

KnowTheChain 2022 ICT Benchmark

Additional Disclosure

Company Name: Tokyo Electron Limited

Date: August 24, 2022

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

Supplementary explanation: "Freedom of association" is one the most important items that forms "Human Rights Policy", which we place great importance on globally. Please see link below.

https://www.tel.com/sustainability/management-foundation/img/HumanRightsPolicy_e.pdf

Supplementary explanation: In addition, the annual assessments of our business partners are based on the RBA Code of Conduct, and we can say that we have a monitoring process. Please refer to page 55 (pdf page 56), "Sustainability Operations" of "Initiatives in the Supply Chain".

https://www.tel.com/sustainability/report/q0u4dk00000000a7-att/sr2022_all_e.pdf

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

Supplementary explanation: By conducting sustainability assessments, analysing the results, and providing feedback to our business partners, we are also working to promote their ability development. Please refer to page 55 (pdf page 56), "Sustainability Operations" of "Initiatives in the Supply Chain".

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INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

Supplementary explanation: Annual performance-linked remuneration also includes contribution to short-term and medium-term management strategy targets, including ESG, and improvements in supply chain working conditions. Please refer to page 33 (pdf page 34), “Overview of Compensation”.

https://www.tel.com/sustainability/report/q0u4dk00000000a7-att/sr2022_all_e.pdf

Supplementary explanation: In fiscal year 2021, with the help and understanding of our suppliers, steps were taken to repay workers with respect to cases of an employment-related expense burden for forced labour and bonded labour, which had been identified in the previous fiscal year and which have been given particular emphasis in the RBA Code of Conduct. In addition, with respect to cases of false reporting, changes were made in business processes and audits were introduced. Please refer to page 54(pdf page 28), “CSR Operations” of “Initiatives in the Supply Chain”.

https://www.tel.com/sustainability/report/fjb87t00000000po8-att/sustainability_report_2021_all_e.pdf

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

Supplementary explanation: Forced labour in the supply chain is discussed at the Sustainability Committee, which meets twice annually. Please refer to page 7 (pdf page 8), “Sustainability Promotion Framework”.

https://www.tel.com/sustainability/report/q0u4dk00000000a7-att/sr2022_all_e.pdf

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

Supplementary explanation: As a result of the fiscal 2021 survey, 18% of business partners had potential or actual risks, and the majority of risks were related to labour, including forced labour, and safety and health. Please refer to page 41 (pdf page 42), "Performance of Conformance and Potential/Actual Risks".

https://www.tel.com/sustainability/report/q0u4dk00000000a7-att/sr2022_all_e.pdf

4.2 details on forced labour risks identified in different tiers of its supply chains; and

Supplementary explanation: Working hours identified as a risk in the area of labour include forced labour. Please refer to page 41 (pdf page 42), "Performance of Conformance and Potential/Actual Risks".

https://www.tel.com/sustainability/report/q0u4dk00000000a7-att/sr2022_all_e.pdf

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

Supplementary explanation: Through sustainability assessments, we ask our business partners to provide feedback and take action to improve. Please refer to page 10 (pdf page 11), "Stakeholder Engagement".

https://www.tel.com/sustainability/report/q0u4dk00000000a7-att/sr2022_all_e.pdf

INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

Supplementary explanation: To make its entire supply chain sound and sustainable, Tokyo Electron has formulated a procurement policy based on the laws, regulations and social norms of each country, as well as the RBA Code of Conduct, and is promoting activities based on this policy by disseminating it throughout the company and its suppliers. Please see link below, "Procurement Policy" and "Procurement Policy-Supplement: Requests to Our Suppliers".

<https://www.tel.com/sustainability/management-foundation/supply-chain-management.html>

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

Supplementary explanation: Regarding the human rights issue of “freely chosen employment,” we have expressly stipulated our zero-tolerance policy for forced labour and bonded labour, and by communicating this to our major suppliers, we are promoting initiatives to ensure that all people in our supply chain can work of their own free will. Please refer to page 55 (pdf page 56), “Sustainability Operations” of “Initiatives in the Supply Chain”.

https://www.tel.com/sustainability/report/q0u4dk00000000a7-att/sr2022_all_e.pdf

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

Supplementary explanation: We have established and are operating the Tokyo Electron Group Ethics & Compliance Hotline—a global common internal point of contact that uses a third-party system

that is also accessible to our suppliers—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. Please refer to page 40 (pdf page 41), “Internal Reporting System”.

https://www.tel.com/sustainability/report/q0u4dk0000000a7-att/sr2022_all_e.pdf

Supplementary explanation: In addition, as a mechanism for responding to various consultations and inquiries, including complaints about working conditions in the supply chain, we have set up a "Contact Us" page on our website, which is available to all workers in the supply chain. Please see below link.

<https://www.tel.com/contactus/>

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

Supplementary explanation: We have released the breakdown of the number of consultations and reports received by the internal reporting system in FY2021. This breakdown also includes consultations from supply chain workers. Please refer to page 40 (pdf page 41), “Breakdown of Consultation / Report Contents”.

https://www.tel.com/sustainability/report/q0u4dk0000000a7-att/sr2022_all_e.pdf

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

Supplementary explanation: As the result of human rights risk survey conducted at suppliers, we report any problems related to forced labour, but if there are no problems, we do not report them. For example, when we discover issues related to forced labour, such as cases of employment-related costs, we report them in our Sustainability Report 2021. Please refer to page 54(pdf page 28), “CSR Operations” of “Initiatives in the Supply Chain”.

[https://www.tel.com/sustainability/report/fjb87t0000000po8-att/sustainability report 2021 all e.pdf](https://www.tel.com/sustainability/report/fjb87t0000000po8-att/sustainability%20report%202021%20all%20e.pdf)

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

Supplementary explanation: Complaints and reported violations related to forced labour in the supply chain are handled according to the global response to internal reports flow. Please refer to page 40 (pdf page 41), "Response to Internal Reports" of "Internal Reporting System".

https://www.tel.com/sustainability/report/q0u4dk00000000a7-att/sr2022_all_e.pdf

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

In addition, where an allegation is identified in a company's supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

NON-SCORED RESEARCH

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

High Risk Sourcing

Please indicate whether your company sources from China or Malaysia. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.