

Corporate Governance

The Tokyo Electron Group is improving and reinforcing its internal control systems and risk management structures, with the aim of maximizing its corporate value.

Corporate Governance Policies

The Tokyo Electron Group is seeking to enhance its corporate governance through a variety of measures to promote management focused on maximizing corporate value and raising shareholder satisfaction. We have established and operate optimal and highly effective structures of governance that are based on our three basic principles for reinforcing corporate governance.

Basic Principles of Corporate Governance

1. Ensuring the transparency and soundness of business management
2. Facilitating quick decision-making and the efficient execution of business management
3. Disclosing information in a timely and suitable manner

Corporate Governance Structures

The members of the Tokyo Electron Group are companies that have statutory auditors. In April 2003, an executive officer system was introduced to clarify the roles of the Board of Directors and executive bodies and to facilitate faster decision-making, as well as to propose and implement timely business strategies.

Board of Directors

The Board of Directors has 13 members, of whom two are outside directors. The term of office for directors is set at one year to enable the Board to make timely and flexible responses to changes in the business environment and to create structures in which managerial responsibilities are clear.

The Board has a Compensation Committee¹ made up of all directors, excluding representative directors (chairman & CEO and president), and a Nomination Committee² to further improve governance.

- 1 **Compensation Committee:** Makes a draft remuneration plan for the chairman & CEO and the president and presents the draft to the Board of Directors
- 2 **Nomination Committee:** Selects candidates for directorships for submission to the annual shareholders' meeting and a candidate for CEO, to be approved by the Board of Directors

Board of Statutory Auditors

The Board of Statutory Auditors is comprised of four statutory auditors, of whom two are outside auditors. Statutory auditors attend meetings of the Board of Directors and other key meetings, conduct business audits, financial audits, and risk management evaluations, and also audit the performance of duties by directors. The Board of Statutory Auditors met six times in the fiscal year ended March 2009.

Internal Control Systems and Risk Management System

The Tokyo Electron Group is taking measures to reinforce internal control systems to make them more effective, with the goal of raising corporate value and engaging in responsible conduct towards all stakeholders. The Group engages in practical activities in accordance with the basic policy on internal controls (established in May 2006 and revised in April 2008) and complies with the internal control requirements concerning financial reporting pursuant to the Financial Instruments and Exchange Act.

In order to construct and reinforce more internal controls and risk management structures so that they become more effective, a Chief Internal Control Director was appointed in June 2008, and then in April 2009 an Executive Officer in charge of Compliance & Internal Control was appointed and the Risk Management & Internal Control Department was established.

In addition, the Global Audit Center was established as an internal audit organization in order to perform business audits of domestic and overseas group business sites; perform compliance audits; assess whether internal control systems are functioning effectively; and provide support to workplaces when necessary for operational improvements.

Framework for Corporate Governance, Internal Control System and Risk Management System

