This corporate governance report has been prepared in line with the specifications of the Tokyo Stock Exchange. The numbering of the principles and supplementary principles is based on Japan's Corporate Governance Code.

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Corporate governance at SCREEN Holdings Co., Ltd. (hereinafter "SCREEN Holdings" or the "Company") and its consolidated subsidiaries (collectively, the Group or the SCREEN Group) is executed in accordance with the following:

I. Basic Concepts regarding Corporate Governance, Capital Structure, Corporate Profile, and Other Fundamentals

1. Basic Concepts

By striving to improve corporate governance in pursuit of enhanced transparency, soundness, and efficiency in business management, the SCREEN Group aims to ensure that shareholders and all other stakeholders benefit in line with its Corporate Philosophy that clarifies the corporate purpose. The Group recognizes that effective corporate governance is essential to the achievement of this goal, thus it has strengthened its capabilities to govern through the establishment of its "Management Grand Design," which is SCREEN's future ten-year vision for enhancing SCREEN Value; "SCREEN Group CSR Charter / Code of Conduct," which describes the principles of action and standards that all Group employees should comply with; and the "SCREEN Group Code of Management," which regulates the controlling policies and systems of Group companies as well as other regulations with which all executives and employees should comply.

Reasoning for Noncompliance with the Principles of the Corporate Governance Code

N/A

The Company has complied with all principles of the Corporate Governance Code which was published on June 11, 2021.

Disclosure Based on the Principles of the Corporate Governance Code Update

Principle 1.4: Cross-Shareholdings

In order for the Company to enjoy sustainable corporate development, it is essential to maintain partnerships with a broad range of external corporations. Because of this, the Company may retain cross-shareholdings as long as said shareholdings are deemed strategically necessary in light of its pursuit of medium- to long-term improvements in corporate value. To assess the necessity of such shareholdings, the Board of Directors engages in annual reviews aimed at comprehensively examining the status of transactions with investees, the impact of shareholdings on the Company's financial position, the quantitative benefits of such shareholdings vis-à-vis capital cost, and whether the purposes of shareholdings have been met. If examination results reveal that certain shareholdings are no longer necessary, the Company negotiates with the investees to ensure that

the shareholdings in question can be smoothly divested. As of the end of the most recent fiscal year, the Company had divested shares of 37 investees, totaling ¥7.8 billion, over the nine years since the introduction of Japan's Corporate Governance Code.

In addition, the Company exercises voting rights associated with its shareholdings in a way that respects the management policies of its investees while making voting judgments from the perspective of enhancing its own corporate value over the medium to long term. It should be noted that if an investee is found to be involved in major misconduct or has submitted a proposal that is deemed potentially detrimental to shareholder value, the Company will take a particularly cautious approach when making its voting judgment, engaging in dialogue with the investee prior to voting as necessary.

Principle 1.7: Related Party Transactions

When a director intends to engage in a transaction deemed to be competing with any of the Company's businesses or that may result in a conflict of interest ("Competition and Conflicting Interest Transactions" as defined by law), the director is obliged to obtain the approval of the Board of Directors in accordance with the Company's Rules of the Board of Directors. Moreover, the Board will review reports on the content and value of such transactions on a quarterly basis and grant approval on those transactions that are judged legitimate. In addition, no current shareholder of SCREEN Holdings possesses a voting rights ratio of 10% or greater. However, if a major shareholder were to surpass this ownership threshold, the Company would ensure that any possible transaction with said shareholder be properly examined by the Board of Directors based on the aforementioned procedure before being greenlit.

Supplementary Principle 2.4.1: Ensuring Company Diversity in Core Personnel Hiring

(i) Ensuring diversity

Based on the philosophy of supporting the activities of diverse human resources set forth in the CSR Charter, which is the Group's Code of Conduct, the Company actively recruits human resources with diverse attributes including women, non-Japanese people, and mid-career hires, as well as trains and promotes individuals to management positions based on their abilities, qualities, and aptitudes regardless of their attributes. In addition, by continuously exchanging human resources between overseas Group companies and the Company and its business operating and functional support companies, efforts are being made to develop human resources with broad perspectives.

In addition, the Company is striving to create a comfortable working environment that allows all employees to demonstrate their abilities regardless of gender despite changes resulting from various life stages. The Company will continue to emphasize the diversity of its human resources in order to improve the working environment and to ensure strong growth.

Promotion of Women to Management Positions

At the Company and its business operating and functional support companies, women are taking on a wide range of positions, including as general managers, section managers, and subsidiary executives. In order to encourage their growth, the Company offers career development for promotion to management positions according to their qualifications and aspirations, such as overseas assignments, dispatch to overseas MBA programs, and appointment as company-wide project leaders.

By the fiscal year ending March 31, 2031, the Company aims to increase the percentage of women in management to at least 6% and the percentage of women amongst all employees to at least 15%, or to a level that is appropriate for the changing business conditions. The Company is actively recruiting and training women, and is working to create an environment that encourages them to play an active role, thereby increasing the number of women in core positions in decision making for the Group.

The number of women hired is on the rise, and the Company would like to increase the percentage of new graduates hired to more than 20%.

	Current	Fiscal year ending March 31, 2031
Ratio of women in management positions	4.46%	6% or higher
Percentage of women among all employees	11.05%	15% or higher

Promotion of Non-Japanese to Management Positions
Within the Group, there are 52 international employees in the Company and its business operating and functional support companies, and four of them are active in management positions. In overseas subsidiaries, about half of the 42 full-time executive positions are held by locally hired foreign nationals, and international employees account for about 40% of the Group as a whole. In addition, the Company continues to exchange human resources with overseas Group companies by appointing them to general manager or higher positions in the Company and its business operating and functional support companies.

Promotion of Mid-Career Hires to Management Positions
The Group actively recruits mid-career workers in line with changes in its core businesses and other factors, and the number of such workers accounts for about 40% of the total number of employees in domestic Group companies. In management positions, mid-career hires account for about 40% of the total, and appointments are made regardless of hiring attributes.

(ii) Human resource development policies, internal environment development, and other conditions to ensure diversity
In order for each individual to maximize his or her abilities and enhance the performance of the Group, it is crucial to provide opportunities for growth, a supportive environment, and promote diversification, regardless of an individual's attributes. The Company will continue to implement hiring from diverse demographics, and while taking into account business conditions, strive to increase the number of diverse employees, including mid-career hires, women, and non-Japanese, to more than 50% by the fiscal year ending March 31, 2031.

Principle 2.6: Roles of Corporate Pension Funds as Asset Owners
The Company wishes to provide its employees with opportunities for stable asset formation via the administration of corporate pension funds while staying vigilant to the impact of fund administration performance on its consolidated financial position. Accordingly, the Company has put in place the Corporate Pension Fund Administration Committee consisting of individuals equipped with experience and competencies in this field. In this way, the Company monitors its asset managers and ensures that its pension funds are managed appropriately.

Principle 3.1: Full Disclosure
(i) Company mission (corporate philosophy, etc.), business strategies, and business plans
As presented earlier in "1. Basic Concepts."

(ii) Basic views and guidelines on corporate governance based on each of the principles of Japan's Corporate Governance Code
As presented earlier in "1. Basic Concepts."

(iii) Board policies and procedures regarding the determination of remuneration for senior management and directors
The remuneration policy for directors is determined by a resolution of the Board of Directors held on February 26, 2021. This is in response to the proposal of the Nomination and Compensation Advisory Committee composed of outside directors (the majority) and the Chairman of the Board of Directors.

Compensation as an incentive for directors is determined on the basis of individual roles and responsibilities in order to live up to the stakeholders' expectations and enhance medium- to long-term corporate value. Specifically, compensation for directors and corporate officers now consists of three elements: (a) basic remuneration for fixed cash payment, (b) a short-term performance-linked cash bonus, and (c) share compensation linked with the short- and medium- to long-term performance, and corporate value (shareholders' value). Outside directors' compensation does not include performance-linked share compensation.

After seeking the advice of the Nomination and Compensation Advisory Committee, compensation for each director is now determined by the representative directors under authorization from the Board of Directors.

Compensation for corporate officers is decided by representative directors after seeking the advice of the Nomination and Compensation Advisory Committee.

(iv) Board policies and procedures regarding the appointment/dismissal of senior management and the

nomination of director and corporate auditor candidates
Regarding the nomination of candidates for director and corporate auditor positions, candidates are selected in accordance with prescribed criteria listed below and approved by the Board of Directors after seeking the advice of the Nomination and Compensation Advisory Committee composed of outside directors (the majority) and the Chairman of the Board of Directors.

Criteria for Appointing Candidates for Directors
1. Candidates must be equipped with sufficient business experience and robust expertise in the area of their specialty and be capable of living up to stakeholder expectations and contributing to medium- to long-term growth in the SCREEN Group's corporate value.
2. Candidates must be capable of making fair judgment based on a neutral viewpoint without sectional partiality and be equipped with risk management abilities.
3. Candidates must be able to secure sufficient time and resources to appropriately fulfill their roles and responsibilities as directors.
4. Candidates must be knowledgeable individuals with integrity and high moral bearing.
5. Candidates must not meet any of the conditions disqualifying directors under Article 331-1 of the Japanese Corporate Law.
6. Candidates for outside director positions must fulfill SCREEN Holding's "Criteria for Independence of Outside Directors and Outside Corporate Auditors."
7. Candidate selection must be undertaken with the intention of securing diversity in experience and specialty, thereby maximizing the Board of Directors' functional efficiency and effectiveness and maintaining a balanced composition that helps SCREEN Holdings exercise management oversight covering all business units.

Criteria for Appointing Candidates for Corporate Auditors
1. Candidates must be equipped with abundant experience and capable of conducting audits from a neutral and objective viewpoint without sectional partiality.
2. Candidates must be independent from those charged with business execution and well-positioned to maintain fair and impartial standing.
3. Candidates must be able to secure sufficient time and resources to appropriately fulfill their roles and responsibilities during their term of office.
4. Candidates must be knowledgeable individuals with integrity and high moral bearing.
5. Candidates must not meet any of the conditions disqualifying directors under Article 331-1 of Japan's Companies Act, which also apply to corporate auditors in accordance with Article 335-1 of said law.
6. Candidates for outside corporate auditor positions must fulfill SCREEN Holding's "Criteria for Independence of Outside Directors and Outside Corporate Auditors."
7. Candidate selection must be undertaken with the intention of securing a balanced composition in terms of knowledge, experience and specialties. In addition, at least one corporate auditor must be equipped with considerable expertise in finance and accounting.

Regarding the dismissal of directors, after seeking the advice of the Nomination and Compensation Advisory Committee, the Board of Directors may propose dismissing an individual to whom one of the following criteria apply. Approval of the dismissal is then required at a shareholders' meeting based on the resolution passed by the Board of Directors.

Criteria for Dismissing Directors
1. A director who obviously fails to fulfill "Criteria for Appointing Candidates for Directors"
2. A director who is or has been involved in conduct or a significant violation of laws, regulations, or in-house rules, including the Articles of Incorporation

(v) Explanations with respect to the individual appointments/dismissals and nominations based on (iv) The details of individual candidates for directors and corporate auditors appointed by the Board of Directors are disclosed via the Company's corporate website. Please refer to the latest notice of the General Meeting of Shareholders, which includes descriptions of such candidates and is posted on said website.
https://www.screen.co.jp/download_file/get_file/N_GM_240529_E.pdf
When the Company dismisses a director, it discloses the details of such dismissal via its corporate website.

Supplementary Principle 3.1.3: Sustainability

Sustainability Initiatives

The Company is committed to collaborating with a wide range of stakeholders, proactively disclosing information, and improving transparency. For more information about the Company's approach to sustainability and our efforts to enhance social values, please refer to our official website.

https://www.screen.co.jp/en/sustainability

In addition, the Company has collected and analyzed the necessary data and disclosed the information on our website and other media about the impact of climate change-related risks and opportunities on our business activities and earnings in accordance with the TCFD framework. For more details, please refer to the following link.

https://www.screen.co.jp/en/sustainability/environment/tcfd

Investment in Human Capital

The Company is working to enhance human capital with the aim of enabling both our company as a corporate entity and individual employees to become "Solution Creators", that contribute to solving social issues and needs and supporting the sustainable development of society. Details of investments in human capital are disclosed in our Annual Report (Integrated Report) and on our website.

(Annual Report: https://www.screen.co.jp/en/ir/annual)

(Human Capital Website: https://www.screen.co.jp/en/sustainability/social/employee)

(Securities Report: https://www.screen.co.jp/en/ir/library)

Investment in Intellectual Property

The Company, from the perspective of enhancing its own corporate value over the medium to long term, makes registrations appropriately for the protection of its rights and makes effective use of such Intellectual Property as well as facilitates to actively create the same, to realize a business portfolio that multifacetedly reflects corporate strategies, business strategies, technology strategies, and market trends in its business areas. For more information on the Company's activities regarding Intellectual Property, please refer to the Annual Report (Integrated Report).

(Annual Report：https://www.screen.co.jp/en/ir/annual)

Supplementary Principle 4.1.1: The Scope of Matters Delegated to the Management

In addition to assuming its duties as defined by laws, the Articles of Incorporation, and the SCREEN Group Responsibility and Authority Rules, the Board of Directors determines basic policies and strategies as well as other important matters associated with the Group's operations. Based on the aforementioned policies and strategies, the Company's business is executed by directors in charge of particular operations as well as corporate officers, business operating companies, and functional support companies, while the Board of Directors supervises the status of their business execution.

Supplementary Principle 4.1.3: The Succession Plan for President & CEO

In principle, the succession plan for securing an ideal successor to the position of President & CEO and the defining criteria and procedures for appointing such an individual, are determined by the Board of Directors after seeking advice from the Nomination and Compensation Advisory Committee composed of outside directors (the majority) and the Chairman of the Board of Directors.

Supplementary Principle 4.3.3: Procedures for Dismissing President & CEO

In cases where the Company's President & CEO meets prescribed criteria, the dismissal of such individual from his/her position will be determined by the Board of Directors after seeking advice from the Nomination and Compensation Advisory Committee composed of outside directors (the majority) and the Chairman of the Board of Directors.

Principle 4.8 Effective Use of Independent Directors

The Company appoints qualified and independent outside directors and corporate auditors according to its Criteria for Independence of Outside Directors and Outside Corporate Auditors. It also maintains four outside directors and ensures discussion based on their independent, objective opinions following the Company's Rules of the Board of Directors. The aforementioned rules also mandate that outside directors account for at least one third of the entire membership of the Board. Four outside directors were appointed at the 83rd Ordinary General Meeting of Shareholders which was held on June 21, 2024. That ensures a

balanced perspective that allows the Board of Directors to operate with maximum efficiency and effectiveness, while keeping management oversight over the entire Group securely in place. Of the eight directors elected at the 83rd General Meeting of Shareholders held on June 21, 2024, four are outside directors, which enables Board of Directors' discussions based on independent and objective opinions.

Principle 4.9 Independence Standards and Qualifications for Independent Directors

The Company has in place its Criteria for Independence of Outside Directors and Outside Corporate Auditors that clarify its standards for securing the independence of outside directors and outside corporate auditors from management. Currently, four outside directors engage in Board of Directors meetings, freely bringing their insights backed by extensive knowledge and experience in such fields as corporate management from a fair and neutral standpoint. These individuals contribute to active and constructive discussions at the Board, thereby fulfilling their roles and responsibilities as outside directors who are independent from management.

Supplementary Principle 4.10.1: Appropriate Involvement and Advice from Outside Directors through the Establishment of an Independent Nominating and Compensation Advisory Committee

The Company has established the Nominating and Compensation Advisory Committee, consisting of outside directors (the majority) and the chairman of the Board of Directors, to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to nomination (including succession planning) and compensation.

The Committee deliberates and reports on the election of candidates for directors, corporate auditors, and corporate officers, as well as the compensation, etc. (basic compensation, performance-based compensation, and performance-linked stock-based compensation) for directors and corporate officers.

Supplementary Principle 4.11.1: Appointment of Directors

The Company's Rules of the Board of Directors include provisions aimed at maintaining an optimal number of directors in light of changes in the operating environment and the nature of duties to be assumed by individual directors. To this end, these provisions mandate that the "number of directors must not exceed 13 and at least one third of its membership must be accounted for by outside directors." These provisions are intended to secure "diversity in terms of director experience and their areas of specialty" and help maintain "a balanced perspective that allows the Board of Directors to operate with maximum efficiency and effectiveness while keeping management oversight over the entire Group securely in place."

Regarding the nomination of candidates for director positions, candidates are selected in accordance with SCREEN Holding's "Criteria for Appointing Candidates for Directors" and approved by the Board of Directors after seeking the advice of the Nomination and Compensation Advisory Committee composed of outside directors (the majority) and the Chairman of the Board of Directors.

Supplementary Principle 4.11.2: Status of Concurrent Positions Held by Outside Directors

The Company discloses the status of important concurrent positions held by its directors and corporate auditors via such media as the notice of General Meeting of Shareholders and securities reports.

Supplementary Principle 4.11.3: Evaluation of the Board's Effectiveness

The Company undertakes an annual evaluation of the Board of Directors in terms of its effectiveness and discloses a summary of its results, hearing analysis and evaluation conducted by third-party organization. This process confirms how effectively the Board of Directors contributes to the functioning of the corporate governance, identifies problems and attains improvement. For a summary of the latest evaluation results, please see the following document.
https://www.screen.co.jp/download_file/get_file/20240613_BME_E.pdf

Supplementary Principle 4.14.2: Training Policies for Directors and Corporate Auditors

The Company provides newly appointed directors and corporate auditors (excluding outside directors and outside corporate auditors) with opportunities to undergo external training programs at its own expense, thereby ensuring that these individuals are well aware of the roles and responsibilities they are expected to fulfill from the moment their term of office begins as well as the relevant laws and regulations they need to

know. Outside directors and outside corporate auditors are given opportunities to acquire knowledge about the SCREEN Group's businesses, financial conditions, and organizational structure, and other essential Group-related matters as soon as they assume office while being granted access to duty-related information necessary to the fulfillment of their roles and responsibilities. The Board of Directors holds quarterly sessions aimed at reviewing business reports in four main business areas submitted by the four major business operating companies. That keeps directors and corporate auditors informed of the latest technological, business and industrial trends.

Principle 5.1: Policy for Constructive Dialogue with Shareholders
The Company promotes constructive engagement with shareholders in line with the following Disclosure Policy.
https://www.screen.co.jp/en/ir/disclosure_policy

Supplementary Principle 5.2.1: Formulation and Announcement of Management Strategies, Plans and Business Portfolio
The Group has positioned business portfolio management as one of its key management strategies to achieve sustainable growth and enhance corporate value in a rapidly changing business environment. Specifically, the basic policy of the Board of Directors is to build an optimal business portfolio by visualizing the current status of each business in an integrated manner using growth rate and ROIC as indicators, analyzing issues and periodically confirming the progress of necessary measures.

[Actions to Implement Cost of Capital and Stock Value-Conscious Management]
The Company ascertains the cost of capital for the entire Group using the weighted average cost of capital (WACC).
In addition, from the previous medium-term management plan "Value Up 2023", we have introduced ROIC as an indicator to measure profitability and efficiency in order to promote the adoption of "ROIC management".
Following the previous medium-term management plan, we have also set ROIC targets that exceed WACC in our new medium-term management plan "Value Up Further 2026" (From FY2025/03 to FY2027/03). In addition, we have disclosed ROIC targets in this medium-term management plan.

[Status of Dialogue with Shareholders]
We strive to give our shareholders and investors a greater understanding of the SCREEN Group by communicating our management, business, and financial position in a timely, accurate, and clear-cut manner. We also share opinions and other feedback from shareholders and investors to the management as appropriate, for example, reporting such feedback to the Board of Directors at least once per quarter, to maximize corporate value.

Number of Dialogue-based IR Activities (Fiscal year ended March 31, 2024):
- Earnings presentations (CEO, CFO, etc.): 4
- Meetings with institutional investors and analysts: Approximately 360
- IR roadshow: 1 (Europe)
- Overseas institutional investor conferences: 15
- Shareholder engagement aimed at voting representatives: 8
- Corporate briefings for non-institutional investors: 2
- Factory tours for institutional investors and analysts: 8
- IR day: 1

2. Capital Structure Update

Percentage of foreign shareholders	From 20% to less than 30%

Status of Major Shareholders Update

The Master Trust Bank of Japan, Ltd. (Trust Account)	16,930,200	17.35
Custody Bank of Japan, Ltd. (Trust Account)	8,920,517	9.14
Nippon Life Insurance Company	3,661,592	3.75
The Bank of Kyoto, Ltd.	2,692,322	2.76
STATE STREET BANK AND TRUST COMPANY 505001	2,174,763	2.23
SCREEN's Business Partners Shareholders' Association Synchronize	1,840,172	1.89
Resona Bank, Limited.	1,825,120	1.87
The Shiga Bank, Ltd.	1,696,698	1.74
STATE STREET BANK WEST CLIENT TREATY 505234	1,657,000	1.70
MUFG Bank, Ltd.	1,569,428	1.61

Controlling shareholder (except for parent company)	――
Parent company	None

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3. Corporate Profile

Listed stock market and market section	Prime Market, Tokyo Stock Exchange
Fiscal year-end	March 31
Type of business	Electric equipment

Number of employees (consolidated) as of the end of the previous fiscal year	1,000 or more
Sales (consolidated) as of the end of the previous fiscal year	From ¥100 billion to less than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders when Conducting Transactions with the Controlling Shareholder

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5. Other Special Circumstances That May Have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, the Execution of Business, and Management Oversight

1. Organizational Composition and Operation

Structure	Company with a board of corporate auditors

Directors

Maximum number of directors stipulated in the Articles of Incorporation	13
Term of office stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman
Number of directors	8
Appointment of outside directors	Yes
Number of outside directors	4
Number of outside directors designated as independent directors pursuant to the securities listing regulations of the Tokyo Stock Exchange	4

Outside directors' relationships with the Company (1)

Name	Status	Relationship with the Company (note)										
		a	b	c	d	e	f	g	h	i	j	K
Hidemi Takasu	Appointed from another company											
Hiroko Okudaira	Academic										○	
Seiji Narahara	Appointed from another company											
Fumikazu Sato	Academic											

Note: Nature of the relationship with the Company is indicated using the following symbols:

○: Indicates the situation described below applies at present or in the recent past

△: Indicates the situation described below applied in the past

●: Indicates the situation described below applies to a close family member of the individual at present or in the recent past

▲: Indicates the situation described below applied to a close family member of the individual in the past

a. Engages in business execution at the listed company or its subsidiary

b. Engages in business execution or serves as a non-executive director at the listed company's parent company

c. Engages in business execution at a fellow subsidiary of the listed company

d. Engages in business transactions with the listed company as his/her main business partner or engages in business execution at a company that engages in such transactions

e. Acts as a main business partner of the listed company or engages in business execution at a company that acts as a main business partner of the listed company

f. Serves as a consultant, accounting specialist or attorney-at-law for the listed company and receives a considerable amount of remuneration or compensation other than executive remuneration

g. Holds considerable equity in the listed company or engages in business execution at a company that holds such equity

h. Engages in business execution at a company that has business transactions with the listed company (excluding the above "d," "e" or "f"; this clause does not apply to family members of outside directors)

i. Engages in business execution at a company that is in an inter-directorial relationship with the listed company (this clause does not apply to family members of outside directors)

j. Engages in business execution at a company that is a beneficiary of the listed company (this clause does not apply to family members of outside directors)

k. Other

Outside directors' relationships with the Company (2)

Name	Designation as independent director	Supplementary explanation of the relationship	Reasons for appointment
Hidemi Takasu	○	Mr. Hidemi Takasu had previously served at ROHM Co., Ltd., a company that has no business relationship with SCREEN Holdings.	*Reasons for appointment as an outside director* He has profound management experience, including overseas business, and expertise as an officer in charge of technological development of semiconductor devices at a semiconductor-related company. He concurrently serves as a director of another company. He has close relationships with universities in Japan and overseas. Currently, as Outside Director and Member of the Board of the Company, he has been providing useful advice to the Board of Directors from various perspectives. It is expected that he will continue to contribute to strengthening of the management supervision function and give advice from a wide range of technological development perspectives. Therefore, the Company requests his continued election as outside director. *Reasons for designation as an independent director* Since he is independent from management members engaging in business execution, he was deemed capable of fulfilling the role of outside director without causing a conflict of interest with general shareholders.

Hiroko Okudaira	○	Ms. Okudaira Hiroko serves as Associate Professor of Doshisha Business School, Doshisha University, which has business relationship with SCREEN Holdings regarding a project for strengthening educational function through academic-industrial collaboration. However, SCREEN's donation amounted to less than 0.1% of the total costs of the university. (in FY 2024/3)	*Reasons for appointment as an outside director* As Associate Professor (labor economics, applied microeconometrics, etc.) of Graduate School of Business, Doshisha University, Ms. Hiroko Okudaira has a wealth of knowledge and has outstanding research achievements on wide-ranging themes concerning the social structure, such as the increase in elderly workers and how companies adjust their behavior. Currently, as Outside Director and Member of the Board of the Company, she has been providing useful advice to the Board of Directors from various perspectives, including on new workstyles, empowerment of women, compliance, and diversity. Although she has no experience of direct involvement in corporate management, it is expected that she will continue to contribute to strengthening of the management supervision function and give advice from a wide-ranging and objective perspective. Therefore, the Company requests her continued election as outside director. *Reasons for designation as an independent director* Since she is independent from management members engaging in business execution, she was deemed capable of fulfilling the role of outside director without causing a conflict of interest with general shareholders.
Seiji Narahara	○	Mr. Seiji Narahara serves as Chair of the Board & Director, Toyobo Co., Ltd. , a company that has no business relationship with SCREEN Holdings.	*Reasons for appointment as an outside director* He served as Representative Director and President of a materials company for many years after serving as an officer of its overseas group companies and in managerial roles for business administration and financial management. In addition to a wealth of knowledge in management, he has experience of serving as a head of external organizations, such as Chairman of the Japan Chemical Fibers Association. Currently, as Outside Director and Member of the Board of the Company, he has been providing useful advice to the Board of Directors based on his wealth of knowledge and expertise from various perspectives. It is expected that he will continue to contribute to strengthening of the management supervision function and give advice from a wide range of management perspectives. Therefore, the Company requests his continued election as outside director. *Reasons for designation as an independent director* Since he is independent from management members engaging in business execution, he was deemed capable of fulfilling the role of outside director without causing a conflict of interest with general shareholders.

Fumikazu Sato	○	Mr. Fumikazu Sato serves as Professor, Institute of Mathematics for Industry, Kyushu University and Specially Appointed Professor, Center for Co-Creation Strategy, Tohoku University. Both universities have no business relationship with SCREEN Holdings.	*Reasons for appointment as an outside director* He has a wide range of knowledge on AI, quantum technology, standardization, etc., mainly in the field of mathematics, as a professor at the Institute of Mathematics for Industry, Kyushu University. Having served as an officer of Japan Alcohol Group, he also has experience in management. It is expected that, based on his wealth of knowledge and expertise as well as his track record of promoting innovation in government offices, he will contribute to strengthening of the management supervision function by providing opinions from various perspectives and give advice leveraging a wide range of insights on technological development. Therefore, the Company requests his election as outside director. *Reasons for designation as an independent director* Since he is independent from management members engaging in business execution, he was deemed capable of fulfilling the role of outside director without causing a conflict of interest with general shareholders.

Voluntary establishment of committee(s) corresponding to Nomination Committee or Remuneration Committee	Yes

Status of Non-Mandatory Committees, Their Composition and Chairpersons

	Name of committee	Total number of members	Full-time committee members	Directors	Outside directors	External specialists	Others	Chair
A committee corresponding to the Nominating Committee	Nominating and Compensation Advisory Committee	5	0	1	4	0	0	None
A committee corresponding to the Compensation Committee	Nominating and Compensation Advisory Committee	5	0	1	4	0	0	None

Supplementary Explanation

Regarding the nomination of candidates for director and corporate auditor positions, candidates are selected in accordance with the prescribed criteria and approved by the Board of Directors after seeking the advice of the Nomination and Compensation Advisory Committee composed of outside directors (the majority) and the Chairman of the Board of Directors.

Regarding the dismissal of directors, after seeking the advice of the Nomination and Compensation Advisory Committee, the Board of Directors may propose dismissing an individual to whom one of the criteria apply. Approval of the dismissal is then required at a shareholders' meeting based on the resolution passed by the Board of Directors.

After seeking the advice of the Nomination and Compensation Advisory Committee, compensation for each director is now determined by the representative directors under authorization of the Board of Directors.

Corporate Auditors

Establishment of a board of corporate auditors	Yes
Minimum number of corporate auditors stipulated in the Articles of Incorporation	4
Number of corporate auditors	4

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

To enhance the effectiveness of auditing, corporate auditors act in collaboration with staff members of the Company's internal audit department, and other Group companies' auditors. Corporate auditors monthly receive each audit report executed by these individuals and discuss subject matters of the audit as well. As for the collaboration with external accounting auditors, corporate auditors and the accounting auditors share the audit plans each other, the corporate auditors question about the accounting auditor's audit system, and exchange opinions at the accounting auditor's audit reviews.

Appointment of outside corporate auditors	Yes
Number of outside corporate auditors	2

Number of corporate auditors designated as independent corporate auditors pursuant to the securities listing regulations of the Tokyo Stock Exchange	2

Outside Corporate Auditors' Relationships with the Company (1)

Name	Status	Relationship with the Company (note)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tetsuo Kikkawa	Lawyer													
Seiji Yokoyama	CPA										△			

Note: Nature of the relationship with the Company is indicated using the following symbols:

○: Indicates the situation described below applies at present or in the recent past

△: Indicates the situation described below applied in the past

●: Indicates the situation described below applies to a close family member of the individual at present or in the recent past

▲: Indicates the situation described below applied to a close family member of the individual in the past

a. Engages in business execution at the listed company or its subsidiary

b. Serves as a non-executive director or an accounting advisor at the listed company or its subsidiary

c. Engages in business execution or serves as a non-executive director at the listed company's parent company

d. Serves as a corporate auditor at the listed company's parent company

e. Engages in business execution at a fellow subsidiary of the listed company

f. Engages in business transactions with the listed company as his/her main business partner or engages in business execution at a company that engages in such transactions

g. Acts as a main business partner of the listed company or engages in business execution at a company that acts as a main business partner of the listed company

h. Serves as a consultant, accounting specialist or attorney-at-law for the listed company and receives a considerable amount of remuneration or compensation other than executive remuneration

i. Holds considerable equity in the listed company or engages in business execution at a company that holds such equity

j. Engages in business execution at a company that has business transactions with the listed company (excluding the above "f," "g" or "h"; this clause does not apply to family members of outside corporate auditors)

k. Engages in business execution at a company that is in an inter-directorial relationship with the listed company (this clause does not apply to family members of outside corporate auditors)

l. Engages in business execution at a company that is a beneficiary of the listed company (this clause does not apply to family members of outside corporate auditors)

m. Other

Outside Corporate Auditors' Relationships with the Company (2)

Name	Designation as independent corporate auditor	Supplementary explanation	Reasons for appointment
Tetsuo Kikkawa	○	Mr. Tetsuo Kikkawa is the President and Attorney-at-Law of *Kyoto Mirai Law Office*, but there is no business relationship between the Company and the office.	*Reasons for appointment as an outside corporate auditor* The Company has judged that Mr. Kikkawa will contribute to the fair and unbiased audit through his high ethical standard backed by a wealth of knowledge and experience he has accumulated as a lawyer. *Reasons for designation as an independent corporate auditor* Since he is independent from management members engaging in business execution, he was deemed capable of fulfilling the role of outside director without causing a conflict of interest with general shareholders.
Seiji Yokoyama	○	Mr. Seiji Yokoyama is the certified accountant of *Yokoyama-Seiji Certified Accountant Office,* but there is no business relationship between the Company and the office. Also, he had once served in Deloitte Touche Tohmatsu LLC, which has a business relationship with the Company. However, the annual amount of the transaction amounted to less than 0.1% of the whole income of said entity and *vice versa*. (in FY 2024/3)	*Reasons for appointment as an outside corporate auditor* The Company has judged that Mr. Yokoyama will contribute to the fair and neutral audit through his advanced knowledge in the field of finance and accounting and his vast auditing experience in domestic and foreign companies which he earned from working at certified accountant offices. *Reasons for designation as an independent corporate auditor* Since he is independent from management members engaging in business execution, he was deemed capable of fulfilling the role of outside director without causing a conflict of interest with general shareholders.

Independent Directors and Independent Corporate Auditors

Number of individuals designated as independent directors or independent corporate auditors	6

Other Matters Related to Independent Directors and Independent Corporate Auditors

All outside directors and outside corporate directors are qualified as independent directors or independent corporate auditors in accordance with the securities listing regulations of the Tokyo Stock Exchange and are designated accordingly.

Incentives

Incentive policies for directors	Introduction of a performance-based compensation system, etc.

Supplementary Explanation

The Company abolished its retirement benefits for senior management and directors in 2005 and adopted

stock allowances aimed at encouraging recipients to stay conscious of SCREEN's medium- to long-term corporate performance and share prices. Moreover, the 76th Ordinary General Meeting of Shareholders held on June 27, 2017 approved the introduction of performance-linked share compensation, which then replaced stock allowances and has been in place since August 2017.

Accordingly, compensation for directors now consists of three elements: (a) basic remuneration for fixed cash payment, (b) a short-term performance-linked cash bonus, and (c) share compensation linked with the short- and medium to long-term performance, and corporate value (shareholder's value). This compensation scheme better motivates recipients to improve business performance and to increase the value of the Company over the medium to long term (shareholder's value). The well-balanced scheme allows to develop management personnel, resulting in the sustainable growth of the Company. (Outside directors' compensation does not include performance-linked share compensation.)

The policy on determining the ratio of total remuneration to each director is as follows.

1. Basic remuneration is paid relative to the responsibility of each director in terms of the responsibilities, including the size of the business, that they are engaged in.
2. Performance-linked compensation is less than approximately half of fixed remuneration
3. Performance-linked share compensation is designed to grant approximately 40%, at most, of basic remuneration described under the Supplementary Explanation of Other Matters Related to Independent Directors and Independent Corporate Auditors. Its monetary value could change with fluctuations in share value.

Performance measurement aims at reinforcement of management infrastructure, including operating income ratio, and ROE. In addition, measurements in terms of environment and safety is used to enable the social value enhancement. The amount of performance-linked bonus is determined on scoring achievement of each indicator.

Recipients of stock options	

Supplementary Explanation

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Remuneration for Directors

Disclosure of individual director remuneration	Disclosing a portion of individual director remuneration

Supplementary Explanation

The Company discloses the sum of annual remuneration paid to all directors. In addition, the Company discloses the amount of remuneration paid to any director who receives an annual total of ¥100 million or more in its securities report.

The establishment of policy on determining remuneration amounts and calculation methods	Yes

After seeking the advice of the Nomination and Compensation Advisory Committee composed of outside directors (the majority) and the Chairman of the Board of Directors, compensation for each director is now determined by the representative directors under authorization from the Board of Directors.

Support System for Outside Directors and Outside Corporate Auditors

The Secretarial Department and the Corporate Auditors Department provide both outside directors and outside corporate auditors with support staff. Prior to Board of Directors meetings, outside directors and outside corporate auditors are briefed as necessary on matters of particular importance that will be discussed in said meetings.

2. Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of the Current Corporate Governance System) Update

(1) Overview of the Corporate Governance System and Reasons for Adopting Said System

SCREEN Holdings takes the form of a company with a Board of Corporate Auditors. At present, it has a Board of Directors comprising eight directors (including four outside directors) and a Board of Corporate Auditors comprising four corporate auditors (including two outside corporate auditors) as well as external accounting auditors. The Group has adopted a holding company structure split into four main business areas,[1] each under a separate business operating company, to enable agile and bold business execution. The holding company determines the basic policies and strategies for Group management as well as the optimal allocation of management resources. In addition, it has management oversight over the business execution of each Group company, ensuring the functional separation of business execution and oversight.

The Board determines basic policies and strategies for Group management and important matters pertaining to business execution and exercises supervision over business execution, holding regular monthly meetings and additional meetings as necessary. It selects more than one-third of outside directors (there are currently four) in the Board of Directors with an eye to the functional enhancement of management oversight and the maintenance of management objectivity. Outside directors are selected in accordance with the "Criteria for Independence of Outside Directors and Outside Corporate Auditors" formulated with reference to standards prescribed by the Tokyo Stock Exchange. The term of office of director is set at one year as the Company aims to clarify responsibilities of directors in addition to securing a management structure capable of quickly adapting to changes in the operating environment.

The Company has voluntarily chosen to establish the Nomination and Compensation Advisory Committee composed of outside directors (the majority) and the Chairman of the Board of Directors.

Director and corporate auditor candidates are determined by the Board of Directors after seeking advice from the Nominating and Compensation Advisory Committee. Compensation for each director is now determined by the representative directors under authorization from the Board of Directors after seeking the advice of the Committee. The Nominating and Compensation Advisory Committee is thus helping the Board make fair and objective decisions with regard to these matters.

The Company also maintains the Management Committee. This body comprises the full-time directors, presidents of business operating companies[2] and functional support companies[3] and officers whom the Chairman of the Committee appoints. It meets more than once a month to deliberate matters related to managementand to facilitate the decision-making of the Board of Directors and representative directors.

In general, the Company's Board of Corporate Auditors holds periodic meetings once a month, and if necessary, special meetings are held. In line with the audit policies and plans formulated by the Board of Corporate Auditors, it is responsible for monitoring and overseeing the legality of the official acts of the directors. This is done through daily audits to ensure propriety. The Company places the Corporate Auditors Department, which maintains a dedicated staff, to assist the Corporate Auditors.

[Reference] Skills matrix of directors and corporate auditors

Based on our redefined corporate purpose, the Group has hammered out its 10-year vision in the Management Grand Design and is implementing the medium-term management plan as a milestone to achieve the 10-year goals included in the said vision. In order to achieve these goals as well as the targets set out in the medium-term management plan and continuously enhance our corporate value, the Company's directors play the following important roles:

(1) Decisions on important management matters
(2) Decisions on management strategy and management plans
(3) Execution and mutual supervision of directors

The Group has selected the following skills required for these roles.

Skills/experience	Definition (The nominee must have about 3 years of experience in an executive role in any of the following categories)	Reasons for selection
Management	Experience in management as a representative in a company/corporation, etc. (including the Company's group companies)	To achieve continued enhancement of corporate value through strategy development, decision-making, and organizational leadership from a comprehensive, medium- to long-term perspective
Global	Overseas management experience	To achieve sustainable growth through the pursuit of optimal solutions from a global perspective, based on an understanding of international affairs and diverse values and cultures
Sales/Marketing	Experience in sales and/or marketing	To accurately grasp market trends and customer needs, and to continuously enhance relationships of trust with clients through sales and marketing, including branding
R&D/Technology/ Production/ Innovation	Experience in R&D, technology, production, new business creation, and business transformation	To create and add value to technologies, services and products through R&D and manufacturing based on in-depth understanding of technological trends and client needs
Finance	Experience in finance, accounting and/or M&A	To achieve continued enhancement of corporate value through the formulation and implementation of capital policies and execution of M&A, using a high level of expertise in finance and accounting
Sustainability	Experience in environmental management, risk management, legal affairs, human resources, and/or IT	To strengthen the management foundation that supports sustainable growth through appropriate risk management and human resources strategies, in addition to reducing environmental impact and ensuring legal compliance

Major expertise and experience of director and corporate auditors are listed below.

		Skills and Experience					
		Management	Global	Sales/ Marketing	R&D/ Technology/ Production/ Innovation	Finance	Sustainability
Directors							
Directors (Internal)	Eiji Kakiuchi	●	●	●			
	Toshio Hiroe	●	●	●	●		
	Yoichi Kondo	●	●			●	●
	Yoshihisa Ishikawa					●	●
Directors (Outside)	Hidemi Takasu		●		●		
	Hiroko Okudaira		●*				●*
	Seiji Narahara	●	●			●	
	Fumikazu Sato		●		●		●
Corporate Auditors							
Corporate Auditors (Internal)	Hirofumi Ota					●	
	Masao Tomonaga	●	●	●			●
Corporate Auditors (Outside)	Tetsuo Kikkawa	●					●
	Seiji Yokoyama		●			●	●

Note: The above table is not intended as an exhaustive list of the expertise and experience of the directors and corporate auditors.

* Includes research in academia

(2) Status of Internal Audit, Corporate Auditors' Audit, and the Effort to Develop the Auditor's Faculty

The Company has a Group Audit Department, which includes 9 specialized staff members who have expertise in internal audits and internal control assessments. The Department performs audits in line with the annual audit plans formulated for the entire Group. Moreover, it also performs internal control assessments over Financial Reporting. The Department reports the details of audit results of the internal control assessments to the representative directors and the full- time auditors. If necessary, the Department also makes a summary report thereof to the Board of Directors, the Board of Corporate Auditors and the Management Committee. The Group Audit Department likewise acts in close collaboration with the auditors of both the Company and the other Group companies, the external accounting auditors and the Internal Control Division by sharing information and opinions with them in an effort to enhance the effectiveness and efficiency of internal audits.

The Board of Corporate Auditors consists of two full-time internal auditors and two outside auditors who serve as part-time auditors. Internal auditor Hirofumi Ota, who has wide experience in accounting affairs at the Company, and outside auditor Seiji Yokoyama, who is a certified public accountant, are both equipped with considerable knowledge about finance and accounting. The corporate auditors attend the meetings of the Board of Directors (the attendance rate of each auditor is 100%) to monitor the conduct of the meeting, such as but not limited to the conduct of the session, and decisions made by directors at that meeting. If necessary, the corporate auditors express their opinions at the meetings. And, the corporate auditors and the external accounting auditors share the audit plans each other, the corporate auditors question about the accounting auditor's audit system, and exchange opinions at the accounting auditor's audit reviews. In addition, internal corporate auditors oversee the director's duty by attending important conferences such as the Management Committee, periodic interviews with the directors, the corporate officers and key employees, the review of important documents to be approved, and on-site audits covering key business bases operated by the Company and the other Group companies in Japan and overseas. Furthermore, the corporate auditors receive reports with regard to the status of the internal control systems, the internal reporting system, and the operating status thereof, from the directors and employees in charge, and also attend the meetings of the Group Risk Committee and the CSR Committee to assess progress in the Company's initiatives to strengthen risk management and promotion of sustainability management, then provide the Committees with their insights if necessary. With the aim of enhancing the effectiveness of audits, the Board of Corporate Auditors acts in collaboration with the staff members of the Company's internal audit department, the other Group companies' auditors, and the external accounting auditors. The corporate auditors are furnished with copies of every audit reports executed by them periodically and

discuss the same as well.

(3) Status of Accounting Audits

The Company has signed an audit contract with KPMG AZSA LLC with regard to accounting audits pursuant to Japan's Companies Act and the Financial Instruments and Exchange Act.

Notes:

1. Semiconductor production equipment business, graphic arts equipment business, display production equipment and coater business, and PCB-related equipment business
2. Business operating companies: SCREEN Semiconductor Solutions Co., Ltd., SCREEN Graphic Solutions Co., Ltd., SCREEN Finetech Solutions Co., Ltd., SCREEN PE Solutions Co., Ltd., and SCREEN Advanced System Solutions Co., Ltd.
3. Functional support companies: SCREEN IP Solutions Co., Ltd.

3. Reasons for Adopting the Current Corporate Governance System

SCREEN Holdings believes that the corporate governance system described above will better position the Company to enhance the transparency, soundness, and efficiency of its business management and help secure the overall interests of stakeholders, including shareholders. In addition, the Company has appointed four outside directors, all of whom are equipped with abundant experience in such fields as corporate management, with the aim of strengthening its management oversight functions and incorporating objective viewpoints in the course of management decision-making.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Bring Vitality to the General Shareholder Meetings and Promote the Smooth Exercise of Voting Rights

Early notification of the Ordinary General Meeting of Shareholders	An electronic version of the Notice of the Ordinary General Meeting of Shareholders is posted on the Company's website and the TSE website approximately four weeks before the date of the Ordinary General Meeting of Shareholders. In addition, a hardcopy version of the said Notice is sent approximately three weeks before the date of the scheduled meeting.
Scheduling the Ordinary General Meeting of Shareholders to avoid the peak day	The Ordinary General Meeting of Shareholders is scheduled to avoid the peak day.
Allowing the electronic exercise of voting rights	To enhance shareholders' convenience in terms of the exercise of voting rights, the electronic exercise of voting rights has been implemented since the Ordinary General Meeting ofShareholders held in June 2007. The exercise of voting rights by smartphones also became available at the Ordinary General Meeting of Shareholders held in June 2018.
Participation in the Electronic Voting Platform and other initiatives aimed at providing institutional investors with access to systems that ensure the smoother exercise of their voting rights	The Company participated in the Electronic Voting Platform for institutional investors.
Provision of a convocation notice in English	A summarized English version of the Notice of the Ordinary General Meeting of Shareholders is distributed via the Company's website and the TSE website prior to being sent to all shareholders.
Other	We provide live-streaming of the General Meeting of Shareholders, which can be viewed on smartphones and other devices. After the General Meeting of Shareholders, we will post the results of the votes and other information on the Company's website. The video of the General Meeting of Shareholders will also be available for a certain period of time.

2. IR Activities Update

Preparation and publication of a disclosure policy	The Disclosure Policy is posted on the "Investors" section of the Company's official website. https://www.screen.co.jp/en/ir/disclosure_policy	
Periodic briefings for non-institutional investors	The Company holds briefing sessions for non-institutional investors on an ad-hoc basis.	Yes
Periodic briefings for analysts and institutional investors	The Company holds periodic briefings for analysts and institutional investors after each quarterly earnings announcement. We also hold IR Day and other briefing sessions for them.	Yes
Periodic briefings for overseas investors	Although the Company does not hold periodic briefings specially for overseas investors, conference calls are held to accommodate their needs. The Company also actively participates in conferences organized by multinational securities firms.	Yes
Posting of IR materials on the corporate website	In addition to securities reports and other mandatory disclosure items, quarterly financial summaries and reports, IR Day presentation, non-financial information subject to timely disclosure rules, annual reports (integrated reports issued every September), shareholder newsletters (in Japanese only, released every June), fact books (issued every September), earnings presentation materials, and other relevant materials are posted on the Company's official website.	
Establishment of a department in charge of IR and/or appointment of staff in charge of IR	The Company has in place a dedicated Investor Relations Unit, Corporate Communications Department, Corporate Strategy Division * Department names were changed as of April 1, 2024	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary explanation
Stipulation of internal rules for respecting the position of stakeholders	The Company has established both a CSR Charter and a Code of Conduct. While the CSR Charter includes principles of action based on our Corporate Philosophy, the Code of Conduct lays out standards that all executives and employees should adhere to. The Company aims to become a company which our shareholders, customers and other stakeholders highly value and which contributes to society's sustainable development.
Implementation of environmental activities, CSR activities, etc.	We believe our Purpose of "Innovation for a Sustainable World" forms the cornerstone of our Corporate Philosophy, and by implementing responsible behavior as good corporate citizens, we fulfill our Corporate Social Responsibility (CSR). In line with the SDGs (Sustainable Development Goals), we have also established priority issues in each of the ESG (Environmental, Social, and Governance) areas, and are working on sustainability activities. Please refer to our website for specific activities. https://www.screen.co.jp/en/sustainability
Development of polices on the provision of information targeting stakeholders	In the SCREEN Group CSR Charter, we specify that, in addition to actively communicating with stakeholders, the SCREEN Group will disclose information relating to the Group in a timely and appropriate manner. We also disclose in annual reports and on our website, financial information, and non-financial information such as social and environmental management information, with reference to the GRI Standards for international sustainability reporting.

IV. Matters Related to Internal Control Systems

1. Basic Views on Internal Control Systems and the Progress of System Development

The Company has resolved to establish its internal control systems and determined the following matters related to the development of systems necessary to ensure that duties executed by directors comply with laws, regulations, and the Articles of Incorporation, as well as the development of other systems prescribed by the applicable ordinance of the Ministry of Justice as necessary to ensure the propriety of operations undertaken by a group of enterprises consisting of a stock company and its subsidiaries.

Basic Views

SCREEN Holdings, along with other Group companies, has established the SCREEN Group CSR Charter / Code of Conduct, a set of fundamental precepts formulated to ensure that all Group activities uphold the corporate philosophy, which consists of "Corporate Purpose" and "Founder's Motto." Under this charter/code of conduct, all Group members are committed to maintaining strict legal compliance, high ethical standards, and transparent business dealings and to striving to live up to stakeholder expectations and thereby contributing to the sustainable development of society.

In line with the views described above, the Company aims to develop its internal control systems in the following manner.

Status of Internal Control Systems

Systems for ensuring the properness of operations undertaken by a corporate group consisting of the Company and its subsidiaries

- As the holding company overseeing the affairs of the SCREEN Group, the Company develops and maintains a Group management structure that clearly defines basic policies for the Group's operations as well as roles and responsibilities assigned to each Group company in line with its SCREEN Group Code of Management.
- From the perspective of consolidated business management, the Company aims to secure the functional separation of business execution and oversight and to this end focuses on strategic planning for the entire Group, optimally allocating management resources, and exercising management and supervision over the status of operations undertaken by each Group company.
- The Company develops and maintains systems for securing the propriety and reliability of its financial reporting in line with the SCREEN Group Internal Control Design Principles for Financial Reporting.
- The Company constantly assesses the Group's financial position and ensures meticulous financial and tax reporting by handling these affairs in accordance with the SCREEN Group Accounting Financial Policy as well as the SCREEN Group Accounting Standards.
- In line with its SCREEN Group Code of Human Resources Management, the Company strives to nurture and better utilize diverse workers capable of earning success on the global stage. To this end, the Company maintains a personnel system focused on clearly defining the roles of individual employees and accurately assessing their accomplishments while providing skill development programs and other assistance to help employees achieve personal growth in a way that respects their diversity.
- The Company strives to develop and maintain the systems necessary to properly operate and manage IT infrastructure for the Group in accordance with the SCREEN Group Rules for IT Management.
- The Company develops and maintains systems for ensuring the timely and accurate disclosure of information with regard to the Group's corporate activities in a manner that conforms with its Basic Disclosure Policy.
- The Company holds Consolidated Management Committee meetings attended by its directors, corporate auditors and corporate officers as well as presidents of Group companies in an effort to ensure that all Group members firmly embrace its management strategies and operational policies while sharing a sense of unity that transcends organizational boundaries and helps them work as one.
- The Company dispatches directors, corporate officers, and its own employees or those of managing Group companies to other Group companies where they assume positions as directors or corporate auditors in order to manage and/or supervise operations undertaken by these Group companies.
- Periodically, the Company receives reports on the status of Group companies' marketing, financial

position, and other operational conditions either directly from said companies or via their managing Group companies.

- Internal audit department audit the status of internal control systems the Company and other Group companies have put in place while ensuring that departments subject to auditing make improvements based on audit findings in the pursuit of even more robust internal control systems.

Systems for ensuring the efficient execution of directors' duties

- The Company's Board of Directors meets monthly while holding special meetings as necessary and is charged with making swift decisions with regard to important matters in addition to supervising directors' execution of duties.
- To ensure its directors possess the authority necessary to efficiently execute their duties, the Company defines tasks to be delegated to each director based on a resolution passed by its Board of Directors while mandating other Group companies to follow similar practices.
- Based on the SCREEN Group Responsibility and Authority Rules, the Company clarifies the responsibilities to be borne by and authorities to be delegated to its directors, corporate officers, and employees in the course of their duties while mandating that other Group companies follow similar practices.
- The Company maintains the Management Committee, which comprises the full-time directors, presidents of business operating and functional support companies, as well as officers appointed by the Chairman of the Committee. The Committee meets more than once a month to deliberate matters related to management and facilitate the decision-making of the Board of Directors and representative directors.

Systems for ensuring that duties executed by directors, corporate officers, and employees comply with laws, regulations, and the Articles of Incorporation

- Under the SCREEN Group's CSR Charter / Code of Conduct, the Company ingrains a code of conduct into the hearts and minds of directors, corporate officers, and all employees so that it can operate in a fair and transparent manner.
- The Company maintains officers and departments in charge of legal affairs to confirm the status of various contracts and transactions affecting the Group in terms of compliance with laws, regulations, and the Articles of Incorporation.
- The Company maintains the membership of outside directors in the Board of Directors to ensure the legal compliance and the rationality of management decisions of directors in the execution of their duties and to strengthen the Board's oversight functions.
- The Company develops and maintains a whistleblowing system for the entire SCREEN Group, with the aim of preventing and detecting the occurrence of violations of laws and regulations, fraudulent activities, and other corporate misconduct at the earliest stages. The Company and other Group companies tolerate no detrimental treatment of whistleblowers due to their actions in reporting on the violation of laws or other corporate misconduct.
- The Company is determined to sever any relationships with anti-social forces and reject illicit demands from such forces and, to this end, takes a firm stand against them by acting in collaboration with external lawyers and police agencies. The Company also complies with prefectural and other local ordinances aimed at eliminating organized crime groups and in no way provides anti-social forces with any benefits that may facilitate or contribute to their activities and operations. Moreover, the Company mandates other Group companies to follow similar practices.

Systems and rules for the management of risk and losses

- To minimize risks that may affect the Group's operations, the Company mandates all business units within the Group to develop and maintain risk management systems in conformity with the SCREEN Group Risk Management Guidelines and relevant operational rules while performing the periodic monitoring of the status of such systems.
- Whenever a critical risk materializes, the Company sets up disaster response headquarters led by the President to implement countermeasures against emergencies and restore operations in line with the Business Continuity Management Regulations.

Systems for storing and managing information related to the execution of directors' duties

- In accordance with laws, regulations and its in-house rules, the Company engages in the swift preparation, storage and management of minutes of meetings and other important documents containing information related to duties executed by directors and corporate officers while ensuring that these documents are always accessible to directors and corporate auditors.
- The Company maintains a strict approach to information management and, to this end, abides by the SCREEN Group Rules for IT Management as well as its Rules for the Management of Securing Confidential Information and Trade Secrets.

Systems for securing the effectiveness of auditing by corporate auditors

- Corporate auditors are authorized to attend Board of Directors, Consolidated Management Committee, Management Committee, and other important group meetings and freely voice their opinions.
- The Companybears expenses incurred by corporate auditors in the course of executing their duties.

Systems for supporting reporting to corporate auditors

- SCREEN Holdings' directors, corporate officers, and employees are obliged to report the status of operations, finance, compliance, risk management, and internal audits to corporate auditors and to report any incidents constituting a significant violation of laws or in-house rules or suggesting the emergence of critical damage to the Company in the course of their duties as soon as such incidents are recognized.
- All directors, corporate auditors, corporate officers, and other employees serving Group companies are obliged to provide the Company's corporate auditors with reports on any incidents constituting the significant violation of laws or in-house rules or suggesting the emergence of critical damage to the Company in the course of their duties as soon as such incidents are recognized.
- Departments in charge of compliance are obliged to provide corporate auditors with periodic reporting on the status of the SCREEN Group's whistleblowing system and other important matters.
- The Company and other Group companies tolerate no detrimental treatment of whistleblowers due to their actions in reporting on the violation of laws or other corporate misconduct.

Matters related to individuals charged with assisting corporate auditors in their duties

- The Company maintains a specialized department that assists corporate auditors with the execution of their duties while allocating to them a dedicated staff equipped with sufficient knowledge and competencies. This staff operates directly under the corporate auditors, and personnel transfer, performance evaluation, and other matters associated with the management of these individuals are not determined without the consent of corporate auditors.

2. Basic Views on the Elimination of Anti-Social Forces and the Status of Systems Serving This Purpose

Basic Views on Eliminating Anti-Social Forces

The SCREEN Group takes a firm stand against any groups or individuals (hereinafter "anti-social forces") that may disrupt social order or sound corporate activities, therefore, absolutely rejects any demand from anti-social forces. In the course of signing contracts with suppliers, the Group confirms that none of the signatories are associated with anti-social forces. In addition, such contracts include provisions allowing the Group to terminate contractual relationships immediately if any association with such forces is identified.

Status of Systems for Eliminating Anti-Social Forces

(Individuals responsible for preventing illegal demands)

The Company has appointed managers in charge of preventing illegal demands and allocated them to the Head Office's general affairs department. Also, staff members at general affairs departments of the Company's other business bases and its subsidiaries are tasked with dealing with illegal demands while acting in collaboration with their peers at Head Office.

(Collaboration with external specialist bodies)

The SCREEN Group acts in collaboration with external specialist bodies to counter the influence of anti-social forces by, for example, reporting to police agencies and consulting with lawyers as necessary.

(Collection and management of information related to anti-social forces)
Head Office's general affairs department collects information related to anti-social forces while relaying such information to Group companies as necessary.
(Development of response manuals)
The SCREEN Group CSR Charter / Code of Conduct includes an action principle guiding the Group's stance against anti-social forces. The Company has prepared website themed on the CSR Charter / Code of Conduct, thereby ensuring that all Group members are well aware of this principle. Moreover, the Company has developed manuals to be used by staff members appointed at each business base to respond to anti-social forces.
(Training)
Mandatory training programs themed on the SCREEN Group CSR Charter / Code of Conduct include sessions addressing the Company's stance against anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of anti-takeover measures	No

Supplementary Explanation

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2. Other Matters Concerning the Corporate Governance System

The status of the Company's systems associated with the disclosure of corporate information is as follows.

(1) Overview of systems for maintaining timely disclosure

The Company maintains the Timely Disclosure Committee to ensure that important corporate information associated with the Company and the Group is promptly and appropriately released in a manner that conforms with the Financial Instruments and Exchange Act and related regulations as well as rules stipulated by financial instruments exchanges. The Committee consists of corporate officers and general managers of Financial Strategy Division and involved departments. The Committee is charged with analyzing internal information registered as material and requiring particular attention under the Financial Instruments and Exchange Act as well as information submitted to the Management Committee, discussing such matters as whether or not to disclose that information and methods used for disclosure.

(2) Status of systems for maintaining timely disclosure

(Information collection)

In each department, managers in charge of controlling internal information are obliged to register any information that may be deemed material in connection with their respective departments or Group companies managed under their respective departments. As soon as they are aware of the emergence of such information, these managers must register such matters, outlining the information in question and the timing of its emergence.

(Analysis and discussions on disclosure or non-disclosure)

Based on requests from the chief manager in charge of information handling, the Timely Disclosure Committee analyzes the content and significance of such information and its impact on profit/loss, thereby communicating its judgement about whether or not to disclose such information and methods of disclosure to this manager.

(Reporting to and approval of the Board of Directors)

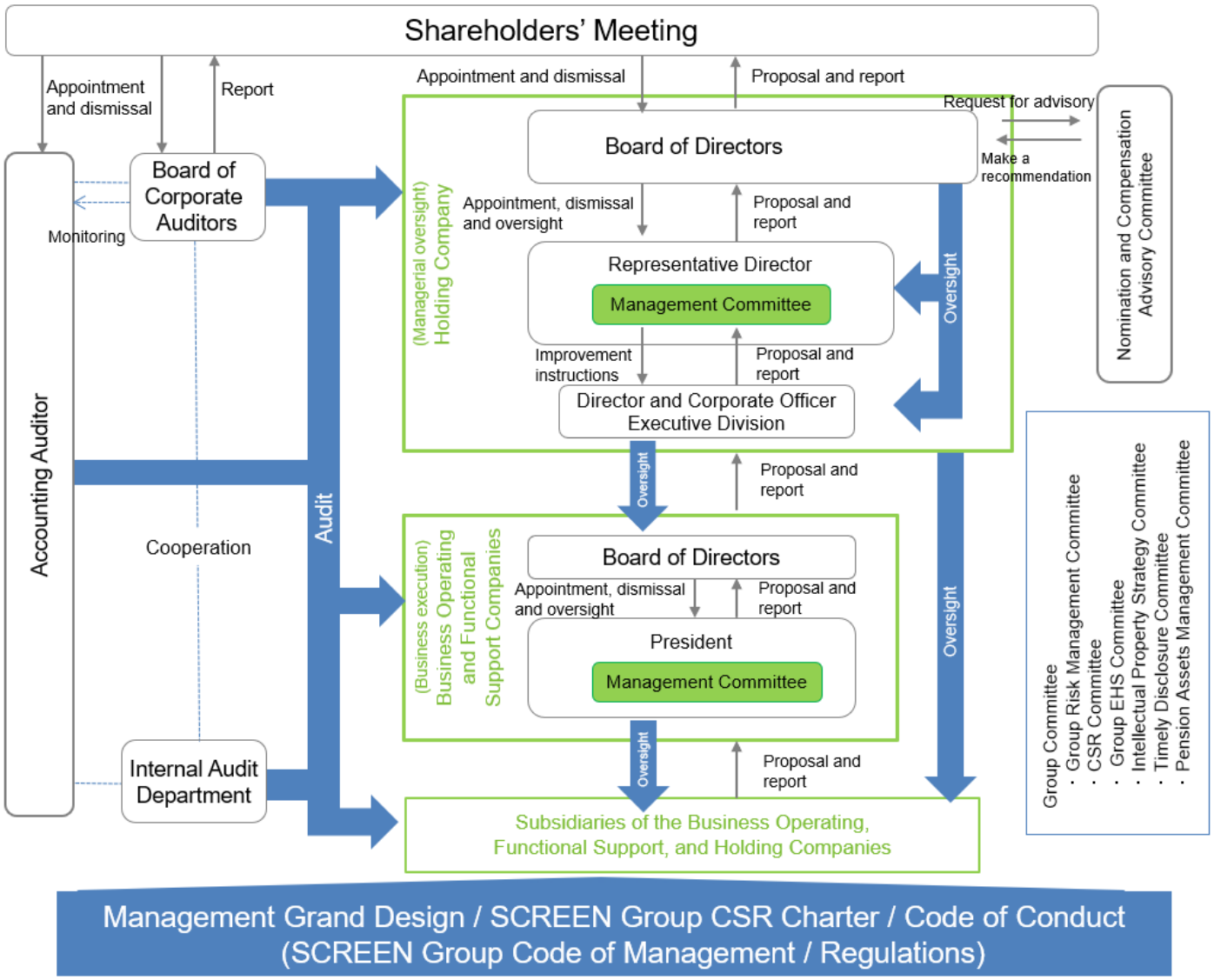
The chief manager in charge of information handling asks the Management Committee to deliberate on the disclosure/non-disclosure of such information. Taking conclusions reached by the committee into account, this manager reports the matter to and obtains the approval of the Board of Directors or representative directors before disclosing that information.

(Disclosure)

Once the disclosure is approved, departments in charge of disclosure swiftly disclos e that information via the Tokyo Stock Exchange and, as necessary, hold press conferences.

(3) Development of robust systems for maintaining timely disclosure

The Company believes that its current systems are capable of ensuring timely disclosure. However, the Company is committed to enhancing its timely disclosure practices.


Shareholders' Meeting
Appointment and dismissal
Report
Appointment and dismissal
Proposal and report
Request for advisory
Make a recommendation
Board of Directors
Board of Corporate Auditors
Monitoring
Appointment, dismissal and oversight
Proposal and report
(Managerial oversight) Holding Company
Representative Director
Management Committee
Oversight
Improvement instructions
Proposal and report
Director and Corporate Officer Executive Division
Nomination and Compensation Advisory Committee
Accounting Auditor
Audit
Oversight
Proposal and report
Cooperation
(Business execution) Business Operating and Functional Support Companies
Board of Directors
Appointment, dismissal and oversight
Proposal and report
President
Management Committee
Oversight
Proposal and report
Internal Audit Department
Subsidiaries of the Business Operating, Functional Support, and Holding Companies
Group Committee
・Group Risk Management Committee
・CSR Committee
・Group EHS Committee
・Intellectual Property Strategy Committee
・Timely Disclosure Committee
・Pension Assets Management Committee
Management Grand Design / SCREEN Group CSR Charter / Code of Conduct
(SCREEN Group Code of Management / Regulations)