

Tokyo Electron's Sustainability

Sustainability and Framework of Corporate Principles

Tokyo Electron's sustainability initiatives are the practice of its Corporate Philosophy through achieving its Vision. We make clear the material issues in our growth and promote these initiatives. Together with the building of a resilient management foundation, by providing high-value-added products and services, we contribute to the resolution of issues and development of industry and society as well as the achievement of the SDGs.

To be a company that is highly trusted and loved by society, we work on medium- to long-term profit expansion and continuous corporate value enhancement.

Framework of Corporate Principles



Sustainability Promotion Framework

We promote sustainability activities throughout the entire Group through the following committees.

| Conference Name | Participants | Function | Meeting Frequency |
|---------------------------------|---|--|-------------------|
| Sustainability Committee | <ul style="list-style-type: none"> Corporate officers and General Managers Presidents of the Group companies in Japan and overseas companies | <ul style="list-style-type: none"> Set and manage progress of sustainability goals (short-, medium- and long-term) Promote company-wide projects¹ | Twice annually |
| Sustainability Global Committee | <ul style="list-style-type: none"> The executive officer in charge of the sustainability promotion Heads of related departments Sustainability managers of the Group companies in Japan and overseas companies² | <ul style="list-style-type: none"> Promote activities for achieving annual sustainability goals (short- and medium-term) Implement global projects | Twice annually |
| Sustainability Monthly Meeting | <ul style="list-style-type: none"> Person in charge of sustainability at related divisions | <ul style="list-style-type: none"> Share information on sustainability activities Discuss cross-division sustainability initiatives | Monthly |

¹ Report and discuss important issues at the Corporate Officers Meeting, the highest decision-making body on the executive side

☐ **Corporate Officers' Meeting: Refer to the Corporate Governance System on p. 31**

² Sustainability manager: Person responsible for coordinating all aspects of sustainability at the Group companies in Japan and overseas companies

In addition to these committees, we invite all employees to submit examples of sustainability in the workplace, toward issue resolution and advancement of industry and society, and practice of our Corporate Philosophy. Outstanding initiatives are awarded the TEL Sustainability Award by the CEO and shared throughout the entire Group as best practices.

Initiatives for the Sustainable Development Goals (SDGs)

The SDGs are a universal set of goals to achieve by 2030, which were unanimously adopted by the United Nations Sustainable Development Summit in 2015. For each priority theme of our material issues, we clarified the SDGs it is working toward through business and conduct activities for the entire Group.

Additionally, we regularly hold SDGs workshops where employees working in a variety of fields come together autonomously to share activities through business and discuss issues such as future prospects toward the achievement of the SDGs.

In fiscal year 2022, we reaffirmed the 17 goals and 169 targets* being undertaken by the priority themes of our material issues.

* 169 targets reaffirmed: Our initiatives toward the 17 goals and 169 targets that make up the SDGs ☐ Refer to 169 Targets of the SDGs on p. 13



Tokyo Electron Supports the SDGs.

New Medium-term Management Plan

In addition to pursuing sustainable operations in line with our approach to sustainability, we also strive to generate medium- to long-term profit expansion and continuous corporate value enhancement by creating new value through our business and contributing to the resolution of industrial and social issues and to the development of industry and society. In June 2022, we revised our Vision and set new financial targets in the new Medium-term Management Plan and also announced our main initiatives for the future to achieve the new Medium-term Management Plan as well as our capital policy, shareholder return policy and other measures.

Financial Model Targets in the New Medium-term Management Plan

| | Financial Model (Through FY2024) | | | FY2022 Results | Financial Targets (by FY2027) |
|------------------|----------------------------------|---------------|-------------|------------------|-------------------------------|
| Net Sales | ¥1.5 trillion | ¥1.7 trillion | ¥2 trillion | ¥2.0038 trillion | ≥¥3 trillion |
| Operating Margin | 26.5% | 28% | >30% | 29.9% | ≥35% |
| ROE* | >30% | | | 37.2% | ≥30% |

We formulated the Medium-term Management Plan in May of 2019 and have been engaged in efforts to achieve a financial model, as the Plan's core target, with net sales of 2 trillion yen, an operating margin of 30% or more, and ROE of 30% or more by fiscal year 2024. As the semiconductor production equipment market has expanded significantly, our business developments in our focal fields have been progressing smoothly, and performance has outperformed the growth of the market. As a result, we have nearly reached our targets two years ahead of schedule.

We seek to achieve world-class operating margins and ROE and have set new financial targets under the new Medium-term Management Plan of net sales of at least 3 trillion yen, an operating margin of at least 35%, and ROE of at least 30% by fiscal year 2027.

* ROE: Return On Equity

Participation in Global Initiatives

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



United Nations Global Compact

The United Nations Global Compact (UNGC) is a global initiative that promotes sustainability, proposed by ex-UN Secretary-General Kofi Annan at the 1999 World Economic Forum. We signed onto the 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

The Responsible Business Alliance (RBA) is a global initiative promoting supply chain sustainability focused on the electronics industry. We joined the RBA in 2015, and as a member company, we work together with suppliers to ensure compliance with the RBA Code of Conduct comprised of five sections: Labor, Environment, Health and Safety, Ethics and Management Systems.



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)*. We are conducting ongoing disclosures and discussions based on the framework of governance, strategy, risk management, metrics and targets relating to the risks and opportunities that climate change presents to our overall business.

* [TCFD](#): Refer to p. 48

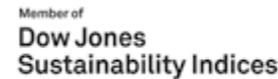
Evaluation from Third-party Institutions

Our sustainability initiatives have allowed us to continue to be selected as a constituent stock under leading global ESG investment indices, including the DJSI¹ Asia Pacific Index, FTSE4Good Index², MSCI World ESG Leaders Indexes³, Euronext Vigeo World 120 Index⁴ and STOXX Global ESG Leaders indices⁵. At the same time, we were evaluated as a low-risk company in Sustainalytics' ESG Risk Ratings⁶.

In 2021, we were selected as a prestigious A List company in the water security category of a survey conducted by the CDP⁷, and won recognition as the "Grand Prize Company," an award given to the most outstanding company, in the Corporate Governance of the Year^{®8} 2021 program sponsored by the Japan Association of Corporate Directors.

Additionally, the entire Group in Japan received recognition as top 500 companies under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program⁹.

Regarding our IR¹⁰ activities, we were selected as the "Most Honored Company" by U.S. magazine Institutional Investor, and received the Best IR Award from the Japan Investor Relations Association.



DJSI Asia Pacific



FTSE4Good Index



MSCI World ESG Leaders Indexes



Euronext Vigeo World 120 Index



STOXX Global ESG Leaders indices



Sustainalytics' ESG Risk Ratings



CDP



Corporation Governance of The Year[®]



Institutional Investor

- 1 DJSI: Dow Jones Sustainability Indices. An ESG (environmental, social and governance) investment index of S&P Dow Jones Indices LLC. The DJSI Asia Pacific covers companies in that region.
- 2 FTSE4Good Index: An index related to environmental performance and corporate social responsibility developed by FTSE Russell.
- 3 MSCI World ESG Leaders Indexes: Companies that have high ESG performance are selected from the MSCI Global Sustainability Index, an ESG investment index developed by Morgan Stanley Capital International (MSCI).
[Please refer to the link for the logo's disclaimer.](#)
- 4 Euronext Vigeo World 120 Index: An index selected by NYSE Euronext and Vigeo Eiris composed of 120 companies that excel from an ESG perspective.
- 5 STOXX Global ESG Leaders indices: STOXX, a subsidiary of Deutsche Börse, selects companies that meet its evaluation standards based on the results of research from the ESG research company Sustainalytics.
- 6 Sustainalytics' ESG Risk Ratings: An ESG risk measured for institutional investors by Sustainalytics in the Netherlands. The rating is based on a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. Copyright ©2022 Sustainalytics. All rights reserved. This article contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.
- 7 CDP: An international environmental non-profit organization (NPO) established in the U.K. that conducts surveys on climate change and water security measures taken by private corporations and local governments, and the results are made public.
- 8 Corporate Governance of The Year[®]: Carried out by the Japan Association of Corporate Directors since 2015 with the endorsement of the Ministry of Economy, Trade and Industry and other organizations to encourage companies that practice sound corporate governance to attain medium- to long-term growth.
- 9 Certified Health & Productivity Management Outstanding Organizations Recognition Program: The program publicly recognizes particularly outstanding organizations that are practicing health-oriented business management, based on initiatives attuned to local health-related challenges and toward health promotion initiatives led by the Nippon Kenko Kaigi.
- 10 IR: Investor Relations

Identifying Material Issues

Tokyo Electron identifies important and priority material issues to be addressed for medium- to long-term profit expansion and continuous corporate value enhancement by examining both social and business environments, evaluating risks and opportunities and through active engagement and such with stakeholders.

Issues Awareness

Social Issues

With the state of society being affected by things such as the spread of COVID-19, the invasion of the conflict in Ukraine and also due to climate change causing abnormal climate conditions and natural disasters, along with human rights issues, conflicts between nations, supply chains disruptions, cyberattacks and so forth, we are currently facing many issues. Mitigating climate change and eliminating inequality in human rights in particular are pressing issues for the global community, and there are strong calls for further action, not just by international organizations and national governments, but also by the private sector.

While participating in global initiatives such as the United Nations Global Compact and RBA and keeping an eye on societal trends, and considering recommendations from third party organizations, we also examine social issues that may impact our business activities.

Business Environment

The spread of IoT, AI and 5G, smarter industries, autonomous driving, use of the highly anticipated metaverse, and other technologies, are moving us toward a data-driven society at an unprecedented speed. Semiconductors are a core part of this shift, and their market size is expected to more than double in the next ten years with technological innovations in larger capacity, higher speed, higher reliability, lower power consumption, etc. Alongside this, the semiconductor production equipment market in which we operate is expected to expand even further.

New evolutions are also required in Flat Panel Display, which act as the interface between people and ICT, and further technical innovations are occurring. In the future, as organic EL displays become widespread, panel size increases, and design improvements that take advantage of enhanced characteristics such as high-definition, lower power consumption, thinner profile and flexibility, are expected to further expand the application fields.

Taking actions to preserve the global environment has become an urgent issue, and under international frameworks such as SDGs and the Paris Agreement in which initiatives toward decarbonization are essential, the role which technological innovations in semiconductors and displays will play in society will be more prominent in the future.

At the same time, in step with the increasing importance of corporate governance, which fundamentally supports the medium- to long-term growth of corporations, further strengthening of measures is essential to ensure safety and quality, as well as compliance and risk management.

Social Themes of Risks and Opportunities

We examined the risks and opportunities closely related to sustainable business development in consideration of the SDGs and other initiatives, social issues and social/business environments.

| Social Trends | Main Potential Risks | Opportunities |
|-------------------------|--|--|
| Environment | <ul style="list-style-type: none"> If we fail to comply with laws and regulations, industry codes of conduct, in-house policies and so forth, product competitiveness and social credibility will decline, and the cost of correcting the problem will increase business costs. | Create business opportunities by providing technologies, products and services that contribute to the reduction of environmental impact |
| Human rights | <ul style="list-style-type: none"> If we fail to comply with laws and regulations, industry codes of conduct and so forth, social credibility and employee engagement will decline. | Create a workplace environment that respects employee diversity and enables all employees to demonstrate their full capabilities, improve employee turnover rate and promote health management |
| Supply chain management | <ul style="list-style-type: none"> If a natural disaster occurs, or it becomes impossible to continue business transactions with suppliers, events such as delivery delays and contractual non-performance will harm business continuity. If sustainability-related issues such as the environment and human rights become more serious, operations will stagnate. | Establish a sustainable production system, further increase business operations efficiency, improve business continuity through enhanced business continuity plans (BCPs), strengthen competitiveness in the supply chain and build trusted relationships with customers and suppliers |
| Governance | <ul style="list-style-type: none"> If management's monitoring or supervising function declines, management risk will increase, and business activities will stagnate. | Enhance corporate value on a medium- to long-term basis, gain stakeholders' trust and increase social credibility |
| Compliance | <ul style="list-style-type: none"> If an ethical or compliance violation occurs, we will lose social credibility and suffer economic loss. | Operate healthy corporate activities by complying with laws and regulations, industry codes of conduct, corporate ethics and other rules |
| Evolution of technology | <ul style="list-style-type: none"> If the development of leading-edge technologies is delayed, we will lose business opportunities. | Create ground-breaking innovations, strengthen competitive superiority and contribute to industry and social issue resolution and growth |
| Information security | <ul style="list-style-type: none"> If confidential information is leaked, social credibility will decline, and compensation for damages will be required. If a cyberattack or natural disaster occurs, our business will stagnate. | Build a rock-solid information infrastructure by strengthening information security, and improve information literacy |

Stakeholder Engagement

We examined the opinions and requests obtained through engagement opportunities with stakeholders.

| Stakeholders | Main Engagement Opportunities | Key Opinions and Requests |
|------------------------------|--|--|
| Shareholders/ investors | <ul style="list-style-type: none"> Earnings release conference, Medium-term Management Plan briefing, IR Day IR conference, IR road show¹, individual IR interview Shareholders' Meeting | <ul style="list-style-type: none"> Medium- to long-term enhancement of corporate value and measures for such enhancement Initiatives for highly effective governance Capital policy, including shareholder return |
| Customers | <ul style="list-style-type: none"> Technology conference Joint development Customer satisfaction survey | <ul style="list-style-type: none"> Provision of innovative technologies for the future Maximization of productivity using high-value-added service Proposal of comprehensive and optimal solutions |
| Suppliers | <ul style="list-style-type: none"> Production update briefing TEL Partners Day Sustainability assessment (including E-COMPASS) STQA² audit | <ul style="list-style-type: none"> Sharing aspects such as market and technology trends and information on production plans in a timely manner Encouraging understanding regarding expected quality standards, compliance with industry code of conduct, etc. Further improving added value of products and service through collaboration with us |
| Employees | <ul style="list-style-type: none"> Employee meeting Global engagement survey Individual workshops | <ul style="list-style-type: none"> Sharing of initiatives for corporate policy and Medium-term Management Plan Opportunities for career development and skill improvement Creation of work environments in which diverse human resources can thrive |
| Local communities | <ul style="list-style-type: none"> TEL FOR GOOD (social contribution activities) Tours of plants and offices Environmental debriefing | <ul style="list-style-type: none"> Cooperation with companies regarding regional revitalization and development Promotion of environmental conservation Human resource development and generation of innovation |
| Governments/ associations | <ul style="list-style-type: none"> Cooperation with the government and administrative agencies Collaboration with global initiatives Industry group activities | <ul style="list-style-type: none"> Collaboration toward solving common issues Create new value through innovation Building of sustainable supply chains |

¹ IR road show: IR activities presented directly to shareholders and investors

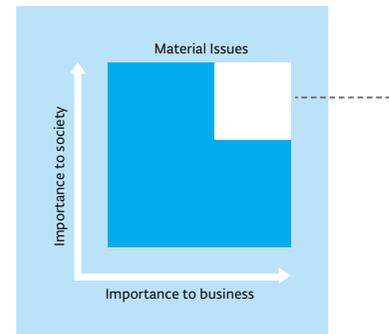
² STQA: Supplier Total Quality Assessment

Identified Material Issues

We have come to understand social issues and business environments, considered risks and opportunities, examined the opinions and requests of all stakeholders and identified our material issues. The CEO and those related to sustainability, such as the corporate directors and the executive officers, approved "Product Competitiveness," "Customer Responsiveness," "Higher Productivity," and "Management Foundation" as material issues.

Based on a strong "Management Foundation" of safety, quality, compliance, governance, and risk management that underpin our business activities, we will be the first to grasp leading-edge technological trends and changing needs, and continuously create next-generation products with overwhelming added value and performance to increase "Product Competitiveness." With our extensive track record in "Customer Responsiveness," we will build absolute trust with our customers and be the sole strategic partner. Furthermore, through "Higher Productivity," which arises from continually pursuing operational efficiency, we will work toward medium- to long-term profit expansion and continuous corporate value enhancement.

Identified Material Issues



| | Material Issues | Priority Themes |
|-------------------------|---|---|
| Product Competitiveness | <ul style="list-style-type: none"> Continuously create high value-added next-generation products | <ul style="list-style-type: none"> Tackling technological innovation |
| Customer Responsiveness | <ul style="list-style-type: none"> Strong relationship based on trust/Sole strategic partner | <ul style="list-style-type: none"> Solutions that create value for customers Improvement of customer satisfaction |
| Higher Productivity | <ul style="list-style-type: none"> Pursuit of operational efficiency | <ul style="list-style-type: none"> Continuous of business operations Quality management Improvement of customer productivity/yield |
| Management Foundation | <ul style="list-style-type: none"> Build a strong management foundation that underpins our business activities | <ul style="list-style-type: none"> Diversity and inclusion Career development Work-life balance Health and safety Governance Risk management Compliance Environmental contribution of products Environmental management Supply chain management |

Annual Sustainability Goals for Each Material Issues

We are identifying the priority themes for each material issue, setting annual sustainability goals for each fiscal year, and understanding and verifying the progress of results.

We have also clearly identified the persons responsible for each goal, and by conducting various activities to achieve said goals, we are in turn contributing to the SDGs and further enhancing our corporate value.

Annual Sustainability Goals and Results

Fiscal Year 2022

| Material Issues | Priority Themes | Annual Sustainability Goals | Results |
|---|--|---|--|
| Product Competitiveness | Tackling technological innovation | <ul style="list-style-type: none"> Ensure that 20% or more (three-year moving average) of all equipment models are new products for next-generation technologies Maintain the previous year's global patent application rate¹ (±10 percentage points) | <ul style="list-style-type: none"> 24.1% Maintained the previous year's rate (Achieved 74.3% in fiscal year 2021 and 74.6% in fiscal year 2022) |
| | Solutions that create value for customers | <ul style="list-style-type: none"> Increase Tokyo Electron's value to customers Increase sales-in-field solutions business by 5% or more from the fiscal year 2021 level | <ul style="list-style-type: none"> Both orders and sales increased significantly due to higher demand for semiconductors Increased by 33% from previous fiscal year |
| Customer Responsiveness | Improvement of customer satisfaction | <ul style="list-style-type: none"> Achieve evaluations of "Very Satisfied" or "Satisfied" for 100% of customer satisfaction survey responses² | <ul style="list-style-type: none"> 100% (All 30 questions) |
| | Continuous improvement of business operations | <ul style="list-style-type: none"> Target a 10% improvement in operational efficiency as a medium- to long-term goal, achieve centralized data management through adoption of a new enterprise resource planning (ERP) system, and build a business foundation where employees can focus even more on higher value work (1) Adopt ERP at headquarters (2) Prepare to adopt ERP at manufacturing sites in Japan and overseas subsidiaries | <ul style="list-style-type: none"> (1) Completed adoption of ERP at headquarters (2) Implemented preparations to adopt ERP at manufacturing sites in Japan and overseas subsidiaries |
| Higher Productivity | Quality management | <ul style="list-style-type: none"> Check the impact of important common issues and thoroughly implement measures to prevent recurrence of similar faults Verify the effects of strengthening the quality information environment | <ul style="list-style-type: none"> Continued and thoroughly operated QA-BOX³ Held regular monthly meetings to decide how to respond to issues posted on the QA-BOX and ensure that the entire Group is involved Continued to regularly update and operate the Quality Dashboard⁴ Conducted surveys and set KPIs for effectiveness verification |
| | Improvement of customer productivity/yield | <ul style="list-style-type: none"> Promote Shift Left⁵ (front-loading) activities for quality Identify risks and thoroughly implement countermeasures from the initial development stage (thorough prevention) | <ul style="list-style-type: none"> Reported at the Quality Council on measures⁶ and issues due to rework after defects occur The Quality Domain Subcommittee has been working to improve the environment for strengthening analytical capabilities and promoting the improvement of equipment and parts quality Examine and define what the quality domain aims to be |
| | Diversity and inclusion | <ul style="list-style-type: none"> Conduct a diversity-conscious talent pipeline (plan for developing human resources for the succession planning) and achieve the goal of increasing the ratio of female in management positions Implement initiatives to make the ratio of female recruits equal to or greater than the general ratio of females⁷ in each region Create an organizational system where even those from outside of Japan can take on corporate roles through the use of technology and shared global human resources systems | <ul style="list-style-type: none"> Identified the talent pipeline in each organization Identified the gap between the medium-term target and the actual status of the ratio of female managers Increased ratio of female engineers hired in April 2022 to 12% from 6% in the previous year (Japan) Implemented a reporting system mechanism that operates globally for some functions |
| Management Foundation | Career development | <ul style="list-style-type: none"> Foster a culture of learning and development in the workplace through (1) Leader development programs (2) Provision of personalized global learning opportunities (3) Support for career development throughout working life | <ul style="list-style-type: none"> (1) Conducted leader training (e.g., management skills training) Total: 425 participants (Japan) (2) Conducted external web-based education Total: 988 participants (Japan) (3) Conducted generation-specific career training Total: 371 participants (Japan) Number of Career Counseling Room users: 98 (Japan) |
| | Work-life balance | <ul style="list-style-type: none"> Reach at least 70% take-up rate of annual paid leave | <ul style="list-style-type: none"> 64.6% (Japan) |
| | Health and safety | <ul style="list-style-type: none"> Increase the percentage of employees receiving specific health guidance to 60% (figures based on the results of medical checkups up to the end of fiscal year 2024) | <ul style="list-style-type: none"> Strengthened promotion of specific health guidance to eligible persons to improve the implementation rate by increasing opportunities for interviews by enhancing online interviews |
| | | <ul style="list-style-type: none"> Reduce the number of workplace injuries per 200,000 work hours Target: the total case incident rate (TCIR) is less than 0.50 | <ul style="list-style-type: none"> 0.30 |
| | Governance | <ul style="list-style-type: none"> Continue to improve on issues identified in evaluations of the effectiveness of the Board of Directors | <ul style="list-style-type: none"> Reported to and discussed with the Board of Directors on the status of sustainability, human capital, intellectual property, and internal audit Conducted external evaluation to strengthen internal audit system Developed Shareholder Relations (SR) activities with institutional investors with an awareness of general shareholders' meeting proposals and sustainability-related issues Increased off-site meetings from once to twice a year to discuss medium- to long-term strategies and the governance system. |
| | Risk management | <ul style="list-style-type: none"> Promote an integrated risk management system throughout our Group (1) Ongoing rollout of Control Self-Assessment (CSA) (2) Unified classification and response to risks to the entire Group (3) Launch of internal education program Roll out in Japan in fiscal year 2022 and overseas in fiscal year 2023 | <ul style="list-style-type: none"> (1) Continued operation of the PDCA cycle throughout the entire Group (quarterly monitoring of risk catalog, semi-annual meetings of the Risk Management Committee (2) Conducted assessments by external organizations on the risk catalogs that centralize risks for the entire group (3) Conducted workshops for management class and elementary web-based education for employees |
| | Compliance | <ul style="list-style-type: none"> Continuous cultivation of a compliance culture (1) Provide Code of Ethics training and achieve a pledge rate of 100% (2) Implement and improve a compliance survey (3) Achieve 100% recognition of the internal hotline among employees | <ul style="list-style-type: none"> (1) 91.6% (2) Reviewed the objectives and details of the survey based on the results of the third-party assessment to implement the survey (3) 91.6% |
| | Environmental contribution of products | <ul style="list-style-type: none"> Reduce per-wafer emissions of CO₂ by 30% (by fiscal year 2031, compared with fiscal year 2019) | <ul style="list-style-type: none"> Reduced by 10.7% (compared with fiscal year 2019) |
| | | <ul style="list-style-type: none"> Reduce the amount of the use of wooden packaging materials by 50% (packaging for semiconductor production equipment, by fiscal year 2024) | <ul style="list-style-type: none"> Reduced by 8.6% (switchover percentage to reinforced cardboard) |
| | Environmental management | <ul style="list-style-type: none"> Reduce total CO₂ emissions at plants and offices by 70% (by fiscal year 2031, compared with fiscal year 2019) | <ul style="list-style-type: none"> Reduced by 48.5% (compared with fiscal year 2019) |
| <ul style="list-style-type: none"> Rate of 100% renewable energy usage at plants and offices (by fiscal year 2031) | | <ul style="list-style-type: none"> 60.3% adopted (electricity switchover percentage) | |
| <ul style="list-style-type: none"> Reduce energy consumption by 1% YoY at each plant and office (per-unit basis⁸) | | <ul style="list-style-type: none"> Achieved goal at 7 of 11 plants or offices | |
| Supply chain management | <ul style="list-style-type: none"> Maintain water consumption (per-unit basis⁹) at each plant and office at the fiscal year 2012 level in Japan and at individual base year levels overseas | <ul style="list-style-type: none"> Achieved 7 of 14 goals | |
| | <ul style="list-style-type: none"> Implement supply chain sustainability assessments for the following percentages of suppliers Material suppliers: Covering at least 80% of our procurement spend Logistics suppliers: 100% of customs-related operators Staffing suppliers: 100% of employment agencies and contracting companies (internal contractors) Implement supply chain BCP¹⁰ assessments for the following percentages of suppliers Material suppliers: Covering at least 80% of our procurement spend | <ul style="list-style-type: none"> Material suppliers: Achieved 80% or more of our procurement spend Logistics suppliers: Achieved 100% of customs-related operators Staffing suppliers: Achieved 100% of employment agencies and contracting companies (internal contractors) Material suppliers: Achieved 80% or more of our procurement spend | |

1 Global patent filing rate: Percentage of inventions filed as a patent application in multiple countries 2 For each question, average score is calculated for all customers who responded 3 QA-BOX: Refer to Measures to Prevent Quality Problems from Occurring and Recurring on p. 29

4 Collected, analyzed, processed and concisely summarized data and summarized in tables, graphs, etc. 5 Shift Left: Refer to p. 16 and Ensuring Self-process Assurance Systems and Promoting Shift Left on p. 28

6 Self-process Assurance: Refer to Ensuring Self-process Assurance Systems and Promoting Shift Left on p. 28 7 The ratio of females majoring in science or engineering in the case of engineers

8 Per-unit basis: Calculated using complex weighting of the number of developed evaluation machines, units produced, floor area and labor-hours for each district 9 Per-unit basis: Calculated based on floor area and labor-hours, etc., for each district 10 BCP: Business Continuity Plan

Fiscal Year 2023

| Material Issues | Priority Themes | Annual Sustainability Goals | Initiatives to the SDGs |
|---|---|--|---|
| Product Competitiveness Continuously create high value-added next-generation products | Tackling technological innovation | <ul style="list-style-type: none"> ■ Increase research and development (R&D) investment to be 1 trillion yen or more over 5 years (fiscal year 2023 to 2027) ■ Maintain the previous year's global patent application rate (±10 percentage points) |   |
| | Customer Responsiveness Strong relationship based on trust/Sole strategic partner | Solutions that create value for customers Improvement of customer satisfaction | <ul style="list-style-type: none"> ■ Increase Tokyo Electron's value to customers ■ Increase sales-in-field solutions business by 5% or more from the fiscal year 2022 level ■ Achieve evaluations of "Very Satisfied" or "Satisfied" for 100% of customer satisfaction survey responses |
| Higher Productivity Pursuit of operational efficiency | Continuous improvement of business operations | <ul style="list-style-type: none"> ■ Target a 10% improvement in operational efficiency as a medium- to long-term goal, achieve centralized data management through adoption of a new ERP system and build a business foundation where employees can focus even more on high-value work (1) Launch ERP introduction to overseas subsidiaries (2) Prepare for ERP introduction to domestic manufacturing sites |   |
| | Quality management | <ul style="list-style-type: none"> ■ Check the impact of important common issues and thoroughly implement measures to prevent recurrence of similar faults ■ Strengthen the information environment for more accurate quality status and promote improvement activities | |
| | Improvement of customer productivity/yield | <ul style="list-style-type: none"> ■ Identify root causes of market failures and promote and strengthen Shift Left (front-loading) initiatives by thoroughly implementing countermeasure activities ■ Identify risks and thoroughly implement countermeasures from the initial development stage (thorough prevention) | |
| Management Foundation Build a strong management foundation that underpins our business activities | Diversity and inclusion | <ul style="list-style-type: none"> ■ Recruit and develop world-class human resources regardless of nationality, age, gender, etc., in order to realize an optimal organization and optimal placement of the appropriate personnel to execute our business strategy ■ Conduct a diversity-conscious talent pipeline (plan for developing human resources) for succession planning and achieve the goal of increasing the ratio of female managers¹ to 8% globally and 5% in Japan (by fiscal year 2027) ■ Implement initiatives to make the ratio of female recruits equal to or greater than the general ratio of females in each region ■ Create an organizational structure where even those from outside of Japan can take on corporate roles through the use of technology and shared global human resources systems ■ Implement a personnel exchange program for engineers at overseas subsidiaries and domestic manufacturing sites ■ Share the message of top management's commitment to promoting diversity and inclusion and its continued dissemination |  |
| | Career development | <ul style="list-style-type: none"> ■ Foster a culture of learning and development in the workplace through (1) Leader development a culture of business ethics and compliance (2) Provision of personalized global learning opportunities (3) Support for career development throughout working life | |
| | Work-life balance | <ul style="list-style-type: none"> ■ Reach at least 70% take-up rate of annual paid leave | |
| | Health and safety | <ul style="list-style-type: none"> ■ Increase the percentage of employees receiving specific health guidance to 60% (figures based on the results of medical checkups up to the end of fiscal year 2024) ■ Reduce the number of workplace injuries per 200,000 work hours Target: TCIR is less than 0.50 | |
| | Governance | <ul style="list-style-type: none"> ■ Continue to improve on issues identified in evaluations of the effectiveness of the Board of Directors | |
| | Risk management | <ul style="list-style-type: none"> ■ Further strengthen the PDCA cycle ■ Continue to implement internal education programs ■ Implement company-wide risk management tools | |
| | Compliance | <ul style="list-style-type: none"> ■ Continue to foster a culture of business ethics and compliance (1) Strengthen efforts to continuously communicate the CEO message and foster a culture of business ethics and compliance (2) Continue to improve and implement a compliance program² based on compliance risk assessments (3) Systematic implementation and effective review of various compliance training programs | |
| | Environmental contribution of products | <ul style="list-style-type: none"> ■ Reduce per-wafer emissions of CO₂ by 30% (by fiscal year 2031, compared with fiscal year 2019) ■ Reduce the amount of the use of wooden packaging materials by 50% (packaging for semiconductor production equipment, fiscal year 2024) ■ Reduce CO₂ emissions of overall logistics (own delivery) by 10% (by fiscal year 2027) | |
| | Environmental management | <ul style="list-style-type: none"> ■ Reduce total CO₂ emissions at plants and offices by 70% (by fiscal year 2031, compared with fiscal year 2019) ■ Rate of 100% renewable energy usage at plants and offices (by fiscal year 2031) ■ Reduce energy consumption by 1% YoY at each plant and office (per-unit basis) ■ Maintain water consumption (per-unit basis) at each plant and office at the fiscal year 2012 level in Japan and at individual base year levels overseas | |
| | Supply chain management | <ul style="list-style-type: none"> ■ Implement supply chain sustainability assessments for the following percentages of suppliers Material suppliers: Covering at least 85% of our procurement spend Logistics suppliers: 100% of customs-related operators Staffing suppliers: 100% of employment agencies and contracting companies (internal contractors) ■ Implement supply chain BCP assessments for the following percentages of suppliers Material suppliers: Covering at least 85% of our procurement spend | |

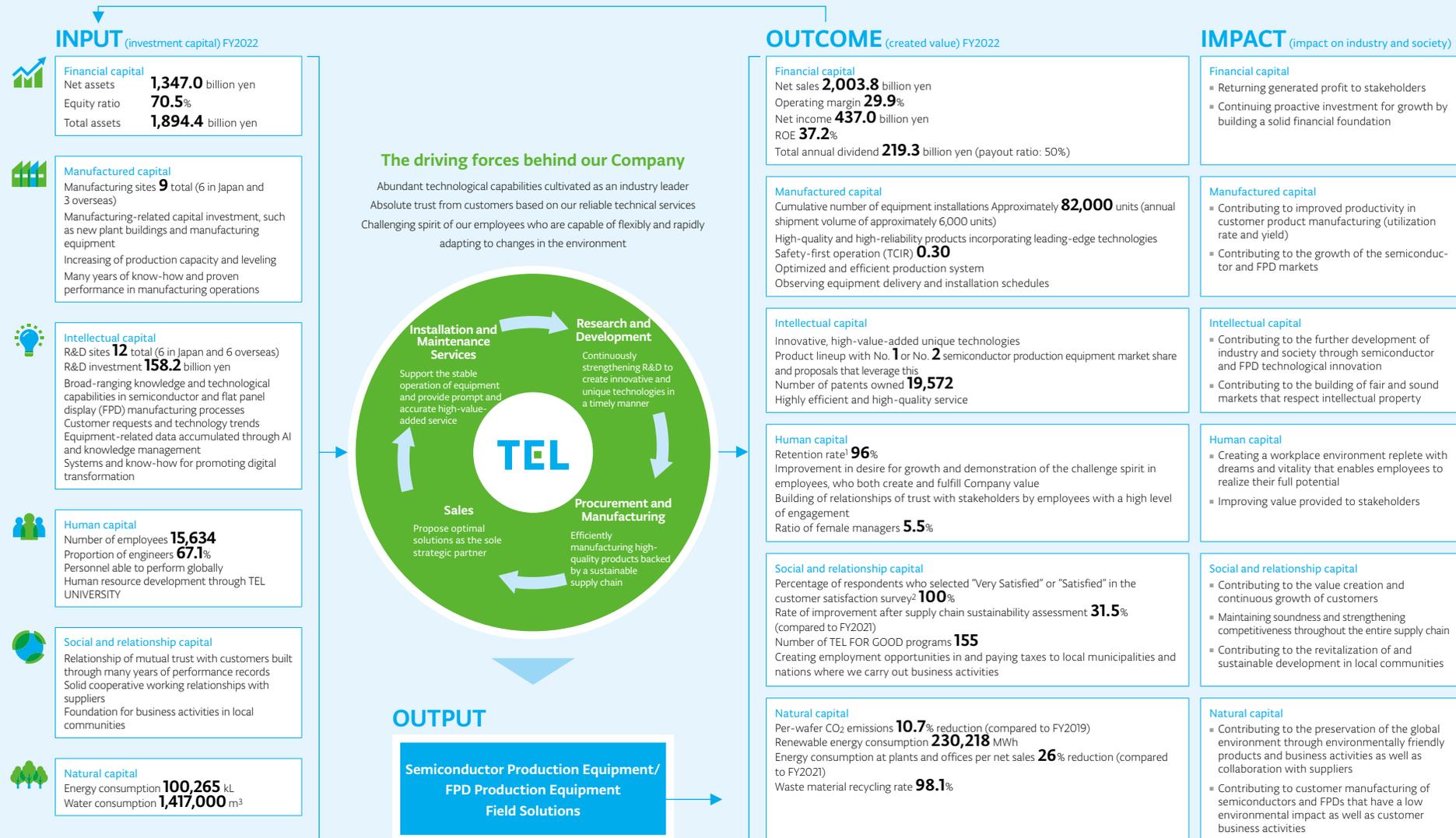
¹Include experts in the number of managers ² Compliance program: [Refer to Compliance System on p. 39](#)

169 Targets of the SDGs

| Material Issues | Relationship with the SDGs Priority Issues | 3 | 5 | 8 | 9 | 10 | 12 | 13 | 16 | 17 | Actions under 169 Targets | Listed Pages |
|--------------------------------------|---|---|-----------------|---------------------------------|---|----------------------|--|----------------|--|----------------------------|---|--------------|
| | | GOOD HEALTH AND WELL-BEING | GENDER EQUALITY | DECENT WORK AND ECONOMIC GROWTH | INDUSTRY, INNOVATION AND INFRASTRUCTURE | REDUCED INEQUALITIES | RESPONSIBLE CONSUMPTION AND PRODUCTION | CLIMATE ACTION | PEACE, JUSTICE AND STRONG INSTITUTIONS | PARTNERSHIPS FOR THE GOALS | | |
| Product Competitiveness | Tackling technological innovation | | | | 9.2/9.4/9.5 | | | 13.1 | | | <ul style="list-style-type: none"> Promote inclusive and sustainable industrialization Enhance resource use efficiency and expand the introduction of clean technologies and environmentally sound technologies Support scientific research in the industrial sectors of all countries and enhance technological capabilities Diversify industries and create added value in products Enhance resource use efficiency and expand the introduction of clean technologies and environmentally sound technologies Prevent and reduce the generation of waste and reduce waste through recycling and reuse Raise economic efficiency through diversification, technological enhancement and innovation Reduce environmentally sound chemical substances and waste Prevent and reduce the generation of waste and reduce waste through recycling and reuse Reinforce global partnerships to achieve sustainable development Promote gender equality and ensure equal opportunity and equalities of outcome Ensure equal opportunity and equalities of outcome by encouraging suitable legislation and taking other measures Reduce organic chemical substances and air, water, soil and other pollution Reduce corruption and bribery in all forms Reinforce resilience and adaptive capacity to climate change-related hazards and natural disasters | P. 18 |
| | Customer Responsiveness | Solutions that create value for customers | | | | 9.4/9.b | | 12.5 | | | | |
| Improvement of customer satisfaction | | | | | 9.4 | | | | | | | P. 24 |
| Higher Productivity | Continuous improvement of business operations | | | 8.2 | | | | | | | | P. 26 |
| | Quality management | | | 8.2 | | | 12.2/12.4/12.5 | | | | | P. 28 |
| | Improvement of customer productivity/yield | | | 8.2 | | | 12.2/12.4/12.5 | | | | | P. 28 |
| Management Foundation | Diversity and inclusion | | 5.1/5.5/5.b/5.c | | | | | | 16.2/16.7 | | | P. 42 |
| | Career development | | 5.5 | 8.2 | | 10.2/10.3 | | | | 17.16 | | P. 42 |
| | Work-life balance | 3.9 | | | | | | | | | | P. 44 |
| | Health and safety | 3.9 | | | | | | | | | | P. 45 |
| | Governance | | | | | | | | | | P. 31 | |
| | Risk management | | | | | | | | | | P. 36 | |
| | Compliance | | | | | | | | 16.5 | | P. 39 | |
| | Environmental contribution of products | 3.9 | | | | | | 13.1 | | | P. 53 | |
| | Environmental management | | | | | | | 13.1 | | | P. 47 | |
| | Supply chain management | | 5.1 | | | | | | | 16.2 | P. 55 | |

Value Creation Model

We will make the most of the capital we own and continue to provide new value that contributes to the resolution of issues and development of industry and society through the development of a value chain in our business activities in R&D, procurement and manufacturing, sales and installation and maintenance services.



Realization of Vision and Practice of Corporate Philosophy

¹ Calculated using data on turnover rate ² For each question, average score is calculated for all customers who responded