

May 12, 2020

**Summary of Results of Evaluation of the Board of Directors' Effectiveness**

SCREEN Holdings Co., Ltd.

The Board of Directors of SCREEN Holdings Co., Ltd. (hereinafter referred to as “the Company”) regularly conducts a self-analysis and evaluation of its effectiveness and publishes a summary of the results. Its goal is to determine how the Board contributes to the effective implementation of corporate governance and to identify and improve issues. The Company hereby discloses a summary of the results of the analysis and evaluation of the Board’s effectiveness for the fiscal year ended March 31, 2020. Starting in the previous fiscal year, advice from a third-party organization is incorporated into the analysis and evaluation.

The Board intends to develop and implement remedies based on the analysis and evaluation results described below and to enhance the Board’s functionality toward helping the Company achieve continuous growth and increasing its corporate value over the medium and long term.

**1. Method of Evaluation and Analysis**

- (1) Date conducted: April 2 to 10, 2020
- (2) Respondents: All Directors and Auditors (13 people in total, including outside Directors and Auditors)
- (3) Procedure: Self-evaluation through response to a questionnaire conducted by a third-party organization
  - 1) The third-party organization conducted an anonymous self-evaluation questionnaire.
  - 2) The third-party organization summarized questionnaire responses to analyze the overall results.
  - 3) The Board examined and discussed a report received from the third-party organization.
- (4) Outline of the questionnaire (40 questions)
  - 1) Structure of the Board
  - 2) Operation of the Board
  - 3) Deliberation by the Board
  - 4) Monitoring function of the Board
  - 5) Support systems for Directors and Auditors
  - 6) Training
  - 7) Nomination and Compensation Advisory Committee
  - 8) Communication with shareholders (investors)

- 9) Performance of inside Directors
- 10) Performance of outside Directors
- 11) Your efforts
- 12) Summary

The respondents answered each question by performing self-evaluation on a scale of 1 to 5 as well as by freely describing their views on issues such as what is needed to further enhance the effectiveness of the Board. They directly reported their self-evaluations of the Board to the third-party organization.

## 2. Evaluation Results

The results show that the overall effectiveness of the Board is properly ensured in general.

Evaluations improved compared with the previous fiscal year in such areas as operation (e.g., securing sufficient time for deliberation, prior distribution of meeting materials and fostering free, open-minded and constructive discussions), support for outside Directors and Auditors by providing more detailed preliminary briefings, and feedback on the findings from communication with shareholders (investors) to the Board.

However, the questionnaire found improvement opportunities in the areas of analyzing potential risks in management strategies and plans, searching for better ways to discuss updates and revisions to management strategies and plans, and providing opportunities for training needed for Directors and Auditors.

### **Actions on issues recognized in last year's evaluation**

- 1) Establishment of policies for succession planning and development  
In accordance with the Corporate Governance Code, the Nomination and Compensation Advisory Committee was asked to offer views on policies regarding a change of the CEO, development of outside Directors and Auditors, and appointment of executives.
- 2) Enhancement and establishment of risk identification/management systems  
As part of the corporate governance structure, the Group Risk Committee, an extension of the Board's existing efforts, was launched. The progress and outcomes from the committee will be discussed by the Board.
- 3) Deeper discussions on medium- to long-term management strategy  
The Board held repeated discussions on the progress regarding this issue mainly by reviewing the Management Grand Design and the Medium-term Management Plan.

## 3. Next Step

Based on these evaluations and cause analyses, the Company's Board and relevant internal

sections will fully deliberate on risk management, the provision of training opportunities and other issues. To ensure its effectiveness, the Board will continue to enhance efforts to offer information to outside Directors and Auditors, and deepen discussions with them to strengthen ties with business execution functions and foster cooperation with Auditors.

The Board will strive to improve the quality of diverse deliberations held at its meetings and aim to expand the Company's corporate value continuously through strengthened corporate governance.

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