wafer equipment mature (legacy) node market until now. And, to meet further demands, we established the DSS (Diverse Systems and Solutions) BU and strive to continuously enhance corporate value by efficiently allocating management resources to the MAGIC market, which is expected to grow at a high rate in the future. For example, we are providing optimal equipment groups in anticipation of the shift to 200 mm SiC[1] power device production lines and engaging in technological development for AR glasses[2] and Si Photonics[3].

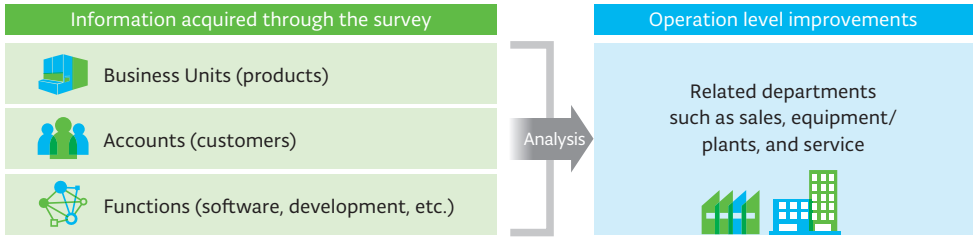
Additionally, to respond to the diverse needs of our customers considering the use of existing equipment, we suggest options for increasing the productivity of existing equipment and are expanding reengineered equipment that extend the lifecycles of equipment.

1 SiC: a compound semiconductor material consisting of silicon (Si) and carbon (C)
2 AR glasses: Eyeglass-style wearable devices that overlay virtual information on top of the real world
3 Si Photonics: Technology used to integrate optical devices such as optical waveguides, optical modulators, and optical receivers on a silicon substrate

Initiatives for Improvement of Customer Satisfaction

We are working to build solid relationships of mutual trust with customers by enhancing customer satisfaction, which we have valued highly since our founding. We co-create future technology roadmaps with the semiconductor manufacturers that are our customers to promote the concurrent evaluation of technologies four generations into the future and beyond and accelerate the technological development of Shift Left. This allows us to offer highly competitive products that help improve customers' productivity by improving the yield rate of devices and maximizing equipment utilization rate. Furthermore, at customer sites around the world, we are continuously implementing customer-oriented initiatives such as assigning our company engineers to quickly install equipment to operate at maximum performance, proposing solutions to any specific technical issue and providing feedback on next-generation equipment.

In addition to these activities, we conduct our own Customer Satisfaction Survey* every year. In the fiscal 2025 survey, we received responses from approximately 1,800 customers (response rate: 82.4%). We analyzed this information and used it in our PDCA cycle to make improvements at the actual operation level.



Our activities were highly evaluated and we received best awards consecutively from many of our customers in fiscal 2025. We will continue to provide the Best Products with innovative technology and Best Technical Service with high added value and strive to further improve customer satisfaction.

* "Customer Satisfaction" on our website www.tel.com/sustainability/customer/satisfaction/index.html

Initiatives in the Value Chain

Installation and Maintenance Services

Message

Soichiro Kori
Vice President & General Manager
Division Officer,
Global Customer Engineering Division

In a market that is expected to continue to expand, our company provides safe and high-quality Best Technical Service with high added value for new equipment with leading-edge technology and the largest number of installed base in the industry. Therefore, currently, we are continuously involved in such things as global safety activities, the effective use of human resources and improvements in business operations through DX tools. Furthermore, we aim for the acquisition of absolute trust by accurately understanding customers' needs and providing swift solutions while utilizing data analysis systems and knowledge management tools. In addition, we strive for customer satisfaction and further enhancement in corporate value by providing Best Technical Service, which contributes to stable operations of equipment from a variety of generations that are compatible with diverse applications, as well as improvements in production in addition to leading-edge equipment.

Initiatives in the Value Chain | Installation and Maintenance Services

Key Themes for Medium- to Long-term Value Creation

Reinforcing human resources development and the succession and evolution of the Tokyo Electron identity

Enhance customer satisfaction by providing Best Technical Service with high added value

Management Resources to Be Invested

Intellectual capital

Service support infrastructure

at **95** sites located in **18** countries and regions of the world

Intellectual capital

Service database and remote support system

that utilizes digital technologies, knowledge management etc.

Human capital

Global Customer Engineering Division

Operation with a total of approximately **6,300** people

Differentiation Points

- Field Engineer
- Installed Base
- Efficiency through DX
- Equipment Life Cycle

Value Created

Comprehensive services
resulting from global expansion that include everything from equipment installation to maintenance

Contribution toward the long-term steady operation of equipment
across a variety of generations

Services with high technical capabilities
contributing to improving customers' productivity

Related Main Risks

- Risk 5 **Safety**
- Risk 6 **Quality**
- Risk 11 **Human Resources**
- Risk 16 **Business Locations**

Risk Management P. 71-72

Initiatives in the Value Chain | Installation and Maintenance Services

Key Theme

Reinforcing human resources development and the succession and evolution of the Tokyo Electron identity

Strengthen Customer Responsiveness of Field Engineers

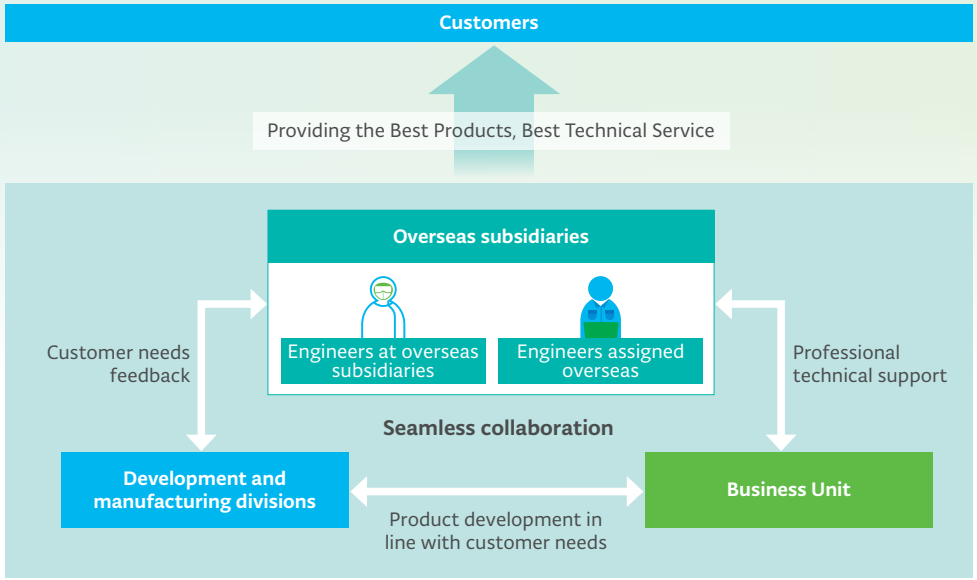
With an outlook to further expand the scale of our business, it is extremely important to increase field engineers, develop people that can promptly play an active role as well as effectively improve the skills of existing field engineers.

Our company establishes a Group-wide common skills management system that meets the standards of Semiconductor Equipment and Materials International (SEMI) and plans to continuously upgrade skills based on the detailed goals established every year. The system helps us to improve the quality of the services we provide to customers, by enabling the optimized deployment of human resources that utilize information about engineers' skills which have been managed in this manner.

Furthermore, we are expanding our program to reassign engineers who had undergone training at manufacturing sites in Japan for a fixed period to the field after their return to their companies, as part of our education for expert engineers for overseas subsidiaries. In this program, engineers strive not only to deepen their knowledge of equipment technology but also to further improve communication with development and manufacturing divisions and business units. They strive to provide high quality services to customers through support in solving technological issues and problems in response to demands from engineers stationed at their respective overseas subsidiaries, in addition to receiving training during the program. This enables engineers to consistently understand customers' situations appropriately and in a timely manner and their further contributions upon return from Japan as site leaders is anticipated.

To make this expert engineer training program easier to take, we develop and operate short-term programs that subdivide the content and focus on specific skills and knowledge. By taking various programs based on needs, engineers can share the skills and knowledge they acquired after they return from Japan with each subsidiary, and we strive to raise the overall skill level of subsidiaries in this manner.

Going forward, we will further expand the on-site leaders' skill up program to quickly resolve our customers' issues.



Creation of New Value through Sharing Knowledge and Experience

Our company began an initiative where employees with rich work experience in installation and maintenance service reflect on their own careers and publish their learning and insights on the internal intranet. This initiative serves as a reference for junior and mid-level employees when laying out their own career paths and future visions, and as an opportunity to aim for new challenges and skill paths for career advancement. We aim to pass on our company's DNA, such as a customer-oriented approach, openness, and teamwork, to our junior and mid-level employees, and to create new value while adapting to the changing times.

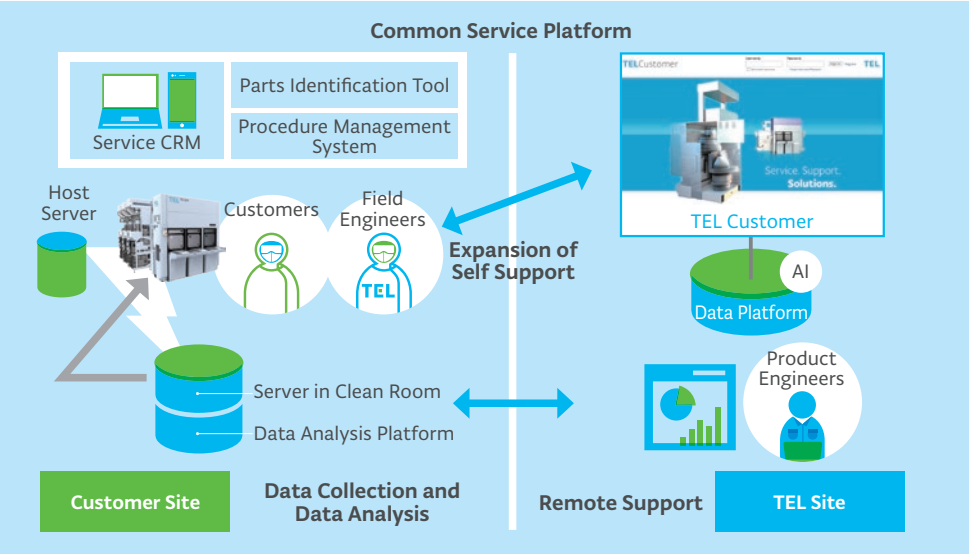
Initiatives in the Value Chain | Installation and Maintenance Services

Key Theme

Enhance customer satisfaction by providing Best Technical Service with high added value

Provision of Best Technical Service with High Added Value

In recent years, factors demanded by customers include high level support technology to deal with manufacturing processes that realize scaling and multi-layering of semiconductor devices, further improvements in productivity and reductions in environmental impact. To provide Best Technical Service with high added value that respond to these needs, in addition to developing field engineers, we promote the development and introduction of systems that incorporate digital and information and communication technology that support engineers' field work as well as tools to raise work efficiency.



By accumulating large amounts of operation history, such as equipment support in everyday activities in Service CRM, which centrally manages globally, as well as creating equipment records and building troubleshooting search tools as knowledge management activities, onsite field engineers use these tools to provide prompt and high-quality services to our customers.

We are also developing a system that centrally manages operation procedures used by field engineers onsite and that improves the efficiency of procedure creation, quality, and searchability of operation procedures, and are rolling them out globally. In addition, we strive to resolve our customers' various issues through the use of remote support tools that connect the server installed in the customer's clean room to our system, which makes remote operational support possible.

Our company provides several contractual services for the stable operation of equipment, such as services in which our field engineers are stationed at customers' manufacturing sites to maintain their equipment, as well as a comprehensive contractual service (TEL Service Advantage Premium) in which we offer pay-as-you-go or flat-rate maintenance services, supply maintenance/consumable parts and repairs in an integrated manner. Furthermore, to shorten issue resolution time and stabilize process performance, we aggregate and analyze data output from equipment, predict the timing of failure of major parts and suggest replacements in advance so that we can help improve our customers' equipment utilization rates.

Further Initiatives for the Improvement of On-site Safety[1]

The rate of workplace incidents per 200,000 work hours (TCIR[2]) was 0.23, realizing an industry-leading safety environment in the semiconductor production equipment industry. In addition to analyzing incidents that did occur, we analyze close calls (dangerous cases that had the potential of becoming incidents) reported by our field engineers and strive to improve on-site safety activities by sharing this information with the safety promotion department of our subsidiaries. At newly constructed semiconductor plants around the world, we establish and maintain safe working environments by having local safety officers and safety officers dispatched from Japan visit sites together. Furthermore, we promote the development of tools that utilize digital technology such as VR technology and video on-demand delivery systems for effective and efficient safety training for field engineers.

1 Safety P. 67-68
2 TCIR: Total Case Incident Rate

Sustainability Initiatives in the Value Chain

Our approach to sustainability initiatives is to practice our Corporate Philosophy through realizing our Vision. We promote our sustainability initiatives by organizing our efforts into the following four frameworks: Governance, Strategy, Risk Management, and Metrics and Targets.

Main Initiatives in the Four Frameworks

Governance

- The Corporate Sustainability Management Department has been established under the Corporate Strategy Division at the head office, reporting directly to the CEO, to promote sustainability initiatives across the entire Group
- Sustainability Global Committee is held twice a year and the sustainability managers in charge of overall sustainability in domestic Group companies as well as overseas subsidiaries participate, sharing initiatives that align across the entire Group and discussing the promotion of global projects
- Sustainability Committee, chaired by the executive officer in charge of sustainability, is held twice a year. Division Officers and presidents of domestic Group companies and overseas subsidiaries attend the meetings to set short-, medium- to long-term sustainability goals, manage progress, formulate sustainability-related policies and discuss individual themes. Decisions on important matters related to enhancing corporate value are made at Corporate Officers Meeting, the highest decision-making body on the executive side
- Group-wide sustainability initiatives are reported to the Board of Directors as appropriate, and the Board of Directors supervises these initiatives

Strategy

- Expand medium- to long-term profit and to continuously enhance our corporate value through the fusion of social and economic value of business activities based on the concept of TSV (TEL's Shared Value), which is the same as CSV, to solve social issues leveraging our unique corporate resources and expertise
- Identify key topics to be addressed with priority as material issues* and develop the value chain through business activities anchored around material issues while leveraging the strengths built by the driving forces of growth behind our company
- While implementing a range of sustainability initiatives through business activities, contribute to solving issues in industry and society by providing the Best Products with innovative technology, and the Best Technical Service with high added value

* Material Issues P. 11-12

Risk Management*

- Respond appropriately and promptly to a diverse range of risks related to semiconductors, including geopolitics and market changes, and develop a risk management structure for achieving sustainable growth
- Establish the Corporate Project & Risk Management Office (CPRO) in the Corporate Strategy Division to promote more effective activities, and carry out enterprise risk management
- In addition to minimizing the impact of risks, that may be faced when conducting business, by giving them full consideration from a future perspective, also view them as business opportunities and appropriately address them
- Comprehensively identify various risks in our business activities based on their degree of impact on the Group and likelihood, identify 16 major risk items, and appoint risk owners for each. Focus on items that are particular issues in meetings of the CEO and Division Officers, confirm the status of related initiatives and discuss improvement measures

* Risk Management P. 71-72

Metrics and Targets

- Set key indicators for continuous corporate value enhancement[1] in our Medium-term Management Plan and annual sustainability goals[2]
- Regularly review the results and status of the achievement of key indicators and annual goals, as well as future initiatives, at the review meetings attended by the CEO
- Continuously conduct activities to achieve each indicator and goal under the persons responsible for each indicator and goal

1 Key Indicators for Continuous Corporate Value Enhancement P. 19-20
2 "Sustainability goals and results" on our website www.tel.com/sustainability/goals-and-results/index.html

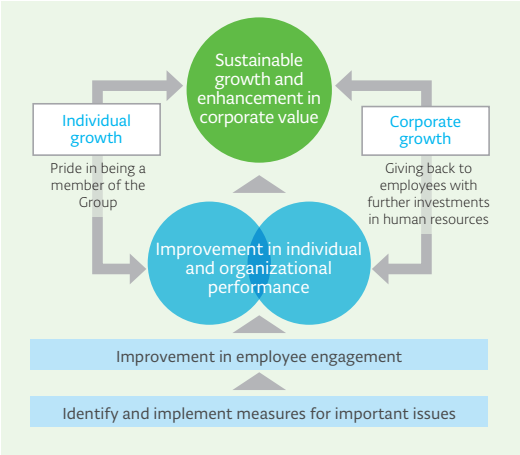
Sustainability Initiatives in the Value Chain

Human Resources

Our Corporate Growth Is Enabled by People, and Our Employees Both Create and Fulfill Company Values

We believe that our corporate growth is enabled by people, and our employees both create and fulfill company values. Based on this approach, we are implementing human resource management where each employee is motivated and can utilize their abilities to the fullest.

Maintaining high engagement and rewarding environments that encourage employees to take on challenges while feeling safe supports improvements in individual and organizational performance, and those results lead to improvements in our business growth and company value. We aim to build a virtuous cycle for the creation of new value by further increasing employee motivation through the pride of being a part of the Group and giving back to them through investments in human resources.

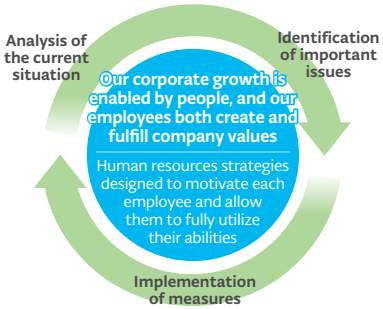


Employee Engagement

We conduct engagement surveys regularly to improve employee engagement, which is crucial for sustainable growth and to maximize employee performance. Based on survey results, we rotate the cycle of analysis of the current situation, identification of important issues, implementation of measures and engage in creating environments where employees can work with enthusiasm while utilizing their individual abilities to the fullest.

Until now, we had been working to provide more opportunities for direct dialogue between management and employees about the state of the company and the future through continuous messages from management via announcements and all hands meetings. This allows us to develop human resources strategies so that the company and employees can continue to grow together while respecting employees' motivation. Our engagement survey score therefore has improved continuously since fiscal 2016, increasing by 19 points by fiscal 2025.

Going forward, based on the results of the analyses, we will focus on "further expanding recruitment and engagement opportunities for human resources," "improving the work environment to increase productivity" and "strengthening collaborations between organizations."



Recruitment

In addition to the increase in demand for semiconductors, we are planning a large-scale staff increase that aims to hire 10,000 people globally in the five years from fiscal 2025 to adapt to the advancements in manufacturing equipment that supports performance improvement and stable production. To realize this plan, it is crucial that we recruit excellent personnel specializing in semiconductors who are sought after by companies and research institutions from around the world. Building initiatives that promote fostering next-generation human resources through collaboration between industry, academia and government not just limited to recruitment competition is needed. As such an initiative for the future, we participate in UPWARDS*, a partnership between Japanese and American universities, and promote the fostering of human resources in the field of semiconductor technology as well as research development. Furthermore, we provide an array of learning opportunities by holding seminars at numerous semiconductor related organizations, including the Japanese Society for Artificial Intelligence, Semiconductor Equipment Association of Japan (SEAJ) and the Fukuoka Semiconductor Reskilling Center, in addition to academia such as universities and technical colleges. Through such initiatives, while contributing to the development of researchers and personnel who will support future innovations in semiconductor technology, we aim to build the foundation for people with diverse perspectives to lead the industry.

* UPWARDS: U.S.-Japan University Partnership for Workforce Advancement and Research & Development in Semiconductors.

UPWARDS P. 45

Human Resources Development and Career

Our company is engaged in the development of human resources that can play an active role on the global stage amid rapidly changing business environments. To maximize the performance of each employee, we increase company-wide innovative capabilities by establishing a systematic human resource development system and drawing out the potential abilities of our employees with diverse backgrounds. Furthermore, we are striving to sustain motivation by establishing systems that support employees' self-directed career development and personal fulfillment, providing an environment where employees can proactively set their own goals and grow.

Sustainability Initiatives in the Value Chain

TEL UNIVERSITY

Established in 2007, TEL UNIVERSITY is our company's internal educational institution which fosters a culture of learning and provides opportunities for self-growth.

TEL UNIVERSITY

TEL Principles of Human Resource Development

1. Self-motivation and a sense of responsibility are the basic requirements for developing the talents of employees.
2. The workplace supports employee development.
3. The company provides employees with opportunities and incentives to learn and offers the necessary platform or framework.

Overview of TEL UNIVERSITY

	New Graduates, Junior Employees	Mid-level Employees	Managerial Employees, Individual Contributors (ICs), and Officers	Top Management
Level-based Programs	Introductory programs (new graduates, mid-career recruits)			
	On-the-job-training (OJT) programs (new graduates, mid-career recruits)			
	Junior employee programs	Mid-level employee programs	Manager programs	
			Leader programs	
Goal-based Programs	Technical programs (seminars, workshops)			
	Business skills			
	Global communication			
	Career support			
	Compulsory web-based training			

New Career Design

In 2024, we launched the following initiatives to support employees in clarifying their future vision for themselves and designing a career plan to realize it.

- **Design Your Career**

Employees set their career direction by referring to the careers of supervisors and colleagues with extensive practical experience. They deepen their understanding by asking career-related questions through generative AI and mentors, and they can identify the necessary steps (e.g., workplaces they should experience) to realize their future vision through job-related information.

- **Planning Your Skill Path**

Employees consult with supervisors and determine the skills necessary to "Visualize Your Ideal Future Self." Optimal learning content and mentors are recommended based on the skills that employees determine. Putting the knowledge acquired into practice enables employees to efficiently obtain skills.

Support for Career Development

- **Leader Programs**

We are focusing on identifying the next generation of leaders early on and providing systematic development to enhance medium- to long-term corporate value. The next generation of potential future leaders is given opportunities to build networks with other companies and develop broader perspectives through participation in external training. Management also considers and reviews the systematic assignment of these potential leaders to ensure consistent development support. Additionally, we provide level-based training for various duties with the goal of improving the skills of the participants in a practical manner while working to promote human resource development cycles at our business sites.

- **Individual Contributors**

We operate the TCL (Technical Career Ladder) as a career path for employees with highly specialized technical skills. The TCL is composed of chief engineers and technical experts and enhances awareness both inside and outside of the company while also reinforcing collaboration between departments and promoting the use of knowledge concerning highly specialized areas of expertise. Through this, employees can utilize their specialist knowledge and strengths.

Onboarding Reinforcement

- **New Graduates and Junior Employee Programs**

We offer training programs that aim to promote growth and shared values by providing basic knowledge and skills concerning such things as understanding our corporate principles and business etiquette required as members of society. The programs are conducted in stages from the first to third year after entering the company and provide career development through mandatory training and practice.

This program works to instill the value of being a member of the Group while promoting sustainable self-growth.

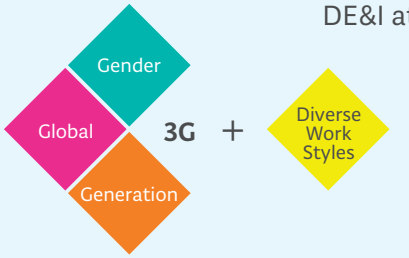
Sustainability Initiatives in the Value Chain

Mid-Career Recruit Programs

In fiscal 2025, we renewed the onboarding program for mid-career hires in which 230 people from all domestic sites participated. The "Welcome to TEL Meeting!" is a part of the training and employees can learn about the company's history, corporate culture and principles while deepening their understanding of our products and technology. We also provide opportunities to foster a sense of community across departments through group work and discussion. This process enables employees to deepen their understanding of our company and sets up an environment where they can contribute to work as immediate assets.

Diversity, Equity and Inclusion (DE&I)

With the strong commitment of management, we actively promote DE&I as an important initiative that leads to the continuous generation of innovation and enhanced corporate value. Based on the idea that "ONE TEL, DIFFERENT TOGETHER™", we have taken on nationality, gender and generation as major themes and our promotion of DE&I is centered around the concept of 3G (Global, Gender, Generation). On the other hand, in addition to visible kinds of diversity such as the 3Gs, there are many forms of diversity that are less visible, such as personality, ways of thinking, work habits and values. Given this backdrop, we understand that DE&I is not something special, but instead, it is important to foster a culture of mutual trust by understanding the diversity inherent in everyone, and to accept each person's individuality and values, and we are taking various measures to promote this.



DE&I at Tokyo Electron

TEL's engagement in DE&I consists of four focus areas, including the 3Gs (encompassing Global, Gender, and Generation aspects) and Diverse Work Styles.
We are establishing a work environment where every employee can play active roles regardless of nationality, gender, age, or disability, so they can grow as creative sources of innovation.

Diversity, Equity and Inclusion Week (DE&I Week)

In fiscal 2025, we held our second DE&I Week, during which a total of 35 events were held globally. With the theme of "Accelerating action in the 3Gs," the aim was for participants to feel the importance of building actual inclusive environments rather than simply understanding inclusion. By participating in these events, employees were able to experience our DE&I "ONE TEL, DIFFERENT TOGETHER™" slogan.

Examples of actual programs are, serving food from the countries in which local subsidiaries are located in the cafeteria of each company and panel discussions with foreign employees, which work to promote understanding from a global perspective. A training session on "Inclusive communication" was also held to promote considerate communication with people whose mother language is not Japanese or English. In regard to gender, events such as a conference for women engineers, workshops on childcare leave for men and movies and talks on LGBTQ+ themes were held. Furthermore, from the perspective of generation, a talk titled "40 years of the semiconductor industry: what has driven the industry?" was held, which served as an opportunity to deepen understanding about growth and diversity in the industry. We promote DE&I throughout the entire Group to enhance each employees' interest and understanding of DE&I through participation in such diverse events.

TEL DE&I WEEK 2025
ONE TEL, DIFFERENT TOGETHER

Workshop on Childcare Leave for Male Employees

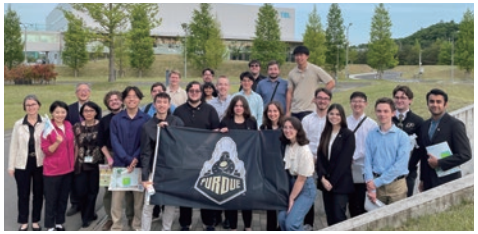
Our Group holds workshops on childcare leave for male employees several times a year. In addition to explanations about the system by the Human Resources Department, these workshops include sharing experiences by employees who actually took the leave, as well as Q&A sessions. The workshops draw a lot of interest every time, with many participants being not only employees considering taking childcare leave but also those who want to plan their life design for the future or learn how to support colleagues and subordinates raising children. Such initiatives foster a culture of mutual respect where employees understand the positions of others, and lead to higher rates of employees who take childcare leave.

Value Creation by the Value Chain

Sustainability Initiatives in the Value Chain

UPWARDS

UPWARDS is a semiconductor collaboration project between Japan and the U.S. that involves five Japanese and six American universities, the supporting companies, Micron Technology and Tokyo Electron. The aim is to create a hub for human resource development and reinforce research and development in the field of semiconductors over the five-year period from 2023 to 2028. This initiative does not limit itself to financial support for the future, but provides multi-faceted support such as curriculum and organization support in universities and provides summer camps and internships for students. We continue our activities consistently to bring about positive influences on the semiconductor industry using new approaches through collaborations between industry and academia, and between Japan and the U.S.



Work-life Balance

Leave System

We believe that employees are high productivity when they can properly manage their work hours and take leave. Accordingly, we are working to eliminate long working hours, and to both enhance our leave systems and encourage employees to make use of them. We have set a medium-term target of ensuring that our employees take 80% or more of the paid leave available to them (Japan). To achieve this, we educate employees on how to take leave in a systematic manner, regularly monitor leave usage, and promote management practices that support improved leave utilization rates. In fiscal 2025, the rate of employees taking advantage of paid leave was 78.9%, almost achieving our medium-term target.

We also operate a unique "refreshment leave system" in different countries around the world, depending on the prevailing circumstances. This system aims to provide both mental and physical refreshment for employees, and so boost their motivation to work. In Japan, employees who have worked at the company for 10 years or more are granted special, supplementary paid leave of between two weeks and one month for every five years of continuous service. In fiscal 2025, 819 employees in Japan and 890 employees overseas took advantage of refreshment paid leave. Starting in fiscal 2026, we will expand the system's applicable range to include employees with over five years and 30 years of work with the company. Furthermore, we are also focusing on establishing various other flexible leave systems for different life events, including childcare leave, leave to care for a sick or injured child[1], childcare support leave[2] and paid leave to provide nursing care. Employees are permitted to extend childcare leave until the day the child reaches three years of age; employees are now also eligible for the reduced working-hours program for childcare until the child graduates from elementary school.

1 Leave to care for a sick or injured child: Employees are granted five days of paid leave per year until the child enters elementary school.
2 Childcare support leave: Employees are granted five days of unpaid leave per year until the child enters junior high school.

Health and Productivity Management

For our company to continue to grow, it is important that every employee leads a fulfilling life and maximizes their performance. For these reasons, we strive to create a healthy and safe work environment and our approaches were summarized and made public in the "Declaration of Health[1]." We built an effective health management system under the direction of executives in charge of human resources by assigning occupational health physicians and public health nurses in each plant and office. As for specific initiatives, in addition to conducting various medical checkups in accordance with laws and regulations and offering face-to-face consultations by designated occupational health physicians for employees who work long hours, we also offer counseling opportunities supported by external industrial counselors for those who request them. Furthermore, we organize regular line-care[2] seminars aimed at management, and where necessary, hold liaison meetings with the health officers and health professionals at each Group company in Japan, reinforcing the support system concerning health.

Based on the collaborative health[3] concept, in cooperation with the Tokyo Electron Health Insurance Society, we are actively expanding data health[4] initiatives, which utilize the examination data from medical checkups and provide employees with health guidance and promote effective prevention and health promotion according to their individual circumstances.

Going forward, from the perspective of well-being, we will promote the provision of an environment that is mindful of health so that employees can actively engage in their responsibilities with a sense of purpose and work with enthusiasm.

1 Declaration of Health: Promoting various initiatives in response to health issues from the perspectives of eating, resting, walking and talking
2 Line-care: Measures for mental health, in which managers are mindful of and care for the mental health of their subordinates and team members
3 Collaborative health: Situation where a company actively operates with an insurer, such as a health insurance society, to effectively and efficiently promote the health of its employees and their families
4 Data health: Refers to a more effective and efficient health care program that is implemented in line with the health status of insured persons, by utilizing and analyzing the health and medical information held electronically by the medical insurer

Sustainability Initiatives in the Value Chain

Human Rights

Approach to Human Rights

We recognize corporate social responsibility and believe that it is important for us to conduct ourselves with a strong sense of integrity. We recognize the importance of human rights and the responsibility of businesses to respect human rights. We take pride in our work to uphold human rights since our founding as reflected in the spirit of "the Corporate Philosophy" and "the Management Policies" of the Group. We endeavor to incorporate the concept of respect for human rights into every aspect of our business activities, and strive for the creation of a corporate culture that enables each person to realize his or her full potential and freely enjoy their livelihoods. We also give the highest consideration to the health and safety of every person and respect his or her dignity. For us, respecting human rights means a significant undertaking not only to fulfill our responsibility for eliminating adverse impacts on people caused through our business activities, but also those who support our business activities, and contribute to the realization of a sustainable dream-inspiring society.

Human Rights Policy and Promotion Framework

We formulated Tokyo Electron Group Human Rights Policy[1], referring to the United Nations' Guiding Principles on Business and Human Rights and the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work referred to therein, the Ten Principles of the United Nations Global Compact and the RBA Code of Conduct[2]. Our Human Rights Policy specifies five focus areas of human rights. We thoroughly familiarize our executives and employees with the Policy and we demand that our suppliers also conduct their business activities in line with our Policy. In addition, we engage in active dialogue with all of our stakeholders, such as shareholders, investors and suppliers, striving to meet the demands and expectations of society.

Human Rights of Most Importance

- Freedom, Equality & Non-Discrimination
- Freely Chosen Employment
- Product Safety & Workplace Health and Safety
- Freedom of Association
- Appropriate Working Hours & Breaks/ Holidays/Vacations

Human rights issues and initiatives are shared and activities are promoted at the Sustainability Global Committee attended by the sustainability managers and led by our Corporate Sustainability Management Department. Important issues concerning the improvement of corporate value are deliberated by the Sustainability Committee and approved at the Corporate Officers Meeting attended by the CEO. The executive officers in charge of sustainability report on the status of important human rights-related issues, the results of initiatives and the like to the Board of Directors, and the Board supervises these efforts.

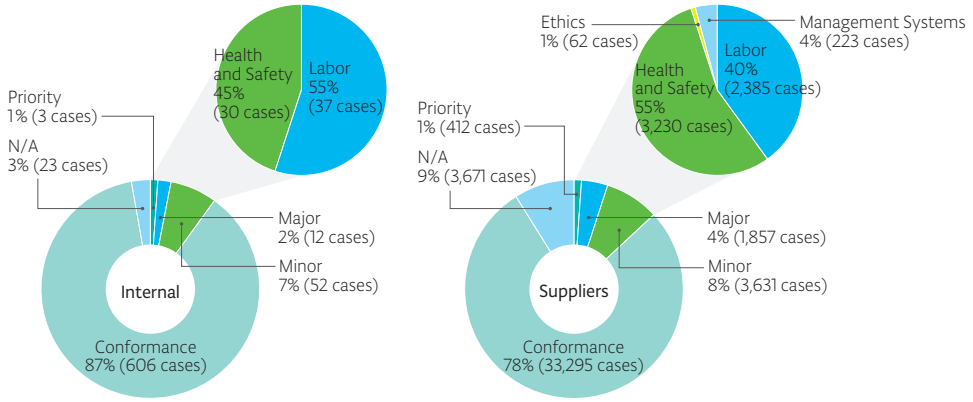
1 "Tokyo Electron Group Human Rights Policy" on our website www.tel.com/sustainability/management-foundation/human-rights/index.html

2 RBA Code of Conduct: A set of standards established by the Responsible Business Alliance (RBA) for supply chains in the electronics industry, to ensure that labor environments are safe, that workers are treated with respect and dignity, and that companies take responsibility for the environmental impacts of manufacturing processes and procurement.

Human Rights Due Diligence

Every year, we identity and evaluate the adverse effects on human rights (human rights risks) by our headquarters, Group companies and suppliers, based on the United Nations' Guiding Principles on Business and Human Rights. Accordingly, we implement initiatives to prevent and reduce the identified adverse effects and actively conduct human rights due diligence that track and evaluate the effectiveness of those initiatives.

Study Results for Fiscal 2025



Our classifications and definitions of conformance as well as human rights risks based on RBA auditing standards are as follows.

Priority:	Issues considered particularly serious, which are at significant risk and require immediate priority remediation
Major:	High-urgency issues which are at significant risk and require immediate remediation
Minor:	Minor issues and risks recognized in each area which require remediation
Conformance:	No issues were recognized in each area and requirements are being met
N/A:	Indicates that the respondent answered that "the question is not applicable."

Sustainability Initiatives in the Value Chain

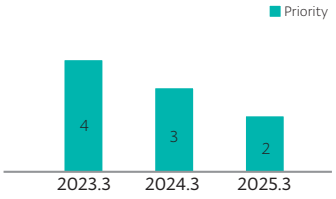
High Priority Human Rights Risks, Corrective Actions, and Status of Improvements (Fiscal 2025 and Fiscal 2024 Comparison)

1 ✔: Has issues —: No issues
2 Improvements Status ○: Significant improvements made △: Measures for improvement required

Human Rights Risks	Main Issues	Internal[1]	Suppliers[1]	Corrective Actions		Improvements Status[2]
Labor						
Policies and procedures ● Forced labor/bonded labor ● Child labor ● Pay reduction as disciplinary sanction ● Religious practices ● Freedom of association	● Policies and procedures are insufficiently defined ● Programs for measuring effectiveness have not been implemented ● Policies and procedures are not available in languages that can be understood by foreign laborers ● Employees are not made sufficiently aware of policies or procedures	—	✔	Suppliers	● Disseminate the Tokyo Electron Group Human Rights Policy ● Formulate policies and procedures and translate them into multiple languages	△
Working hours	● Excessive working hours	✔	✔	Internal	● Thorough internal awareness of working hours ● Improvements in working hours management system ● Regularly monitoring to call for attention and confirm effectiveness	○
				Suppliers	● Weekly working hours management	
Health and Safety						
Evacuation drills	● Less than 100% of employees take part ● Drills are not performed after sunset	✔	✔	Internal/ Suppliers	● Formulation and implementation of procedures ● Conduct drills and follow up with people who do not participate in them ● Plan and conduct drills after sunset	△
First aid	● First aid procedures have not been defined ● There aren't enough first aid personnel	—	✔	Suppliers	● Formulation and implementation of procedures ● Assign an appropriate number of first aid personnel	△
Management Systems						
Grievance mechanism	● Grievance mechanisms are not available in languages that can be understood by foreign laborers ● Employees are not made sufficiently aware of the grievance mechanisms	—	✔	Suppliers	● Multilingual support ● Thorough internal awareness of grievance mechanisms and their operations	△

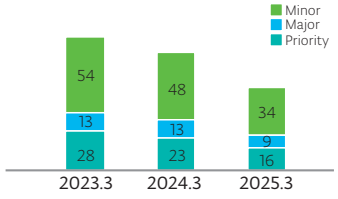
"Human Rights Due Diligence" on our website www.tel.com/sustainability/management-foundation/human-rights/index.html#dd

Working Hours Internal 12 companies



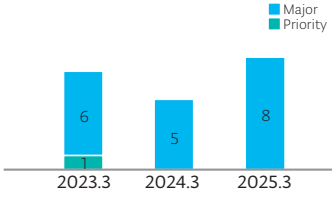
For Japan, improve working hours management system, for overseas, continue improvements by implementing a new working hours management system

Working Hours Suppliers 704 companies



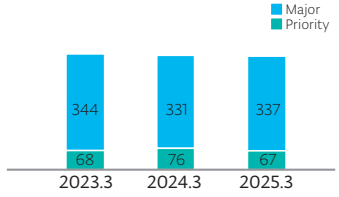
Improvements by changing the operations of working hours management and continuously conducting activities that foster awareness. Continue with improvement activities so that working hours fall within standards

Evacuation Drills Internal 12 companies



Provide sufficient follow up with non-participants and provide further corrective measures by ensuring the implementation of drills after sunset

Evacuation Drills Suppliers 704 companies



Reinforce corrective initiatives such as conducting drills after sunset, improving frequency and demanding participation by non-participants

Addressing Grievances

For human rights initiatives in companies, it is important to ensure access to remedies for those affected by human rights violations. We have instilled a highly reliable grievance mechanism that ensures complete confidentiality, anonymity and prohibition of retribution and unfavorable treatment.

By facing the feedback from our employees and suppliers seriously, and by formulating and operating a system that can quickly and appropriately deal with those issues, we are working on our grievance mechanism that specializes in human rights to establish itself to provide access to relief.

Sustainability Initiatives in the Value Chain

Environment

E-COMPASS

As a leading company in the semiconductor production equipment, we are rolling out the E-COMPASS (Environmental Co-Creation by Material, Process and Subcomponent Solutions) environment-focused initiative. Through E-COMPASS, we will work together with our customers and partner companies to promote semiconductor technological innovation and reduce the environmental impact of semiconductors through our business activities, centering on the three perspectives of semiconductors, production equipment, and business activities. We will supply products and services with technological and social value through our entire supply chain, led by E-COMPASS, and will link this to sustainable growth.

Scope 1, 2 & 3 Achieve Net Zero by Fiscal 2041

Scope 1, 2: CO_2 emissions from energy use such as electricity in business activities
Scope 3: CO_2 emissions from the use and disposal of sold equipment, material purchases and logistics, etc.

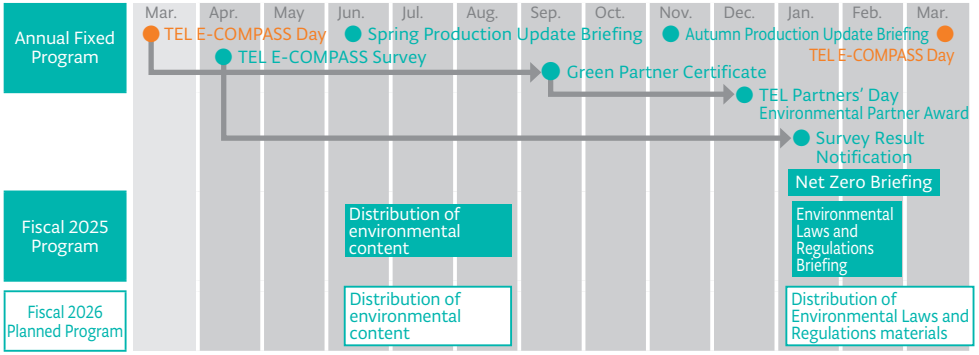
E-COMPASS
Environmental Co-Creation by Material, Process and Subcomponent Solutions

Semiconductors	Production equipment	Business activity
Pursuing higher device performance and lower power consumption	Achieving both high process & environmental performance	Reduction of CO_2 and equivalent emissions in all business activities

Initiatives with Suppliers*

We believe we must accelerate our efforts even more to preserve the global environment and the data-driven society, which will be a growing reality in the years ahead. Four years have passed since we began our E-COMPASS activities and awareness about this initiative among many of our suppliers has increased. We are also making steady progress in each of our E-COMPASS projects and are achieving favorable results such as increasing the number of companies that have declared net zero. Leveraging these results, we will publicize our annual schedules and hold various events effectively to reinforce our collaborations with our suppliers even further.

* "E-COMPASS" on our website www.tel.com/sustainability/management-foundation/environment/index.html#compass



TEL E-COMPASS Day 2025

"TEL E-COMPASS Day 2025," a briefing session with all our suppliers, was held in March 2025 using an online and in-person hybrid approach and was attended by 745 suppliers. At this briefing session, we shared information about the progress we have made in our E-COMPASS activities and our net zero efforts, and also provided detailed explanations on environmentally-focused training materials, support plans and selection standards for environmental partners and green partners, and more. In addition, we engaged in lively exchanges of information with approximately 100 of our suppliers who attended the briefing session.

Measures to Reinforce Partnerships

To reinforce our partnerships, we are engaging in measures to understand environmental activities for each supplier and to offer partner certifications according to the details of those activities.

Sharing Information with Suppliers

We offer information we gather about the environment and share the activity details based on that information with all our suppliers.

Achieving net zero by fiscal 2041 will require cooperation in reducing emissions by our customers' and suppliers' production lines in addition to reductions in CO_2 emissions within the Group. We have begun engaging in discussions with some of our suppliers and fleshing out measures to achieve these goals. We are also assigning persons in charge of net zero initiatives at each of our manufacturing sites and developing our internal systems. Going forward, we will work proactively to preserve the global environment across the entire supply chain through our partnerships with customers and suppliers.

Sustainability Initiatives in the Value Chain

Environmental Management System

As environmental measures are growing even more crucial, we have established a Technology Vision & Environment Strategy Department in our headquarters, headed by GMs in charge of the environment. This department oversees multiple councils to promote efforts to address medium- to long-term environmental issues throughout the Group. We also report on the progress of these initiatives to management, including the CEO, through the framework of councils set out in the table below.

In accordance with the ISO 14001 certification that the entire Group (mainly our manufacturing subsidiaries) obtained in March 2017, we have identified environmental impact assessments and useful environmental aspects within this standard, and are executing a standardized group format for environmental management programs and internal audit checklists. To ensure compliance with the environmental laws and regulations of various countries, which undergo frequent revisions, we are making efforts to gather information regarding PFAS*-related regulations at earlier stages and taking a proactive stance towards compliance. We were once again free from environmental incidents, violations and legal proceedings in fiscal 2025.

* PFAS: Per and Poly Fluoroalkyl Substances. This is the collective term for perfluoroalkyl and polyfluoroalkyl compounds, a subset of organic fluorine compounds.

Main Councils

Conference Name	Main Participants	Function	Meeting Frequency
Council for the Regular Reporting of Environmental Activities	CEO, corporate officers, GMs in charge of the environment	Report on matters discussed at the Global Environment Council and the TEL Corporate Environment Council and review items for approval	Quarterly
Manufacturing Companies Presidents' Council*	Manufacturing companies' presidents, GMs in charge of the environment, etc.	Monitor and supervise progress related to environmental issues	Quarterly
TEL Corporate Environment Council	The GMs in charge of the environment and vice presidents of department, etc.	The promotion of environmental activities across the entire Group, set Group-wide goals	Appropriately
Global Environment Council	Appointed members by the executives at headquarters and the Group companies	Set individual goals related to environmental issues, monitor progress, work to achieve our goals	Twice annually

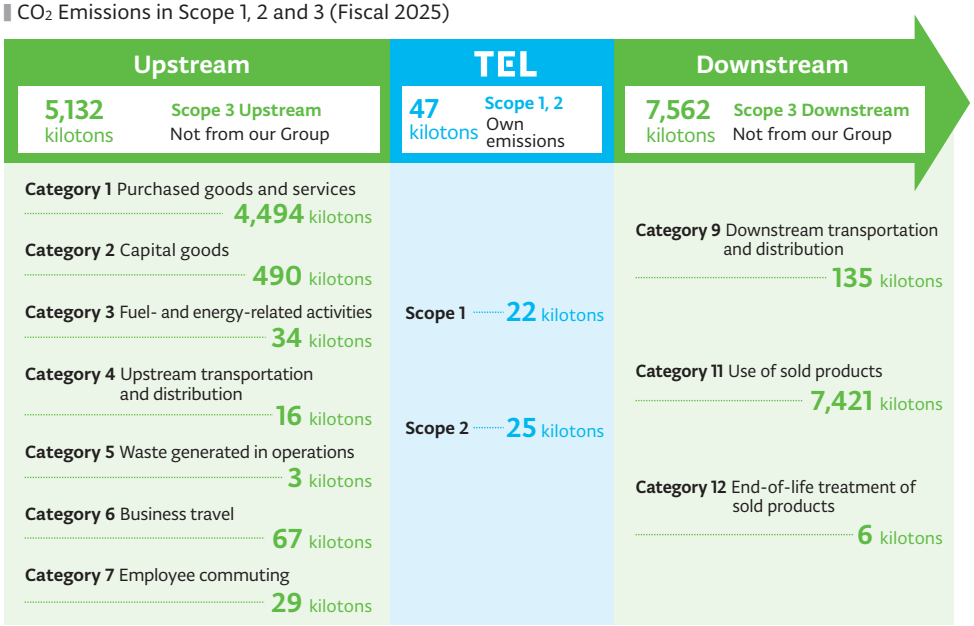
* At the Manufacturing Companies Presidents' Council, information is shared on business affairs and issues regarding environment, safety, quality, supply chain management, etc.

CO_2 Emissions across the Value Chain

Based on our environmental slogan "Technology for Eco Life," we aim to resolve environmental problems through leading-edge technology and reliable services, understand the environmental impact generated throughout our entire value chain and promote business activities to reduce that impact.

Our total CO_2 emissions of Scope 1 and Scope 2 is 47 kilotons, while Scope 3 as the sum of upstream and downstream activities accounts for a total of 12,694 kilotons, 99.6% of the total. Of this, CO_2 emissions when using products stand at 7,421 kilotons, about 60% of the total. This is why we consider the development of products with low CO_2 emissions during operation to be important.

CO_2 Emissions in Scope 1, 2 and 3 (Fiscal 2025)



Scope 1: Direct greenhouse gas (GHG) emissions from use of fuel and gas we owned or controlled
Scope 2: Indirect GHG emissions from use of electricity, steam and heat we purchased
Scope 3: Emissions from corporate value chains (excluding Scope 1 and 2 emissions), such as product transportation, employee business travel and major outsourced production processes. Scope 3 is divided into upstream activities, which include emissions associated with purchased or procured products and services, and downstream activities, which include emissions associated with sold products and services

Value Creation by the Value Chain

Sustainability Initiatives in the Value Chain

In October 2023, we received SBT* certification, recognizing that the greenhouse gas reduction targets set for fiscal 2031 were based on scientifically evidence. Furthermore, net zero targets to reduce greenhouse gas emissions across the whole value chain, including Scope 1, 2 and 3 set for fiscal 2041, also received SBT certification in January 2025. As a result, we received SBT certification for each of our near-term and long-term targets.

* SBT: Science Based Targets. SBTs are targets that are set by companies for 5 to 10 years in the future and that match the standards required by the Paris Agreement.

Targets recognized as SBTs

- Reducing absolute Scope 1 and 2 GHG emissions 70% by fiscal 2031, using fiscal 2019 as a baseline
- Increasing active annual sourcing of renewable electricity from 2% in fiscal2019 to 100% by fiscal 2031
- Reducing Scope 3 GHG emissions from the use of sold products by 55% per wafer processed by fiscal 2031, using fiscal 2022 as a baseline
- Achieve net zero in greenhouse gas emissions in Scope 1, 2 and 3 by fiscal 2041

Environmental Goals and Progress

○: Proceeding well △: Need to accelerate to achieve the goal

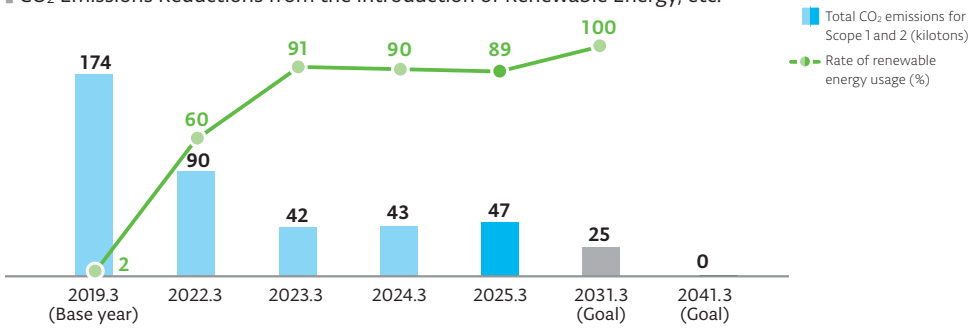
Item	Scope	Target	Target Year	Fiscal 2025 Results	Evaluation
Plants and offices	Total CO_2 emissions	85% reduction[1]	Fiscal 2031	73% reduction	○
	Renewable energy (electricity)	100%	Fiscal 2031	89%	○
	Energy consumption (per-unit basis)	1% year-on-year reduction	Maintain each year	Achieved by 6 out of 11 plants and offices	△
	Water consumption (per-unit basis)	Maintain base year level	Maintain each year	Achieved 10 out of 13 targets	○
Products	CO_2 emissions per wafer[2]	55% reduction	Fiscal 2031	21% reduction	○
Logistics	CO_2 emissions	30% reduction	Fiscal 2027	22.4% reduction	○
	Switch from wooden crates to STW[3]	50%	Fiscal 2025	34.7% over full year period (43.7% in fourth quarter)	○

1 Because the fiscal 2031 goal of a 70% reduction was achieved in fiscal 2024, a new goal was set for fiscal 2025
2 Including reductions resulting from customers' introduction of renewable energy
3 STW: Strong Triple Wall. Reinforced cardboard made up of three layers.

Initiatives Concerning Own Emissions (Scope 1 and 2)

We aim to reduce total CO_2 emissions from plants and offices by 85% (compared to fiscal 2019 levels) and use renewable energy for 100% of our power by fiscal 2031. By fiscal 2041, we plan to achieve net zero. The ratio of renewable energy used in all companies in fiscal 2025 was 89%. We are working to achieve 100% usage in the Asia region, and have reduced total CO_2 emissions from our plants and offices by 73% compared to the base year, assisted by energy-saving activities. Going forward, we will continue to further strengthen our initiatives to reduce CO_2 emissions.

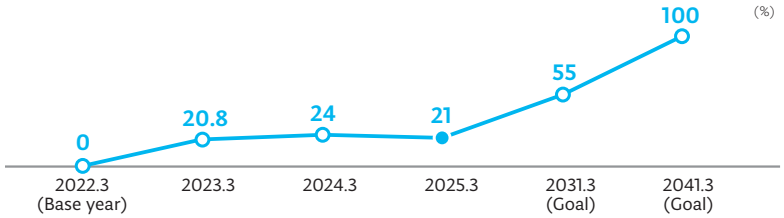
CO_2 Emissions Reductions from the Introduction of Renewable Energy, etc.



Initiatives Concerning Emissions Not from Our Group (Scope 3)

We aim to reduce CO_2 emissions per wafer (including reductions resulting from customers' introduction of renewable energy) by 55% compared to fiscal 2022 levels by fiscal 2031. By fiscal 2041, we plan to achieve net zero. As of fiscal 2025, we have reduced CO_2 emissions per wafer by 21% compared to the base year through the development and adoption of energy-saving auxiliary equipment.

Reduction Rates in CO_2 Emissions Related to Products



Value Creation by the Value Chain

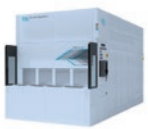
Sustainability Initiatives in the Value Chain

Logistics Initiatives

We are proactively promoting the adoption of STW and bringing about modal shifts in transportation. STW is lightweight, which is expected to reduce CO_2 emissions from transportation. It is also recyclable and has a lower environmental impact than wood. For these reasons, in fiscal 2025 we aimed to have a switchover rate of 50% or above from wooded crates to STW, resulting in 34.7% annually and 43.7% in the fourth quarter.
Going forward, we will focus on standardizing STW packaging and promoting its use with customers. We will work towards an increased goal of a 60% or above switchover rate by fiscal 2027. In addition, we greatly increased usage of ferries, such as switching over approximately 5,000 deliveries from trucks to ferries between Osaka and Fukuoka in fiscal 2025. Such modal shifts and joint deliveries resulted in a reduction in CO_2 emissions from logistics by 22.4%, a four-point improvement since fiscal 2024. Also, Tokyo Electron Miyagi and Tokyo Electron Kyushu are continuing to promote modal shifts to rail in the shipment of parts. The usage of EV trucks was reinforced in fiscal 2025, to 500 trucks used annually.

Initiatives for Product Development

We are working proactively on the development of products with reduced environmental impact. Our new product, Ulucus™ LX, which was launched in December 2024, can reduce the amount of deionized water used by over 90% compared to conventional back grinding and edge trimming processes. Also, LEXIA™-EX achieves a 20% increase in throughput, 40% reduction in carbon footprint and 14% reduction in CO_2 emissions compared to conventional equipment.


Ulucus™ LX


LEXIA™-EX

Biodiversity and Forest Conservation

In fiscal 2023, we formulated commitments to biodiversity and forest conservation. In fiscal 2024, in affirmation of the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD), we joined the TNFD Forum, which supports the TNFD's efforts. Furthermore, based on our fundamental understanding of the TNFD as a whole and the LEAP approach[1] advocated by the TNFD, we identified high priority areas and organized information about their status. We also conducted interviews with suppliers to confirm the status of their TNFD support and their awareness regarding it.

In order to become more nature-positive[2], we are investigating the impact that our business activities have on nature and the risks posed to our business by the loss of nature, and we are striving to disclose information appropriately. We will collaborate with our stakeholders in initiatives related to natural capital and biodiversity across our entire value chain.

1 LEAP approach: Locate, Evaluate, Assess and Prepare approach

"Biodiversity and Forest Conservation (TNFD)" on our website www.tel.com/sustainability/management-foundation/environment/index.html#tnfd

2 Nature-positive: Stopping and reversing harm to biodiversity in order to put nature back on a recovery course

Initiatives to Reduce Waste

To reduce waste, we are striving to curb the amount of waste we generate and to recycle waste. In addition to using an electronic manifest system[1] to properly manage waste, we are confirming statistical data regarding waste and performing on-site equipment confirmation to assess waste production trends and their causes. We are identifying buildings, processes and equipment which generate particularly large amounts of waste and implementing measures to reduce the waste they generate. These measures include separating waste and adding new processes. Specifically, to raise recycling rates and cut the amount of waste, we strictly separate waste, prevent resources wastage, optimization of parts inventories, use reusable boxes for deliveries, reuse cushioning material and contracting with waste operators capable of performing recycling. Through these efforts we are reducing the amount of waste that is sent to landfills or incinerated without recovering energy. We are also renovating our waste storage sites to increase their capacity while reducing the frequency of collection. Through this, we are striving to not only cut waste processing costs but also to reduce environmental impact.

Through these efforts, in fiscal 2025 we produced 222 tons of waste to be incinerated without recovering energy or buried in a landfill and achieved a recycling rate[2] of 99.2%. This marked the 19th consecutive year, starting in fiscal 2007, that we have met our target of a recycling rate of 97% or above. We also maintained a high recycling rate at our overseas plants and offices of 94.8%.

1 Electronic manifest system: A system in which, instead of using printed manifests to manage industrial waste, the flow of industrial waste products is managed through a communications network that connects information processing centers, waste generating enterprises, waste collection enterprises and waste disposal enterprises

2 Recycling rate: (Recycled amount/Amount of waste generated) × 100

Recycling rate
99.2%
(Global)

Sustainability Initiatives in the Value Chain

Initiatives Related to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Based on the recommendations offered by the TCFD, we are conducting deliberations and taking various measures based on the four frameworks of Governance, Strategy, Risk Management and Metrics and Targets relating to the risks and opportunities that climate change presents to our overall business.

Anticipated Risks and Opportunities of Climate Change Impact and Our Response

Timeline: Short-term = five years or less; medium-term = fiscal 2031; long-term = fiscal 2051
Scope: The entire Group as well as the entire value chain including upstream and downstream

Matters considered: Current and emerging regulations related to existing and new businesses, technical risks, legal risks, litigation risks, market risks and acute and chronic physical risks

Type (Scenario)	Risk or Opportunity Items	Timeline of Manifestation	Anticipated Risks or Opportunities	Impact on Tokyo Electron	Impact Evaluation[1]	Our Response
Transition Risks (1.5°C scenario)	• Cost increases pertaining to transition to low-carbon	Short- to medium-term	• It has been projected that the following levels of carbon tax[2] will be levied: Fiscal 2041: Approx. 30,750 yen/t-CO_2 • Reinforcing goals and measures for reduction in carbon emissions in each country • Soaring electricity/fuel costs • Soaring green power and renewable energy certificate unit prices	• Assuming that our greenhouse gas (GHG) emissions and renewable energy usage levels remained at the levels of fiscal 2025, the carbon tax burden would rise as follows: Fiscal 2041: Increase of 1.4 billion yen/year • Increased transportation costs • Increased procurement costs	Low	• Putting our initiatives to achieve our medium-term environmental goals based on SBT certification goals (promotion of energy preservation and promotion of renewable energy implementation) into practice • Through our initiatives to reduce carbon taxes, our estimated carbon tax increase for fiscal 2041 is a 5.4 billion yen reduction based on fiscal 2025 calculations • Installation of self-consumption solar power generation equipment in new building at Tokyo Electron Taiwan • Promotion of modal shifts, such as introduction of EV trucks, joint shipping and transition to delivery by rail and sea
	• Customer and market demands changing to a transition to low carbon	Short- to long-term	• Poorer evaluations among customers, investors, job seekers, nongovernmental organizations (NGOs) and local communities • Uncertainty in environmental measure developments • Delayed implementation of renewable energy	• Increased reputational risks • Increased costs of capital investment/ R&D expenses • Decreased net sales • Legal proceedings and fines if regulations are violated	Low ~ High	• Achieving certification for SBT net zero goals • Develop activities to achieve medium- to long-term environmental goals through E-COMPASS activities • Respond appropriately and promptly to environmental laws and regulations revised in each country • Implementing risk management utilizing the TCFD framework and our support for its recommendations • Promote disclosure of information on the above activities through integrated reports, our websites, etc.
Physical Risks (4°C scenario)	• Abnormal weather such as floods, landslides, disasters, storm/ flood damage (storms, typhoons)	Short- to medium-term	• Impacts on us, our customers and suppliers (supply chain disruptions, production/shipping delays, operation stoppages and other factors)	• Increased procurement costs • Decreased net sales • Increased insurance premiums	High	• Update and implement our business continuity plans (BCP) based on our business continuity management (BCM) framework • Implementation of risk response through suppliers' BCP assessments • Set out standards for a company-wide response to storm/flood damage (storms, typhoons etc.). Implement online training for all employees and enter into disaster insurance • Maintain a database of suppliers' production sites to promptly identify impacted suppliers and quickly collaborate in recovery efforts
	• Higher temperatures	Medium- to long-term	• Increased usage of air conditioning and chillers in clean rooms and others with rising temperatures	• Increased energy costs	Low	• Develop activities to achieve medium- to long-term environmental goals through E-COMPASS activities in the supply chain • Globally promote the latest research and development such as dealing with climate change in the supply chain, responding to environmental regulations and innovations in environmental technology to continually offer the Best Products with innovative technology in a timely manner
Opportunities (Common)	• Improved operational efficiency relating to the environment	Short- to medium-term	• Higher productivity	• Reduced energy costs	High	• Make a call for submissions on examples of internal initiatives related to the environment and recognize excellence with the Sustainability Award • Aim to achieve medium- to long-term environmental goals through E-COMPASS activities to promote responses to climate change and adapt to environmental regulations in the supply chain and through environmental technological innovation • Conduct leading-edge research and development on a global level and continually offer the Best Products with innovative technology in a timely manner
	• Generation of added value to products and services through technological innovation	Medium- to long-term	• Promote innovation toward development of low-GHG products and services and develop equipment and technologies that contribute toward the manufacture of lower power consumption devices	• Increased net sales • Improved reputation	Middle ~ High	

See below for the Initiatives Related to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
"TCFD" on our website www.tel.com/sustainability/management-foundation/environment/index.html#tcfd

1 Impact evaluation: Sets out the findings of evaluations of the impact of risks or opportunities within Tokyo Electron.
2 Carbon tax: We referred to the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario for the increase in tax associated with GHG emissions. 1 U.S. dollar was converted as 150 yen.

Sustainability Initiatives in the Value Chain

Supply Chain Management

Principles and System of Supply Chain Management

To build a supply chain that is sound and sustainable, we have formulated a procurement policy based on the laws, regulations and social norms of each country, as well as the RBA Code of Conduct, and together with its suppliers, is implementing activities based on this policy.

We work to build relationships of trust with our suppliers, including materials suppliers that handle parts and raw materials, staffing suppliers that provide services and logistics suppliers that handle physical distribution operations, who support our business as partners. Through ongoing communication with our suppliers, we identify issues in the supply chain from a variety of perspectives, such as labor, health and safety, the environment and ethics. These issues are shared among the relevant departments which then work on improvement measures, under the supervision of the CEO. We will continue to strive to create value across the supply chain by working with our suppliers to deploy our operations in compliance with global standards.

"Principles and System of Supply Chain Management" on our website
www.tel.com/sustainability/management-foundation/supply-chain-management/index.html

Initiatives in the Supply Chain

Sustainability Operations

We are progressively undergoing RBA audits at our major manufacturing sites in Japan and overseas, and in fiscal 2025, Tokyo Electron Kyushu headquarters have received the highest-rated platinum status. Additionally, our company has conducted a sustainability assessment for suppliers in areas such as labor, health and safety, the environment and ethics in accordance with RBA auditing standards. We hold briefings for our suppliers where we explain our most recent assessment results and points that need to be corrected and also request that the corrections be made so that we can improve. To ensure that all people in our supply chain can work of their own free will, we have expressly stipulated our zero-tolerance policy for forced labor and bonded labor, and have communicated this to our major suppliers. Going forward, we will work together with suppliers to further ensure compliance with the RBA Code of Conduct.

"Sustainability Operations" on our website
www.tel.com/sustainability/management-foundation/supply-chain-management/index.html#sustainability

Responsible Sourcing of Minerals

We conduct responsible mineral sourcing surveys as we see taking action against conflict minerals obtained through fraudulent methods, which lead to human rights violations and poor working conditions, as our corporate social responsibility. In fiscal 2025, we conducted our 11th annual survey, adding cobalt to the 3TG (tantalum, tin, tungsten and gold) target minerals. We were able to identify 298 smelters conformant with RMAP, one of the standards used for determining that minerals are not connected with conflict. In addition, no sourced materials were found to contain 3TG or cobalt obtained sourced illicit methods.

We have shared the results of the survey with our suppliers, and we are conducting due diligence activities while improving the accuracy of the survey and requesting a switchover to certified smelters.

"Responsible Sourcing of Minerals" on our website
www.tel.com/sustainability/management-foundation/supply-chain-management/index.html#minerals

Procurement BCP

As part of our business continuity plans, we collaborate with suppliers on ongoing disaster preparation. To appropriately grasp the increasingly complex supply chain, we enhance the supply chain visibility by leveraging IT systems. In addition, we conduct BCP assessments on our suppliers and analyze their responses to provide them with feedback to promote improvements in areas of concern. In fiscal 2025, we analyzed the impact of earthquakes and tsunamis on the supply chain assuming a Nankai Trough Earthquake and we ask our suppliers to implement and enhance disaster prevention and mitigation measures accordingly.

"Procurement BCP" on our website
www.tel.com/sustainability/management-foundation/supply-chain-management/index.html#bcp

Sustainability Initiatives in the Value Chain

Continuous Improvement of Business Operations and Creation of New Values

Promotion for Digital Transformation (DX) and Reinforcement of the Organizational System

We began DX activities related to product and business process re-engineering in January 2021 to enhance and optimize our operations concerning important material issues. We are introducing a new enterprise system across the Group with the aim of using global integrated information and the improvement of business efficiency, and we have completed the implementation of this system at our headquarters and in some of our manufacturing sites and overseas subsidiaries. Furthermore, we have successfully completed a project involving several hundred cases across the entire Group and have entered a new phase where all employees are engaged in promoting business process re-engineering through DX activities.

In our products, we will solve high-level challenges by continuously applying the processes of (1) Recognition (sensing and monitoring), (2) Analysis and prediction, (3) Control and (4) Learning and evolution (autonomous). We will apply these processes in various contexts, from development to mass production, all with the goal of enhancing customer value. In addition to this, we are implementing over 30 initiatives across the entire Group and will continue to advance these initiatives while flexibly responding to changes in the market environment and management strategies.

In our business process re-engineering efforts, we aim to enhance capital efficiency across all operations and promote DX activities involving all employees. In the future, promoting DX in business process re-engineering, along with productivity enhancements, will be essential to outperform a market expected to continue growing. While striving for efficiency through these efforts and transitioning to a new business model, we will contribute to the sustainable enhancement of our corporate value while achieving both increased profits and a better work-life balance for our employees.

We have also established the Business Process Design Strategy Division as one of our key organizational units while integrating and reorganizing our IT departments in headquarters and across the entire Group. This initiative aims to create a system that quickly and seamlessly aligns the business and IT department to further advance DX. Through this effort, we strengthen our global governance and enhance the effectiveness of our DX promotion framework.

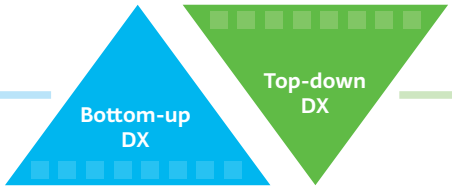
Effective Strategies for Driving Business Process Re-engineering through DX

Our DX initiative is crucial as it seeks to sustainably enhance corporate value while also increasing profits and enhancing work-life balance by enabling all our employees to engage in data-driven business practices. The Business Process Design Strategy Division is formulating a new mission, vision, and values to promote DX and is accelerating initiatives based on specific goals.

Mission (Roles)	Through our DX activities in business process re-engineering involving all employees, we aim to contribute to the sustained growth of TEL's corporate value by achieving both increased profits and a better work-life balance
Vision (Desired Vision)	Being an organization that identifies essential issues and takes optimal steps for the future of TEL

Our DX activities in business process re-engineering encompass both top-down and bottom-up approaches. Top-down DX involves identifying key improvements from a management perspective and addressing them collaboratively across the entire Group, treating each case as a project. On the other hand, field-led bottom-up DX engages in business process re-engineering through cooperation across the company while leveraging digital technology. By advancing initiatives with both top-down and bottom-up DX, we aim to proactively and sustainably achieve business process re-engineering through DX at both the management level and in the field.

An approach that is field-led and leverages digital technology, engaging in business process re-engineering through company-wide cooperation.



An approach that identifies the key improvements from a management perspective and implements company-wide solutions.

Sustainability Initiatives in the Value Chain

In these initiatives, it is essential for everyone from management to field employees, to continue embodying the TEL Values, which represent both the principles we aim to pass on to the future and our code of conduct. Amid such a backdrop, the Business Process Design Strategy Division serves as a key driver in advancing our business process re-engineering by leading efforts to build an ecosystem. These efforts include developing a roadmap and plans that align with management goals, creating an environment that leverages digital technologies such as generative AI, civic development and human resources development, and implementing change management to cultivate a DX culture.

Building an Ecosystem that Supports Sustainable Growth

Strategy
- Formulate a mission, vision and values for DX promotion
- Formulate a roadmap and plans that align with management goals etc.

Realization
- DX activities portfolio related to business process re-engineering and program management
- Promotion of major company-wide theme projects etc.

Foundation
- Build an organizational system that promotes company-wide DX activities
- Preparing an environment to utilize digital technology etc.

Collaboration
- Collaboration with company-wide DX activities
- Promotion of bottom-up DX measures etc.

Communication
- Communicate DX promotion initiatives within and outside the company
- Change management to cultivate the DX culture etc.

Specific Initiatives

Up to now, the focus has been on local optimization of business process re-engineering based on siloed systems and data usage specific to each site and division. However, we are currently identifying issues from the perspective of factors such as increased man-hours and investment efficiency, and are striving to achieve Group-wide and integrated business process re-engineering. Specifically, we are promoting DX in business process re-engineering throughout the Group, with data-driven management and business process re-engineering as the two pillars. Additionally, we are accelerating initiatives aimed at creating synergy through mutual collaboration.

In data-driven management, we are building quick and accurate decision-making processes by creating a data platform for the entire Group and setting KPIs based on roles and functions.

In business process re-engineering, we aim to realize optimal business processes that leverage data technology while efficiently supplying the necessary data for data-driven management and identifying business issues based on visible data.

Two Pillars for Business Design Strategies

Data-driven Management		Business Process Re-Engineering
		
Objectives	• Contribution to management decision making • Earlier understanding of the actual situation (and prediction) • Responsiveness to change and improved flexibility	Objectives • Shift to high value-added business • Higher productivity
Issues	• Balancing convenience and management of data usage • Data collection and collaboration	Issues • Lack of clarity in business management aligned with objectives • Individualized optimization

Optimization of output

Interaction

Easier input

Sustainability Initiatives in the Value Chain

Corporate Governance

Hybrid Governance Structures

We have enhanced the independence of the Board of Directors and strengthened its supervisory function by having outside directors make up the majority of the board, while ensuring an auditing function by the Audit & Supervisory Board, which is independent of the Board of Directors. We have also established a Nomination Committee and a Compensation Committee, both of which are chaired by outside directors, and in which outside directors make up the majority of each. Furthermore, we have also introduced a Corporate Officer system, and through the appropriate delegation of authority, we are working to establish a strong execution system with quick decision-making and agile business execution. In this way, we have established an effective, hybrid type of governance system that utilizes the advantages of the Audit & Supervisory Board system and also incorporates elements of the Company with Three Committees.

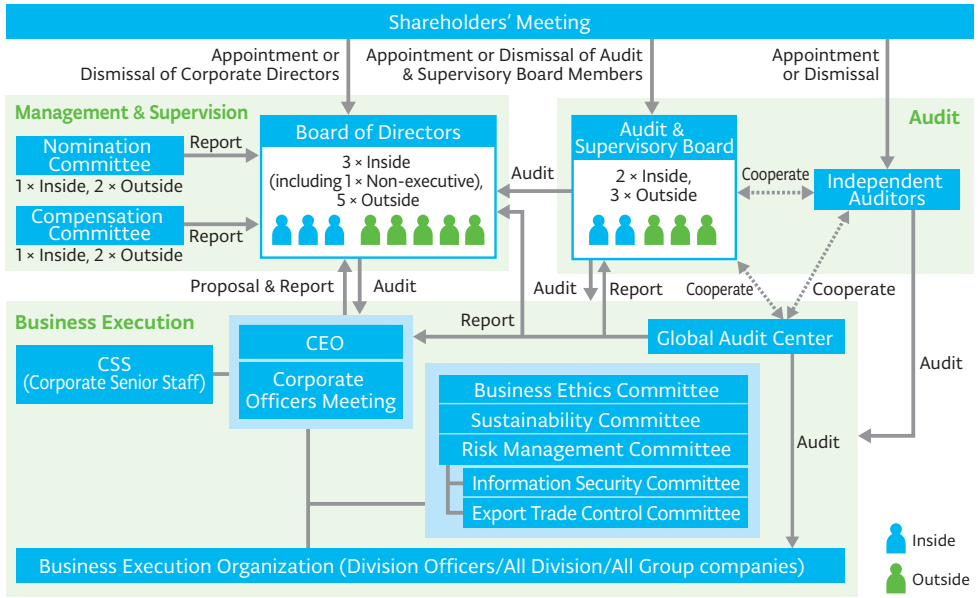
Changes in Corporate Governance

■ Systems ■ Nomination/Compensation Committees ■ Evaluation of the Effectiveness of the Board of Directors

CY	Outside Directors (Ratio)	
1998	One	■ Compensation Committee Established
		■ Stock Option System Introduced
1999		■ Disclosure of Compensation of Individual Representative Directors
2000		■ Nomination Committee Established
2002	Two	■ Term of Office of Corporate Directors Changed from Two Years to One Year
2003		■ Executive Officer System Introduced
2016		■ Self-evaluations Began
2017		
2018	Three	■ Medium-term Incentive System Introduced
2019		■ Chairperson of Compensation Committee: Outside Director
		■ Involvement of Third-party Organizations Began
2020		■ Stock-based Compensation System for Outside Directors Introduced
2021	Four (33%)	■ Chairperson of Nomination Committee: Outside Director
		■ Shareholding Guidelines, Clawback Policies Introduced
2022	Three (50%)	■ Corporate Officer System Introduced
		■ Outside Directors Made up the Majority in the Nomination Committee and Compensation Committee
2023		
2024	Four (57%)	
2025	Five (63%)	■ Director Compensation System Revised P. 58

See below for the corporate governance framework
"Corporate Governance" on our website www.tel.com/about/cg/

Corporate Governance Framework



Committees on the Executive Side		
Business Ethics Committee	Promote and oversee corporate ethics and compliance to ensure compliance with the Code of Ethics (review of systems, promotion of education and awareness-raising activities and confirmation of the use of the internal reporting system)	Twice annually
Sustainability Committee	Considers and formulates sustainability-related policies; sets and manages sustainability goals; implements company-wide projects (the environment, human rights, RBA)	
Risk Management Committee	Performs and shares information on company-wide risk management; establishes systems and mechanisms to investigate and counter risk scenarios for individual risk items in collaboration with risk owners	
Information Security Committee	Spreads awareness of information security strategies and policies; shares the current status of information security plans, etc.	
Export Trade Control Committee	Promotes export compliance activities	Annually

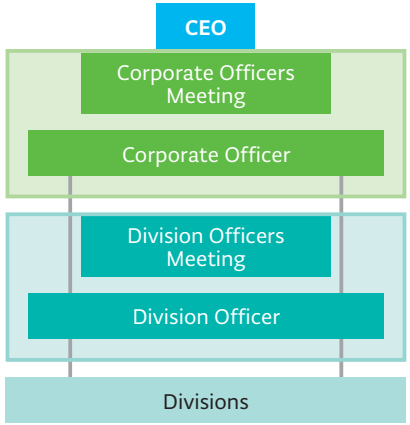
Sustainability Initiatives in the Value Chain

Corporate Officers and Division Officers

We introduced our unique Corporate Officer system in June 2022 to further strengthen governance and implement quick decision-making and agile business execution. Corporate Officers are the highest-level officers on the executive side within the Group and are responsible for the management of the entire Group, taking the same perspective as the CEO. Corporate Officers also contribute to the promotion of proactive management by attending Board of Directors meetings and swiftly and appropriately implementing the content discussed at these meetings into business execution.

We have also established the Corporate Officers Meeting as the highest decision-making body on the executive side. Not only the Corporate Officers but aslo inside directors and inside Audit & Supervisory Board members also participate in such meetings. The meetings contribute to the realization of more agile business execution by quickly deliberating and making decisions on key matters on the executive side. (Fiscal 2025: Held 21 times)

Furthermore, effective July 2024, we have renamed the position of division general manager (the head of each division) to Division Officer. Division Officers are responsible for the global operations of their respective divisions and are in charge of developing and executing effective strategies and promoting "offense × offense governance," including risk management. At Division Officers Meetings, discussions are held on important themes in each division, as well as transformation and future evolution. The CEO also participates in these meetings. (Fiscal 2025: Held 7 times)



Corporate Officer's Message

Seisu Ikeda
Corporate Officer
Executive Vice President & General Manager

As the highest decision-making body on the executive side, the Corporate Officers Meeting (COM) has been able to make effective executive decisions with swift deliberation, even as the number of responsibilities delegated by the Board of Directors increases. In fiscal 2025, to further enhance the agility of the COM, we introduced the Division Officer system, thereby creating an environment in which the Corporate Officers (COs) can engage in discussions even more from the same perspective as the CEO. Of course, since the contents discussed within the COM are also shared with the Board of Directors meetings, we believe that the Board of Directors' supervisory function over business execution is also being fulfilled.

Looking ahead, to enhance our corporate value over the medium to long term, the COM will engage in high-level discussions on numerous themes from the same perspective as the CEO, and work to communicate growth strategies—aligned with market expectations—in a timely manner.

Division Officer's Message

Tatsuya Aso
Vice President & General Manager
Division Officer, Global Business Platform Division

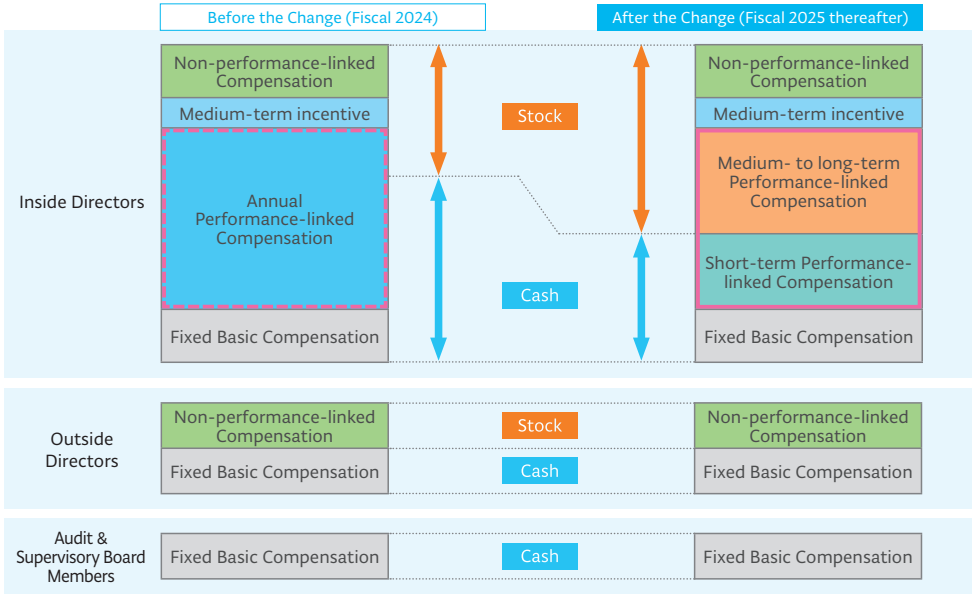
Whereas the COs make decisions on management execution from a company-wide perspective, we Division Officers (DOs) are responsible for executing the day-to-day operations of each division and function. In doing so, we embody and promote Tokyo Electron's basic stance of "offense × offense governance." Our monthly Division Officers Meeting is establishing itself as a forum for free and broad-minded discussion. Not only do we discuss initiatives towards achieving the Medium-term Management Plan, but each DO also brings forward themes related to Tokyo Electron's medium- to long-term transformation and evolution for becoming number one in the world. Moreover, as members of Corporate Senior Staff (CSS), each DO collaborates with the top management of local subsidiaries in addressing the Group's management challenges.

Sustainability Initiatives in the Value Chain

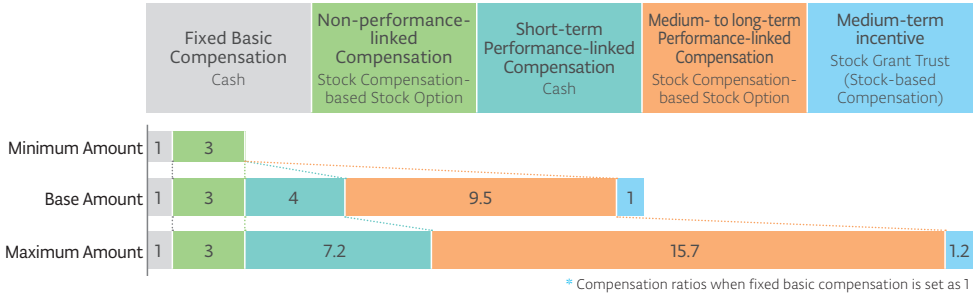
Director Compensation System

From fiscal 2025, to further strengthen the link with improving corporate value and performance over the medium to long term, the previous annual performance-linked compensation for inside directors was replaced with short-term performance-linked compensation (cash compensation) and medium- to long-term performance-linked compensation (stock-based compensation). The proportion of stock-based compensation has consequently increased, resulting in a compensation system that is more focused on medium- to long-term growth.

Overview of the Director Compensation System



(Reference) Composition of Compensation (Compensation Structure for the CEO in Fiscal 2025)



* Compensation ratios when fixed basic compensation is set as 1

Short-term Performance-linked Compensation (Cash)

- Linked to annual performance
- Calculation method for the payout amount (figure on right)

Base Amount (Set according to the scope of responsibility, etc.) × Mainly Financial Performance Evaluation (0–150%) × Non-financial Performance Evaluation (±20%) = Payment Amount (0–180%)

[Mainly Financial Performance Evaluation]
Evaluated based on metrics such as the consolidated operating margin, which is a key indicator in achieving world-class goals

[Non-financial Performance Evaluation]
Evaluated based on individually set missions (evaluation items). These missions include content related to sustainability for sustainable growth and medium- to long-term corporate value improvement, as well as initiatives towards short- and medium-term management strategy goals.

Medium- to long-term Performance-linked Compensation (Stock Compensation-based Stock Option)

- Performance evaluation period: 3 years
  Proportion of shares becoming exercisable is determined based on performance evaluation at the end of the evaluation period

The number of options granted based on base amount (Set according to the scope of responsibility, etc.) × Quantitative Evaluation (0–150%) × Qualitative Evaluation (±10%) = The number of shares that become exercisable (0–165%)

- Formula of calculating the number of shares that become exercisable (figure above)

[Quantitative evaluation]
Relative TSR (Total Shareholder Return) compared to the Philadelphia Semiconductor Index, comparison of consolidated operating margin and consolidated operating margin growth ratio with competitor companies

[Qualitative evaluation]
Initiatives towards long-term corporate value improvement are evaluated by the Compensation Committee

Medium-term incentive (Stock Grant Trust)

- The number of our shares granted fluctuates between 0% and 50% to 120% based on the achievement rate of performance targets in the final fiscal year of the target period (three fiscal years)
- Formula of calculating the share delivery points
  Consolidated operating margin and consolidated ROE are adopted as performance indicators

(Reference points (set according to the scope of responsibilities, etc.) × 70% × Consolidated operating margin attainment factor) + (Reference points (set according to the scope of responsibilities, etc.) × 30% × Consolidated ROE attainment factor) = Share delivery points

Non-performance-linked compensation (inside directors: stock-based compensation stock options, outside directors: stock grant trust)

- Inside directors

[Stock compensation-based stock option]
The payout amount is determined according to the scope of responsibilities, etc., and a three-year vesting period is established

- Outside directors

[Stock grant trust]
The amount paid is set at around 50% to 60% of the fixed basic compensation. Our shares shall be delivered after the expiration of the applicable period (three fiscal years)

Sustainability Initiatives in the Value Chain

Succession Plan

Our Nomination Committee Activity Guidelines define the required qualities and qualifications of the CEO and corporate directors (figure on right), and the criteria that serve as starting points for considering the appointment/dismissal of the CEO.

Regarding the development of CEO successors, we have formed a pool of candidates for the next generation of management personnel in accordance with the TEL Succession Plan, and we are working on the development of successor candidates under the supervision of the CEO, and in accordance with the Group's management mission. Attended by the representative director, members of the Nomination Committee and the executive officer in charge of human resources, the Top Management Review Meeting works in coordination with the Nomination Committee and Board of Directors to promote specific successor candidates, development plans and implementation of those plans. It is our policy that, while the CEO is involved in promoting human resources development at the levels that could yield successor candidates, the CEO is not involved in the actual process of nominating specific candidates from the pool of successor candidates.

Qualities and qualifications required of the CEO

- Capability to be the driving force of the Group as a whole
- Strong leadership with the ability to execute
- High level of management ability

Qualities and qualifications required of corporate directors

- Judgment and qualities that contribute to an increase in corporate value in the short-, medium- to long-term
- Skills, character, dignity, and insight appropriate for corporate directors
- Fairness, personal integrity, personality
- Ethical views appropriate to a global company
- Sensitivity to and understanding ability of risk

Message from the Nomination Committee Chairperson

Michio Sasaki
Outside Director
Nomination Committee Chairperson
Compensation Committee Chairperson

Under our Corporate Philosophy: "We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support," we are striving to become a world-class, highly profitable company. In this context, formulating a CEO succession plan is a crucial challenge, and as Chairperson of the Nomination Committee, I feel a heavy responsibility in addressing this challenge. Successor candidates are selected in close collaboration with the CEO, corporate directors, Corporate Officers, members of the Nomination Committee, the executive officer in charge of human resources and other relevant people, and the Nomination Committee engages in discussion with the goal of ensuring that succession to CEO occurs with the most suitable person at the most appropriate time, taking into account the roles and periods of experience they should gain for their development. Recognizing the importance of continuously developing the next generation of management personnel, we are further strengthening our initiatives. This includes formulating development plans at the Top Management Review Meeting, implementing executive training programs at TEL UNIVERSITY and the recent introduction of external assessments.

Succession Plan Framework

Value Creation by the Value Chain

Sustainability Initiatives in the Value Chain

Evaluation of the Effectiveness of the Board of Directors

To further enhance our governance and the effectiveness of the Board of Directors, we have conducted annual evaluations of the effectiveness of the Board since fiscal 2016 and have disclosed summaries of the results. In light of the analysis by external experts based on questionnaires and individual interviews reflecting on the activities during fiscal 2025, we conducted a self-evaluation following extensive discussion at meetings of the Board of Directors and at meetings for the exchange of opinions between outside directors and outside Audit & Supervisory Board members.

"Summary of Results of Evaluation of the Effectiveness of Tokyo Electron's Board of Directors" on our website www.tel.com/news/ir/2025/g6bf1200000000dy-att/20250530_001_e.pdf

Issues and Responses in Fiscal 2024

Issues	State of Responses
Role and function of the Board of Directors ● Working backward from the future outlook for sustainable growth, the medium- to long-term perspective for the Company will be shared at the Board of Directors meetings and off-site meetings, and the functions and roles that the Board of Directors should play, and the state of its governance system will continually be discussed. ● From the perspective of increasing the Company's corporate value, the Board of Directors' agenda will continue to be set appropriately, while working to align its perspective on medium- to long-term growth strategies and further enhance strategy discussions.	● The desired vision for the Board of Directors and the Corporate Officers Meeting, the roles of the Board of Directors and the executive side, etc. were discussed at an off-site meeting held in March 2025. ● In principle, the business environment and medium- to long-term strategic direction were reported by the CEO each time at Board of Directors meetings, and discussions were held. ● At off-site meetings (twice a year), medium- to long-term technological trends, development strategy, analysis of competitors, etc. were reported by the executive side, and discussions were held. ● The standards for submitting agenda items to Board of Directors meetings and Corporate Officers meetings were reviewed for the purpose of further advancing the delegation of authority from the Board of Directors to the executive side (brought into effect in May 2025).
Further strengthening of operational systems and acceleration of succession planning ● The existing system of Corporate Officers that also serve as division managers will be revised and a Division Officer system will be newly introduced. As a result, the system will be that Corporate Officers who share the same perspective as the CEO will focus on higher-level management issues, while Division Officers, who are composed mainly of next-generation management personnel, will supervise business execution in each division.	● Decision making and strategies for key management issues were discussed through Corporate Officers meetings (held 21 times during fiscal 2025). ● A Division Officer system was introduced, and the key topics and transformation and evolution for the future of each division were discussed through Division Officers meetings between the Division Officers, who supervise those divisions, and the CEO (held seven times during fiscal 2025). ● External assessment of next-generation senior management human resources was conducted.

Overview of Fiscal 2025 Evaluation Results and Future Initiatives

Overview of Evaluation Results

● The Board of Directors, including the Nomination Committee and the Compensation Committee, is functioning effectively and appropriately fulfilling its roles and responsibilities, while maintaining a high level of overall effectiveness
● Based on the results of the external experts' analysis and evaluation, discussions at the Board of Directors will continue on the functions and roles that it should play in light of the Company's desired vision for sustainable growth, and on the executive side, the necessity to further strengthen its management and execution functions has been recognized.

Future Initiatives

(Role and function of the Board of Directors)
● The Company will ensure that the supervisory and executive sides align with each other on the Board of Directors' role and what it should aim for so as to match on the Company's growth and future.
● Ongoing discussions on the Company's governance system, including its organizational structure, will be further deepened.

(Operational systems)
● Initiatives for executive succession planning will be accelerated.
● The Corporate Officer system will be reviewed, and how the operational system should be in the future will be considered.

Fiscal 2025 Main Topics for the Board of Directors and Off-site Meetings

CEO	● Reports on status of business execution by CEO (each meeting) ● Sharing of CEO missions
Medium- to Long-term Growth Strategies	● Market environments over the medium to long term and our growth plans ● Medium-term Management Plan and beyond growth strategies ● Analysis of competitors ● Product development strategy ● Financial strategies, capital policy, human resource strategies ● Expansion and reinforcement of development and production facilities in Japan and overseas ● India strategy
Sustainability	● Compliance with new international disclosure standards ● Initiatives for environment and net zero ● Human rights and supply chain management ● Intellectual property activities
Risk/ Compliance	● Risk management ● Global risks (geopolitics, talent war, etc.) ● U.S. trade policy, and export control compliance ● Legal affairs and compliance ● Information security
Corporate Governance	● Director Compensation System revised ● Reports on internal audits ● Status of investment targets and cross-shareholdings ● Status of IR activities ● Status of the activities of the Nomination Committee and Compensation Committee ● Status of progress of successor development plan ● Board of Directors Regulations revised ● Confirmation of progress on issues in evaluation of the effectiveness of the Board of Directors ● Closed session on evaluation of representative directors

Sustainability Initiatives in the Value Chain

Corporate Directors, Audit & Supervisory Board Members and Corporate Officers (As of July 1, 2025)

Corporate Directors

Toshiki Kawai
Representative Director
President & CEO
Corporate Officer

Sadao Sasaki
Representative Director
Senior Executive Vice President
Corporate Officer
Chairman & Representative Director, Tokyo Electron Technology Solutions Ltd.

Kazushi Tahara
Corporate Director
Chairman of the Board of Directors

Michio Sasaki
Outside Director
Director and Chairman, SHIFT Inc.

Sachiko Ichikawa
Outside Director
Partner, Tanabe & Partners
Outside Director, OLYMPUS CORPORATION
Outside Director, Azbil Corporation
Director, The Board Director Training Institute of Japan

Joseph A. Kraft Jr.
Outside Director
CEO, Rorschach Advisory Inc.
Outside Director, Sony Group Corporation

Yukari Suzuki
Outside Director
Outside Director, SECOM CO., LTD.

Yukihiro Shinohara
Outside Director

Audit & Supervisory Board Members

Yutaka Nanasawa
Audit & Supervisory Board Member

Tsuguhiko Matsuura
Audit & Supervisory Board Member

Ryota Miura
Outside Audit & Supervisory Board Member
Partner, Miura & Partners Legal Profession Corporation
Outside Director, Eisai Co., Ltd.

Yutaka Endo
Outside Audit & Supervisory Board Member

Ayako Makino
Outside Audit & Supervisory Board Member
Representative, Makino Certified Public Accounting Office
Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc.

Corporate Officers

Tatsuya Nagakubo

Seisu Ikeda

Yoshinobu Mitano

Takeshi Okubo

Keiichi Akiyama

Hiroshi Ishida

Sustainability Initiatives in the Value Chain

Skills Matrix

We will realize medium- to long-term profit expansion and continuous corporate value enhancement through each corporate director and Audit & Supervisory Board member, who have demonstrated their skills in Global Business, Governance, Sustainability, and others listed below as determined by the Nomination Committee and the Board of Directors.

	Name			Expected Skills					
				Corporate Management	Semiconductor Markets	Manufacturing/ Development	Sales/ Marketing	Finance, Accounting/ Engagement with Capital Markets	Legal Affairs/Risk Management
Corporate Directors	Toshiki Kawai	Reappointed		●	●	●	●		
	Sadao Sasaki	Reappointed		●	●	●	●		
	Kazushi Tahara	Newly appointed		●	●	●	●		
	Michio Sasaki	Reappointed	Outside	●		●	●		
	Sachiko Ichikawa	Reappointed	Outside					●	●
	Joseph A. Kraft Jr.	Reappointed	Outside					●	●
	Yukari Suzuki	Reappointed	Outside	●			●		
	Yukihiro Shinohara	Newly appointed	Outside	●		●			●
Audit & Supervisory Board Members	Yutaka Nanasawa				●			●	
	Tsuguhiko Matsuura	Newly appointed		●	●	●	●		
	Ryota Miura		Outside						●
	Yutaka Endo		Outside	●				●	
	Ayako Makino	Newly appointed	Outside					●	●
				8	5	6	6	5	5

Definition of Expected Skills and Reasons for Nomination

Corporate Management	Experience of corporate management (experience serving as a representative director or chairman/president) is necessary to fulfill the supervisory function of the Board of Directors and achieve "offense × offense" governance.
Semiconductor Markets	Knowledge of the semiconductor markets is necessary to further promote aggressive management in the semiconductor production equipment industry which is characterized by rapid technological innovation and dynamically changing market.
Manufacturing/ Development	Knowledge/experience in manufacturing and development at TEL and other manufacturers are necessary to strengthen research and development capabilities based on technological trends and customer needs, and to establish environmentally considerate and efficient manufacturing operations.
Sales/Marketing	Knowledge/experience in sales and marketing at TEL and other manufacturers are necessary to be the sole strategic partner for our customers and contribute to further value creation through proposing optimal solutions.
Finance, Accounting/ Engagement with Capital Markets	Knowledge in financial accounting and M&A, or knowledge/experience in engagement with capital markets are necessary to formulate and execute growth and financial strategies, improve capital efficiency, and further enhance shareholder value through shareholder returns.
Legal Affairs/Risk Management	Knowledge of legal affairs, compliance, and risk management is necessary to appropriately respond to increasingly complex and diverse risks throughout the Group as opportunities for business growth.

Message from the Chairman of the Board of Directors

Kazushi Tahara
Newly appointed Corporate Director
(Chairman of the Board of Directors)

Tokyo Electron's vision is to be "a company filled with dreams and vitality that contributes to technological innovation in semiconductors."

We aim for medium- to long-term profit expansion and continuous corporate value enhancement by pursuing technological innovation in semiconductors and utilizing our expertise to continuously create high-value-added, leading-edge equipment and technical services. To realize this Vision, the Board of Directors has continuously worked to establish and strengthen our corporate governance structure. This has been done to ensure fair and transparent management and to anticipate and respond to various evolving global risks from a medium- to long-term perspective.

In fiscal 2023, we introduced the Corporate Officer system to further promote offensive management on a global basis and to achieve short-, medium- and long-term profit expansion and continuous corporate value enhancement. The Board of Directors has appropriately proceeded to delegate authority to the Corporate Officers Meeting (the highest decision-making body on the executive side), thereby enabling the Board to focus more on its supervisory function. Then in fiscal 2025, we introduced the Division Officer system. Under this new framework, corporate officers are able to focus more on higher-level management issues, while Division Officers—composed mainly of the next generation of management personnel—are tasked with supervising business execution. Additionally, to further enhance our governance and the effectiveness of the Board of Directors, we have conducted annual evaluations of the effectiveness of the Board since fiscal 2016, deepened discussions on the desired vision of our Board and operational systems, and implemented initiatives for improvement as appropriate.

In fiscal 2025, we achieved our highest-ever net sales and operating income since Tokyo Electron was founded. In our Medium-term Management Plan, we have set targets of net sales of 3 trillion yen or more, an operating margin of 35% or more, and ROE of 30% or more by fiscal 2027. One of our strengths is our open and flat corporate culture. Even within the Board of Directors, we place great value on preserving this positive culture. As we work toward achieving the Medium-term Management Plan, we will continue to engage in dynamic discussions, make the best possible decisions in a timely manner, and operate an effective Board of Directors that meets the expectations of the capital market, drives sustainable growth and enhances medium- to long-term corporate value.

Sustainability Initiatives in the Value Chain

Messages from Newly Appointed Executives

Yukihiro Shinohara

Newly appointed Outside Director

Tokyo Electron is a global company leading the semiconductor industry, and I am honored to be a member of its Board of Directors. I identify with the Company's Corporate Principles and have always had a high regard for its technological excellence and spirit of innovation. Throughout my career, I have been committed to valuing customers and building businesses through technology. In conducting B2B business, I believe that sound growth hinges on how quickly we can make and execute proposals that shape society and contribute to our customers. These are uncertain times, but at the same time, they are an opportunity for transformation and growth. As a corporate director, I hope to support each and every one of our global team so they can take on challenges confidently and through open communication.

In line with our Corporate Philosophy—to "strive to contribute to the development of a dream-inspiring society"—I will fulfill my responsibilities to enhance corporate value and contribute to all our stakeholders.

Tsuguhiko Matsuura

Newly appointed Audit & Supervisory Board Member

In my view, one of Tokyo Electron's sources of growth is its pursuit of challenges and its ability to transform itself. When I joined the Company approximately 40 years ago, it still retained the unmistakable atmosphere of a technology-focused trading company from its founding days. From a trading company to a manufacturer, and through global expansion, Tokyo Electron continues to grow through innovation to this day. The social environment surrounding us and the norms expected of us are also changing significantly, so our approach to governance and compliance must also constantly transform. As a member of the Audit & Supervisory Board, I fully recognize the weight of this responsibility. Drawing on my experience in managing business departments within the Company and local subsidiaries overseas, I will strive to live up to the trust of our shareholders and all other stakeholders.

Ayako Makino

Newly appointed Outside Audit & Supervisory Board Member

I am honored to be appointed as an outside Audit & Supervisory Board member of Tokyo Electron, a global leader in the field of semiconductor production equipment, pursuing technological innovation in semiconductor technology that supports the sustainable development of society. While demand for semiconductors is rapidly increasing with the spread of AI and IoT, U.S. tariff policy may affect Japanese semiconductor production equipment manufacturers, and I believe management decisions will require even greater caution going forward.

As a certified public accountant, I have spent approximately 30 years at a major auditing firm supporting the sound growth and sustainable management of companies. I have also served as Audit Committee Chair within the firm and its group, where I dedicated myself to strengthening corporate governance and enforcing thorough risk management. Drawing on my past experience, I will contribute to enhancing corporate value and building trust with all stakeholders in my role as an Audit & Supervisory Board member. While ensuring fairness and transparency, I will fulfill my role in further enhancing corporate governance and supporting sustainable growth.

Sustainability Initiatives in the Value Chain

Roundtable with Outside Officers

At Tokyo Electron, corporate governance is regarded as important for realizing sustainable growth and enhancing corporate value. Five outside officers discussed their impressions of the Board of Directors, our governance in pursuit of earning power, and the challenges we face in becoming a truly excellent global company.

Please share your impressions of the Board of Directors from your positions as outside officers.

Suzuki The table used for Board of Directors meetings is a round table where each person is equidistant. I think this layout embodies the Board's approach. Board meetings have a feeling of openness, and all attendees engage in a frank and constructive sharing of opinions. You can feel how open the lines of communication are throughout the organization. This environment is extremely effective in fostering greater sharing of management issues and improving the quality of decision-making. I look forward to it becoming even more diverse in the future as we develop and promote people with a wider range of perspectives across the lines of gender and nationality.

Endo I feel the same way about the open lines of communication Ms. Suzuki mentioned. One example of that is that corporate officers other than representative directors, who do not have voting rights, also attend Board meetings. Because of this, the latest information from the executive side of the Company, and its recognition of issues, are shared directly with outside officers, which makes rapid and accurate decision-making possible. Furthermore, reporting on the status of business by the CEO is always based on the very latest information, and care is taken to prevent any information gaps between corporate officers and outside officers. The Board of Directors' operating structure is therefore capable of appropriate decision-making, which is deserving of recognition and appreciation. We are seeing rising uncertainty as a result of geopolitical risks and economic policies, and I hope that the Board will deal with changes in the external environment firmly and soundly and will further enrich its discussions aimed at achieving sustainable growth.

Kraft I think Tokyo Electron is really sincere in its approach to governance. In particular, our corporate officers, who are highly knowledgeable about on-site operations, provide explanations and opinions backed by actual operations. They serve as invaluable information sources that increase the precision of decision-making by outside officers. With respect to the changes in the external environment that Mr. Endo touched upon, I hope the Board of Directors will be able to focus on more substantial discussions on the macro-level business environment and the Company's medium- to long-term direction, such as dealing with technologies that could be game changers as well as transforming business models and implementing M&A strategies with an eye toward those game-changing technologies. I believe that engaging in deeper discussions from medium- to long-term perspectives, based on the changing international situation, will contribute to the sustainable growth of the Company.

Miura It feels clear to me that Tokyo Electron is continuously improving and evolving the functions of the Board of Directors based on our evaluations of the Board's effectiveness. You can see this stance in the establishment of the Corporate Officers Meeting, the delegation of authority to the executive side of the Company, new initiatives for using the time freed up by this delegation for deeper discussions of strategies and plans and the enrichment of Off-site Meetings. The Board is one in which participants are equal. The management team and the outside officers are all on the same level, and the meetings are not tense or strained. Instead, everyone engages in frank, constructive debate, which is one of the key features of the Board. As Mr. Endo and Mr. Kraft said, I hope that the Board will not limit itself to the evolution of its system but also engage in more diverse discussions by actively taking on matters that are seldom raised when using an

Sustainability Initiatives in the Value Chain

approach focused on on-site operations, such as medium- to long-term management strategies or the international situation.

Ichikawa To add to what everyone else has said, I am now in my fifth year as an outside officer, and I feel that Tokyo Electron's Board of Directors is based on a tightly designed framework, and special note should be made of the attention paid to explaining proposals in advance and to the decision-making process. The explanations provided by the executive management are consistent, and the stability of the Board and the consistency within the Company are deserving of recognition. What is more, three new outside officers have been appointed with expertise in global business, finance, geopolitics and diversity. I see this as a great stride in strengthening our governance as a company in the semiconductor industry, which is marked by dramatic change. I hope that their addition will help create even more solid governance by bringing more diverse expertise to the Board and promoting lively discussions.

What are your views on our governance in pursuit of earning power?

Miura Tokyo Electron's Board of Directors has firmly established governance with a focus on earning power, and it maintains a consistent stance with respect to profits. It employs a process in which management sets clear business targets and the Board follows up by verifying the achievement of these targets. In particular, the CEO continuously communicates the Company's approach to achieving healthy profit generation by using sales growth to secure appropriate profit margins, instead of simply relying on cost reductions. This approach has become firmly rooted throughout the Group, and I believe these efforts are also deserving of recognition. There are also discussions in Board meetings about the importance of securing the top line. I do not feel like governance is functioning merely as a brake for business operations, but instead that it is functioning as a system that enables management to step on the gas to achieve growth while taking appropriate risks. The Company has grown thanks to its high level of commitment to business results each fiscal year and its implementation strengths, supported by the characteristics of the semiconductor industry and the expansion of the semiconductor market. To continue to prepare for uncertainty, such as sudden changes in the business environment, I believe we must further deepen our discussions regarding our medium- to long-term growth strategies and latent risks.

Endo As Mr. Miura said, I think it is important to discuss things from a medium- to long-term perspective with an eye toward future sustainable growth. For example, with regard to strengthening capabilities in the short, medium and long terms, where quantitative evaluation is difficult, the free creativity and spirit of challenge of young engineers and researchers, in particular, are the sources of innovation. That is why it is important to connect them to sustainable competitiveness and profit growth. To accomplish this, I believe that it is absolutely vital that we continuously foster a corporate culture that encourages engineers as they take on new challenges. Furthermore, for our business environment, which is marked by growing uncertainty, I feel that in addition to the linear growth forecasts of the past, we must also formulate multifaceted scenarios that incorporate unexpected technological innovation and geopolitical risks. Rebuilding strategies with new perspectives, instead of clinging to our experiences with success in the past, are the key to advancing Tokyo Electron to the next stage.

Suzuki Mr. Endo mentioned fostering a corporate culture earlier. I think Tokyo Electron needs to deliberate a medium- to long-term approach, including revising the Company's organization structure and its human resource strategies. The Company is based in Japan, whose working-age population is shrinking dramatically. From the perspectives of diversity, I think that trying to match the growth of the semiconductor market using a conventional organization expansion approach would present structural difficulties. While the current homogenous nature of our organization creates a sense of unity, I feel that measures must be taken to enable the participation of diverse human resources. If we are going to continuously innovate, we will need to attract skilled people from around the world, promote diversity at every level and respect different cultures and values. It will be essential for us to foster a flexible culture that can turn these cultures and values into our organization's strengths.

Kraft As Mr. Endo touched on before, I think it is extremely important to make predictions that include unexpected risks from a variety of angles. For example, there is expectation to reinforce our M&A strategies, human resource strategies and other medium- to long-term strategies from a macro perspective. As for dealing with risks, I feel that going beyond just risk management that deals with problems when they occur to risk assessment before the problems occur in the first place will help us build a stronger structure. It is very reassuring to know that we are focused on day-to-day KPIs and that we practice management with its feet firmly on the ground, and that is an area where I believe the Board of Directors is worthy of recognition. Based on that foundation, for us to further improve our corporate value, I believe that the Board can engage in more in-depth discussions of medium- to long-term strategies and investment with risk assessment in mind.

Ichikawa As others have said, when we look at our earning power, we should not just look at recent business results. Instead, our evaluations should also include future

Sustainability Initiatives in the Value Chain

growth potential. From a governance perspective, I think that in addition to this, we need to keep asking whether or not our sources of competitive advantage are sustainable or not. Our management team has demonstrated a clear and powerful commitment to financial performance, and I see it as standing out from other Japanese companies for its pursuit of earning power. I feel this powerful driving force is the foundation that supports our competitive advantage within the semiconductor industry, which has such fierce competition. I look forward to this approach being the motivating force that further enhances our ability to implement our strategies.

What challenges do you think we face in becoming a truly excellent global company?

Suzuki Tokyo Electron already generates a large percentage of its sales overseas. We enjoy broad-ranging support around the world, which is a point worthy or recognition. I think that the first step in achieving our future growth is sharing an internal vision of being a truly excellent global company. To attract skilled people from around the world, we need to put our strengths and appeal into words and perform branding. I believe this will contribute to the enhancement of our corporate value. To fully communicate our appeal, we need to verbalize the reasons that our employees find such reward in their work and our environments, which enable engineers to actively thrive. We have to communicate these with the outside world. Hiring diverse personnel and enhancing corporate branding take time, so I see these as vital issues that we should tackle immediately as we maintain and improve our long-term competitiveness in the face of global competition.

Ichikawa Ms. Suzuki mentioned organizational diversity and enhancement of brand power that are hard to express numerically. I recognize these as fundamental challenges that must be tackled for Tokyo Electron to make a further leap as a global company. Different people have different aims, which is why it is vital to put them into words and share the same direction throughout the Tokyo Electron Group so that we can take the Company to the next level. Our competitors based in Europe and the United States surpass us in speed and implementation strengths in everything from issue recognition to execution. I think the key to our future growth will be to use the strengths we have as a company based in Japan while establishing global operations that also leverage the strengths of our overseas sites.

Kraft In verbalizing what it means to be a truly excellent global company, I think it is invaluable to look back at the features of a quality company, such as those indicated in "*In Search of Excellence*" by Tom Peters and Robert H. Waterman Jr., and for the Board of Directors to reconfirm where we are now and what our vision is for the future. I also want us to turn our attention to new initiatives and ideas for spurring innovation by applying game-changing creativity that can overturn conventional industry wisdom. For example, consider the bold concept of establishing an educational institution in concert with other companies, where people can systematically learn about semiconductors. That might not be feasible, but it might be worthwhile to attempt it, because if we succeeded it would expand our social influence and reinforce our future human resource base. Putting ideas like this on the Board's agenda contributes, I believe, to respecting diverse opinions and fostering a corporate culture that supports taking on new challenges. What is more, being highly attuned to geopolitical risks and having the flexibility to reflect them in our medium- to long-term growth strategies will create a foundation that supports our sustainable growth.

Endo If we are to establish a position as a top industry player at the global level, we need to have the ability to accurately and quickly gather and understand information about changes in the global environment and maintain a solid financial foundation that can withstand unexpected economic situations. By discussing our medium- to long-term vision and direction in Board of Directors meetings to achieve a shared understanding, as Mr. Kraft pointed out earlier, we can see the hiring of overseas personnel and changes in the international situation, such as a potential crisis in Taiwan, as something that affects us. To cultivate a greater sensitivity to future geopolitical risks, I think we need to not only learn from past cases but also envision future changes from a variety of angles. We need advanced intelligence functions capable of envisioning different scenarios. I think another of our priorities must be securing a strong financial constitution that enables us to absorb unexpected economic shocks and continue making necessary investments.

Miura As others have pointed out, in the increasingly competitive semiconductor industry, to create strategies that will enable us to surpass our competitors, we cannot just come up with ideas along the same trajectory as what we have done in the past. Instead, we have to engage in multifaceted, flexible discussions and develop noncontinuous growth strategies that take geopolitical risks into consideration. In that sense, as well, I hope we can bring in the wide-ranging experience and expert knowledge of our newly appointed outside officers as we increase the effectiveness of the Board of Directors and provide powerful support for Tokyo Electron's sustainable growth. In aiming to be a truly excellent global company, it is vital that we use not only quantitative indicators but also strategic thinking that includes our social raison d'être and cultural diversity. I am convinced that the Board will come to play an even more important role in promoting these efforts.

Sustainability Initiatives in the Value Chain

Engagement with Capital Markets

Our management actively engages in IR (Investor Relations) and SR (Shareholder Relations) activities to contribute to our sustainable growth and increase corporate value over the medium to long term.

In terms of IR activities, the CEO and executives in charge present at quarterly earnings release conferences, the Medium-term Management Plan briefings and IR Day to share our business strategies and growth story with stakeholders and institutional investors. We have also established the IR Department to deepen discussions with our investors. In fiscal 2024, we established the IR branch in New York, which increased opportunities for face-to-face dialogue with investors in North America, and we are working to increase awareness of our company and Japan's semiconductor production equipment industry.

Furthermore, the interests of our investors in fiscal 2025 were, in addition to market trends and business performance overviews, leading-edge technology, competitiveness and geopolitical impact.

As a part of our SR activities, company executives play a central role in constructive dialogue with our major investors and proxy advisory firms. In addition to explaining the Shareholders' Meeting agenda in advance, we engage in repeated dialogue throughout the year on a wide range of topics, such as initiatives for sustainability, which include corporate governance, the environment, human rights and DE&I, and we work to deepen mutual understanding while making our efforts lead to greater disclosure. Opinions gathered from this dialogue are regularly reported to management and the Board of Directors.

Main Activities

Engagement with Capital Markets[1]	IR Activities	● Individual meetings for institutional investors: 912 times in total (166 times with investors in Japan, 417 times with investors from overseas, 218 securities company conferences, 8 domestic IR road shows[2], 55 overseas IR road shows, 48 times elsewhere[3]) ● Tours of plants and facilities 11 times (of which, 2 tours of overseas research laboratories)
	SR Activities	● Individual meetings for institutional investors: 25 times
Provision of Information	Financial Announcement Medium-term Management Plan Announcements IR Day	● Broadcasting using simultaneous interpretation ● Broadcasting of archives from announcements/conferences within one business day; disclosure of Q&A within two business days
	Shareholders' Meeting	● Posting of convocation notices on the website and dispatch of convocation notices at an early stage ● Disclosure of presentation and Q&A material
Disclosure of Materials	IR-related	● Consolidated Financial Statements, Integrated Report, Data Book (each once per year) ● Quarterly Report, Earnings Release, Financial Announcement Materials, Investors' Guide (each 4 times/year)

1 Fiscal 2025 2 Road show: IR activities presented directly to shareholders and investors 3 SEMICON West, SEMICON Japan, etc.

Safety

Approach to Safety

Our Management Policies, which view safety as our first priority, have been clarified in writing. As a company that fulfills our social responsibilities, we provide equipment that satisfies high safety standards, and while striving to build a relationship of trust with our customers, everyone in the Group, from top management to field representatives, gives safety the highest priority when carrying out all kinds of operations such as development, manufacturing, logistics, installation and maintenance under the "Safety First" slogan. Based on this approach, we actively and continuously improve safety as we aim for the medium- to long-term growth of the company.

Revision of the Safety Policy[1]

We revised our Safety Policy in fiscal 2025 to further clarify the responsibilities of management and employees.

In this revision, we stipulated that management will be aware of the opinions of those on the field in a timely and accurate manner, and employees will prioritize safety in their actions so that we can work toward relationships of mutual trust and favorable forms of communication.

Furthermore, we clarified our commitment to continuous improvement using the management system based on OHSMS[2]. We undergo RBA audits to confirm the safety of our labor environment while steadily working on acquiring ISO 45001[3] certification.

1 "Safety Policy" on our website www.tel.com/sustainability/management-foundation/safety/

2 OHSMS: Occupational Health and Safety Management System. A management system to improve the overall level of safety and occupational health

3 ISO 45001: An international occupational health and safety management standard. Tokyo Electron Korea, Tokyo Electron Taiwan and Tokyo Electron Europe have acquired certification.

Sustainability Initiatives in the Value Chain

Safety Training

To help increase employees' awareness concerning safety and to create a safe workplace, we developed two main training programs (safety foundation training and safety technical training) to be used worldwide, with target employees required to undergo this training.

The aim of safety foundation training is for all employees to learn the basics of safety to enable them to carry out operations safely.

Safety technical training is a highly specialized program for engineers who work on production lines and in cleanrooms and is provided continuously while the contents are updated each year. In addition, we provide training on safety rules, laws and regulations in various countries for visiting employees and those who will be transferred overseas, minimizing risks globally and improving safety awareness.

Product Safety Design

Taking the entire product life cycle into consideration, we carry out product risk assessments as early as possible in the development phase. We implement inherently safe design[1] to reduce the risks posed to humans by incorporating the assessment results in the design. In addition, we conduct global surveys of increasingly strict laws and regulations and ensure compliance checks through third-party conformity assessment bodies to ensure conformity with international safety standards and SEMI Standards[2] on the product we ship. Furthermore, we build relationships of trust with our customers by complying with appropriately to the laws and regulations of each country and region in which we deliver our product and by providing high-quality and safe equipment.

1 Inherently safe design: A design concept that eliminates the cause of the machine's harm to humans through the safety design of the machine
2 SEMI Standards: SEMI Standards are regulations formed by SEMI, an international industry body which serves manufacturers of semiconductor production equipment, flat panel display production equipment, materials and the like, to unify all of these international industrial standards.

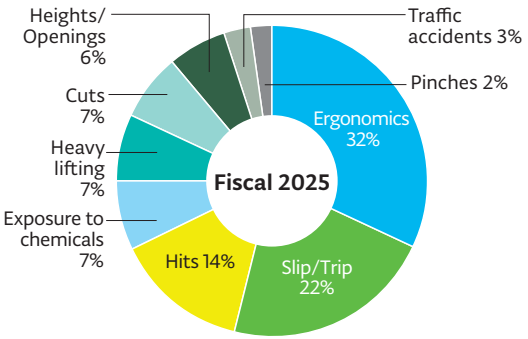
Responding to Incidents

In the event of an incident, we quickly share information with all the people in the Group involved in safety, including management, by operating the TEL Incident Reporting System (TIRS*). Each department takes the lead in confirming the implementation status of incident responses and recurrence prevention measures, and the results are reported to meetings attended by management and shared with all employees through the Safety and Health Committee and other means.

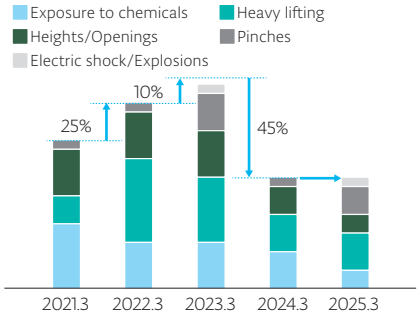
We also define workplace injuries that have the possibility of causing severe physical impact, such as injuries from heights and openings, accidents resulting from heavy lifting, exposure to chemicals and contact with machinery in operation, as significant control injuries. We conduct thorough analyses and implement measures for such incidents. In fiscal 2026, we are also working to eradicate significant control injuries through Stop Work retraining and strengthening onsite inspections.

* TIRS: TEL Incident Reporting System. System that makes the first report within 24 hours of the incident and shares with all relevant parties

Percentages of Injury Type



Ratio of Increases and Decreases in Significant Control Injuries



Activity Results and New Initiatives

Our TCIR[1] maintained 0.23 in fiscal 2025, which is top class among the major manufacturing industry. On the other hand, we are implementing measures that utilize VR in addition to traditional hands-on training to further promote the prevention of incidents. We are also focusing on new initiatives such as special training[2] for engineers who deal with manufacturing and service, in addition to spreading awareness on correct Stop Work knowledge.

1 TCIR: Total Case Incident Rate. The number of workplace incidents per 200,000 work hours
2 Special Training: Written tests are implemented instead of multiple-choice tests to better accurately determine the level of understanding of the material learned and are graded by AI.

Sustainability Initiatives in the Value Chain

Quality

Efforts for Quality Improvement

In order for each employee to correctly understand and practice quality assurance activities, it is important to clearly define the goals to be achieved, and to create an environment and foster a culture in which those goals are widely understood. Upon clarification of the ideal form of quality assurance, we established "Our Approach to Quality" and "Quality Policy*" and set quality indicators to be achieved. Based on such policies and approaches, we are working toward sharing goals and establishing awareness by continuously communicating the importance of quality to our employees. Furthermore, we regularly review regulations and basic education on quality as appropriate and consistently implement the most current materials. Also, by visualizing quality information, we have set up a system in which employees constantly acknowledge their own roles and goals, and can implement proactive quality activities in their everyday work. Through this, we are conducting the prevention of product quality issues. Additionally, we work toward continuous business growth by having employees thoroughly confirm each other's quality in various situations and engage in the continuous improvement of business processes. Through these initiatives, we are able to provide high quality products and services that exceed customer expectations.

* "Quality Policy" on our website www.tel.com/sustainability/productivity/value-chain/index.html

Approach to Quality

We define our approach to quality as follows.

The Tokyo Electron Group seeks to provide the highest-quality products and services. This pursuit of quality begins at development and continues through all manufacturing, installation, maintenance, sales and support processes. Our employees must work to deliver quality products, quality services and innovative solutions that enable customer success.

We have established rules based on our company-wide Quality Policy, which are systematically organized as the TEL Manual (TM) and the TEL Guidelines (TG) for each major business category, such as development, design, manufacturing, and service. These rules are shared with, and applied to, the entire Group, including manufacturing sites, and our suppliers.

As compliance with common rules becomes the foundation for quality assurance of products and services, our corporate quality division regularly confirms the level of understanding of, and compliance with, the operational rules in our manufacturing and service sites. Additionally, we are working with our suppliers on enhancing our quality improvement system by having each manufacturing site implement regular quality inspections for our suppliers.

Furthermore, each manufacturing site has established a quality management system based on the TM and the TG and has attained ISO 9001:2015, the international standard for quality management systems. Furthermore, we are striving for continuous improvement in our quality management system by efficiently operating the PDCA cycle through repeated internal audits and third-party organization audits. The Quality Assurance Division in each Group company sets quality goals every year based on the results of the previous year, and regularly reviews the progress of achievement of those goals. Specifically, we monitor the number of non-conforming products delivered from suppliers and track monthly progress of defect rates using KPIs to evaluate the status of reductions based on the number of defective parts delivered in the previous fiscal year.

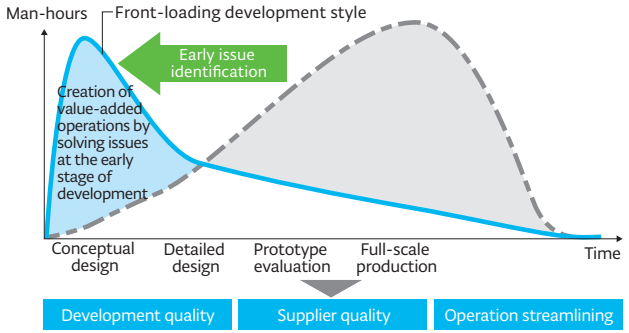
In addition, through self-process assurance[1], we conduct strict quality risk management and development/design inspections and thoroughly pre-validate customer operations through simulations. Through these initiatives, we work to improve the accuracy of each process and reduce the reworking costs[2], and we promote "Shift Left" (front-loading)[3], which enables employees to focus on high-value-added work in the upstream processes. Specifically, shifting to a design process that centralizes and shares risks from a design process that identifies risks according to each development and design project, leads to the prevention of failing to identify risks. We are also improving our ability to respond to innovative development by identifying newly anticipated risks based on examples of past issues and establishing frameworks in which those risks are reflected in business processes.

1 Self-process assurance: Comprehensive measures that prevent non-conformance in each process and prevent such products from passing through to subsequent processes

2 Reworking costs: Costs incurred by going up the chain of processes and reworking when there is non-conformance

3 "Quality" on our website www.tel.com/sustainability/productivity/value-chain/index.html#shift_left

Shift Left (Front-loading) Initiatives



Sustainability Initiatives in the Value Chain

Compliance

Approach to Compliance

As an industry leader, we regard business ethics and compliance as important values. Compliance—like safety and quality—is the basis for corporate reliability and sustainable growth. It requires a strong sense of ethics and integrity in individual and organizational behavior, in addition to compliance with laws and regulations. Along with strengthening systems for raising awareness about compliance and changing behavior to prevent compliance violations, we continue implementing effective programs. These efforts will drive the further enhancement of our corporate value.

Compliance System

In order to effectively promote compliance programs that are expected of a global company, we have appointed a Chief Compliance Officer (CCO) and established a dedicated Compliance Department at our headquarters. We have also appointed Regional Compliance Heads at key overseas sites and have established a framework for direct reporting to the CCO and Compliance Department, through which we strengthen our overall global compliance system.

Compliance Initiatives

Business Ethics and Compliance

To more effectively instill and promote business ethics and compliance, we have formulated the Tokyo Electron Group Code of Ethics as a code of conduct for all executives and employees and established the Business Ethics Committee. We held the Business Ethics Committee in February 2025, where each Group company shared their progress toward the fiscal 2025 according to their three-year plan. We discussed the current status and continuous improvement on effective business ethics and compliance programs.

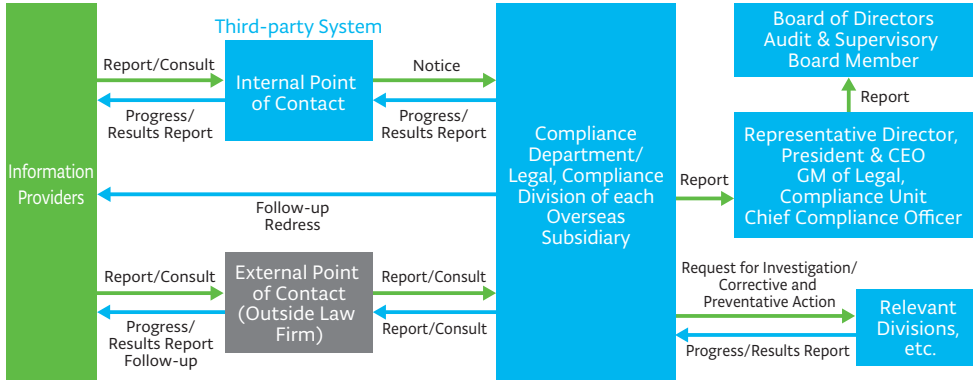
Initiatives for Anti-bribery and Corruption and for Competition Laws

We have established the Basic Policy on the Prevention of Bribery and Corruption and the Guidelines for Gift, Hospitality and Entertainment in the area of anti-bribery and corruption, and the Basic Policy on Competition Law Compliance and Guidelines in the area of competition laws as Group-wide policies and guidelines. With the expansion of the market in India, in March 2025, we conducted activities to foster awareness by publishing the Handbook for Employees going to India on business to enable executives and employees to respond appropriately to bribery risks.

Internal Reporting System

We have established an internal reporting system that allows employees to safely and securely raise concerns and seek redress outside the chain of command, and to report and consult any behavior that is, or may be, in violation of laws, regulations, or business ethics. This system ensures complete confidentiality, anonymity and the prohibition of retribution and unfavorable treatment. An internal leniency system has also been introduced, whereby any disciplinary action may be reduced or exempted in the event that an employee involved in a compliance violation has made a report or sought advice on their own volition. This encourages employees to proactively provide information and leads to problem-solving at earlier stages.

Global Response to Internal Reports



Sustainability Initiatives in the Value Chain

As part of this internal reporting system, we have been operating the Tokyo Electron Group Ethics & Compliance Hotline – global internal point of contact that uses a third-party system and is also accessible to our suppliers and retirees – as well as an external point of contact that allows direct consultation with an outside law firm. The internal point of contact can be accessed via phone or a dedicated website 24 hours a day, 365 days a year, and accommodates all languages used by employees.

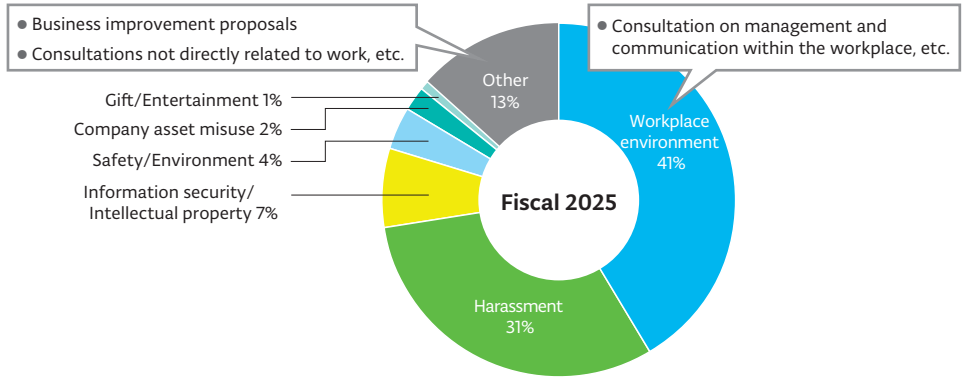
Reports and consultations received via these points of contact are handled with sincerity, and investigations are undertaken in accordance with internal regulations. If a compliance violation is found, disciplinary actions in accordance with the Rules of Employment, corrective measures such as improvements to the workplace environment and preventive measures are implemented as necessary.

In fiscal 2025, a total of 181 reports and consultations were received via the internal reporting system, of which 27* were recognized as compliance violations. Main reports were related to the work environment, including harassment. We therefore continue to conduct regular training programs for our employees with the goal of preventing harassment, and we provide thorough follow-up with those concerned or involved. We are also working on establishing awareness regarding compliance, including the prevention of harassment. The CCO provides continuous compliance training for managers, which serves as opportunities to reexamine the importance of establishing an open work environment.

There were no reports or cases of violations of laws/regulations in our operations that could have had a serious impact on our business or on local communities.

* There were no cases filed or prosecuted by the authorities

Breakdown of Report/Consultation Contents*



* Percentages may not add up to 100 because they have been rounded.

Risk Management

Approach to Risk Management

Our Group has built a risk management system to respond effectively and promptly to various risks, such as geopolitical and market changes in the semiconductor industry, and to ensure sustainable growth. We believe that it is crucial not only to make sufficient considerations in anticipation of the future and to minimize the impact of potential risks that may arise during business operations, but also to view these risks as potential business opportunities and address them in a manner that earns the trust of society.

Risk Management System and Implementation

We established the Corporate Project & Risk Management Office (CPRO) in the Corporate Strategy Division at the head office to promote more effective risk management in the Group as a whole. We are actively working toward advancing enterprise risk management[1].

To address major risks in our business activities, we have implemented the following PDCA cycle.

1. The CPRO and the departments responsible each field, together to comprehensively identify various risks in our business activities, such as related to compliance, human resources and labor, and business continuity, based on their degree of impact on the Group and likelihood, identify 16 major risk items[2], and appoint risk owners for each.
2. The 16 major identified risk items are reported on and discussed at the Risk Management Committee, which includes each risk owner.
3. Recognizing that responding to risks directly presents opportunities for improving business performance, quarterly review meetings involving the CEO, the Corporate Officer and each division officer are held to review the progress of efforts on issues that are particularly problematic among the 16 major risk items and discuss improvement measures.

The Group's risk management activities are regularly reported to the Board of Directors, which oversees various initiatives implemented by each risk owner.

Value Creation by the Value Chain

Sustainability Initiatives in the Value Chain

Additionally, we are also continuing to focus on the revision and operational improvement of our BCP for all Group companies, and we regularly conduct BCP drills and disaster drills to foster the practical ability to ensure the continuation of business operations in the event of an emergency.

Furthermore, we are actively promoting DX in our risk management activities and have introduced a dashboard that utilizes digital technology. This allows us to visualize the assessment of risks and response measures across the entire Group as well as to conduct global, cross-sectional information sharing between each owner and each responsible department.

Going forward, with the aim of continuing to practice autonomous and highly effective risk management, each owner will take the lead in implementing activities across the entire Group to further strengthen risk management for the 16 major risk items.

1 Enterprise risk management: Group-wide systems and processes related to risk management activities
2 See below for the 16 major risk items and initiatives dealing with risk

"Risk Management" on our website www.tel.com/sustainability/management-foundation/risk-management/index.html

16 Major Risk Items

Item	Main Potential Risks
1 Market Fluctuations	A rapid contraction of the semiconductor market could lead to overproduction or an increase in excess inventory. Lost sales opportunities due to the inability to handle sharp increases in demand
2 Research and Development	Decline in the competitiveness of products due to delays in the launch of new products or the mismatch of such products with customer needs
3 Geopolitics	Geopolitical tensions and regional conflicts, and the national security or industrial policies of countries and regions, can lead to supply chain disruptions or deterioration of the macroeconomic environment, restricting the Company's ability to operate business
4 Procurement, Production and Supply	Increased demand that exceeds suppliers' capacities, delays in component procurement stemming from changes in laws and regulations and a shrinking working population, strains on domestic or international logistics and interruptions in production due to natural disasters can lead to delays in the supply of products to customers
5 Safety	Safety problems with the Company's products or liability for damages and decline in public trust due to serious accidents resulting in workplace injuries
6 Quality	Liability for damages and increased costs for countermeasures due to product defects and decline in the credibility of the Group's brand
7 Environmental Issues	The inability to respond appropriately to each country's climate change policies, environmental laws and regulations can lead to additional related costs, reduced product competitiveness and diminished public confidence, as well as fines and liability for damages
8 Laws and Regulations	Violations of the laws and regulations of the countries and regions where the Company operates could lead to interruptions or restrictions on business activities, diminished public confidence and fines and liability for damages
9 Intellectual Property Rights	Decline in product competitiveness from the inability to obtain exclusive rights to proprietary technology as well as restrictions on the production and sale of products and liability for damages due to infringements of the intellectual property rights of third parties
10 Information Security	Data breaches from cyberattacks or internal fraud against the Company or suppliers can lead to loss of technological superiority, interruptions of operations, diminished public confidence and liability for damages
11 Human Resources	The inability to recruit and retain necessary human resources on an ongoing basis or the inability to create an environment where people with diverse values and expertise can play an active role could lead to diminished product development capability or customer support quality
12 Pandemics, Natural Disasters etc.	Impact on business operations caused by travel restrictions between countries due to large scale infectious diseases, natural disasters or terrorism around the world or in particular regions that threaten the safety of executives, employees or their families
13 Finance	Impact on business performance due to sharp exchange rate fluctuations stemming from international situations or interest rates fluctuations. Also, additional taxes due to differences in interpretation from the authorities of each country concerning tax laws in each country or region
14 M&A	Inability to realize the intended results due to insufficient due diligence of acquisition target companies and their business or PMI (post-merger integration). Additionally, the impact on competitiveness stemming from competitors purchasing potential targets first
15 IT & Operations	Impact of large-scale failures in enterprise systems on business and the lack of capability in growth areas and new regulations due to delayed digitalization efforts and operational process innovations
16 Business Locations	Inefficiencies in the development of new locations and in the strengthening and control of existing locations due to delays in the deliberations and plans for global location strategies despite increases in new business around the world

Sustainability Initiatives in the Value Chain

Information Security

An environment where data can be used safely and securely is crucial for the continuous and steady development of the operations of the Company. For this reason, we view the assurance of information security as an important managerial issue, and continuously reinforce the protection of information about our customers and suppliers as well as confidential information on leading-edge technology. In addition, we strive to strengthen information security to ensure the stable operation of the entire supply chain.

Main Activities

Information Security Systems

Information security strategies for the entire Group are developed at the TEL Group Information Security Committee, chaired by our executive officer. In addition, we are building a Group-wide system dealing with security measures based on the shared understanding and collaboration with the Information Security Committees of each company.

Responding to Security Threats

Specialized security engineers monitor threats, such as cyberattacks or internal fraud 24 hours a day, 365 days a year. We have a rapid response system where information is shared swiftly among relevant divisions in the event of an incident.

Information Security Management

To protect information assets from various threats, we have established global security policies and are gradually progressing toward ISO/IEC 27001[1] certification while striving for continuous improvements based on PDCA cycles. In addition, we are working on improving security awareness and literacy by conducting continuous information security training for all employees.

Security at Manufacturing Sites and in Products

We are strengthening security at our manufacturing sites to ensure the safe and stable operation of our manufacturing systems. Furthermore, we are also implementing security measures, not only in our products, but also in our manufacturing processes and field support so that our customers can use our products and services with assurance.

Supply Chain Security

To protect the entire supply chain from information security threats, we regularly conduct information security assessments on our suppliers. We are working on the continuous enhancement of security measures by making improvements with our suppliers on identified issues.

External Activities and Strengthening of Information Security Human Resources

We are contributing to the improvement of information security levels in the semiconductor industry and in society as a whole through external security activities such as initiatives for the standardization of security in SMCC[2]. We are also actively engaged in the recruitment and development of human resources that support information security.

1 ISO/IEC27001: International standard for Information Security Management Systems
2 SMCC: Semiconductor Manufacturing Cybersecurity Consortium. A consortium that deliberates on strengthening cybersecurity within SEMI, an international semiconductor industry association

Sustainability Initiatives in the Value Chain

Evaluation from Third-party Institutions

Dow Jones Best-in-Class Asia Pacific Index

From 2016 (ongoing)

MSCI Selection Indexes Constituents 2025

From 2017 (ongoing)

2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

From 2017 (ongoing)

FTSE4Good

From 2003 (ongoing)

FTSE Blossom Japan

From 2017 (ongoing)

Rated MORNINGSTAR | SUSTAINALYTICS

From 2019 (ongoing)

Our sustainability initiatives have allowed us to continue to be selected as a constituent stock under leading global ESG indices such as the Dow Jones Best-in-Class Asia Pacific Index (formerly Dow Jones Sustainability Indices), the FTSE4Good Index Series[1], the FTSE Blossom Japan Index[1], the MSCI Selection Indexes[1] (formerly MSCI ESG Leaders Indexes), the MSCI Japan ESG Select Leaders Index[1], and the ISS ESG Corporate Rating. Furthermore, continuing from the previous year, we were again evaluated as a Low Risk company in Sustainalytics' ESG Risk Ratings[2].

The Tokyo Electron Integrated Report 2024 was selected again as an "Excellent Integrated Report" by the Government Pension Investment Fund (GPIF)'s external asset managers entrusted with domestic equity investment for the fourth consecutive year.

1 Guidelines for logo usage: "Third-party Recognition" on our website www.tel.com/sustainability/review.html

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Participation in Global Initiatives

We actively participate in a variety of global initiatives and practice sustainability in our business activities.

WE SUPPORT UN GLOBAL COMPACT

We signed onto the United Nations Global Compact (UNGC) in 2013 and are working to contribute to the realization of sound globalization and a sustainable society in accordance with its Ten Principles in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

Responsible Business Alliance Affiliate Member

We joined the Responsible Business Alliance (RBA) in 2015, and we work together with suppliers to ensure compliance with the RBA Code of Conduct comprised of "labor," "environment," "health and safety," "ethics" and "management systems."

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2020, we expressed our approval of the recommendations offered by the Task Force on Climate-related Financial Disclosures (TCFD)[1] and are conducting disclosures based on the framework of governance, strategy, risk management and metrics and targets relating to the risks and opportunities that climate change presents to our overall business.

TNFD Forum Member

We concur with the vision of the Taskforce on Nature-related Financial Disclosures (TNFD), which appropriately evaluates risks and opportunities related to natural capital and biodiversity, and joined the TNFD Forum in 2023.

semi

We joined the global industry association, SEMI[2] which aims for the global development of the semiconductor industry, in 1978 as a member company, and engage in the promotion of the establishment and standardization of international guidelines as well as the promotion of sustainability.

1 Initiatives Related to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) P. 52

2 SEMI: Semiconductor Equipment and Materials International