

■ Message from the Chairman of the Board

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Board Effectiveness and Governance Quality Form the Foundation of Shareholder Value Enhancement

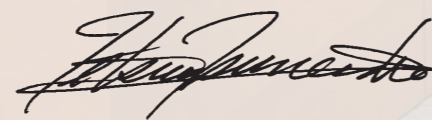
Five years have passed since the introduction of Japan's Corporate Governance Code, and companies are now focusing their governance on further enhancing board effectiveness in order to increase shareholder value on an ongoing basis. Using the Audit & Supervisory Board System, Tokyo Electron seeks to implement aggressive governance based on fast, bold decision making in order to attain world-class profitability and capital efficiency while also reinforcing careful, prudent governance to ensure management transparency and fairness.

In fiscal 2020, we continued to create numerous opportunities for our corporate directors and Audit & Supervisory Board members to discuss a wide range of important matters beyond the Board of Directors meeting agenda items. Some discussions focused on initiatives going forward, based on a shared awareness that, in addition to reinforcing corporate governance, we must build a world-class, integrated governance, risk management and compliance (GRC) system covering the entire Group, including overseas sites. Considering the medium term, we shared information about progress toward the targets of the financial model under the medium-term management plan, as well as the remaining hurdles. From a long-term perspective, we deliberated business areas where we can leverage Tokyo Electron's strengths and the Company's future direction. We also actively discussed CSR initiatives related to ESG issues and the Sustainable Development Goals, considering the growing importance of non-financial value. Going forward, we will continue discussions aimed at growth over the medium to long term in order to enhance the effectiveness of the Board of Directors in its roles of establishing management strategy and vision and making major operational decisions based on strategic direction.

To enhance management transparency and fairness, in fiscal 2020 an outside director was appointed to chair the Compensation Committee, further enhancing the committee's independence. Looking at the composition of the Board of Directors, we made progress in terms of the Board's gender diversity and discussed the appropriate

ratio of outside directors on the Board. In fiscal 2021, we continue to benefit from the advice of our incumbent outside directors: Mr. Charles Ditmars Lake II, an American national and executive at an American life insurance company; Mr. Michio Sasaki, who served for many years as president of Keyence, a corporation well known for being highly profitable; and Ms. Makiko Eda, Chief Representative Officer at World Economic Forum Japan. We have also welcomed two new outside Audit & Supervisory Board members, Mr. Masataka Hama, who brings wide-ranging insight into global capital markets, and Mr. Ryota Miura, who boasts a wealth of experience as an attorney at law, primarily in the area of corporate law. The addition of these two members has further enhanced the Company's audit functions. Our sixteen corporate directors and Audit & Supervisory Board members (including six outside members) engage in brisk, open and constructive discussion based on their diverse insights and experience with a strong awareness of Tokyo Electron's corporate culture, further enhancing the effectiveness of the Board of Directors.

The importance of data and networks is growing, driven by the adoption of IoT, AI and 5G, as well as the growing use of remote work arrangements and teleconferencing as a result of the spread of COVID-19. These changes in lifestyles and business rely on semiconductors and FPDs, which are in turn taking on ever greater roles. Accordingly, the production equipment market, in which Tokyo Electron operates, is expected to continue expanding. As chairman, I will continue doing my utmost to contribute to sustainable growth and the medium- to long-term enhancement of shareholder value in this growing market.



Tetsuo Tsuneishi
Corporate Director
Chairman of the Board

