

# Annual Report 2021

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Year ended March 31, 2021

## Innovation for a Sustainable World

### What is SCREEN Holdings?

SCREEN Holdings operates businesses involving semiconductor and display production equipment, printing equipment, and other product areas around three core technologies.

We have developed numerous products that boast worldwide market share, and we continue to work to create new businesses by applying our core technologies.

### Core Technologies

<b>Surface processing technology</b>	Technologies for modifying surfaces using coating, cleaning and etching material application devices
<b>Direct imaging technology</b>	Technologies for directly forming patterns and images on substrates using lithographic and inkjet devices
<b>Image processing technology</b>	Technologies for retouching, verifying and converting image data

## Our future begins today...

The SCREEN Group hopes to inspire new ideas, like drops of water that add moisture to parched earth.

As a solution creator, we are working to resolve many of the issues affecting society worldwide.

Each day, we dedicate ourselves to finding answers that will shape our future. In our quest, we use SCREEN's proven technologies and combined expertise to bring new value to the world.

Our goal is always to create shared and sustainable growth for both business and society.

And, of course, to remain an indispensable force for good in this world...

### Corporate Philosophy

#### “Sharing the Future”

Earning the trust and meeting the expectations of society, while focusing on the future

#### “Human Resource Development”

Contributing to society by promoting human resource development through work satisfaction

#### “The Pursuit of Technology”

Developing innovative technologies and combining them with other existing technologies

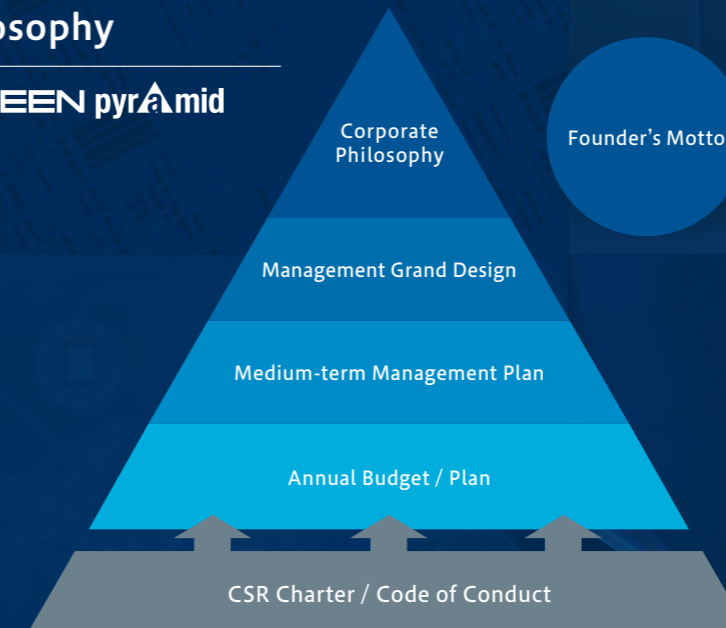
### Founder's Motto

#### “Shi Kou Ten Kai” (meaning to “expand awareness” in Japanese)

The Founder's Motto guides the SCREEN Group's thinking about how our technologies can help to address the issues facing society and how we can continue to create and develop products and businesses to resolve these challenges

### System of Corporate Philosophy

#### SCREEN pyramid



CSR Charter / Code of Conduct: This Charter describes the principles of action based on SCREEN's corporate philosophy and establishes the standards for all officers and employees of the SCREEN Group to comply with pursuant to the "Code of Conduct".

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- The following abbreviations are sometimes used for business segments / company names when they are mentioned in this report:  
HD = SCREEN Holdings Co., Ltd.  
SPE = Semiconductor production equipment business / SCREEN Semiconductor Solutions Co., Ltd.  
GA = Graphic arts equipment business / SCREEN Graphic Solutions Co., Ltd.  
FT = Display production equipment and coater business / SCREEN Finetech Solutions Co., Ltd.  
PE = PCB-related equipment business / SCREEN PE Solutions Co., Ltd.
- The names or abbreviations of the business segments are those used as of March 31, 2021.
- All years shown are for the accounting year ending March 31 of the year shown. For example, "fiscal year ended March 31, 2021" or "FY2021" means the period from April 1, 2020 to March 31, 2021.

## About This Report

### Editorial Policy

Since 2010 our Annual Reports have integrated financial and non-financial information for the purpose of more comprehensive reporting of our corporate activities from a medium- to long-term perspective. This year, a special emphasis is being placed on the contents to show the coherence and narrative relevance with value creation process. In compiling this report, we referred to the IIRC\*1 "International Integrated Reporting Framework" and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" (Guidance for Collaborative Value Creation) of the Japanese Ministry of Economy, Trade and Industry (METI). In addition, GRI Standards of the GRI\*2 is referred to in non-financial reports. And, the Annual Report 2021 Financial Section and the Fact Book for detailed financial information and the Sustainability Data Book for non-financial information, the GRI Content Index\*3 is also available on the website as an index of disclosure items.

- \*1 International Integrated Reporting Council
- \*2 Global Reporting Initiative
- \*3 See the GRI Content Index ([www.screen.co.jp/en/sustainability/gri](http://www.screen.co.jp/en/sustainability/gri))



### Publication

October 2021 (previously published October 2020, issued once a year)

### Reporting Period

Fiscal year ended March 2021 (April 1, 2020 to March 31, 2021)

Note: Some of the information in the report is for the fiscal year ending March 2022

### Scope of Coverage

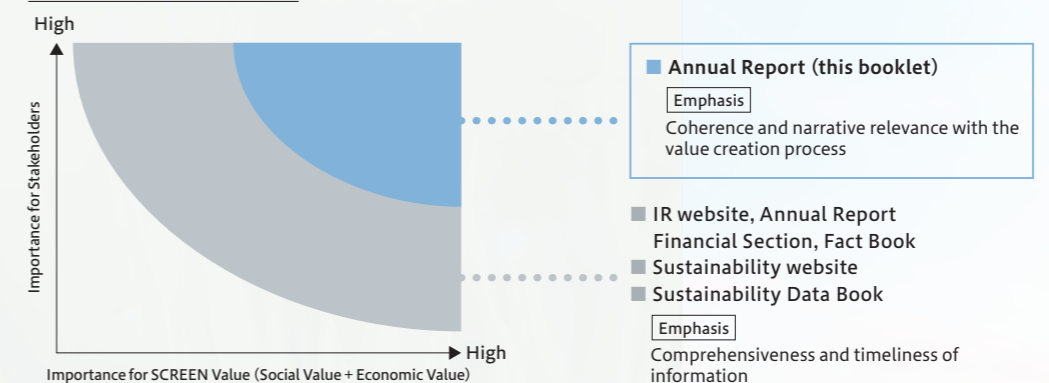
This report covers SCREEN Holdings Co., Ltd. (holding company) and its consolidated companies (as of March 31, 2021).

Note: Data that does not relate to these companies is presented in the form of footnotes.

### Disclaimer

- The plans, strategies, and statements related to the outlook for future results in this document are in accordance with assumptions and beliefs determined by management based on currently available information. However, it should be noted that there is a possibility that actual results could differ significantly due to such factors as social and economic conditions.
- All amounts shown in billions of yen are truncated to the nearest billion. Amounts shown in millions of yen are rounded to the nearest million yen.

### Position of This Report





**Toshio Hiroe**  
 Representative Director  
 President  
 Member of the Board  
 Chief Executive Officer

## Becoming a Higher Grade Corporation toward the Completion of the Medium-term Management Plan Pursuing Profitability and Efficiency

### Q1 How would you sum up the previous fiscal year, as the first year of our medium-term management plan?

During the first year of Value Up 2023, our current medium-term management plan, COVID-19 impacted our business performance in ways that are still unclear. For this reason, we have recognized the first year as an abnormal period and extended the three-year term we generally use for these plans to four years. However, during the year, we were able to confirm that certain business operations are possible even under the restrictions on personnel mobility imposed by COVID-19 and moved forward without revising our initial plan.

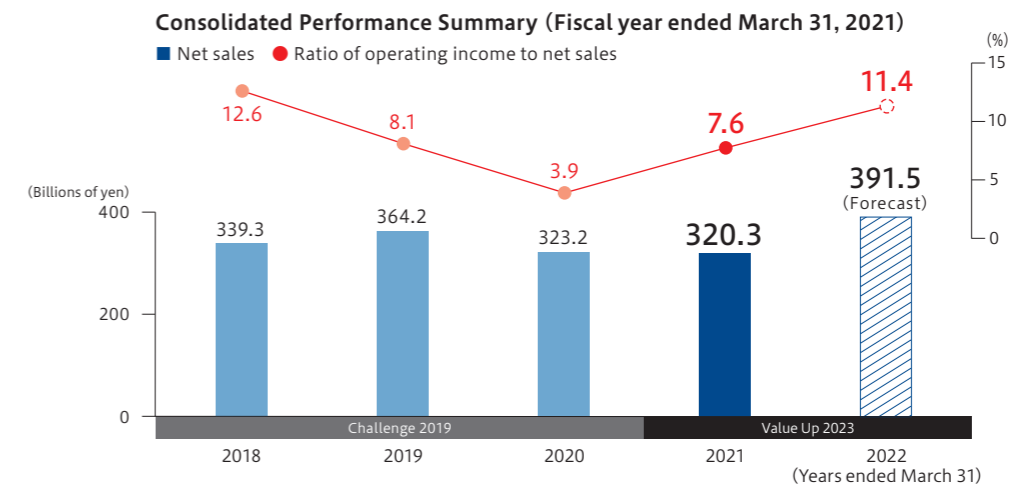
In terms of business performance, our initiatives to improve both profitability and efficiency, two high-priority areas for us, began to filter down through organizational levels and we substantially improved operating income despite a drop in revenue compared to the previous period. Also in relation to

our finances, we managed to return to a balanced net cash position with virtually no debt and over the course of the year, I truly felt we were moving toward a full recovery.

With regard to the overall business environment, the difference between our companies that have been positively impacted (SPE, PE) and negatively impacted (GA, FT) by COVID-19 became clear. It was definitely a year of stark contrast in this respect.

In addition, for the current fiscal year, ending March 2022, we are forecasting record totals for sales, operating income and dividends. These results are largely due to the strong market environment currently driving our core semiconductor production equipment business (SPE).

*Refer to "Value Up 2023 Medium-term Management Plan" on p. 25.*



### Q2 Can you tell us what personal ideas you have included in Value Up 2023?

The starting point for the plan was to envision how we should improve based on the issues I perceived immediately after becoming president. Fortunately, I had SCREEN's Management Grand Design, our vision and guideline for SCREEN Value enhancement, which I inherited from Chairman Eiji Kakiuchi (formerly president). Once I added my own perspective to this, it became much clearer where we needed to be in next 10

years and by backcasting from this image, I was able to formulate Value Up 2023.

In creating this plan, I relied on the experience and insight gained through my own work in development, production and international sales. For example, I was aware that issues occurring upstream in our supply chain management, that is, in our sales and service activity to customer, were not being



synchronized with related issues in development and production, and with no attempt to achieve overall optimization of operations, this was leading to significant inefficiencies.

If we look back at the Group's history, we have had an internal problem whereby our performance grew quickly while the market is in an upward phase but once there is a downturn, it takes some time to recover. I have realized that in the downward phase, we pay the price for the inefficient operation we usually pursue during the upswing and, also, that this inefficiency means we cannot invest enough cash in our future growth.

It is essential to eliminate such problems and during the creation of the plan, I assembled a special project team with the Corporate Planning Department of SCREEN Holdings (HD) as its secretariat. Its members were drawn from the frontlines of each business operating company and were mainly young people who will lead the next generation of employees. We met repeatedly to discuss key topics including the type of reforms necessary to overcome the challenges faced by the Group and create a path for future growth.

As a result of these discussions, we decided on a basic policy that, one, advocated us establishing a presence in the industry

as a solution creator\* and, two, called for us to improve our corporate value by increasing both our social and economic value.

Personally, I hope that every one of our employees will become "a solution creator". Developing solutions involves more than responding to customer requirements in areas such as sales, production and after-sales services. It also includes solving the issues each organization is facing to improve corporate value. I believe that if each person can adopt the mindset of a manager while creating solutions, our SCREEN Value will improve definitely. I am currently working to promote this approach throughout the Group.

I have also organized and specified the issues included in Value Up 2023 in terms of their materiality based on my recognition of their importance as CEO. This method should help me to better visualize the priority of each one and use them effectively in communication with our stakeholders.

\*A Solution Creator refers to a company that enhances corporate value by contributing to the development of society and providing customers around the world with technologies, products, and services that solve social issues and needs. (Please refer to p. 25 in this report for further details.)

Refer to "Identification of Megatrends and Material Issues" on p. 13.

Q3

### What measures are being used to improve economic value and how do you communicate them to employees?

We have introduced return on invested capital (ROIC) as an indicator for tracking the improvement of our economic value. As well as helping us to achieve continuous and irreversible gains, it provides an effective way to visualize not only our

profitability but also our efficiency. In addition, we have set *GEMBA KPIs*, tailored to each workplace. By linking these indexes to ROIC values, we have been able to build a system for measuring the results of our activities.

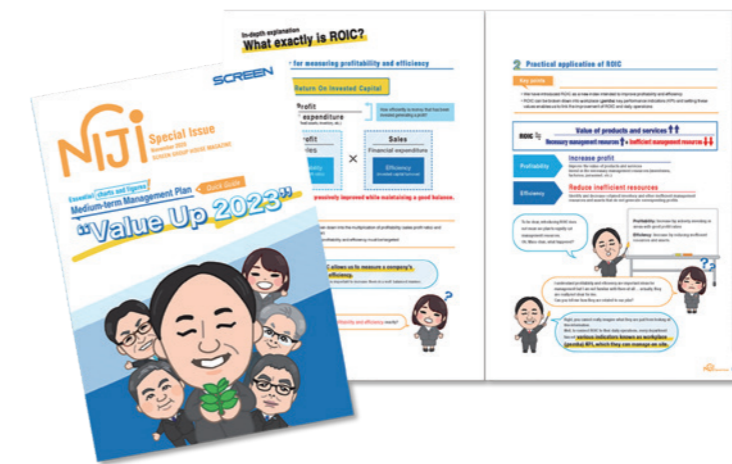
Using these KPIs, the relevant officer at each business operating company planned and executed activities within their own organization that were connected to improving profitability and efficiency. Measuring the results of these activities allowed us to clearly understand the performance of each department.

Following the introduction of ROICs, businesses with inefficiencies have become apparent. I believe the introduction of appropriate structural reforms, will become an important principle for our operational strategy during the period of Value Up 2023. I now recognize that this process is also crucial as a business portfolio strategy and one that management must clearly understand going forward.

These types of discussions have led to a shift in thinking at management level that has spread to all employees, producing a similar change. I feel this is a key reason why we were able to improve our financial performance in the first year (ended March 2021) of Value Up 2023.

So employees can better understand the essence of the plan, I always focus on communicating my thoughts as CEO, including why each aspect is necessary, what I (as president) am asking of them and how they should respond. In doing this, I make full use of our Group's in-house magazine (intranet and print versions) and also distribute videos with high messaging value that, for example, include comments from my perspective as CEO on the figures achieved in quarterly financial results or explanations of management aims for themes implemented during a period.

In addition, after this type of information delivery, I follow a procedure whereby I first gather feedback from employees using a questionnaire format. When points that are unclear or require answers are identified in these responses, I create opportunities to provide quick and detailed explanations in order to facilitate two-way communication.



SCREEN Group in-house magazine, NIJI Special Issue

Q4

### Can you explain the idea of generating innovation, which is designated as a priority area in Value Up 2023?

The business environment in which our Group operates is changing very rapidly in all fields, and this requires both speed and innovation from us. This is also precisely why I believe business opportunities will always exist and the markets themselves will continue to grow.

Demand for semiconductors is expected to continue its present growth even after the situation created by COVID-19 returns to normal. This rise is associated with, in particular, the increasing utilization of 5G and AI and their expanding applications for the Internet of Things (IoT) and electric vehicles, as well as the rapid adoption of remote working and acceleration of the current digital transformation (DX).

As a result, significant advances will be required in the semiconductor technologies that underpin these trends and I expect the entire electronics industry will progressively transform itself in conjunction with this evolution.

In this case, innovation management will be highly meaningful due to its capacity to swiftly detect these types of changes and produce the necessary solutions. This is because management needs to be aware of areas for strategic

investment based on forecasts of market and technological changes.

In fiscal year ended March 31, 2021 (FY2021), based on market signals and technological trends identified within such an approach, we launched several projects inside HD and started various new initiatives that we plan to commercialize. At the same time, we also established and then strengthened a marketing department designed to handle this function for HD.

As well as implementing strategic investments based on the identification of market and technological shifts, I would like to promote collaborate with external parties with whom we can expect synergistic effects or utilize mergers and acquisitions. This should enable us to create powerful solutions and build a solid business portfolio.

Q5

Since your appointment, you have been emphasizing the resolution of social issues. What related ideas are included in Value Up 2023 as well as Sustainable Value 2023, which targets the improvement of our social value as a corporation?

Our corporate value is made up of both our social and economic value and if either is lacking, we cannot be a sustainable business entity. In Value Up 2023, we have renamed our social value as sustainable value and drawn up a roadmap that is tightly focused on the year 2030. Based on this, we have then back casted to the period of Value Up 2023 and formulated Sustainable Value 2023.

Efforts to enhance social value often tend to be separated from business activities. However, with Value Up 2023, we are promoting measures with a strong awareness of the fact that we are aiming to improve sustainable value through our business activities.

For example, we are focusing on energizing our activities by working cooperatively with business operating companies to set specific annual targets and create policies while also implementing them. We then follow a system that links the degree of their achievement to the remuneration of directors, managers and general employees.

With regard to product development, an important solution area for the Group, we incorporate targets for the reduction of environmental impact at the time of concept planning. We also encourage the development of required technologies from an intellectual property perspective.

Ongoing global warming is an urgent issue that all people living in the 21st century must overcome together, and I fear that if we do not respond now, this will become an increasingly difficult world for humankind to inhabit. As one action to avoid such a situation, our Group signed the Global Compact being advocated by the United Nations and in October 2016, registered our name at the organization's headquarters.

SCREEN has been working to promote sustainable management. In order to continue our growth as a global corporation, we always respect international standards and strive for the sustainable development of society.

We are also participating in Science Based Targets (SBT), an international initiative to reduce greenhouse gases, and are working to implement steps to decrease our environmental burden through our business activities. The Group has already established a goal requiring us to eliminate 30% of the CO<sub>2</sub> emissions from our business sites by 2030 compared to FY2019. We have also set a goal of 20% reduction of CO<sub>2</sub> emissions generated by the products we sell over the same period.

Given that we are currently anticipating strong sales growth, these goals represent particularly large hurdles. We have actually been praised by external groups for setting such ambitious targets.

In March 2021, we also procured funds for our efforts to reduce environmental impact through a sustainability linked loan\*, a first for a corporation in Kyoto, Japan. The loan agreement sets out benefits linked to CO<sub>2</sub> reduction targets, which I hope will lead to relevant improvements in our product development and production environment.

In terms of external evaluations of our activities, SCREEN received an A- rating, our highest ever score, from CDP for both its climate change and water security lists in 2020. I see this upgrade as a welcome recognition of our efforts to date.

\*Sustainability linked loans are financial products specifically designed for businesses that are pursuing ambitious environmental goals, especially in relation to addressing climate change issues. Such loans link borrowing conditions such as interest rates with performance evaluations of the borrower's sustainability initiatives.

Refer to "Message from the CFO" on p. 29 and "Value Up 2023 Medium-term Management Plan - Sustainable Value" on p. 27.

Q6

What is the thinking behind your human resource strategy?

Basically, I would like all of our employees to grow into personnel who can receive compliments from customers and other external parties along the lines of "SCREEN people are really amazing" or "you can rely on SCREEN."

Our objective in Value Up 2023 of establishing a presence in the industry as a solution creator is a basic concept that I developed to help us realize my ideal kind of situation. I strongly feel that to realize this vision, we need to drive innovation in various areas of our human resource policy, including in our conventional personnel and training systems, work style, internal culture and approach to job and office organization.

With this in mind, I have been working to revise our personnel system, in addition to expanding the structure of SCREEN Business School (SBS), which is an area we have been gradually building up for some time. These two focuses are based on my desire to progressively create a system that

enables all employees to experience a greater sense of growth and achievement.

These redesigned structures and systems should not prevent us from taking on new challenges. While we have yet to reach an ideal state, I hope to find a way forward during the period of Value Up 2023 and create a foundation that will enable each and every employee to make themselves into a solution creator.

Refer to "Human Resource Management" on p. 49.

Q7

What is the current state of thinking and development regarding risk management and business continuity planning?

We have performed a thorough review of systems right across the Group in order to enhance our management of unexpected risks such as the recent COVID-19 pandemic and trade friction between the US and China. As you might expect with the environment around us changing so dramatically, it is critical to develop a high sensitivity to risk and tolerance for change.

Recently, there have been growing concerns about a global shortage of semiconductors and other components and I have felt that our ability as a corporation to fulfill our supply responsibilities to customers, in other words, our ability to continue our business, has been called into question.

When procuring parts and components, we also need to maintain close communication with each of our suppliers, for example, by informing them of forecasts as early as possible. We need to strengthen control of conditions so that they do not cause any inconvenience for our customers or lead to any loss of opportunity for us. This is how I intend to make it through the unexpectedly large increase in production requirements

we are currently experiencing in FY2022.

Our business operating companies have conventionally used an in-house format we call a risk management sheet and this has served as the first line of defense in their efforts to control risk. Additionally, as a second line of defense, each department at HD has clarified specific risks that require monitoring and assumed responsibility for performing appropriate reexaminations any time these risks increase. They also provide oversight on the adequacy and progress of any steps to mitigate risks.

Finally, as a third layer of defense, we have created a system whereby our audit department inspects the management system itself to check it is functioning correctly on a Group-wide basis. Our business continuity planning is also controlled under the same overall system as risk management.

Refer to "Risk Management" on p. 64.

Q8

Lastly, can you tell us about your management philosophy as president?

My personal motto is "You can accomplish anything if you do it. Nothing will be accomplished unless you do it. If something was not accomplished, that is because none did it." This motto reminds us of the importance of both taking on new challenges and humbly learning from our failures and as such, I often introduce it to our employees through the Group's in-house magazine and other forums. If you do not directly admit your mistake and make appropriate adjustments for a situation in which you have failed, you will never achieve success.

To be successful, I believe you should first objectively analyze

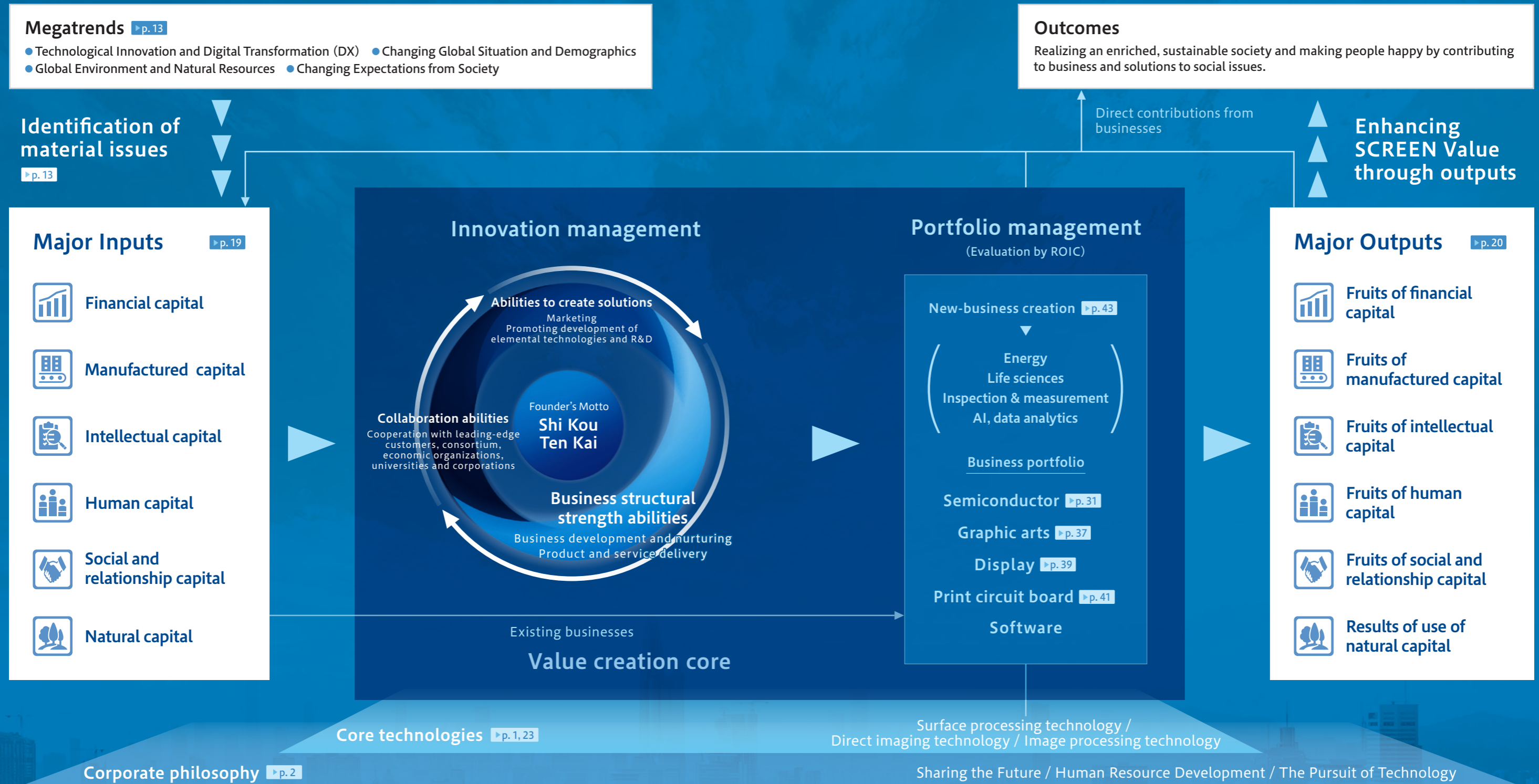
an issue using the Japanese Sangen (three gen) principle (*gemba*: actual place, *genbutsu*: actual part, *genjitsu*: actual situation) and then formulate a hypothesis and go through a process of trial and error to develop a correct understanding of a situation. I plan to continue working toward sustainable management using these seemingly steady steps, precisely because I realize they are in fact a shortcut to success.

As we move forward, I would like to ask for the continuing support and encouragement of all our shareholders and investors.



# Value Creation by the SCREEN Group

The SCREEN Group delivers technologies, products, and services for the future, based on identifying material issues over the medium term and thinking about necessary solutions. Through contributing to business and solutions to social issues in this way, we aim to achieve a virtuous cycle in which realizing an enriched, sustainable society helps to make people happy. We strive to create new solutions based on the tangible assets (human resources, equipment, funding) and intangible assets (knowledge, technology, know-how) that we have built up through this cycle and enhance SCREEN Value (corporate value), which comprises Sustainable Value (social value) and economic value.



# Identification of Megatrends and Material Issues

Based on the risks and opportunities estimated from current megatrends, the SCREEN Group has analyzed the priorities in our medium-term management plan, Value Up 2023, from a comprehensive perspective that takes account of ESG, and identified our material issues.

## Megatrends: Turning Changes in the Business Environment into New Growth Opportunities

### Technological Innovation and DX

Rapid technological innovations are in progress in many parts of society, including the wider use of 5G and AI, as well as advances in the Internet of Things (IoT) and the digital transformation (DX). These social changes, driven by the evolution of semiconductors, provide the electronics industry with a great opportunity for growth.

### Changing Global Situation and Demographics

As the global situation and demographics surrounding us are changing dramatically, we need to adapt to them. These developments include the spread of infectious diseases, such as the COVID-19, shifts in the population structure and working environment (the increase in global population, a shrinking workforce in developed countries, and changes in the way people work), declining international cooperation (as typified by the current U.S.-China trade friction), geopolitical risks, and financial fluctuation risks.

### Global Environment and Natural Resources

It is an essential responsibility of a company to resolve issues related to the global environment and natural resources, such as climate change, water shortages, frequent extreme weather events, natural disasters, transformations of energy policy, and promotion of a circular economy. We should recognize risks and turn them into growth opportunities through our business activities.

### Changing Expectations from Society

Companies face a greater need to strengthen governance, transform their supply chains, and pay more attention to human rights. Responding to these needs will help us reinforce our foundation for corporate value creation.

## Identifying and Reviewing Material Issues

We have established Value Up 2023, a medium-term management plan intended to realize our Corporate Philosophy and Management Grand Design (our vision and guideline for SCREEN Value enhancement). During its development, we assessed current megatrends and identified social issues that may have an impact on our business. Following this, we selected candidates for material issues and evaluated and analyzed them in terms of materiality to stakeholders and materiality to SCREEN Value (Sustainable Value [social value] + economic value). This process took into consideration international initiatives, such as the UN Global Compact and Responsible Business Alliance (RBA)\*, as well as requests and opinions obtained through our communication with shareholders, investors and other stakeholders. We further screened,

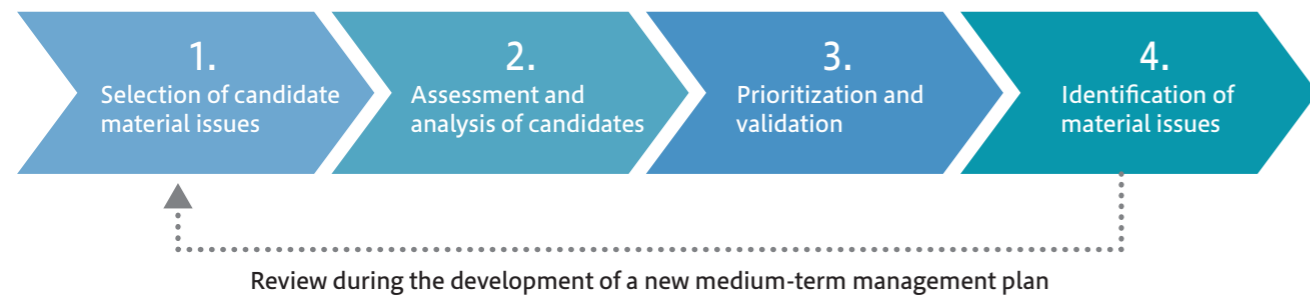
prioritized, and validated these issues before we finally identified material issues.

These material issues have been incorporated into Value Up 2023, and also Sustainable Value 2023 which increase social value. The issues are treated as task and deployed in the form of strategies, objectives, and measures in both plans.

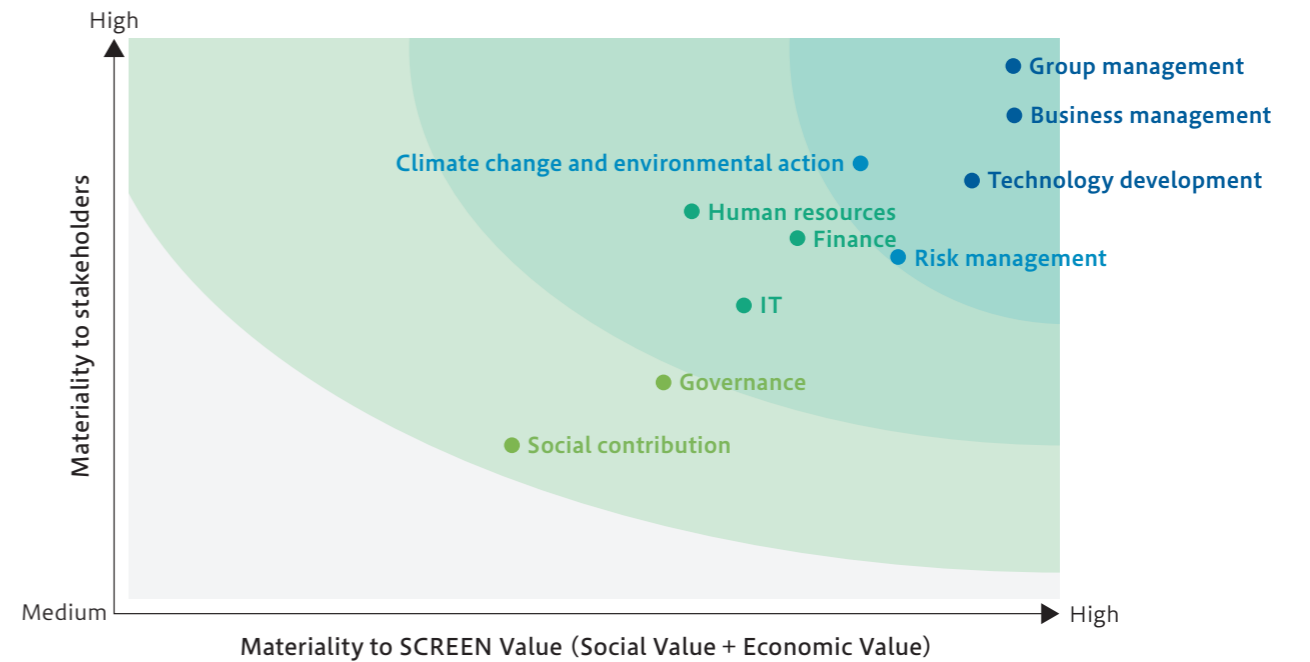
Our material issues will be reviewed every time we develop a new medium-term management plan, and additional reviews will take place as needed, such as in the event of a change in the business environment.

\*Responsible Business Alliance (RBA): An alliance encompassing the electronic device, IT, toy, and automotive industries, which establishes rules and regulations related to human rights, health and safety, ethics, the environment, and other concerns

### Process of Identifying Material Issues



### Materiality Map



## Identified Material Issues

Material Issue	Reason	Related Issues Recognized in Value Up 2023
Group management	The entire Group's sustainable growth should be facilitated.	Promotion of business portfolio management, implementation of ROIC-focused operations
Business management	It is the foundation of the Group's business.	Customer relations, creating more competitive products and services, strengthening manufacturing (QMS, SCM)
Technology development	As a source of competitiveness, it drives sustainable growth over the medium to long term.	Promotion of innovation management, strengthening intellectual property strategy
Climate change and environmental action	We should fulfill one of a company's essential responsibilities and increase the competitiveness of our products.	Promotion of renewable energy-related businesses, reduction of CO <sub>2</sub> emissions from business sites, reduction of CO <sub>2</sub> emissions from the use of sold products, waste reduction, effective use of water resources, biodiversity conservation
Risk management	Adverse effects on corporate value should be recognized and avoided.	Identification and mitigation of material risks, implementation of business continuity management (BCM)
Finance	Sustainable growth over the medium to long term should be achieved through stable generation of operating cash flow.	Enhancement of cash flow generating ability, optimized balance of growth investments, shareholder returns, and internal reserves
Human resources	We should focus on talent and organizational development over the medium to long term to improve corporate value.	Enhanced human resource management, promotion of diversity and inclusion, implementation of employee engagement, promotion of work style reform, improved safety, security, and health
IT	We should improve our risk management capabilities and increase operational efficiency to drive growth.	Enhanced IT security, promotion of DX
Governance	Our foundation for sustainable value creation should be strengthened over the medium to long term.	Implementation of the CSR Charter / Code of Conduct, improvement on effectiveness of corporate governance
Social contribution	We should fulfill our responsibilities as a member of the community / society.	Stronger collaborations with industry-academia-government and local communities



# Material Issues, Major Opportunities and Risks, and Our Activities

Material Issues	Related Issues Recognized in the Value Up 2023 Medium-term Management Plan		Major Opportunities and Risks		Major Activities	Related Information
			Opportunities	Risks		
Group management	Promotion of business portfolio management		<ul style="list-style-type: none"> <li>● Business expansion in markets that have growth potential and are suited to our strengths</li> <li>● Resource allocation with a focus on growing areas</li> </ul>	<ul style="list-style-type: none"> <li>● Dependence on mainstay semiconductor production equipment business</li> <li>● Occurrence of a conglomerate discount</li> </ul>	<ul style="list-style-type: none"> <li>● Implement management to build an optimal business portfolio</li> <li>● Focus on strategic development investment and strengthen the business portfolio by promoting open innovation and M&amp;A</li> <li>● Create new businesses</li> <li>● Strengthen investment in growth fields by stably generating operating cash flows</li> </ul>	<a href="#">▶ p. 11</a> <a href="#">▶ p. 19</a> <a href="#">▶ p. 25</a> <a href="#">▶ p. 35</a> <a href="#">▶ p. 43</a>
	Implementation of ROIC-focused operations		<ul style="list-style-type: none"> <li>● Profitability improvement</li> <li>● Efficient investment of capital</li> </ul>	<ul style="list-style-type: none"> <li>● Deterioration of profitability</li> <li>● Adverse impact on profits, etc. in the event of a decline in sales</li> <li>● Deterioration in cash flow</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of ROIC-based business performance evaluation</li> <li>● Set and apply <i>GEMBA KPIs</i>, tailored to each workplace</li> <li>● Build IT-based monitoring systems</li> </ul>	
Business management	Customer relations		<ul style="list-style-type: none"> <li>● Retention and enhancement of competitive advantage through technology development ahead of others</li> </ul>	<ul style="list-style-type: none"> <li>● Too much concentration on business with specific customers</li> </ul>	<ul style="list-style-type: none"> <li>● Conduct development in leading-edge technology areas through collaborations (customer pipelines, participation in consortiums, partnerships, collaborations with industry-academia-government)</li> <li>● Continue to provide optimal solutions to the constantly evolving semiconductor industry by developing and manufacturing equipment with competitive advantage that will help establish production processes for next-generation devices (SPE)</li> </ul>	<a href="#">▶ p. 31</a> <a href="#">▶ p. 37</a> <a href="#">▶ p. 39</a> <a href="#">▶ p. 41</a>
	Creating more competitive products and services		<ul style="list-style-type: none"> <li>● Differentiation based on high-value-added product lineups</li> </ul>	<ul style="list-style-type: none"> <li>● Advent of startup competitors</li> </ul>	<ul style="list-style-type: none"> <li>● Develop and manufacture equipment with competitive advantage</li> <li>● Manufacturing cost reduction</li> <li>● Improve the quality of solutions proposed in after-sales activities</li> </ul>	
	Strengthening manufacturing	<ul style="list-style-type: none"> <li>● Quality management system (QMS)</li> </ul>	<ul style="list-style-type: none"> <li>● Enhanced product competitiveness through improved quality</li> </ul>	<ul style="list-style-type: none"> <li>● Failure to meet customers' quality requirements</li> </ul>	<ul style="list-style-type: none"> <li>● Provide products and services in accordance with the ISO9001 standard for quality management systems</li> </ul>	<a href="#">▶ p. 52</a>
		<ul style="list-style-type: none"> <li>● Supply chain management (SCM)</li> </ul>	<ul style="list-style-type: none"> <li>● Selection by customers for our strength building on a resilient supply chain</li> </ul>	<ul style="list-style-type: none"> <li>● Supply chain disruption due to natural disasters, pandemic infectious diseases, etc.</li> <li>● Supply chain confusion due to a shortage of parts / materials during a market expansion period</li> <li>● Supply chain CSR risks (human rights, labor, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>● Delivery on time, manufacturing according to cost requirements, and appropriate inventory management</li> <li>● Build an integrated production backup structure that covers production sites and parts suppliers in Japan and abroad</li> <li>● Formulate a business continuity plan (BCP) (compliant with the ISO22301 standard for business continuity management systems)</li> <li>● Request suppliers to act and make improvements in accordance with the SCREEN Supplier Code of Conduct, which meets RBA requirements, and regularly perform supplier surveys</li> </ul>	<a href="#">▶ p. 33</a> <a href="#">▶ p. 52</a> <a href="#">▶ p. 64</a>
Technology development	Promotion of innovation management	<ul style="list-style-type: none"> <li>● Marketing enhancement</li> </ul>	<ul style="list-style-type: none"> <li>● Business expansion in markets that are suited to our strengths</li> </ul>	<ul style="list-style-type: none"> <li>● Abandoned commercialization due to insufficient technical capacity or a misinterpretation of the market outlook</li> </ul>	<ul style="list-style-type: none"> <li>● Focus on strategic development investment and strengthen the business portfolio by promoting open innovation and M&amp;A</li> <li>● Endeavor to create new businesses (Ex. energy, life sciences, inspection &amp; measurement, and AI)</li> <li>● Strengthen our marketing organization</li> <li>● Implement various programs to develop engineers</li> <li>● Share our existing technologies across the Group</li> <li>● Conduct a management review in each phase</li> </ul>	<a href="#">▶ p. 11</a> <a href="#">▶ p. 25</a> <a href="#">▶ p. 43</a>
		<ul style="list-style-type: none"> <li>● Solution creation</li> </ul>	<ul style="list-style-type: none"> <li>● Establishment of adequate elemental technologies</li> </ul>	<ul style="list-style-type: none"> <li>● Lack of elemental technologies with commercial feasibility</li> </ul>		
		<ul style="list-style-type: none"> <li>● System to create and nurture businesses</li> </ul>	<ul style="list-style-type: none"> <li>● Innovations by constantly creating and nurturing businesses</li> </ul>	<ul style="list-style-type: none"> <li>● Longer duration for commercialization</li> </ul>		
	Strengthening intellectual property strategy		<ul style="list-style-type: none"> <li>● Contribution to increased competitiveness of our technologies, products, and services</li> </ul>	<ul style="list-style-type: none"> <li>● Litigation risk arising from intellectual property right violations</li> <li>● Technology leakage</li> </ul>	<ul style="list-style-type: none"> <li>● Promote overseas patent application including China</li> <li>● Promote employee invention and revise the employee invention system</li> </ul>	<a href="#">▶ p. 19</a> <a href="#">SDB</a> <a href="#">▶ p. 15</a>
Climate change and environmental action			<ul style="list-style-type: none"> <li>● Efforts to reduce the environmental impacts through our business operations</li> <li>● Stronger product competitiveness achieved through environmentally conscious development</li> </ul>	<ul style="list-style-type: none"> <li>● Stricter environmental regulations around the world</li> </ul>	<ul style="list-style-type: none"> <li>● Set long-term CO<sub>2</sub> emission reduction targets, which have been recognized as Science Based Targets (SBT), and strive toward them</li> </ul>	<a href="#">▶ p. 27</a> <a href="#">▶ p. 45</a>
Promotion of renewable energy-related businesses		<ul style="list-style-type: none"> <li>● Development of businesses that will contribute to a decarbonized society</li> </ul>	<ul style="list-style-type: none"> <li>● Inability to gain a competitive advantage as a result of being a latecomer</li> </ul>	<ul style="list-style-type: none"> <li>● Develop and manufacture production equipment related to fuel cells in the energy device fields (FT)</li> </ul>	<a href="#">▶ p. 39</a> <a href="#">▶ p. 43</a>	
Reduction of CO <sub>2</sub> emissions from business sites		<ul style="list-style-type: none"> <li>● Reduction of CO<sub>2</sub> emissions from business activities</li> </ul>	<ul style="list-style-type: none"> <li>● Failure to achieve the CO<sub>2</sub> reduction targets</li> <li>● Increase in equipment and energy procurement costs</li> </ul>	<ul style="list-style-type: none"> <li>● Set long-term CO<sub>2</sub> emission reduction targets, which have been recognized as Science Based Targets (SBT), and strive toward them</li> <li>● Install energy-efficient equipment</li> </ul>		
Reduction of CO <sub>2</sub> emissions from the use of sold products		<ul style="list-style-type: none"> <li>● Enhanced product competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>● Loss of business opportunities due to an inability to offer environmental performance that meets customer requirements</li> <li>● Failure to achieve the CO<sub>2</sub> reduction targets</li> <li>● Increased product costs</li> </ul>	<ul style="list-style-type: none"> <li>● Set long-term CO<sub>2</sub> emission reduction targets, which have been recognized as Science Based Targets (SBT), and strive toward them</li> <li>● Sell Green Products, which are certified as meeting our stringent energy consumption criteria</li> <li>● Develop energy conservation technologies and incorporate them into products</li> </ul>	<a href="#">▶ p. 27</a> <a href="#">▶ p. 45</a>	
Waste reduction		<ul style="list-style-type: none"> <li>● Reduction of disposal costs through recycling</li> </ul>	<ul style="list-style-type: none"> <li>● Compliance violations</li> </ul>	<ul style="list-style-type: none"> <li>● Effective use of natural resources, reducing waste and valuable material disposal volume, promoting recycling</li> <li>● Appropriate management of waste treatment / disposal</li> </ul>		
Effective use of water resources		<ul style="list-style-type: none"> <li>● Conservation of water resources</li> </ul>	<ul style="list-style-type: none"> <li>● Shortage of water resources</li> </ul>	<ul style="list-style-type: none"> <li>● Set targets for and reduce water withdrawal</li> <li>● Manage the quality of wastewater at development and production sites, and treat wastewater pursuant to voluntary standards stricter than regulatory standards</li> </ul>		
Biodiversity conservation		<ul style="list-style-type: none"> <li>● Creation of a society that coexists in harmony with nature</li> </ul>	<ul style="list-style-type: none"> <li>● Adverse effects on corporate value</li> </ul>	<ul style="list-style-type: none"> <li>● Reduce our environmental impacts through lifecycle assessment (LCA)</li> <li>● Participate in the Kyoto Life and Culture Collaborative Rejuvenation Project</li> <li>● Conserve the SCREEN Forest through the Kyoto Model Forest Initiative</li> </ul>		
Risk management	Identification and mitigation of material risks		<ul style="list-style-type: none"> <li>● Maintain and enhance corporate value</li> </ul>	<ul style="list-style-type: none"> <li>● Adverse effects on corporate value</li> </ul>	<ul style="list-style-type: none"> <li>● Identify Group risks, including material group risks, and carry out risk reduction activities</li> </ul>	<a href="#">▶ p. 27</a>
	Implementation of business continuity management (BCM)		<ul style="list-style-type: none"> <li>● Avoidance of loss of business opportunities by maintaining and enhancing corporate value through BCM that reduces risk and enables early recovery</li> </ul>	<ul style="list-style-type: none"> <li>● Failure in continued supply of products and services</li> </ul>	<ul style="list-style-type: none"> <li>● Implement BCM that assumes the occurrence of natural disasters, infectious disease pandemics, etc.</li> </ul>	<a href="#">▶ p. 64</a>

Material Issues	Related Issues Recognized in the Value Up 2023 Medium-term Management Plan	Major Opportunities and Risks		Major Activities	Related Information	
		Opportunities	Risks			
Finance	Enhancement of cash flow generating ability	<ul style="list-style-type: none"> <li>● Continuous investments for growth, including capital and R&amp;D investments</li> </ul>	<ul style="list-style-type: none"> <li>● Increased operating funds for production ramp-up</li> </ul>	<ul style="list-style-type: none"> <li>● Improve profitability and efficiency on each business by introducing ROIC indicators</li> <li>● Strengthen investment in growth fields by stably generating operating cash flows</li> <li>● Maintain and improve the equity ratio</li> </ul>	<a href="#">▶ p. 25</a> <a href="#">▶ p. 29</a>	
	Optimized balance of growth investments, shareholder returns, and internal reserves	<ul style="list-style-type: none"> <li>● Well-balanced allocation of funds</li> <li>● Greater shareholder returns</li> </ul>	<ul style="list-style-type: none"> <li>● Difficulty in using funds for the desired purposes when needed</li> </ul>	<ul style="list-style-type: none"> <li>● Achieve a consolidated total return ratio of 30% or above from FY2022 (25% or above in FY2021)</li> <li>● Diversify fund-raising methods</li> </ul>		
Human resources	Enhanced human resource management	<ul style="list-style-type: none"> <li>● Strengthen solution creation capacity among employees</li> <li>● Strengthen competitiveness of our technologies, products, and services</li> </ul>	<ul style="list-style-type: none"> <li>● Declined organizational strength due to inappropriate assignment</li> <li>● Loss of human resources due to pay not being linked to employees' growth and performance</li> <li>● Shortage of next-generation business leaders and competent individuals</li> </ul>	<ul style="list-style-type: none"> <li>● Create a workplace environment where diverse employees can feel motivated and demonstrate their full abilities</li> <li>● Revise the personnel evaluation system to better reflect employees' roles and performance</li> <li>● Develop mid-career engineers through an inter-business rotation and raise the competence of young engineers through the Engineer Development Committee</li> <li>● Support employees' autonomous growth through SCREEN Business School, a set of educational and training programs tailored to different career levels and goals</li> <li>● Offer the Business Leader Training Course and the Junior Business Leader Training Course to cultivate the next generation of capable business leaders</li> </ul>	<a href="#">▶ p. 49</a>	
	Promotion of diversity and inclusion	<ul style="list-style-type: none"> <li>● Enhanced corporate competitiveness based on the acquisition and involvement of diverse, competent talent</li> </ul>	<ul style="list-style-type: none"> <li>● Lower competitiveness in recruiting</li> <li>● Lower corporate competitiveness due to human resource shortages</li> <li>● Declined corporate image</li> </ul>	<ul style="list-style-type: none"> <li>● Promote work-life balance (e.g., by building a system to encourage male employees to play a greater role in child-rearing)</li> <li>● Expand hiring opportunities to people with disabilities</li> <li>● Hire and develop local employees at overseas sites</li> </ul>	<a href="#">▶ p. 27</a> <a href="#">▶ p. 51</a>	
	Implementation of employee engagement	<ul style="list-style-type: none"> <li>● Improved work quality and corporate value based on enhanced employee performance and motivation</li> </ul>	<ul style="list-style-type: none"> <li>● Deterioration of trust relationships with employees</li> <li>● Lower motivation of employees</li> </ul>	<ul style="list-style-type: none"> <li>● Foster communication between management and employees (by distributing a video message from the president after every financial reporting period, accepting questions to the president, followed by the distribution of a reply video, and so on)</li> <li>● Conduct employee opinion surveys</li> <li>● Institute the SCREEN Value Award</li> <li>● Perform multifaceted evaluations of senior managers (M-Survey)</li> </ul>	<a href="#">▶ p. 8</a> <a href="#">▶ p. 52</a>	
	Promotion of work style reform	<ul style="list-style-type: none"> <li>● Enhance employees' motivation</li> <li>● Improvement of work quality and corporate value</li> </ul>	<ul style="list-style-type: none"> <li>● Deteriorated work quality</li> </ul>	<ul style="list-style-type: none"> <li>● Initiatives to Increase Work Environment Flexibility</li> <li>● IT-driven means of improving work efficiency</li> </ul>	<a href="#">▶ p. 51</a>	
	Improved safety, security, and health	<ul style="list-style-type: none"> <li>● Improved quality of work and products</li> <li>● Health and productivity management</li> </ul>	<ul style="list-style-type: none"> <li>● Additional costs incurred from occupational injuries and accidents</li> <li>● Loss of business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>● Efforts to eliminate occupational accidents</li> <li>● Health and well-being initiative</li> </ul>	<a href="#">▶ p. 48</a>	
IT	Enhanced IT security	<ul style="list-style-type: none"> <li>● Stricter IT governance</li> <li>● Gain reliability from customer</li> </ul>	<ul style="list-style-type: none"> <li>● Information security threats and cyberattacks</li> <li>● Leakage of personal, customer, or technological information</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to strengthen information security measures and periodically review related rules and guidelines</li> <li>● Provide training to improve IT literacy every year</li> <li>● Build a structure to deal with information security incident reporting, risk detection, and associated measures</li> </ul>	<a href="#">▶ p. 65</a>	
	Promotion of DX	<ul style="list-style-type: none"> <li>● Business model transformation</li> <li>● Improved operational efficiency and productivity</li> <li>● Flexible working styles</li> </ul>	<ul style="list-style-type: none"> <li>● Loss of opportunities due to inefficient information usage</li> <li>● Inability to adapt to new working styles and evolving information infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>● Formulate an IT roadmap</li> <li>● Build an IT platform (cloud environment)</li> </ul>		
Governance	Implementation of the CSR Charter / Code of Conduct	<ul style="list-style-type: none"> <li>● Implementation of sustainable management</li> <li>● Fulfillment of corporate social responsibility and social expectations</li> </ul>	<ul style="list-style-type: none"> <li>● Loss of business opportunities</li> <li>● Lower corporate value</li> </ul>	<ul style="list-style-type: none"> <li>● Put into practice SCREEN Group CSR Charter / Code of Conduct, which set forth the rules of conduct that all Group executives and employees should follow, as well as the principles of conduct based on our corporate philosophy</li> <li>● Conduct continuous training called CSR Talks</li> <li>● Sign the UN Global Compact</li> </ul>	<a href="#">▶ p. 2</a> <a href="#">▶ p. 9</a>	
		<ul style="list-style-type: none"> <li>● Compliance</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of fair and sensible business activities</li> <li>● Positive effects on business activities</li> </ul>	<ul style="list-style-type: none"> <li>● Compliance violations and litigation risks</li> <li>● Declined corporate image</li> </ul>	<ul style="list-style-type: none"> <li>● Ensure compliance with international rules and national laws and regulations</li> <li>● Establish relevant guidelines and provide compliance training</li> <li>● Implement security trade management</li> <li>● Strengthen our internal whistle-blowing system and build a global whistle-blowing structure</li> </ul>	<a href="#">▶ p. 66</a>
		<ul style="list-style-type: none"> <li>● Human rights</li> </ul>	<ul style="list-style-type: none"> <li>● Trust from stakeholders gained through appropriate handling of human rights</li> </ul>	<ul style="list-style-type: none"> <li>● Loss of business opportunities</li> <li>● Declined corporate image</li> <li>● Supply chain CSR risks (human rights)</li> </ul>	<ul style="list-style-type: none"> <li>● Put into practice SCREEN Group CSR Charter / Code of Conduct, which set forth the rules of conduct that all Group executives and employees should follow, as well as the principles of conduct based on our corporate philosophy</li> <li>● Request suppliers to act and make improvements in accordance with the SCREEN Supplier Code of Conduct and regularly perform supplier surveys</li> </ul>	<a href="#">▶ p. 2</a> <a href="#">▶ p. 52</a>
		<ul style="list-style-type: none"> <li>● Information disclosure and stakeholder communication (IR, SR, PR)</li> </ul>	<ul style="list-style-type: none"> <li>● Improvement in management quality based on stakeholder feedback supplied to the management team</li> </ul>	<ul style="list-style-type: none"> <li>● Unfair information disclosure</li> <li>● Risk of disclosing information that should not be made public</li> <li>● Declined corporate image</li> </ul>	<ul style="list-style-type: none"> <li>● Hold investor / shareholder relations meetings with institutional investors in Japan and abroad, as well as briefings</li> <li>● Publish press releases, and organize press conferences</li> <li>● Repeatedly conduct crisis communication training</li> <li>● Control internal information</li> </ul>	<a href="#">▶ p. 52</a>
	Improvement on effectiveness of corporate governance	<ul style="list-style-type: none"> <li>● Securing overall benefits for stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>● Adverse effects on corporate value</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthen and continuously improve corporate governance to ensure its effectiveness</li> </ul>	<a href="#">▶ p. 53</a>	
Social contribution	Stronger collaborations with industry-academia-government and local communities	<ul style="list-style-type: none"> <li>● Effective social contribution by finding a match between social issues that need attention and what SCREEN can do</li> <li>● Maintain and enhance our corporate image</li> </ul>	<ul style="list-style-type: none"> <li>● Lower corporate value</li> <li>● Increased social contribution costs</li> </ul>	<ul style="list-style-type: none"> <li>● Advance various collaborative projects through cooperation with government agencies, educational institutions, etc.</li> </ul>	<a href="#">▶ p. 27</a>	

Invested Capital

# Continuous Input to Drive Creation of SCREEN Value

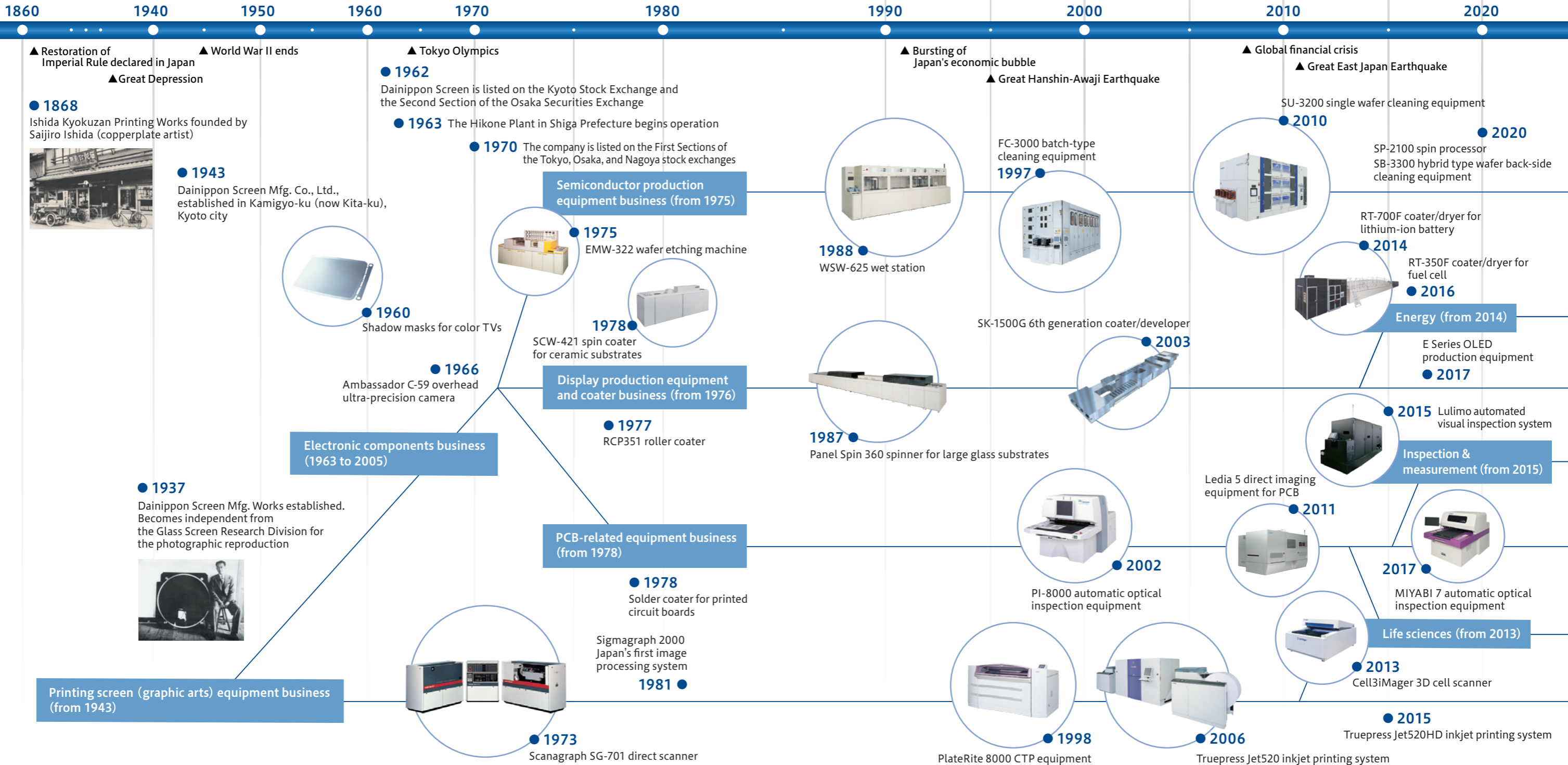
The following table shows the major inputs of the “six capitals” for value creation as defined by the SCREEN Group. These items have been selected in light of the identified material issues, and we drive the creation of SCREEN Value through continuous inputs.

	Major inputs (fiscal year ended March 31, 2021)	Description		Role in value creation	Major outputs (fiscal year ended March 31, 2021)
<b>Financial Capital</b> 	<b>Equity</b> ..... <b>¥208.3 billion</b> <b>Interest-bearing debt</b> ..... <b>¥43.7 billion</b>	Return on invested capital (ROIC) has been used as a new indicator to measure the performance of our businesses since the fiscal year ended March 31, 2021. We aim to properly manage the capital efficiency of business and to steadily generate operating cash flow by setting <i>GEMBA KPIs</i> , tailored to each workplace, which are specific targets linked to the ROIC targets, and quantifying the outputs.		<ul style="list-style-type: none"> <li>• We seek to increase the operating income ratio and by extension the net income ratio by improving capital efficiency so that we will be able to provide shareholders with satisfactory returns.</li> <li>• We intend to enhance our capacity to generate operating cash flow by increasing our operating income ratio and secure funds to invest in new or growing fields.</li> </ul>	<b>Operating income ratio</b> ..... <b>7.6%</b> <b>Operating cash flow</b> ..... <b>¥57.2 billion</b> <b>ROE</b> ..... <b>7.9%</b>
<b>Manufactured Capital</b> 	<b>Capital expenditures</b> ..... <b>¥7.8 billion</b> <b>Depreciation and amortization</b> ..... <b>¥9.6 billion</b>	Manufacturing equipment that is high in productivity and low in environmental impact is essential for us to fulfill our responsibilities related to supplying products to our customers. We continue forward-looking capital investment while managing depreciation and amortization at appropriate levels.		<ul style="list-style-type: none"> <li>• We help customers expand their business by supplying products suited to their needs at the right time and in the right quantity.</li> </ul>	<b>Production output</b> ..... <b>¥222.6 billion</b>
<b>Intellectual Capital</b> 	<b>R&amp;D expenses</b> ..... <b>¥21.5 billion</b> <b>Number of patents held*1</b> ..... <b>5,967</b> <small>*1 HD, business operating, and functional support companies</small>	The SCREEN Group is a technology development oriented company, and R&D activities are crucial for us to enhance competitiveness and create innovations. At the same time, we place importance on the number of patents we hold in Japan and abroad so we can use intellectual property strategically across borders.		<ul style="list-style-type: none"> <li>• Promote development projects which related to find new technologies, new products, and new businesses. We engage in joint development with customers and external partners to accumulate know-how and knowledge and to accelerate development.</li> <li>• We focus on patent acquisition in Japan and abroad, especially in China and other countries with particular market needs.</li> </ul>	<b>New products released</b> ..... <b>11</b> <b>External publications*5</b> ..... <b>85</b> <small>(articles published, presentations at academic conferences, etc.)</small> <b>Patent/utility model rights obtained*6</b> ..... <b>892</b> <small>*5 Technology development departments and new business departments of HD, and business operating companies *6 HD, business operating, and functional support companies</small>
<b>Human Capital</b> 	<b>Number of employees</b> ..... <b>5,982</b> <small>(consolidated) Japan: 3,568 Overseas: 2,414</small> <b>Training expenditures*2</b> ..... <b>¥70 million</b> <b>Total training hours per year*2</b> ..... <b>Approx. 380 hours</b> <b>SBS*3 programs*2</b> ..... <b>27 programs</b> <small>*2 Training administered by HR (training) departments of HD *3 SCREEN Business School (SBS): Educational and training programs tailored to different career levels and goals (see p. 50)</small>	Personnel who can compete in the global business environment are essential to SCREEN as a large part of our sales comes from overseas. While recruiting such talent from Japan and abroad, we operate SBS, a training system designed to help employees acquire necessary skills and expertise and better contribute to enhancing our corporate value. This shows our commitment to developing human resources, including the next generation of business leaders, from medium- to long-term perspectives.		<ul style="list-style-type: none"> <li>• We are building an environment where employees with diverse talent can fully demonstrate their abilities to increase our corporate value.</li> <li>• SBS and a reward program to encourage acquisition of qualifications continuously support employees' independent efforts to grow.</li> </ul>	<b>Operating income per employee</b> ..... <b>¥4.09 million</b> <b>Rate of female employees in management positions*7</b> ..... <b>2.67%</b> <b>Total attendance at SBS*8</b> ..... <b>1,200</b> <b>Public qualifications acquired*7</b> ..... <b>64</b> <small>*7 HD, business operating, and functional support companies *8 Training administered by HR (training) departments of HD</small>
<b>Social and Relationship Capital</b> 	<b>Major suppliers</b> ..... <b>200 suppliers</b> <b>Collaborations with external partners*4</b> ..... <b>8 cases</b> <small>*4 Main publicly announced relationships</small>	Besides relationships with customers, we value relationships with suppliers to help build a resilient supply chain. We also focus on the number of collaborations with external partners. Our plan is to accelerate development and strengthen competitiveness through participation in partnerships and consortiums, as well as collaborations with academic or government organizations.		<ul style="list-style-type: none"> <li>• SPE, GA, and FT have segments where their products hold the No.1 global market share.</li> <li>• We regularly conduct a survey of major suppliers in all business areas to evaluate their compliance with our Supplier Code of Conduct. This helps us strengthen CSR across the supply chain and build a business continuity management (BCM) system.</li> <li>• Outcomes of collaborations have been disclosed where appropriate and possible, and are effective for building a network of future collaborations.</li> </ul>	<b>No.1 product market share</b> ..... <b>5 segments</b> <b>Supplier Code of Conduct compliance survey</b> ..... <b>Major 200 suppliers</b> <b>ISO 22301 (BCM) certification</b> ..... <b>5 companies</b> <b>Collaboration outcomes</b> ..... <b>3 cases</b>
<b>Natural Capital</b> 	<b>Energy usage</b> ..... <b>148 GWh</b> <b>Water withdrawal</b> ..... <b>2,046 thousand m³</b>	We manage the amounts of materials, water, and other resources used in our business activities and work to reduce the amounts of waste, valuable waste, and water to be discharged as well as to recycle them.		<ul style="list-style-type: none"> <li>• We strive to reduce CO<sub>2</sub> emissions throughout the lifecycle of our products to contribute to the decarbonization of society.</li> <li>• Our products are certified as “Green Products” when they meet the SCREEN Group’s environmental performance criteria. We are working to reduce our environmental impact by certifying and selling more “Green Products”.</li> </ul>	<b>CO<sub>2</sub> emissions from our facilities</b> - <b>50.7 thousand tCO<sub>2</sub>e</b> <b>CO<sub>2</sub> emissions from the use of products</b> ..... <b>2,218 thousand tCO<sub>2</sub>e</b> <b>Amount of discharged water*9</b> ..... <b>1,976 thousand m³</b> <b>Amount of waste/valuable waste</b> ..... <b>2,586 t</b> <b>Products certified as Green Products*10</b> ..... <b>163</b> <small>*9 Group companies in Japan *10 HD, business operating, and functional support companies</small>

Note: Indicators available for disclosure within the scope of consolidation are provided unless otherwise stated.

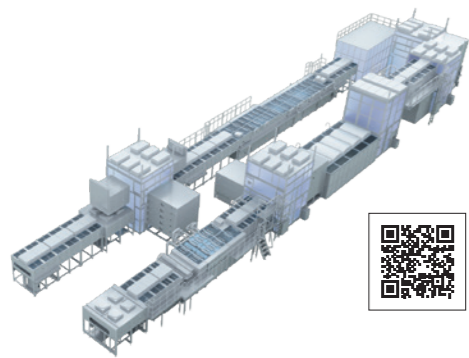
# History of the SCREEN Group

Based on the founder's motto of "Shi Kou Ten Kai," the SCREEN Group began manufacturing glass screens for photoengraving, and subsequently applied its core technologies in the areas of surface processing, direct imaging, and image processing to develop numerous technologies and products that were the first of their kind in the world. Going forward, we will continue to provide new value to the world as we combine the technological capabilities we have developed since our founding with the Group's collective resources to meet customers' and society's needs and solve problems.



# SCREEN Group's Core Technologies

The SCREEN Group possesses core technologies in three key areas: surface processing, direct imaging, and image processing. Each of these areas are comprised of elemental technologies which we are developing and deploying in printing, electronics, energy, life sciences, and other markets. Here we will look at what sorts of technologies we are using, focusing primarily on our current, core products.



**FT**  
**SK-E Series Coater/developer**

This system coats a uniform layer of resist (photosensitive solution) on glass substrates and develops. It incorporates surface processing technologies offering a high level of process productivity—from resist coating to drying and development—suited to the OLED production process and its exacting demand for fine particle contamination control and electrostatic discharge prevention.

- **Coating, deposition** : Performs high-speed, uniform, micron-level film coating of resist to large glass substrates.
- **Drying, curing** : Performs drying of the applied resist coating, using air flow and thermal control to ensure uniformity.



**GA**  
**Truepress Jet520HD Series High-speed roll-fed inkjet systems**

A high-speed inkjet system suited to information and commercial printing. It utilizes a 1,200 dpi high-resolution inkjet head and SCREEN's proprietary ink to achieve a level of quality on par with offset printing. It can also be linked with post-production systems as part of factory automation and other digital transformation initiatives undertaken by customers.

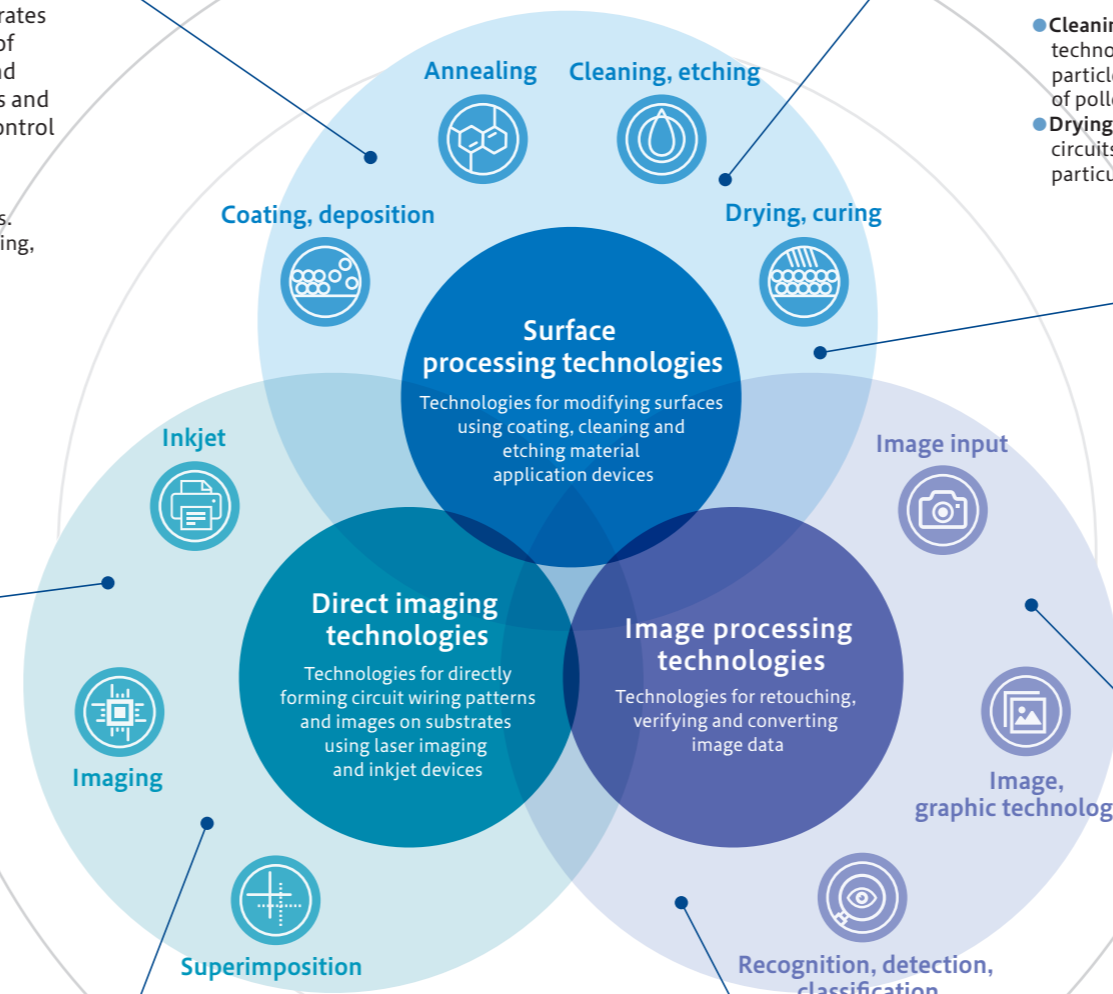
- **Inkjet** : Uses an inkjet to print directly onto paper and film. This is combined with inkjet-driven liquid droplet coating-related technologies, such as printing unit and ink, to create a complete system.
- **Drying** : Performs high-efficiency drying adapted to the ink's characteristics and properties.
- **Image processing** : Incorporates various technologies, such as halftone dot composition technologies for enhanced print quality and print quality inspection and evaluation technologies.



**PE**  
**Ledia Series Direct imaging equipment**

These systems use CAD data to perform direct imaging onto photoresist. They have been developed with environmental considerations in mind, as exemplified by the early adoption of ultraviolet LED light sources, which are now the industry standard.

- **Imaging** : Incorporates data processing technologies capable of high-speed design data conversion and automated data consistency checking. Alignment processing technologies allows these systems to perform alignment with micron-level precision. Optical technologies are used to ensure the underlying mechanical accuracy and quality.



**SPE**  
**SU-3200/SU-3300 Single wafer cleaning equipment**



This system is used for single-wafer cleaning of semiconductor wafers. It incorporates SCREEN's proprietary cleaning technologies to address the various challenges associated with increasingly smaller and more diverse semiconductor devices, such as preventing the collapse of minute patterns or control of minute particles, thereby contributing to greater productivity and operational stability.

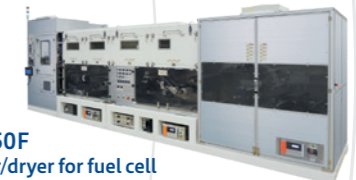
- **Cleaning, etching** : High-efficiency cleaning and precise etching technologies are used, which is capable of clearing away even nanoscopic particles and debris (on a 300 mm wafer, this would be analogous to a grain of pollen on a baseball field).
- **Drying** : Our technologies prevent damage to the electrical performance of circuits or the structures of minute patterns while ensuring that no water or particulate material is left after cleaning.



**New business Energy**

The RT Series is used in fuel cell manufacturing to perform direct coating/drying of electrode catalysts on electrolyte films. These technologies are being used to facilitate joint development begun with Tokyo Gas on a new water electrolysis cell stack.

Note: Refer to "New Business" on p. 43.



**RT-350F Coater/dryer for fuel cell**



**New business Inspection & measurement**

We have developed the world's first fully automated visual inspection system for in-vehicle metal components, replacing the human visual inspection ordinarily required for these items.

**Lulimo Automated visual inspection system for in-vehicle metal components**



**New business Life sciences**

We are developing a high-speed cell scanner, which makes use of image processing technologies and an inkjet-type tablet printing system incorporating direct imaging and image processing technologies.



**Cell3iMager duos2 Imaging and analysis system for cell morphology**



**OMNITO Inkjet printing system for tablets**



## ‘Value Up 2023’ Medium-term Management Plan

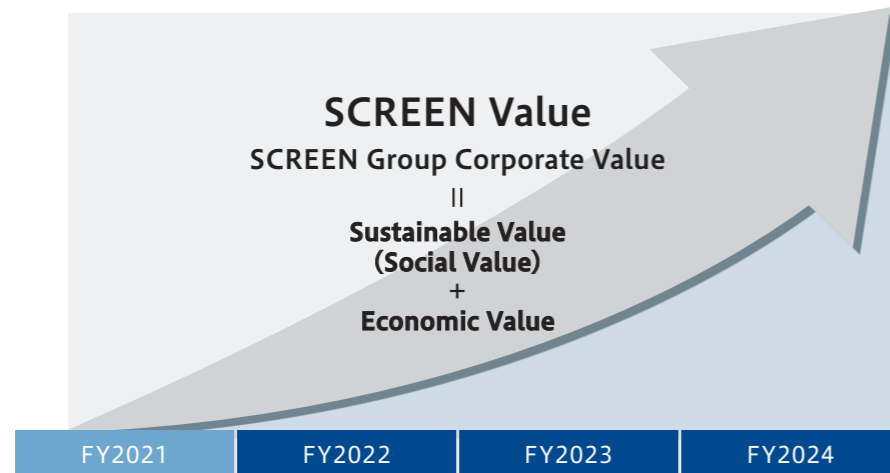
# Recovering Business Puts Plan Achievement a Step Closer

The fiscal year ended March 31, 2021 was the first year of the Value Up 2023 medium-term management plan. In terms of numerical targets, we not only achieved the highest operating cash flow to date, we achieved our first-year targets in net sales, operating income to net sales ratio, ROE, shareholder returns, and other areas. Under this medium-term management plan, we will further enhance our earnings structure and financial base by strengthening management of capital efficiency. While enhancing SCREEN Value (corporate value), which comprises Sustainable Value (social value) and economic value, we will continue working to sustainably generate profit, return profit to shareholders, and take other measures. In addition, in a proactive effort aimed at reaching the next level of growth, we will continue pursuing various options to achieve growth, such as open innovation and M&A as part of our innovation management.

### Core Concept

## Establishing a presence in the industry as a Solution Creator

A Solution Creator refers to a company that enhances corporate value by contributing to the development of society and providing customers around the world with technologies, products, and services that solve social issues and needs.



### Main Initiatives

- 1 **Enhance corporate value by creating innovation and a sustainable growth cycle**
  - Focus on strategic development investment and strengthen the business portfolio by promoting open innovation and M&A
  - Endeavor to create new businesses (Ex. energy, life sciences, inspection & measurement, and AI)
- 2 **Generate cash flows equivalent to profits which are earned in pursuit of profitability and efficiency**
  - Enhance capital efficiency on each business by introducing ROIC indicators
  - Strengthen investment in growth fields by stably generating operating cash flows
- 3 **ESG Initiatives for Sustainable Corporation**
  - Formulate a medium-term plan, Sustainable Value 2023, based on Sustainable Value (social value) policy for socially sustainable development and execute the plan

## Progress Towards Numerical Targets of Economic Value

	Targets for the final year (fiscal year ending March 31, 2024)	Results for fiscal year ended March 31, 2021
1. Net Sales	Achieve net sales of <b>¥400 billion</b> or above	◀ <b>¥320.3 billion</b>
2. Operating Income to Net Sales Ratio	Achieve <b>15% or above</b>	◀ <b>7.6%</b>
3. ROE	Achieve <b>15% or above</b>	◀ <b>7.9%</b>
4. Operating Cash Flow	Cumulative total of <b>¥120 billion</b> or above in 4 years	◀ <b>¥57.2 billion</b>
5. Shareholder Returns	Achieve a consolidated total return ratio of <b>30% or above</b> from FY2022 (25% or above in FY2021)	◀ <b>27.7%</b>

Note: The above figures are predicated on organic growth.

### Initiatives for fiscal year ended March 31, 2021 – 1

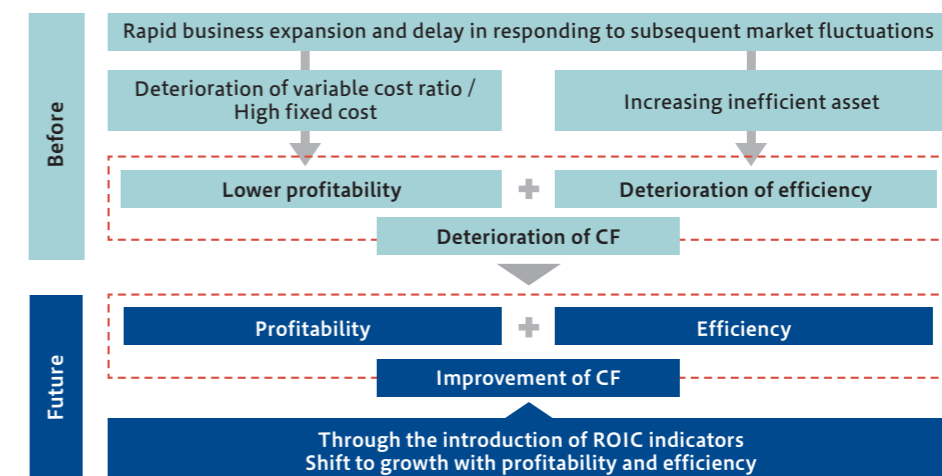
## Enhance corporate value by creating innovation and a sustainable growth cycle

We began strengthening innovation management by promoting open innovation and M&A in order to facilitate strategic development investment. In addition, thanks to the consolidated information management performed by the newly established marketing department, we were able to check whether these initiatives were consistent with the medium-term management plan and other management policies, as well as screen and sort our investment targets. Furthermore, we continue to tackle new business creation challenges (in energy, life sciences, inspection & measurement, and AI) and launch new projects.

### Initiatives for fiscal year ended March 31, 2021 – 2

## Generate cash flows equivalent to profits which are earned in pursuit of profitability and efficiency

In order to generate cash flows that can be used to fund growth investment, we have introduced ROIC indicators for each business and have begun ongoing improvement activities in pursuit of not only profitability but also efficiency. Upon introducing ROIC, we had created a CEO-led, cross-functional team (comprised of HD and business operating company members), then developed and introduced *GEMBA KPIs*, tailored to each workplace. The efficacy of these *GEMBA KPIs* is becoming evident over time, such as cultivating a company-wide mindset that recognizes the importance not only of the sales but cash flow generation in the context of profits, as well as fostering steady, progressive CCC (cash conversion cycle) improvement.



## ■ Progress on Enhancing Sustainable Value (social value)

To advance our business activities aiming to realize a sustainable society and increase Sustainable Value (social value), we in the SCREEN Group fulfill our corporate social responsibilities by meeting the expectations and earning the trust of diverse stakeholders. We strive to increase Sustainable Value (social value) as a solution creator, by proactively deploying initiatives that emphasize the environment, society, and governance (ESG), in areas such as responding to climate change under the Paris Agreement and addressing the social issues identified by the Sustainable Development Goals (SDGs).

### Sustainable Value 2023

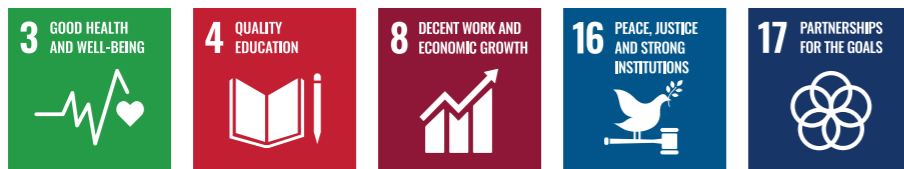
#### E (Environment) Reduce environmental impact through business

- Reduce CO<sub>2</sub> emissions by lowering energy consumption and environmental impact based on the SBT\*1 framework and contribute to the realization of a decarbonized society through our business  
Scope 1 and Scope 2 target : 35.4 (thousand metric tons CO<sub>2</sub>e)  
Reduce CO<sub>2</sub> emissions from business activities by 30% by 2030 compared with the fiscal year ended March 31, 2019  
Scope 3 target: 2,082 (thousand metric tons CO<sub>2</sub>e)  
Reduce CO<sub>2</sub> emissions from the use of sold products by 20% by 2030 compared with the fiscal year ended March 31, 2019
- Contribute to the realization of a recycling-oriented society through conservation of water resources, reduction of wastes, and response to environmentally regulated substances



#### S (Social) Create a great place to work and involve in solving social issues

- Implement new, sustainable working styles, as well as develop and strengthen systems and environments conducive to the growth of, and greater participation by, a more diverse workforce
- Pursue industry-academia-government collaborations, which contribute to the creation of innovations that address the diverse challenges facing society, and undertake social contribution activities that facilitate the development of local communities



#### G (Governance) Strengthen risk management and business continuity plan

- Accurately identify risk issues and implement Group risk management to prevent or minimize these issues' negative impact on corporate value
- Strengthen supply chain management based on the RBA\*2 Code of Conduct
- Improve the resilience of the Group BCP structure in the face of increasingly diverse disaster risks



\*1 SBT (Science Based Targets): An international initiative to combat global warming, which calls for the establishment of scientifically based CO<sub>2</sub> emission-reduction targets  
\*2 RBA (Responsible Business Alliance): An alliance encompassing the electronic device, IT, toy, and automotive industries, which establishes rules and regulations related to human rights, health and safety, ethics, the environment, and other concerns

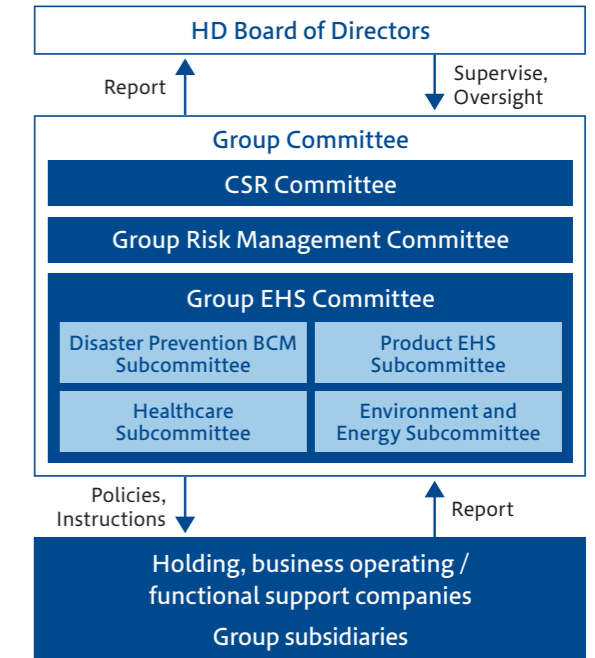
#### Initiatives for fiscal year ended March 31, 2021 – 3

### ESG Initiatives to Be a Sustainable Corporation

The SCREEN Group has established the Sustainable Value 2023 promotion structure to effectively advance its environmental (E), social (S), and governance (G) initiatives. The persons responsible from subject SCREEN Group companies take part in Group committees to share information and promote collaboration in Group-wide initiatives.

- The CSR Committee, with the SCREEN HD President as Chief Officer, promotes the practice of ethical behavior of employees based on the SCREEN Group CSR Charter / Code of Conduct and responds to the SDGs, and contributes local communities from the viewpoint of improving social value.
- The Group Risk Management Committee, with the SCREEN HD President as Chief Officer, assesses inherent risks throughout the SCREEN Group and their status, identifies key risks in response to changes in the business environment each fiscal year, determines the manner in which they should be managed, and works to prevent risk occurrence.
- The Group EHS Committee, with the Chief Officer of Sustainability Promotion as management supervisor, shares internal/social issues and problems related to the environment, health, and safety at the Group, and pursues ongoing improvement.

#### Sustainable Value 2023 promotion structure



#### Progress on main targets of Sustainable Value 2023

Material Issue	Targets for the final year (fiscal year ending March 31, 2024)	Results for FY2021 (fiscal year ended March 31, 2021)
Reduce CO <sub>2</sub> emissions from business sites	45.5 (thousand metric tons CO <sub>2</sub> e) 10% reduction compared with FY2019 Continual activity toward SBTs (Scopes 1, 2): 30% reduction by the end of FY2030	50.7 (thousand metric tons CO <sub>2</sub> e) 0.2% increase compared with FY2019
Reduce CO <sub>2</sub> emissions from use of sold products	2,395 (thousand metric tons CO <sub>2</sub> e) 8% reduction compared with FY2019 Continual activity toward SBTs (Scope 3): 20% reduction by the end of FY2030	2,218 (thousand metric tons CO <sub>2</sub> e) 15% decrease compared with FY2019
Reduce waste and valuable material disposal volume, promote recycling	188 (kg/t) 5% reduction compared with FY2019 Waste and valuables generated in business activities (in intensity per unit weight of product shipments)	205 (kg/t) 3.5% increase compared with FY2019
Effective water use	246 (m <sup>3</sup> /t) 5% reduction compared with FY2019 Business operating site water withdrawal for tap water, industrial use, etc. (in intensity per unit weight of product shipments)	306 (m <sup>3</sup> /t) 18% increase compared with FY2019
Human resources management	Enhance systems and measures that provide a tangible sense of growth Environmental enhancements to hire and develop diverse human resources and enable them to succeed Sustainable new work styles	Shift to an HR system that reflects roles and results Redesign systems for re-employment of retirees (course enhancement, adoption of an evaluation program, etc.) Develop systems for working from home for all employees
Enhance industry-academia-government collaboration and community collaboration	Advance various collaborative projects through cooperation with government agencies, educational institutions, etc.	Establish a donated course at Doshisha Business School, Doshisha University and dispatch instructors Cooperate in the incubation program led by Kyoto Prefecture
Identify key risks and reduce risks	Identify risks to corporate value and minimize their impact	Establish a Group Risk Management Committee, specify courses of action for risk management, and prevent manifestation of risks
CSR initiatives in the supply chain	Pursue ongoing strengthening of supply-chain management, including widespread adoption of the code of conduct, procurement practices, and BCP	Undertake a survey of the top 200 suppliers by transaction value to ascertain the status of supply chain CSR
Resilience to increasingly more severe natural disasters	Improve the resilience of the Group BCP structure in the face of increasingly diverse disaster risks	Focus on BCP development in anticipation of natural disasters, pandemics, etc.

Message from the CFO

# Improving the Stability of Our Financial Base

**Yoichi Kondo**

Senior Managing Director  
Member of the Board  
Chief Financial Officer



## Q1 Looking back on the fiscal year ended March 31, 2021, what were the highlights for you as CFO?

We were able to return to a balanced net cash position for the first time in three periods and our equity ratio also reached a record high of 54.5%. In “Annual Report 2020,” I said that amid the COVID-19 pandemic, we have sought to ensure “liquidity” and “soundness” (i.e., a capital buffer), however, I think it is very significant that we have managed to progressively increase the stability of our financial base.

Under the leadership of President Hiroe, we launched the Cash Flow Improvement Project and, as part of its evolving implementation, applied ROIC indicators as GEMBA KPIs, tailored to each workplace. This process was highly successful in instilling the importance of cash flow creation and capital efficiency in each sales, manufacturing, procurement and R&D department. Operating cash flows reached all-time highs and liquidity also improved dramatically.

The Japan Credit Rating Agency (JCR) revised the outlook on our rating upward from “BBB+ (Stable)” to “BBB+ (Positive)” in recognition of our favorable order environment and performance trends, as well as the growing strength of our financial base.

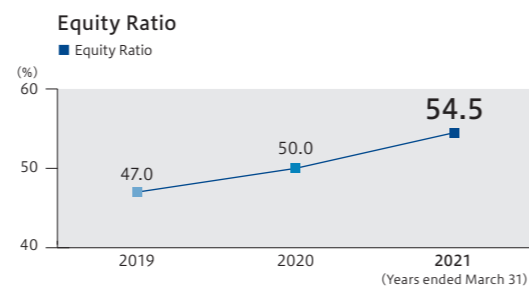
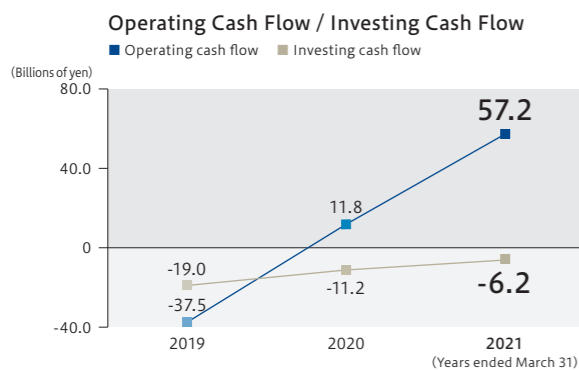
In addition, we introduced a sustainability linked loan as a way to connect the improvement of social and economic value under our Value Up 2023 medium-term management plan. With these loans, borrowing conditions become increasingly advantageous if we achieve the Science Based Targets (SBT) we are currently working toward. This system helps to tie an increased motivation to engage in CO<sub>2</sub> reduction activities to our financial strategy.

## Q2 What is your basic policy regarding capital management?

Our equity ratio is 54.5%, which is slightly higher than the average for the manufacturing industry. I would like to maintain this high level of equity capital, in light of concerns about side effects from the bold monetary easing adopted as a measure against COVID-19 and volatility in the SPE segment. I also hope

to securely achieve the consolidated total return ratio of 30% or above stated in the medium-term management plan.

In addition, I would like to see the JCR upgrade us to a single A rating in the near future and we should also work to diversify our procurement methods.



# Value Creation through Our Businesses

**SPE**

Semiconductor Production Equipment Business

SCREEN Semiconductor Solutions Co., Ltd.

▶ p. 31-36

**GA**

Graphic Arts Equipment Business

SCREEN Graphic Solutions Co., Ltd.

▶ p. 37-38

**FT**

Display Production Equipment and Coater Business

SCREEN Finetech Solutions Co., Ltd.

▶ p. 39-40

**PE**

PCB-related Equipment Business

SCREEN PE Solutions Co., Ltd.

▶ p. 41-42

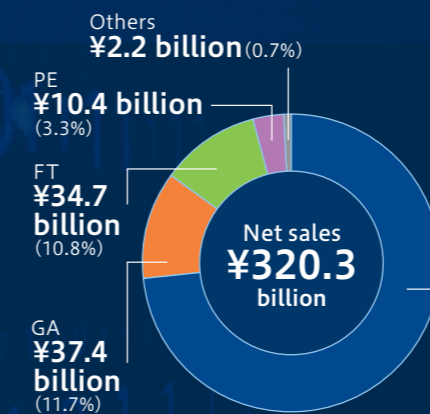
**New Businesses**

Energy  
Life sciences  
(Cell-related /  
Pharmaceutical-related)  
Inspection & measurement

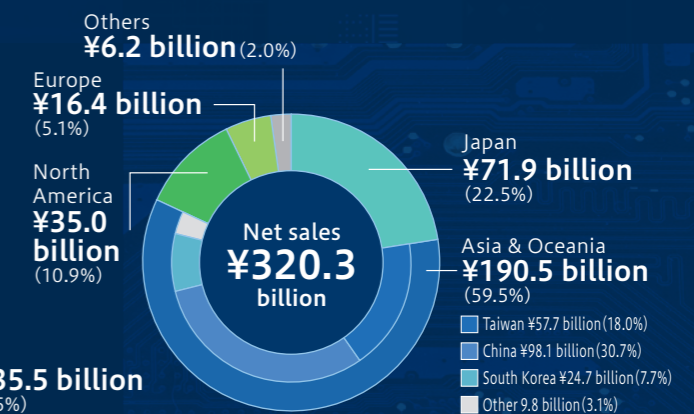
▶ p. 43-44

## Net Sales (Fiscal year ended March 31, 2021)

By Segment



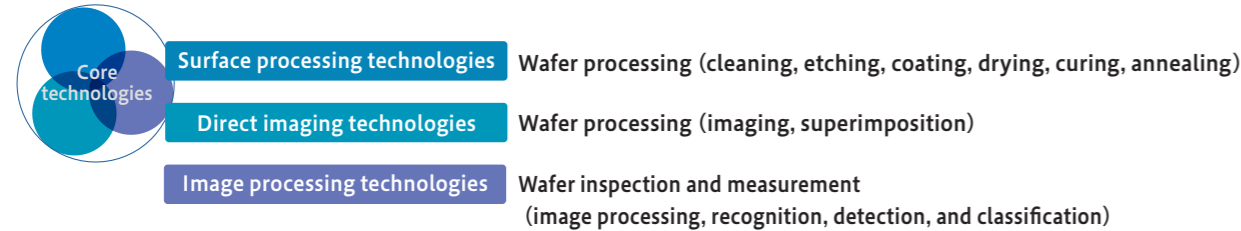
By Region





## Semiconductor Production Equipment Business (SPE SCREEN Semiconductor Solutions Co., Ltd.)

Provides a selection of equipment for use in a broad range of processes that are a crucial part of circuit formation on silicon wafers for semiconductor devices, including cleaning, coating/developing, and annealing. Handles a wide range of customer needs, including not only increasingly miniaturized and multilayer leading-edge processes, but also devices for use with the IoT and in automotive, thereby contributing to improved quality and productivity in semiconductor manufacturing, and greater energy savings.



### Value Up 2023' Medium-term Management Plan

#### Market trend and strategy

- Planned capital investment in semiconductor plants will grow significantly in the face of rising remote demand, the spread of EVs, and the DX trend
- Strengthening its competitiveness in cleaning equipment by introducing new models and developing leading-edge technologies
- Keeping manufacturing infrastructure on pace with demand for capital investment by customer
- Pursuing efficiency by adopting ROIC indicator. Generating cash and reinvesting it

#### Strategies by Segment

- Increase market share in cleaning equipment segment: Expanding our share of the MOL and BEOL area
- Continue to transform toward profitability improvement: Increasing the S<sup>3</sup>-3 operation rate through early determination of specifications and design standardization; implementing structural reforms in unprofitable areas
- Strengthen after-sales services: Enhancing modification proposal and attractive products (used cleaning equipment)
- Improve the cash conversion cycle by strengthening supply chain management

#### Measures that lead to sustainable value (ESG measures)

- Help lower CO<sub>2</sub> emissions from products and expand environmental suitability certified products  
→ **Contribute to the achievement of SBT targets**
- Train product safety experts
- Comply with product-related laws and regulations: Observing green purchasing standards  
→ **Part of RBA compliance**

#### Targets in the final year

- Net sales: ¥280 billion – ¥300 billion
- Operating income to net sales ratio: 18 – 20%

#### Key SDG issues being addressed



#### Results for the fiscal year ended March 31, 2021

- Sales at foundries increased in China, and operating income increased significantly due to improvement in profitability.

#### Forecasts for the fiscal year ending March 31, 2022

- SPE is expected to achieve the following record highs in both sales and operating income due to favorable market conditions.

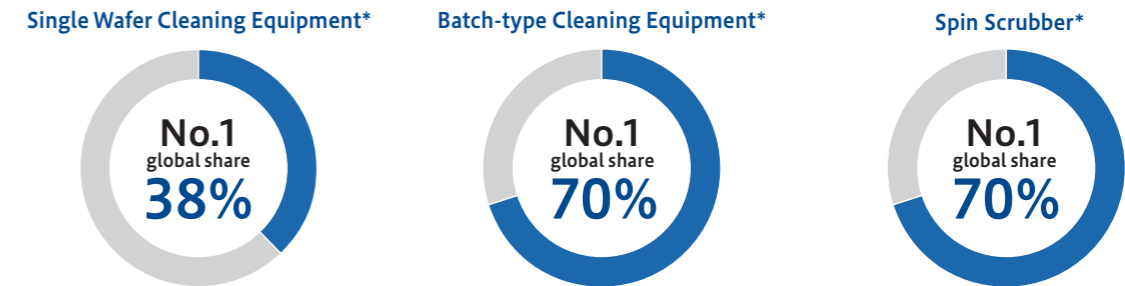
(Billions of yen)	FY2020/03	FY2021/03	Difference
Net sales	230.5	235.5	5.0 2.2%
Operating income Operating income to net sales ratio	16.1 7.0%	25.9 11.0%	9.8 61.1%

### SWOT analysis (cleaning equipment)

<b>S</b> <ul style="list-style-type: none"> <li>Utilization of various advantages accruing from our enjoyment of top market share in the cleaning segment for many years</li> <li>Accumulated know-how of design, manufacturing, processes, and expertise</li> <li>Building of long-term business relationships with the world's leading manufacturers</li> <li>Strong presence by joining consortiums in cleaning processes</li> </ul>	<b>W</b> <ul style="list-style-type: none"> <li>Low profitability compared to competitors</li> <li>Delays in specifications standardization and production efficiency improvements</li> <li>Low market share in the MOL and BEOL area</li> </ul>
<b>O</b> <ul style="list-style-type: none"> <li>Growth in the semiconductor market resulting from progress in 5G, AI, IoT, and DX</li> <li>National policies strengthening semiconductor manufacturing in each region</li> <li>Improvements in information quality, volume, and speed due to participation in consortiums and joint development</li> </ul>	<b>T</b> <ul style="list-style-type: none"> <li>Cyclical business environment</li> <li>Opacity of the business environment due to rising geopolitical risk</li> <li>Loss of market share due to competitors' technological capabilities and pricing strategies</li> </ul>

### Market share

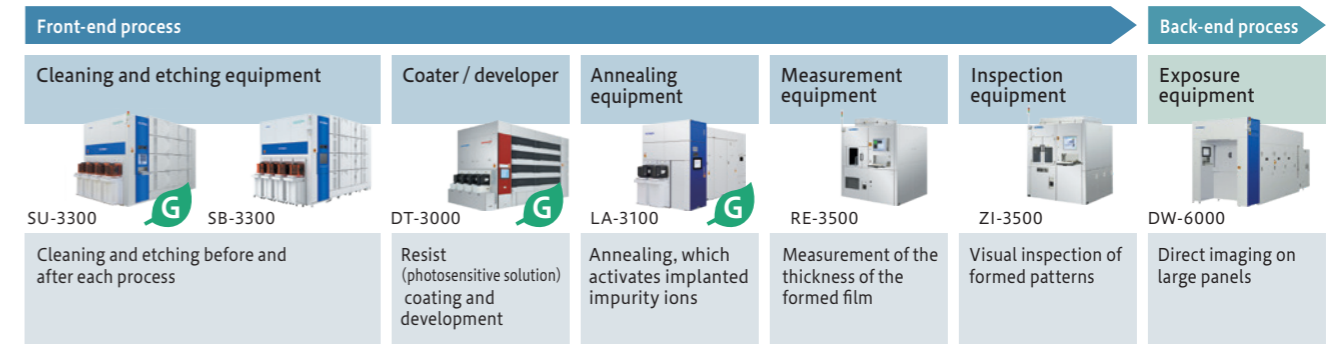
Cleaning accounts for about 30% of all semiconductor manufacturing processes (of which there are several thousand), and cleaning is carried out before and after each process. In the Semiconductor Production Equipment Business, we have enjoyed top market share in three cleaning equipment segments.



\*Chart created by SCREEN based on Gartner Research. Source: Gartner, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2020, Bob Johnson, Gaurav Gupta, 7 April 2021; Vendor Revenue from Shipments Basis Single Wafer Cleaning Equipment = Single Wafer Processors; Batch-type Cleaning Equipment = Wet Stations; Spin Scrubber = Scrubbers  
\*Disclaimer: The Gartner content described herein (the "Gartner Content") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this Annual Report), and the opinions expressed in the Gartner Content are subject to change without notice.

### Semiconductor manufacturing processes and solutions provided by SCREEN

We provide solutions for use in the following semiconductor manufacturing processes. In the area of cleaning, we focus not only on FEOL, a critical segment with numerous processes, but also on MOL and BEOL, where the number of processes is growing.



**Green Products:** Products with high environmental performance that certifies under our own assessment standards

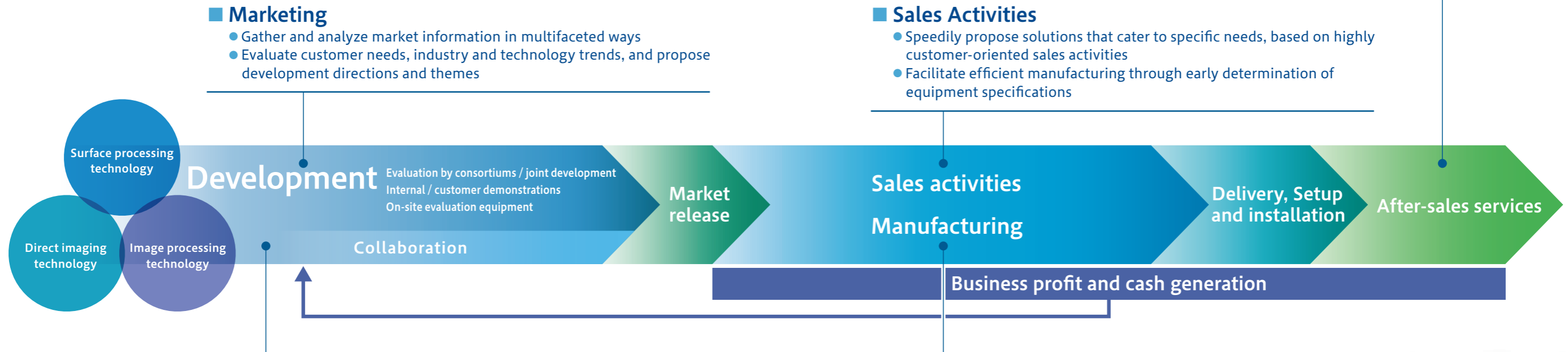
Green Products  
[www.screen.co.jp/en/sustainability/environment/products](http://www.screen.co.jp/en/sustainability/environment/products)

Feature Article on SPE: Value Chain

## Creating Value by Developing Solutions for Customer Needs Based on Our Core Technologies

In the semiconductor manufacturing field, SPE provides solutions that combine leading-edge technologies, high reliability, and excellent productivity. We have created a cycle to produce new solutions – a cycle in which we generate profits by fulfilling customers’ requests for advanced technologies and high-quality support and then reinvest what we earn in further development.

Note: Solutions refer to equipment, technologies, services, etc.



### Development Support

### Collaboration

SPE has been promoting development initiatives through collaborations with a broad range of external organizations. In addition to joint development with imec, Leti, IBM Albany Nanotech, and other research institutions, and with Applied Materials on a collaboration at its META Center R&D facility, SPE has been participating in a project to develop advanced semiconductor manufacturing technologies for the post-5G era led by Japan’s New energy and Industrial Technology Development Organization.

The company has also concluded a collaborative agreement with Shiga University in the field of data science, through which mutual human resource development and joint research is being undertaken, and additionally has launched a joint project with its suppliers to improve cleanliness level of the parts.

We help to create the new future by supporting the production of advanced semiconductors, which are essential to new lifestyles enabled by DX, 5G, AI, IoT, EV, self-driving, and other leading-edge technologies.

Feature Article on SPE **Stay a solution creator of cleaning process**

**Creating competitive products and services that contribute to higher profitability by balancing satisfaction of customer needs and efficient development.**

SPE's product development and custom design teams were interviewed to find out the company's sources for solution creation. Another interview with a member from Global Business Operations shows how the introduction of ROIC indicator in our Value Up 2023 medium-term management plan has changed the workplace.



**Hiroki Nukui**  
Manager  
Integration Technology Section 1  
Product Design Department 1  
Clean Technology Operations

**Ryo Muramoto**  
Manager  
Product Development Section 2  
Product Development Department  
Clean Technology Operations

Interview section 1

**Responding to Customer Needs Helps Us Drive Value Creation**

**SU-3200/3300 Single Wafer Cleaning Equipment: Evolving as Our Mainstay Solution Supporting Legacy to Leading-edge Nodes**

The SU-3200 is a long-selling system that has been supporting greater miniaturization and integration of semiconductor devices since its market release. Widely recognized for its excellence in productivity and process performance, the SU-3200 is used in a broad range of fields, including leading-edge logic memory devices.

The SU-3300, released in 2016, can equip maximum 24 chambers. The system provides world-leading productivity combined with a space efficient design.



Single wafer cleaning equipment  
**SU-3300**

**New SB-3300 Single Wafer Cleaning Equipment, Exclusively Designed to Clean the Back Side of Wafers**

The SB-3300 performs chemical and brush cleaning processes simultaneously to effectively remove particles\* on the back side of wafers, thus reducing defocusing, a major problem experienced in cutting-edge photolithographic processes. The product also provides the industry's highest level of throughput at 700 wafers per hour, including reversing of wafers.

We expect the SB-3300 will help us further expand our market share with its ability to resolve a range of challenges related to back-side cleaning processes for advanced semiconductor devices.

\*Fine particles that adversely affect the performance and functionality of semiconductor devices and their wiring.



Single wafer cleaning equipment  
**SB-3300**

**Product Development and Custom Design Teams Work Together to Bring More Efficiency to Equipment Development**

Q. What are your current roles, respectively?

**Muramoto:** I am in charge of the development of single wafer cleaning equipment. We introduced a new product, the SB-3300, to the market last year. In developing this system, we compiled the latest information on customer requests regarding the SU-3300 and incorporated these ideas into development activities for the SB-3300. This enabled efficient development of the equipment and resulted in the adoption of a base platform shared with the SU-3300.

**Nukui:** I am in charge of the custom design of single wafer cleaning equipment. We customize the basic platform created by the product development team to suit each customer's specifications. We are also focusing on C.I.P. (Continuous Improvement Process) after delivery of the equipment and designing to satisfy customer needs. The platform shared between the SB-3300 and SU-3300 has brought major improvements in terms of productivity, CIP, and value engineering (VE)\*.

**Sources for Solution Creation**

Q. What do you keep in mind while developing or designing products?

**Nukui:** In custom design, we consider various designs and specifications so we can meet each customer's requirements and criteria, but top priority is always given to realizing them at a competitive price. I also keep in mind the need to achieve quality, cost, and delivery (QCD) at high levels while designing products.

We take a cost-focus design approach. This includes the Top Gun Project, which is a cost reduction initiative based on standardization of specifications, and efforts to use common parts across different models. To provide solutions in a timely manner, we constantly seek feedback from customers and work with other departments like procurement, production, and sales.

**Muramoto:** As a product developer, I take a broad perspective, considering factors such as technology trends extracted from

market analysis, leading-edge technology development in collaborative projects with external research institutions, evaluation from internal and customer demonstrations, as well as customer feedback and improvement requests supplied by the custom design team and others closer to customers.

My team combines these elements with SCREEN's core technologies to create extended value. In this process, I try to take the target specifications one step further and make the best possible development proposal in cooperation with related teams.

**Stay a solution creator of cleaning process**

Q. What are your aspirations?

**Muramoto:** To remain the global leader in market share, we must truly understand customers and continue to propose and deliver the right technology at the right timing and cost. You may fail when you try to make something new. However, I want to create new solutions without fear of failure by following our Founder's Motto of "Shi Kou Ten Kai". I believe this will help me to develop truly competitive products.

**Nukui:** Thanks to recent advances in the current digital transformation, it is no longer unusual to communicate in real time with many people in different places while sitting in front of a computer in your office. We can now obtain opinions from customers, overseas consortiums, and engineers in remote locations quickly and efficiently.

SCREEN's strength lies in our ability to flexibly respond to such requests from customers by creating new solutions. I want to include such ideas in future product development and further evolve our equipment.

\*An approach that involves searching for ways to provide necessary functions at the lowest cost without sacrificing the functional value of a product.



Interview section 2

**GEMBA KPIs, tailored to each workplace: Effective for Changing Employee Mindset**



**Ai Fujioka** Manager, Performance Management Section, Business Management Department, Global Business Operations, SPE

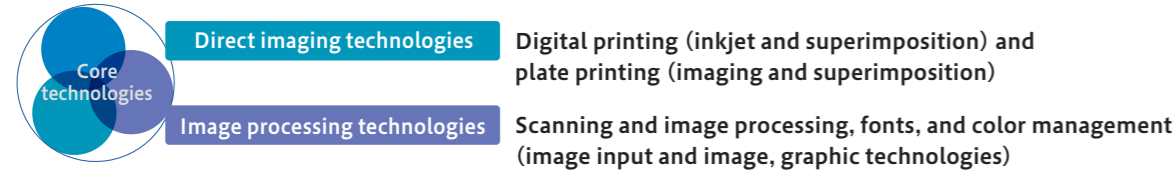
During the formulation of the current medium-term management plan, I was in the HD Corporate Planning Department, coordinating and summarizing inputs from all departments. I was also involved in the introduction of ROIC indicator. After this, I was reassigned to SPE, where I am currently engaged in performance management (coordination for budget planning and performance forecasting) and ROIC indicator management as a member of SPE's Global Business Operations team.

At SPE, we set and monitor what we call *GEMBA KPIs*, which are detailed indicators linked to the actions and numerical objectives that each department or section should pursue to accomplish their internal ROIC targets. *GEMBA KPIs* have made activities and outcomes more visible, refocusing the mindset of people in each workplace toward achieving their targets. We can see closer cooperation than ever among different functions such as sales, factory production, and administration.

We need more positive engagement of each workplace toward the goal of achieving the ROIC targets set in the medium-term management plan. I am developing further activities to expand awareness and make sure these KPIs become deeply rooted in our workplaces.

## Graphic Arts Equipment Business (GA SCREEN Graphic Solutions Co., Ltd.)

Provides various graphic arts equipment and services. Adapts to changes in the market and continue to focus on POD\*1 sales to capitalize on projected market growth while also expanding recurring business\*2.



\*1 POD: Stands for "print on demand". Printing of the number of copies needed when they are needed using a digital printing press.  
 \*2 Recurring business: Ongoing sales of ink and services following sales of POD equipment.  
 Aftersales services accounted for approx. 45% of total sales in the fiscal year ended March 31, 2021.

### III 'Value Up 2023' Medium-term Management Plan

#### Market trend and strategy

- While demand for high-volume printing is decreasing, it is growing for diversified, small lot and high variety printing, and users increasingly need POD, which is accelerating the move to DX
- Develop solutions in response to the movement to POD

#### Strategies by segment

- Expand inkjet products for the commercial printing market and the packaging market (flexible, corrugated cardboard etc.), both of which are growth markets
- Distinguish ourselves from competitors through ink and maintenance, and strengthen recurring business

#### Measures that lead to sustainable value (ESG measures)

- Release new, energy-saving products  
 → Contribute to the achievement of SBT targets
- Implement green procurement (REACH/RoHS compliance)
- Expand the range of products that earn outside recognition such as the Japan Federation of Printing Industries' Green Printing Eco Award (expand the range of products that are certified as environmentally compliant)

#### Targets in the final year

- Net sales: ¥45 billion – ¥50 billion
- Operating income to net sales ratio: 6 – 8%

#### Key SDG issues being addressed



#### Results for the fiscal year ended March 31, 2021

- Decrease in equipment sales due to macroeconomic downturn by COVID-19, decreased in sales and profit

#### Forecasts for the fiscal year ending March 31, 2022

- The recurring business, which centers on ink, will exhibit solid performance (accounting for about 45% to 50% of sales)
- We expect to operate profitably thanks to sales growth from focusing on POD, where global demand is expected despite some effects from the pandemic going forward

(Billions of yen)	FY2020/03	FY2021/03	Difference
Net sales	45.5	37.4	-8.1 -17.9%
Operating income Operating income to net sales ratio	1.4 3.2%	0.5 1.4%	-0.9 -63.0%

### Topics

## SCREEN Graphic Solutions Develops High-speed, Water-based Inkjet System for Flexible Packaging and Plans Product Launch

Within the printing industry, the flexible packaging segment in recent years is being affected by continuing changes in consumer lifestyles and diversification of marketing techniques. These trends are driving a growing requirement for diversified, small lot printing capabilities with shorter turnaround times and greater personalization. As a result of these needs, printing companies have started to introduce digital systems in some areas. However, limitations on factors such as productivity, stability and processing have so far seen their use confined to mainly promotional applications. This shortfall has led to growing calls from industry participants for digital systems that are able to deliver both high quality and rapid throughput for full-scale production applications.

Against this backdrop, SCREEN Graphic Solutions (SCREEN GA) developed the Truepress PAC 830F, a high-speed, water-based inkjet printing system specially designed for flexible packaging and capable of handling media up to 830 millimeters wide at industry-leading speeds for Drop on Demand Inkjet technology of up to 75 meters per minute at a resolution of 1,200 dpi x 1,200 dpi. The product will be launched during the fiscal year ending March 31, 2022. It is also capable of printing at a resolution of 1,200 dpi using CMYK and white water-based inks that conform to relevant food safety regulations. These features allow it to deliver both the excellent safety and rich color expression that is essential for the

food products industry. Additionally, the Truepress PAC 830F is able to meet a wide variety of print needs, ranging from promotional to production applications, and it demonstrates exceptional responsiveness for small lot jobs of less than 4,000 meters. At present, the system handles both PET and OPP media and SCREEN GA is working to further expand compatibility based on industry requirements.

Image processing technology for realizing inkjet printing on flexible packaging developed for the product received the Japanese Society of Printing Science and Technology's 2021 Encouragement Award for a Research Presentation.

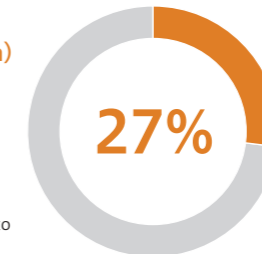
SCREEN GA intends to continue its development of proprietary products and solutions specifically created for the package printing field. Through these efforts, the company hopes to meet evolving market needs while also contributing to the overall growth of this segment.



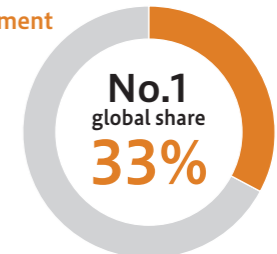
Truepress PAC 830F

### III Market share

POD equipment (Full-color variable printing system)



CTP equipment



\*Calculated based on the number of products manufactured and shipped. 2020, according to a SCREEN survey (calendar year).

### III Printing processes and solutions provided by SCREEN

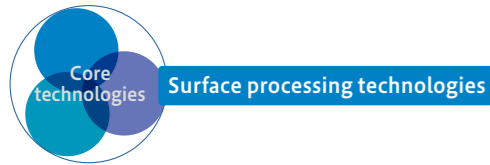
Page editing and data processing (workflow)	Digital printing (POD)	Plate making (CTP)	Offset printing
Workflow system	POD equipment	CTP equipment	
EQUIOS	Truepress Jet520HD AD	PlateRite HD 8900N-Z	
Efficient interoperation, for example through the use of software to manage or automate multiple tasks and processes	Direct printing of data created on computers	Output of printing data from computers directly to printing plates	

**Green Products:** Products with high environmental performance that certifies under our own assessment standards

Green Products [www.screen.co.jp/en/sustainability/environment/products](http://www.screen.co.jp/en/sustainability/environment/products)

## Display Production Equipment and Coater Business (FT SCREEN Finetech Solutions Co., Ltd.)

Establishes a sustainable business portfolio built from the sale of various equipment and services utilized in display manufacturing, as well as from an expanded focus on applying coating technology to the development of coating equipment business (new business).



Surface processing of display panels  
(cleaning, coating, development, etching, stripping and drying)  
Application development of film deposition technologies  
(in energy and other fields)

### III 'Value Up 2023' Medium-term Management Plan

#### Market trend and strategy

- Provide new product applications in response to society's need for a wider range of displays that function as user interfaces
- In response to growing environmental awareness, contribute to building a hydrogen society in which greenhouse gas emissions are drastically lower

#### Strategies by Segment

- Commercialize inkjet equipment business for large-size organic EL (OLED) TVs and diversification of products for OLED displays
- Expand and develop hydrogen-related businesses such as fuel cells

#### Measures that lead to sustainable value (ESG measures)

- Supply systems that reduce CO<sub>2</sub> emissions in a highly effective manner  
→ **Contribute to the achievement of SBT targets**
- Reduce CO<sub>2</sub> emissions associated with system manufacturing  
→ **Contribute to the achievement of SBT targets**
- Ensure occupational safety (through safety activities at manufacturing sites and customer sites)

#### Targets in the final year

- Net sales: ¥45 billion – ¥50 billion
- Operating income to net sales ratio: 8 – 10%

#### Key SDG issues being addressed



#### Results for the fiscal year ended March 31, 2021

- Sales of OLEDs for small-and medium-sized increased, while those for large LCDs decreased. Profit increased due to profitability improvement and fixed costs control.

(Billions of yen)	FY2020/03	FY2021/03	Difference
Net sales	35.1	34.7	-0.4 -1.3%
Operating income Operating income to net sales ratio	(2.5) -7.3%	0.4 1.3%	3.0 —

#### Forecasts for the fiscal year ending March 31, 2022

- We expect the segment to operate profitably with sales consisting primarily of small and medium-sized OLEDs.
- New businesses will account for about 10% to 15% of total sales.

### Topics

## SCREEN Finetech Solutions Launches Coater/Developer for Film Forming Process of Color Filters for Rollable and Foldable OLED Displays

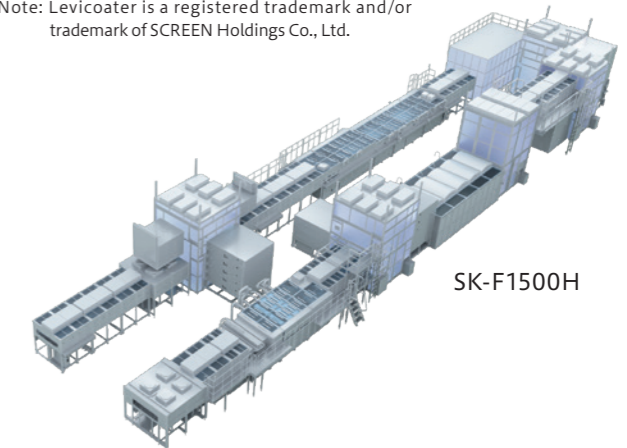
The development of rollable and foldable capabilities for OLED displays has advanced rapidly in recent years, particularly for applications focusing on mobile devices. However, the multi-film laminated structure used for these displays is considered to be one of the causes of the wrinkles that occur in areas where they are bent. This phenomenon has made the reduction of film layers an urgent challenge for the industry. To make this possible, manufacturers are quickly adopting color filter (CF) films with anti-reflection functions as a replacement for multi-layered circular polarizers. As well as reducing the number of layers required, CF films provide high transmittance and resultant energy efficiency that is expected to noticeably increase the operating life of displays.

Against the backdrop of these trends, SCREEN Finetech Solutions (SCREEN FT) developed the SK-F1500H coater/developer, which is specifically designed for the forming process of the CF films used for flexible OLEDs, and launched the product in November 2020. The SK-F1500H is able to achieve outstanding efficiency by executing the entire process, from coating through development of CF films, in a single integrated line. The coating section incorporates SCREEN FT's Levicoater™ slit-type coating unit, featuring a levitating conveyor system. The proprietary substrate transfer technology enables continuous processing of two sixth generation half-substrates\*. With this wealth of features, the

SK-F1500H is expected to deliver major improvements in production efficiency.

SCREEN FT also plans to continue expanding its lineup of systems for OLED panels going forward. This commitment is expected to support stable mass production by the industry over the long term.

\*During production, the largest substrate that can be handled in the preceding vapor deposition process is half the size of a sixth generation substrate.  
Note: Levicoater is a registered trademark and/or trademark of SCREEN Holdings Co., Ltd.



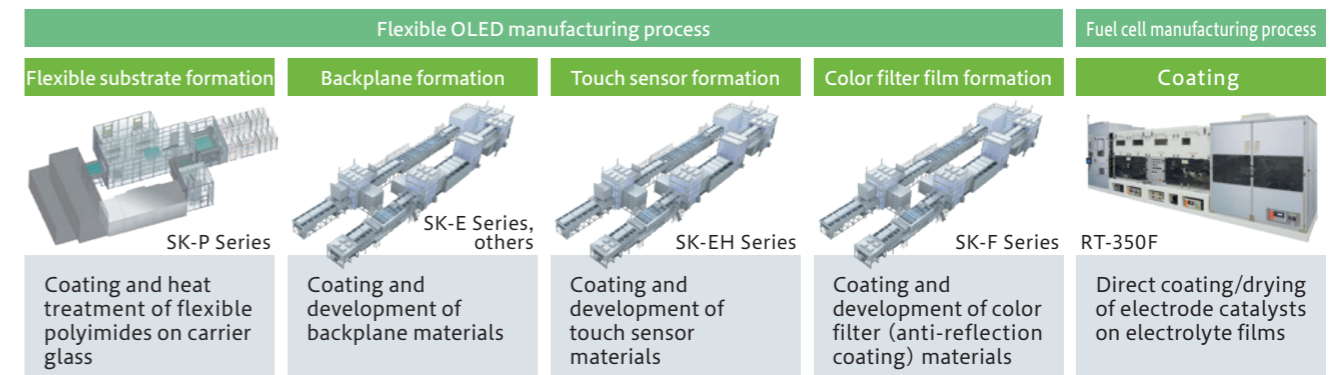
### III Market share

#### Coater / developers for displays



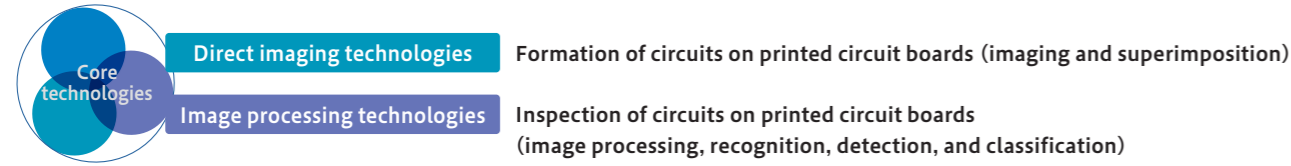
\*Calculated based on the number of products ordered. 2020, according to a SCREEN survey (calendar year).

### III Display manufacturing / coater process and solutions provided by SCREEN



## PCB-related Equipment Business (PE SCREEN PE Solutions Co., Ltd.)

Provides exposure systems and inspection systems and services utilized in PCB (printed circuit board) manufacturing. Exposure equipment (direct imaging systems) is used to perform direct imaging of circuit patterns, while inspection equipment is used in circuit defect detection and PCB inspection.



### Value Up 2023' Medium-term Management Plan

#### Market trend and strategy

- The market wants mounting technologies that achieve high speed and power savings in communication
- We are developing technologies which contribute to high-density mounting for circuit boards

#### Strategies by Segment

- Introduce new products compatible with fine wiring
- Develop products for the packaging field

#### Measures that lead to sustainable value (ESG measures)

- Development of products that contribute to reducing environmental impact
  - Contribute to the achievement of SBT targets
- Enhance remote support using online tools
- Nurturing of the next generation: Actively accept interns, with a focus on technical college students

#### Targets in the final year

- Net sales: ¥12 billion – ¥14 billion
- Operating income to net sales ratio: 8 – 10%

#### Key SDG issues being addressed



#### Results for the fiscal year ended March 31, 2021

- Profit increased due to increase in revenue from 5G-related investment and fixed costs control

#### Forecasts for the fiscal year ending March 31, 2022

- We expect growth in both sales and profits on the back of continued robust demand in the expanding packaging and 5G (mobile and server) markets
- Expecting sales contributions from the new product Ledia Twin in this fiscal year

(Billions of yen)	FY2020/03	FY2021/03	Difference
Net sales	10.0	10.4	0.3 3.7%
Operating income Operating income to net sales ratio	(0.2) -2.6%	0.7 7.4%	1.0 —

### Topics

## SCREEN PE Solutions Launches the Ledia Twin, a High-productivity Direct Imaging System for Printed Circuit Boards

### Expanded Ledia Series Lineup Targets New Market Needs

As the introduction of 5G has continued worldwide, printed circuit boards (PCBs) for 5G-compatible smartphones, base stations and data centers have experienced rapidly increasing demand. However, the accompanying trend toward greater miniaturization and density of high-density interconnect (HDI) boards and IC substrates for 5G-related applications and data centers has also created a need for increasingly precise pattern formation. For PCB manufacturers, this has made both higher-definition imaging and improved productivity urgent priorities.

Against this background, SCREEN PE Solutions (SCREEN PE) developed Ledia Twin, its latest addition to the Ledia series, and launched the new product in June 2021. Worldwide, the company has delivered a total of more than 600 Ledia models, which are designed to serve as a direct imaging system for PCBs that can form patterns on substrates such as high-density interconnect (HDI) and package boards. This track record has essentially made Ledia the industry's de facto standard for solder resist\*1 applications.

With its ability to perform pattern exposure of apertures with a diameter of 60 μm in solder masks, Ledia Twin continues the Ledia series' strength in high-precision imaging. It also adds a new dual stage mechanism. A twin-stage mechanism enables parallel processing so that while exposure is being performed on one of these stages, the board on the other can be replaced and

its alignment marks scanned. This achieves a significant reduction in work time. The imaging time itself has also been shortened by the adoption of a more powerful light source. Together these and other innovations improve productivity by up to around 50%\*2.

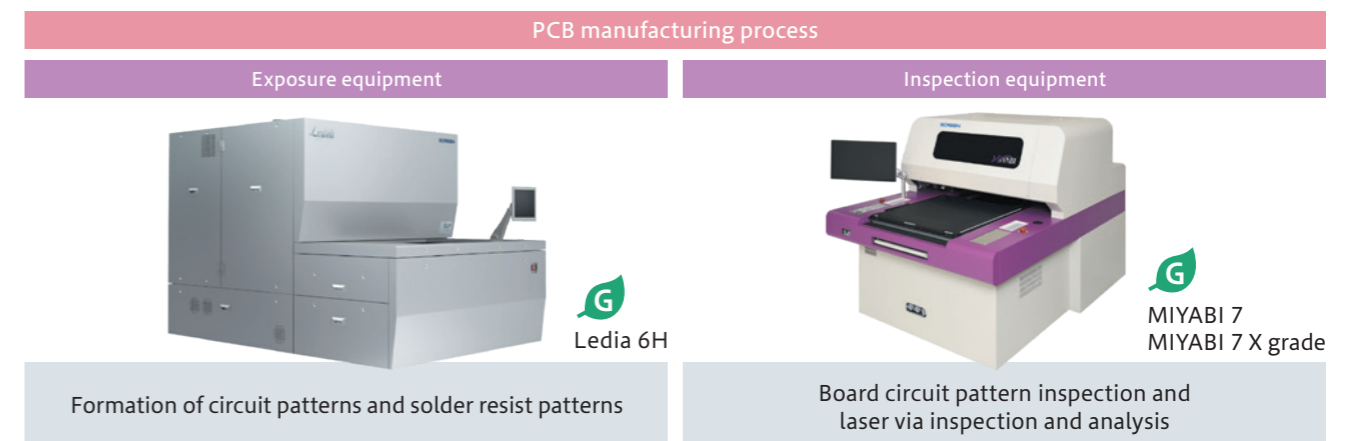
The upcoming expansion of the Ledia series lineup is expected to accelerate SCREEN PE's growth in the HDI and package board segment as the market is boosted by the roll-out of 5G. SCREEN PE is committed to meeting the needs of the PCB industry as it targets areas such as increased automation and environmental preservation, and also to supporting the industry's long-term growth.



Ledia Twin

\*1 An insulating protective film used to cover the surface of a board.  
\*2 Compared to conventional SCREEN PE systems.

### PCB manufacturing process and solutions provided by SCREEN



**Green Products:** Products with high environmental performance that certifies under our own assessment standards

Green Products  
[www.screen.co.jp/en/sustainability/environment/products](http://www.screen.co.jp/en/sustainability/environment/products)

New Businesses

# Creating Solutions by Applying Core Technologies

We want to help customers resolve issues they face to and the resolution of social issues. This desire is behind our ceaseless efforts to create new solutions. Following our Founder's Motto of "Shi Kou Ten Kai" (meaning to "expand awareness" in Japanese), we search for better ways to use the core technologies we have nurtured over many years and apply or combine them to form new solutions. In addition to addressing different social issues and needs faced by customers around the world, we seek to become a solution creator that will play a key role in advances in future society.

## Toward Creating Solutions

To restructure our business portfolio through the development of new enterprises, it is essential to create solutions that serve as their foundation. We have introduced an innovation management process, as illustrated below, to facilitate the creation of competitive solutions.

We use three steps to grow a new business to profitability. The first is the elemental development phase, in which elemental technologies are developed to prepare for the anticipated future. The next is the nurturing phase, where we apply elemental technologies to fields where a market is expected to emerge in the near future. This is followed by the commercialization phase, where we bring the resultant products to market and target to grow to profitable business.

### Innovation Management

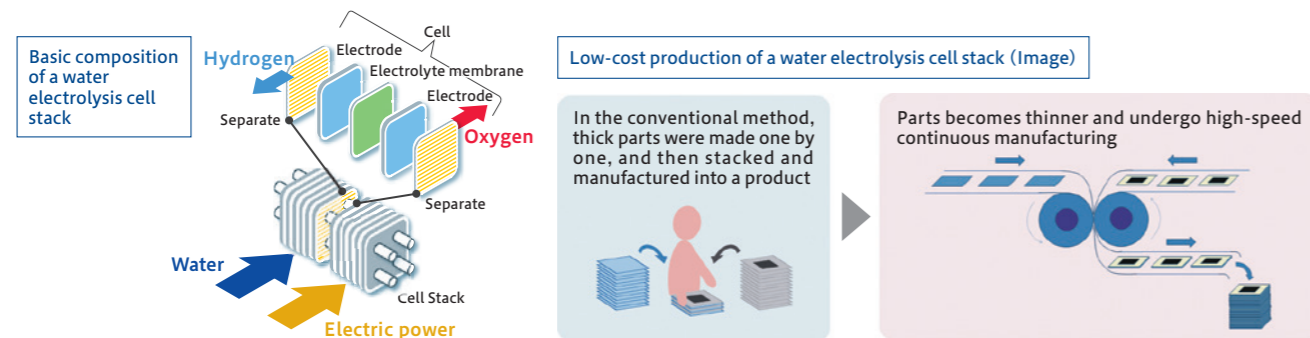


### Topics

## Agreement with Tokyo Gas to Jointly Develop a Water Electrolysis Cell Stack for Low-cost Green Hydrogen Production

Tokyo Gas Co., Ltd. and SCREEN have agreed to jointly develop a "water electrolysis cell stack\*1," which is a core component, and "cell stack manufacturing device" to build a water electrolysis system that will contribute to low-cost green hydrogen production.

The water electrolysis cell stack accounts for a large portion of the production cost of a water electrolysis device. Therefore, our two companies aim to establish a low-cost production technology for water electrolysis cell stacks in two years by bringing together accumulated technologies and expertise in fuel cells and their production methods. Tokyo Gas will study and evaluate the specifications for the water electrolysis cell stack. Meanwhile, SCREEN will be in charge of developing water electrolysis cell stack production technology and equipment by applying continuous production technology that employs our proprietary roll-to-roll methodology\*2. Our two companies seek to alleviate the cost of green hydrogen production and quickly achieve a hydrogen supply cost goal for 2030 of 30 yen/Nm<sup>3</sup>-H<sub>2</sub>\*3, which is being promoted by the Japanese government, with a view to further reductions in hydrogen production costs.



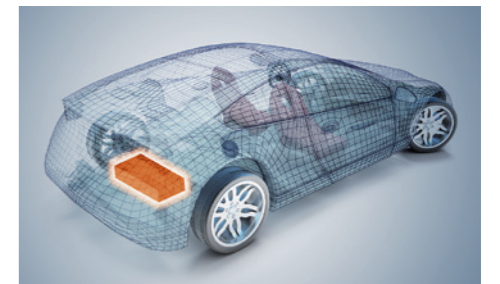
\*1 Multiple stacks of thin parts (cells) that produce hydrogen and oxygen through water electrolysis (in a reaction inverse to that in a fuel cell).  
 \*2 A low-cost manufacturing process for functional films in which continuous film processing takes place using coating and other methods while a long, rolled film substrate is being rewound. The project aims to apply this process to the production of water electrolysis cell stacks.  
 \*3 To achieve this goal, the project assumes procurement of low-cost electricity that will be available mainly through the growth of the renewable energy market, in addition to the reduced costs of hydrogen production systems possible as a result of the planned development.

## Major New Businesses

**FT Energy** **Surface processing technology**

As an application of surface processing technology, our fuel cell production equipment provides the coating and drying capability required to form an electrode catalyst directly on the electrolyte membrane of polymer electrolyte fuel cells, a type of fuel cell widely used in automobiles and residential installations. It also uses a roll-to-roll method to enable continuous production. This system has dramatically improved productivity in mass production of fuel cells while reducing manufacturing costs.

**Social Value as Sustainable Value** Contribute to a carbon-free society, create a sustainable hydrogen society, contribute to expanding the fuel cell market



**HD Life sciences** **Cell-related systems** **Image processing technology**

Our high-speed cell scanners incorporate image processing technology and offer capabilities for quantitative analysis and high-resolution observation of the proliferation and morphological changes in cells, based on SCREEN's unique optical technology. These systems are also designed to perform label-free\* morphological cell analyses that are fast yet accurate.

\*Not using labels such as fluorescent reagents and stains.

**Social Value as Sustainable Value** Contribute to the establishment and development of technologies in regenerative medicine and biological drug discovery, enable label-free 3D cell culturing



**HD Life sciences** **Pharmaceutical-related systems** **Direct imaging technology** **Image processing technology**

We have developed inkjet printers that combine our proprietary direct imaging and image processing technologies to print onto pills and tablets. The systems can print product information on tablets of varying material and shape without making direct contact with their surface. They support specialized applications such as printing on both faces of a tablet and simultaneous multicolor printing.

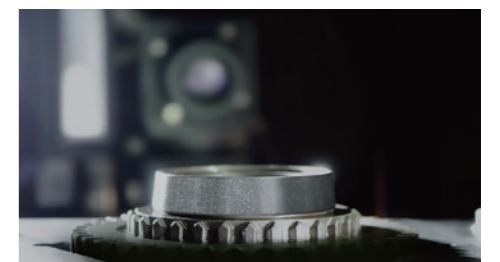
**Social Value as Sustainable Value** Improve the identification of drugs (to prevent dispensing errors, counterfeiting, etc.), support traceability of drugs



**HD Inspection & measurement** **Image processing technology**

By applying our image processing technology, SCREEN has developed an automated visual inspection system for metal components. The system's proprietary optical system and precise image comparison algorithm enable automatic inspections of metal components with varying surface conditions and geometry, making us the first in the world to fully automate the visual inspection of in-vehicle components.

**Social Value as Sustainable Value** Automate visual inspections, eliminate labor shortages, reduce the cost of products wasted due to excessive quality requirements or inspection errors



# Environment

## Basic Concepts

In line with the basic policy set forth in the SCREEN Group CSR Charter / Code of Conduct, we pursue specific targets that have been backcast for Sustainable Value 2023, using Sustainable Value 2030 as a long-term guide for enhancing our social value. We are working to reduce our global environmental impact through our business activities, and we pursue the following in order to contribute to the creation and sustainable development of a decarbonized, circular economy-based society that coexists in harmony with nature.

- 1 Develop and launch products with consideration for natural environment
- 2 Reduce energy consumption and CO<sub>2</sub> emissions
- 3 Reduce waste (including waste plastics) and increase the recycling rate
- 4 Effectively utilize water resources and perform quality management of wastewater
- 5 Thoroughly control hazardous chemical substances
- 6 Perform biodiversity-focused environmental conservation

## Climate Change Initiatives

We are working to reduce our CO<sub>2</sub> emissions in line with the "Science Based Targets initiative (SBTi)\*1" framework and contribute to the realization of a decarbonized society through our business activities. Our long-term reduction targets for CO<sub>2</sub> emissions from business activities (Scope 1\*2 + Scope 2\*3) and from the use of sold products (Scope 3 Category 11) have been recognized as Science Based Targets (SBT), and our efforts to reduce CO<sub>2</sub> emissions include those emissions produced within the supply chain as well.

### Scope 1 and Scope 2 Target

Reduce CO<sub>2</sub> emissions from business activities by 30% by 2030 compared with the fiscal year ended March 31, 2019  
**Target:** 35.4 thousand metric tons CO<sub>2</sub>e (Results for the fiscal year ended March 31, 2021: 50.7 thousand metric tons CO<sub>2</sub>e; increase of 0.2% compared with the fiscal year ended March 31, 2019)

### Scope 3 Target

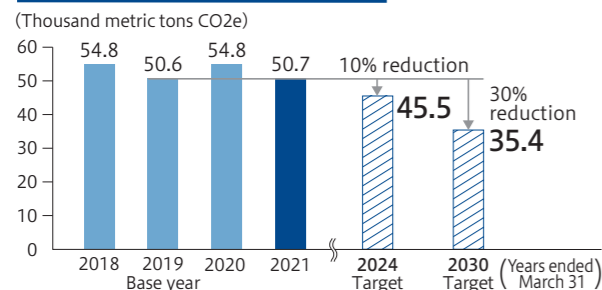
Reduce CO<sub>2</sub> emissions from the use of sold products by 20% by 2030 compared with the fiscal year ended March 31, 2019  
**Target:** 2,082 thousand metric tons CO<sub>2</sub>e (Results for the fiscal year ended March 31, 2021: 2,218 thousand metric tons CO<sub>2</sub>e; reduction of 15% compared with the fiscal year ended March 31, 2019)

## Towards Achievement of SBT

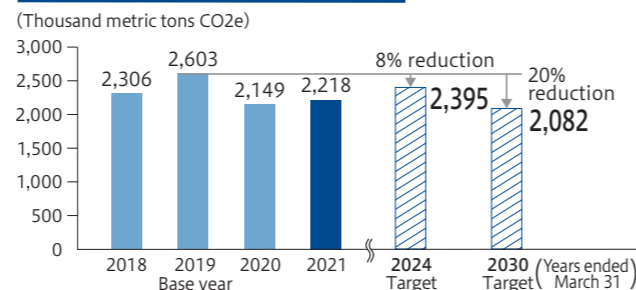
We are working towards achievement of our SBT for Scope 1 and Scope 2 by improving the energy efficiency of the infrastructure at our business operating sites and by promoting the use of renewable energy; while, for Scope 3, we are improving the energy efficiency of our products by developing products which are "super-green."



### CO<sub>2</sub> emissions from business activities



### CO<sub>2</sub> emissions from use of sold products



## Green Products

We are focused on expanding sales of products which have been certified as "green products" according to SCREEN's independent evaluation standards, thus offering a high level of environmental performance which contributes to CO<sub>2</sub> emissions reductions at our customers' plants. We evaluate each product in terms of energy saving, resource conservation, environmental protection and safety, degree of disassembly, information availability, seeking to minimize the amount of energy consumption associated with the

product. The establishment of a Scope 3 target amongst the SBT was used as an opportunity, in the context of Sustainable Value 2023, to formulate and begin implementation of new, "super-green product" energy saving performance certification standards which go far beyond the standards set for green products.

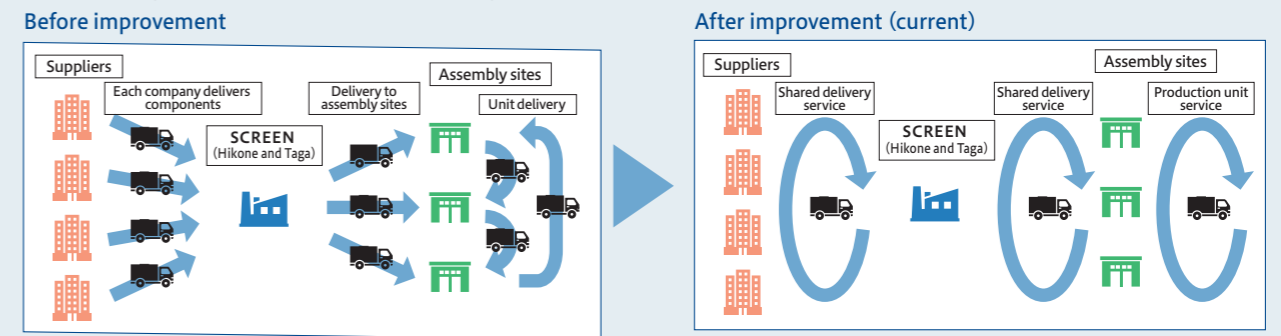
Green product certification standards, others  
[www.screen.co.jp/en/sustainability/environment/products](http://www.screen.co.jp/en/sustainability/environment/products)

\*1 An international initiative to prevent global warming by setting CO<sub>2</sub> reduction targets that are based on scientifically sound principles.  
 \*2 Direct greenhouse gas emissions from sources owned or controlled by the reporting company (fuel combustion, industrial processes, etc.)  
 \*3 Indirect greenhouse gas emissions from consumption of electricity, heat, or steam purchased from other companies.

## Reducing CO<sub>2</sub> Emissions through Shared Delivery of Procured Parts

In order to reduce CO<sub>2</sub> emissions associated with the manufacturing process, SPE is introducing shared delivery service\*4 and production unit service\*5 to enhance logistical efficiency. Results for CO<sub>2</sub> reductions for the fiscal year ended March 31, 2021 show that, compared with the traditional, independent delivery system, the shared delivery service reduced CO<sub>2</sub> emissions by approximately 45 metric tons (a 17% reduction), while the production unit service reduced emissions by approximately 177 metric tons (a reduction of 40%), achieving a combined total of 222 metric tons of CO<sub>2</sub> reduction.

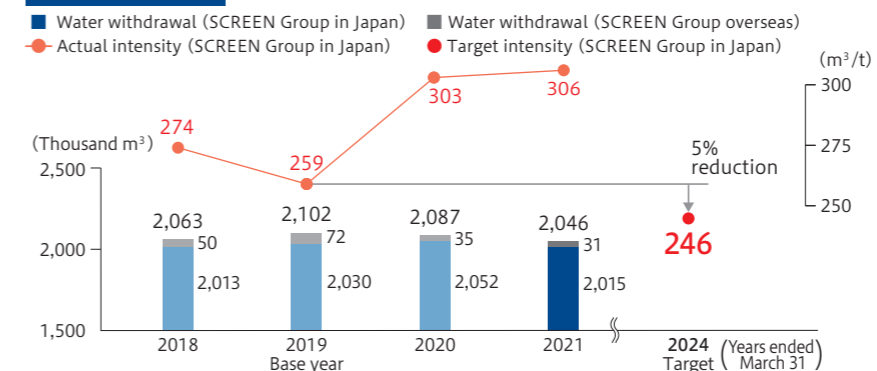
\*4 Shared delivery of components from multiple suppliers in the same industry  
 \*5 SCREEN managed trucks are used to perform delivery of large units which had previously been delivered separately by each company's own trucks or vehicles



## Water Initiatives

In order to reduce the environmental impact of our business activities, we are pursuing initiatives that will reduce annual water intake (tap water, industrial-use water, etc.) at Group business operating sites in Japan by 5% by the fiscal year ending March 31, 2024 (intensity compared with the fiscal year ended March 31, 2019). For the fiscal year ended March 31, 2021, a reduction of 0.7% in annual water intake was achieved (compared with the fiscal year ended March 31, 2019), while the intensity of water intake increased 18% (compared with the fiscal year ended March 31, 2019), thus failing to meet the 2% reduction annual target. We are pursuing efficient water use at our development and production sites and implementing advanced wastewater purification based on our own in-house standards, which are stricter than the legal and regulatory standards, thereby ensuring management of wastewater quality as well as facilitating environmental conservation of the water system which receives the wastewater. Additionally, we are actively developing technology aimed at reducing water consumption by operating our products at customer sites.

### Water Withdrawal



## 9th Green Value Awards Held

Every year the SCREEN Group hosts the Green Value Awards for group companies in Japan and overseas. The purpose of this award program is to promote business operations-integrated EHS (environment, health, and safety) activities and increase awareness of EHS among employees. The Awards for the fiscal year ended March 31, 2021 looked at 15 entries showcasing initiatives incorporating environmental, health and safety and BCP-related themes, such as development improvements contributing to energy and materials reduction, activities contributing to occupational accident prevention, and initiatives contributing to waste reduction. Out of these 15 entries, the three that were deemed to have

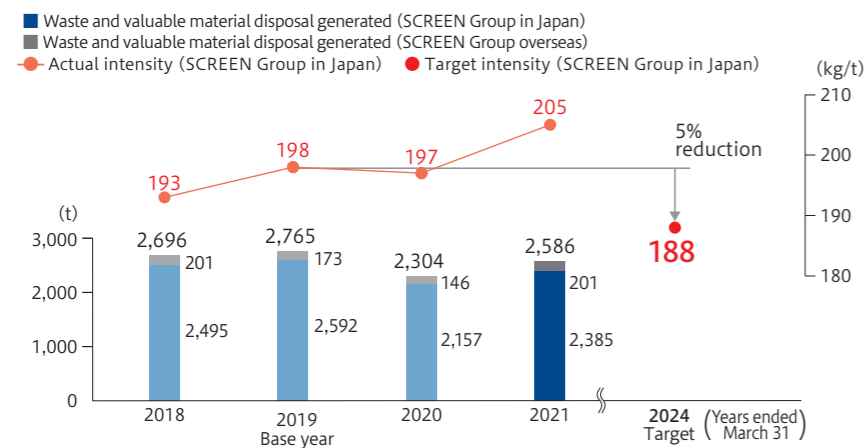
made the largest contribution were chosen to receive the EHS Management Supervisor Award; these activities focused on "Technology for Reducing Waste Resists for Display Manufacturing Equipment," "Technologies related to Environmentally Friendly Soft Packaging Printing," and "Technology for Reducing Chemical Consumption of Semiconductor Manufacturing Equipment," respectively. As we transition to a commendation system which also takes into consideration contribution towards SDGs, we will introduce the new Sustainable Value Award in the fiscal year ending March 31, 2022.



## Reducing Waste

In order to reduce the environmental impact associated with our business activities, by the fiscal year ending March 31, 2024, we aim to improve the recycling rate by 98% and more, as well as reduce waste and valuable material disposal (intensity per unit weight of product shipments) for business operating sites in Japan by 5% compared with the fiscal year ended March 31, 2019. We make efforts to use natural materials effectively, reduce waste and recycle materials wherever possible. We strictly manage how to dispose industrial waste so that it is not treated improperly. We periodically visit all the waste disposal contractors handling the steps of the waste disposal process from our facilities to final disposal sites, and conform they carry out waste processing appropriately. If we find any defects that need to be addressed, we swiftly instruct them to take corrective action and require proper waste disposal management. In the fiscal year ended March 31, 2021, waste and valuable material disposal increased 3.5% (intensity per unit weight of product shipments) compared with the fiscal year ended March 31, 2019, and a recycling rate of 94.4% was achieved. We are working to identify and address issues that will allow us to further reduce waste and raise our recycling rate up to each target level.

### Waste and Valuable Material Disposal Volume



## Waste Plastic Reduction - Bubble Wrap Reduction Activities by SPE -

We wrap our products in multiple sheets of bubble wrap in order to ensure their quality is not compromised during delivery. After delivery of the product, this bubble wrap becomes industrial waste. At SPE, an initiative was undertaken to rethink how product packaging is performed to somehow reduce the volume of this waste. SPE worked together with SCREEN Logistics to review the packaging process at each stage and perform repeated delivery tests, from which was developed a method for safe delivery of products without the need for any bubble wrap.

As a result, the reduction effect of plastic waste was about 6 tons compared to the previous year, and synergistic effects such as reducing worker-hours of packing work and improving work efficiency by making it easier to see the appearance of products were also generated.



Before the initiative: Packaging which uses bubble wrap



After the initiative: Packaging which uses no bubble wrap

Pollution Prevention  
[www.screen.co.jp/en/sustainability/environment/pollution](http://www.screen.co.jp/en/sustainability/environment/pollution)

Biodiversity Conservation  
[www.screen.co.jp/en/sustainability/environment/creature](http://www.screen.co.jp/en/sustainability/environment/creature)

\*More detailed environmental data can be found in the Sustainability Data Book 2021 (p. 7-14).

Sustainability Data Book 2021  
[www.screen.co.jp/en/ir/annual](http://www.screen.co.jp/en/ir/annual)

# Health, Safety and Wellbeing

## Basic Concepts

In line with the basic policy set forth in the SCREEN Group CSR Charter / Group Code of Conduct, we pursue specific targets that have been backcast for Sustainable Value 2023, using Sustainable Value 2030 as a long-term guide for enhancing our social value. As part of this, we endeavor to provide employees with safe and healthy workplace environments, and we comply with all relevant workplace health and safety and occupational accident prevention-related laws, regulations and rules. In terms of occupational safety, SCREEN Group companies in Japan have made it their goal to have zero occupational accidents that cause four or more working days to be lost and to reduce the number of "occupational accident points" they accumulate in the SCREEN Group's proprietary occupational accident rating system, which assigns points relative to the number of working days lost and accident severity. Also, in order to maintain a healthy workplace environment and to prevent illness, we are working on employees' health management through the goals we have set in reducing sick leave.

## Health and Safety Initiatives

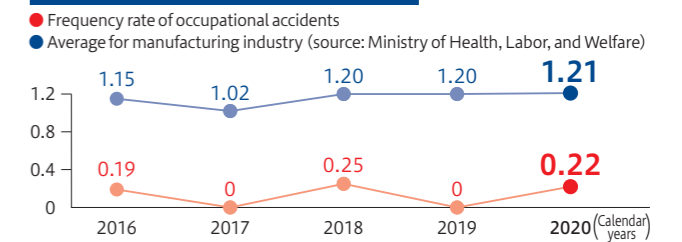
We work to ensure employee health and safety in our business activities by implementing an occupational health and safety management system which complies with ISO45001 standards. For the product development and manufacturing phases, as well as for equipment set-up and all operations, we implement risk assessments, advance safety verifications and other measures to prevent accidents and mishaps. In addition, we ensure the operational safety of employees by establishing independent training and certification systems related to the handling of heavy objects.

Employees are also required to attend safety meetings held monthly in each workplace in order to give employees time to think about safety and, thereby, foster greater safety awareness. In the unlikely event of a workplace accident or mishap, it is logged in the incident report system, its causes are identified, and corrective measures are taken. For example, there was an incident last year in which an employee's foot got caught during product conveyance, resulting in an injury; the causes of the accident were analyzed and, based on the results, the procedures and training curriculum were updated and the conveyance equipment configuration modified in

order to prevent a recurrence.

Over the past three years, both the number of occupational accidents and associated occupational accident points have been declining, the results of which are steadily starting to be seen.

### Frequency Rate of Occupational Accidents



\*Frequency rate = (Number of casualties due to occupational accidents / Total work hours) x 1,000,000  
 Number of casualties due to occupational accidents for each 1,000,000 total hours of work.  
 Data for January-December each year.  
 Scope of Coverage: HD, business operating companies and functional support companies

## Health and Productivity Management Initiatives

### Certified Health and Productivity Management Outstanding Organization Recognition Program 2021 (White 500) Certification

For the fiscal year ended March 31, 2021, SCREEN was recognized as an excellent corporation (large enterprise category) in health and productivity management by the Certified Health and Productivity Management Organization Recognition Program 2021 (White 500) jointly implemented by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).

### Comprehensive Health Check-ups

We have introduced regular, comprehensive health check-ups for our employees, mandating it for those 40 or older (for those under 40, check-ups are optional), as early detection of illness and identification of abnormalities associated with illness help to prevent the need for extended sick leave at a later date.

### Health Promotion Seminars

We invited outside instructors to come and provide employees with health promotion seminars, the first of which was focused on promoting healthy daily habits and was entitled "Improving Your Eating Habits," while the second was held during Women's Health Week (March 1st - 8th) and was entitled "Women's Health". Questionnaires completed afterward show that employees felt positively about the events, with many saying that the seminars helped them to improve their physical condition, which has in turn helped them be more productive in their work. We will continue to host more seminars in the future as we work to reduce the growing trend in the rate of sick leave days\*.

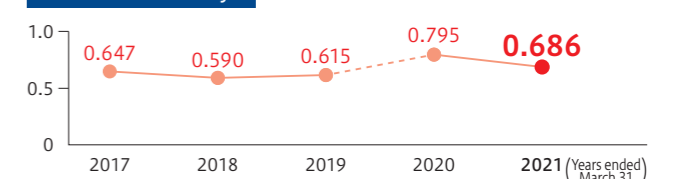
### Preventing Passive Exposure to Tobacco Smoke

In line with the full enactment of the Revised Health Promotion Act in April 1, 2020, we are instituting measures to prevent passive exposure to tobacco smoke and have moved all indoor smoking areas to outdoor locations.

### Mental Healthcare

We have introduced a range of measures to address mental health issues, including stress checks and e-learning courses on self-care and support by senior staff in the workplace. In addition, when necessary, public health nurses, doctors specializing in occupational medicine, and staff from external employee assistance programs (EAP) can be called on to provide individual support and discussion. The Group also operates a recovery program for those who must take temporary leave due to mental health issues. Our goals are to help them return to work as quickly as possible and to prevent any relapse in their condition.

### Rate of Sick Leave Days



\*Rate of sick leave days = Total number of sick leave days / employees' total number of prescribed work days x 100  
 Scope: HD and business operating and functional support companies by the fiscal year ended March 31, 2019; all companies within Japan from the fiscal year ended March 31, 2020

Health and wellbeing  
[www.screen.co.jp/en/sustainability/social/safety](http://www.screen.co.jp/en/sustainability/social/safety)

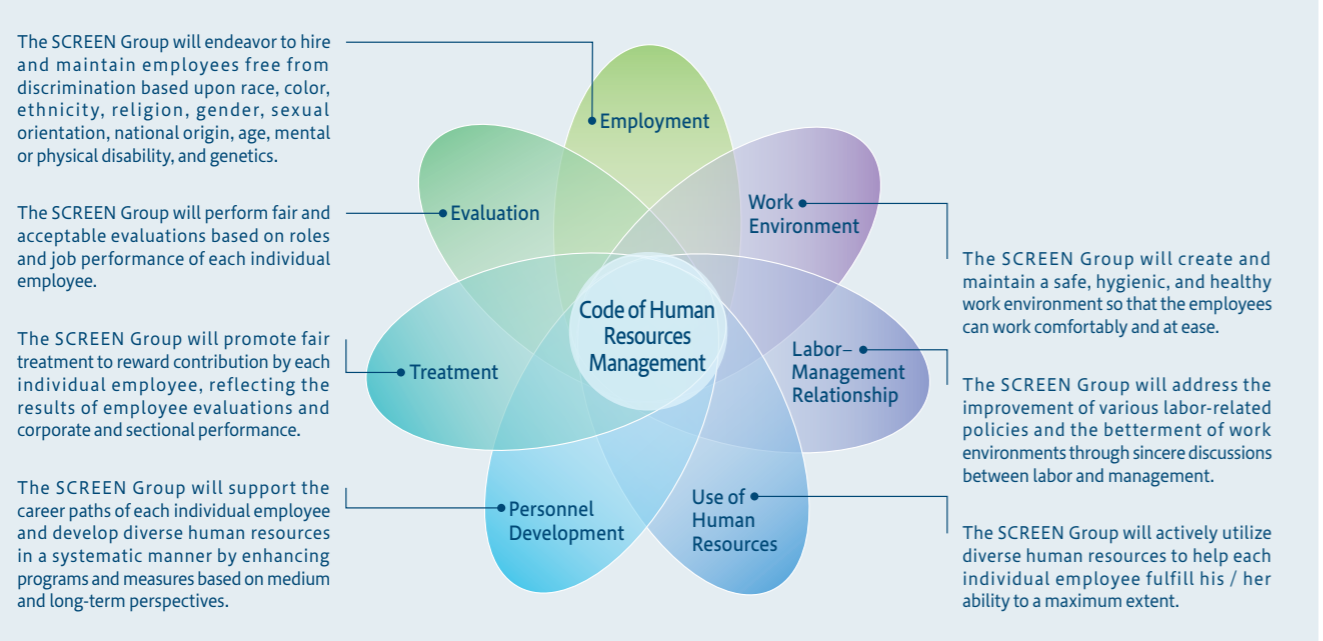
Note: More detailed data on health, safety and wellbeing can be found in the Sustainability Data Book 2021 (p. 4-5).

Sustainability Data Book 2021  
[www.screen.co.jp/en/ir/annual](http://www.screen.co.jp/en/ir/annual)

# Human Resource Management

The SCREEN Group has formulated basic policies in seven fields of human resource management (employment, evaluation, treatment, personnel development, use of human resources, labor-management relationship, and work environment). These policies are in line with our corporate philosophy of “Sharing the Future,” “Human Resource Development,” and “The Pursuit of Technology,” and founded on the pillars of the SCREEN Group CSR Charter / Code of Conduct and SCREEN Group Code of Management.

Under these policies, we strive to create an environment where a diversity of employees can maximize their talents and enjoy rewarding work.



## ■ Personnel Development under the ‘Value Up 2023’ Medium-term Management Plan

Under our Basic Philosophy on developing human resources over the medium to long term, we have set forth the concept of personnel development, the definition of ideal personnel and basic policies for personnel development plan. The goal is for all Group employees to become solution creators and thus boost establishing SCREEN’s presence as solution creator. Through these basic philosophy and policies, we are promoting growth of human resources at all levels, deepening understanding of the concepts of our medium-term management plan and thus aiming to develop the next generation of management personnel who have the Group’s management perspective.

In order to increase corporate value in the midst of dizzying change in the business environment and social conditions, it is necessary for both the company and its employees to continually embrace new challenges while continuing to grow. Under the Value Up 2023 medium-term management plan we are striving to create a corporate culture conducive to taking on challenges as the source of generating innovation, and to realize a corporate entity in which individual employees feel their development through corporate sustainable growth. To that end, we are implementing a variety of programs and measures.

Concept of Personnel Development, Ideal Personnel, Personnel Development Plan Basic Policies  
[www.screen.co.jp/en/sustainability/social/employee](http://www.screen.co.jp/en/sustainability/social/employee)

### ■ Revise personnel system to favor employee roles and performance

Reflecting a concept that emphasizes roles and performance while shrinking the importance of seniority, we introduced a series of revise to the personnel system for management positions in April 2020 and then for non-management positions in April 2021. As part of those revises, we eliminated the system of skill-based qualifications and integrated to a role classification system based on employee roles (positions). We also revised our compensation system to better reflect employee roles, responsibilities, specialization, and performance (evaluations). Moreover, in April 2021 we revamped the personnel system

for retired employees who have been re-employed to give employee roles a central position in an effort that included introducing an evaluation system and applying the results to compensation. In addition to this, we have enhanced benefits programs and expanded the range of choices on re-employment style. We continue to work to create an environment in which all skilled human resources can feel engaged and make an ongoing contribution regardless of their age, gender or other diverse attributes.

## ■ SCREEN BUSINESS SCHOOL

Our Value Up 2023 medium-term management plan introduced the Sustainable Value 2023 medium-term plan, an initiative to increase social value whose goals include expanding measures (training and environmental ) that facilitate development of diverse human resources. SCREEN BUSINESS SCHOOL, which is part of that effort, provides support for employees’ autonomous growth through education and training.

We have been working to strengthen the basis for such training in a systematic manner since the fiscal year ended March 31, 2021, when we named the training that serves as the key for ensuring innovative progress at SCREEN as SKIP (SCREEN’s Key learning for Innovative Process), such as critical thinking and coaching. We also offer a diverse variety of related programs, including online

courses that strengthen non-face-to-face communication to accommodate the increase in telework due to the COVID-19 pandemic and training that offers interactions with people from other industries in an effort to meet needs in the field. A total of about 1,200 employees participated in these programs during the fiscal year ended March 31, 2021. Additionally, we are working to enhance programs that facilitate human resources development, which is the source of corporate growth, for example by creating a new system of feedback and coaching interviews to accompany screening for promotions to management positions in an effort to improve management skills.

SCREEN Group Education System  
[www.screen.co.jp/en/sustainability/social/employee](http://www.screen.co.jp/en/sustainability/social/employee)

## ■ Cultivating next-generation business leaders

In order to cultivate the next generation of capable business leaders, we have established the Business Leader Training Course for managers and the Junior Business Leader Training Course for non-management positions. Participants selected from our group companies take part in content-rich training programs throughout the year. These programs include talks by directors / corporate officers, specialized lectures by outside instructors, and competitive business simulations carried out with employees from other companies. In addition to providing practical business knowledge, participants develop a more managerial outlook and the ability to think and act independently as future business leaders.



A lecture given as part of the “Junior Business Leader Training Course”

## ■ Engineer personnel development

We are enhancing opportunities for providing the skills needed for engineers’ career development along with the necessary education and experience based on a series of discussions among the members that included the president and corporate officers. In April, 2021, we carried out an inter-business rotation targeting mid-career engineers as a way to spur skill improvement. We have

systematized this rotation and plan to carry it out on an ongoing basis. The Engineer Development Committee is also working to boost the skill level of young engineers through their third year at SCREEN in order to put in place an educational environment for engineers in the areas of development and engineering.



**Hiroaki Kamon**

Assistant Manager,  
 Product Development Section 1,  
 Product Development Department,  
 Cleaning Technology Division,  
 SPE

### Interview

## Developing products from the customer’s perspective based on years of experience in the field

I was transferred from the HD Technology Development Department to the SPE Product Development Department in April, 2021, as part of a human resources development rotation for engineers. I had long felt strongly that there was a need for personnel transfers that went beyond HD and business operating companies in order to strengthen the skills of individual engineers as well as horizontal collaboration, so I was eager to embrace the challenge when approached.

Since joining the company, I had felt a sense of crisis and doubt about my insufficient understanding of the field due to a lack of opportunities to listen directly to customer feedback while working to develop circuit boards and other components as part of the company’s technical development department. However, since SPE operates closer to customers, my experience during the rotation has dispelled such thoughts. Now I understand the importance of speed better than I did when I was working to develop component technologies at HD. Additionally, being transferred to a business operating company has allowed me to experience for myself how sales figures directly affect each workplace and how management policies are applied to become *GEMBA KPIs*, tailored to each workplace. I am also working to take advantage of the experiences I gained in the HD Technology Development Department, for example by standardizing the circuit board development process at SPE.

I plan to take my field experience and customer perspective with me when I return to the HD Technology Development Department three years from now. When development work is based on a multifaceted understanding of the meaning of the job, for example in terms of increasing customer satisfaction, it is only natural for the products of that process to change. I look forward to creating products that provide greater value for customers in the future.

## Towards Sustainable, New Work Styles

### Work Style Reform Initiatives

Since the fiscal year ended March 31, 2018, we have been pursuing work style reform as one of the key initiatives for enhancing the competitiveness of the SCREEN Group. We are now deepening our focus on work style reform as part of our Sustainable Value 2023 efforts, seeking to implement “sustainable, new work styles” that will ensure business continuity in the face of a variety of challenging socio-economic conditions while also providing employees with a rewarding work environment. Our efforts for the fiscal year ended March 31, 2021 focused on improvement of quality of work and greater work environment flexibility.

#### Initiatives to Increase Work Environment Flexibility

In response to the spread of the COVID-19 pandemic and for the sake of promoting sustainable, new work styles, we expanded the “partial work-at-home system” developed for certain groups of employees, such as those with childcare needs, to create a work-at-home system encompassing all employees. Also, because Kyoto Station is a transit point for multiple business operating sites, we established a satellite office adjacent to it which enables employees to carry out their work just the same as they would at their normal office.

In addition, we have expanded the use of online conferencing, increased the number of dedicated, small-scale conference rooms and introduced personal work booths.

We are treating the environmental changes brought on by COVID-19 as opportunities to rethink traditional work styles and operations, such as moving from paper-based to digital documentation, adopting digital approval processing and introducing other IT-driven means of improving work efficiency.

### Diversity Initiatives

Another priority of the SCREEN Group is ensuring greater diversity of our human resources, which we are pursuing among our Group companies in Japan through such initiatives as expanded hiring of women and overseas students and a greater emphasis on overseas recruitment efforts, and, among our overseas Group companies, we are pursuing through the promotion of local employees to senior executive positions.

Also, in order to accommodate the diverse individuality of our employees, we are committed to cultivating an empowering work environment capable of flexibly adapting to the various life stage changes that employees experience, such as pregnancy (either their own or their partner’s), birth, childcare, caring for ill or elderly family members or undergoing treatment for illness.

#### Encouraging Greater Participation by Men in Childcare

One of the focuses in creating employee-friendly work environments which enable employees to more easily balance their work with childcare is the establishment of a spouse childcare leave system (three days of paid leave) which is generally compulsory. The introduction of this system has also contributed to an increase in recent years in male employees taking childcare leave; for the fiscal year ended March 31, 2021, the combined leave utilization rate for both systems was 92%.

#### Promoting Employment of People with Disabilities

Our special subsidiary company, SCREEN Business Expert, promotes ongoing employment of people with disabilities (employment rate as of June 2021: 2.58%). For the fiscal year ending March 31, 2022, we are planning to expand hiring opportunities at the Head Office in addition to Hikone site.

Main Work-Life Balance Systems (As of April 2021)

PitStop 5 paid leave	Employees who take less than 60% of their paid leave during a given year must take at least five consecutive days off in the following year.
Spouse childcare leave	Leave for employees to help wife care for infant after giving birth (paid leave; as a rule, mandatory).
Spouse accompaniment leave	Leave for employees who want to accompany their spouse to an overseas posting (unpaid leave, limited time period).
Work-at-home system	System which promotes work style flexibility and greater work efficiency and productivity by allowing all employees to do some of their work at home.
Work-life balance assistance partial work-at-home system	System allowing employees to do some of their work at home if they are pregnant, caring for elderly or sick family members or children, or undergoing medical treatment.
Reduced work hours	System allowing employees to shorten work hours if they are caring for elderly or sick family members or children (up to 6th grade in elementary school) or undergoing medical treatment.
Minimum break between work days	System allowing employees to have a minimum number of hours between finishing work one day and starting work the next day (minimum of nine hours).
Limited geographical region system	System limiting the work region for employees who cannot be transferred far away due to elderly / sick care or child care duties.

Subsidy for childcare leave, etc.	Subsidy to partially compensate for wages lost due to taking leave or working shorter hours to care for children.
Subsidy for early return to work	Subsidy to pay for daycare and other expenses for employees making an early return to work after taking childcare leave.
Skills training for employees on childcare leave	Online learning program so employees can study while they are on childcare leave.
Subsidy for nursing care leave, etc.	Subsidy to partially compensate for wages lost due to taking leave or working shorter hours to care for elderly or sick family members.
Subsidy for nursing care equipment	Subsidy to partially pay for the purchase or rental of nursing care equipment.
Nursing care consultation	Dedicated staff provides consultation on company systems, government support, and private nursing care services.
Nursing care seminars	Seminars provide the basics on nursing care so that employees do not have to quit their jobs to care for elderly or sick family members.

Note: Detailed data on human resource management can be found in the Sustainability Data Book (p. 1-3).

Sustainability Data Book 2021  
www.screen.co.jp/en/ir/annual

## Working Together with Our Stakeholders

### Communicating with Employees

With the aim of enhancing employee engagement, we carry out an attitude survey of all employees once a year. Issues brought up by the survey are discussed by the Management Committee and the Board of Directors, from which action is taken to improve performance. In addition, a video message from the CEO is streamed at the end of each financial period which updates all employees in Japan and overseas about the company’s status and direction. This is accompanied by a questionnaire that seeks to gauge employee comprehension, as well as solicit questions for the CEO which he will

address in a subsequent explanatory video. These and other efforts represent SCREEN’s proactive approach to communications.

Also, in order to commonly recognize an organization which contributes to greater corporate value, as well as to motivate employees by sharing outstanding individual achievement with the entire Group, we have newly established the “SCREEN Value Award”. After deliberation and discussion among SCREEN Group management, the award for the fiscal year ended March 31, 2021 was given to SCREEN SPE Taiwan.

### Cooperation with Suppliers

In order to facilitate the sharing of more business-based information, for the year ended March 31, 2021, business policy briefing sessions aimed at suppliers were held for each operating company amidst COVID-19 pandemic conditions, including SPE, FT and GA/PE joint sessions. At each session, the SCREEN Holdings president (CEO) and each company president provided an explanation of the Value Up 2023 medium-term management plan and of business policy and direction. For SPE, around 280 companies participated in the video stream, during which it was conveyed to them how important it is to SCREEN that a cooperative framework be maintained which will help ensure stable production of semiconductor production equipment.

Also, the SCREEN Group has created a SCREEN Supplier Code of Conduct (in accordance with the RBA\*) as a CSR code of conduct for the supply chain; it is available on our website and suppliers are asked to abide by it. In particular, we ask our major suppliers\*2 to sign and submit a declaration of consent. And in order to ascertain the

status of compliance with Supplier Code of Conduct, during the year ended March 31, 2021, a supply chain CSR survey was conducted for all major suppliers of operating companies. This survey was centered on human rights and labor-related issues pertaining to harassment, foreign labor, slavery, forced labor and child labor, and the conclusion of the survey is that none of the suppliers present any risk with regard to any of these. The SCREEN Supplier Code of Conduct explicitly states our policy on conflict minerals, and we try to figure out through the survey how suppliers are dealing with conflict minerals.

\*1 Responsible Business Alliance.  
\*2 The top 200 suppliers by transaction value  
SCREEN Supplier Code of Conduct  
www.screen.co.jp/en/sustainability/rba

### Enhancing Customer Satisfaction

In order to improve the quality of our products and services and, by extension, improve customer satisfaction, the SCREEN Group utilizes a quality management system that conforms to ISO 9001 standards. As of March 31, 2021, thirteen Group companies in Japan and four overseas Group companies are ISO 9001 certified. Moreover, through reduced running costs, providing maintenance services and in various other ways, we work to ensure satisfaction from product delivery all the way to product disposal.

SPE received an “Excellent Production Support Award” from Taiwan Semiconductor Manufacturing Company Limited. (TSMC), the

world’s largest semiconductor manufacturing foundry, in December 2020. TSMC commended SPE for helping to ramp up its advanced device manufacturing lines according to its initial schedule, despite the ongoing COVID-19 pandemic. SPE’s single wafer cleaning systems have been praised for their cutting-edge cleaning technologies and the substantial reductions in environmental impact they enable.

Improve Customer Satisfaction/ Quality Management System  
www.screen.co.jp/en/sustainability/social/customer

### Dialogue with Shareholders and Investors

Through our investor relations (IR), 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. IR also provides a means for managements to get opinions and other feedback from shareholders and investors to maximize corporate value.

Following earnings announcements and at conferences, our CEO, CFO and other management members receive interviews, and dialog with voting representatives (SR meeting) are also conducted. When it comes to fair disclosure, we strive to expand the range of materials we provide, to provide them in a timely manner, and, when possible, to provide them in two languages (Japanese and English) when published on website. Moreover, we send questionnaires to institutional investors and analysts once a year to identify the challenges in, and improve the quality of, our IR activities.

Also, at the 80th Ordinary General Meeting of Shareholders (June 24, 2021), we provided a live stream over the Internet of the

proceedings for the first time ever.

Through our IR activities, we seek to build good relations with all our long-term investors who are focused on maintaining an appropriate share price and creating a balanced shareholder portfolio.

Number of Dialogue-Based IR Activities (Fiscal year ended March 31, 2021)	<ul style="list-style-type: none"> <li>Earnings presentations : 4</li> <li>Meetings with institutional investors and analysts: Approximately 320</li> <li>Overseas institutional investor conferences : 15</li> <li>Shareholder engagement aimed at voting representatives: 8</li> <li>Company briefings for individual investors: 1</li> <li>Medium-term management plan and business briefing session: 1</li> </ul>
(Nearly everything was conducted online due to COVID-19)	

### Cooperation with Local Communities

The SCREEN Group works together with local communities to conduct activities which contribute to the sustainable development of those communities.

During the fiscal year ended March 31, 2021, when communities were significantly impacted by COVID-19, SCREEN Group responded by contributing money to the support efforts undertaken by Kyoto

Prefecture and Shiga Prefecture for medical personnel and facilities. The SCREEN Group supported local communities around the world in a variety of other ways, including through donating medical gowns and other supplies and blood drives at business operating sites.

Social Contribution Activities  
www.screen.co.jp/en/sustainability/social/initiative

## Message from the Chairman of the Board

## Building Even Stronger Corporate Governance by Combining It with the Application of Group Risk Management

### Eiji Kakiuchi

Representative Director  
Chairman  
Member of the Board



#### Q1 What is the ideal approach to corporate governance for SCREEN HD?

It has been three years since I was appointed representative director and chairman. I handed over my former role as CEO to my successor, President Hiroe, and was then in a position to take charge of corporate governance for all Group companies.

When I became president in 2014, we transitioned to a holding company structure. From that point, SCREEN Holdings (HD) assumed responsibility for the management and supervision of the entire Group, while still emphasizing the independence and agility of each business operating company. By doing this, we have created a system that clearly separates execution and oversight for all SCREEN companies.

HD is responsible for the overall optimization and long-term strategic planning of the Group's businesses, with business operating companies pursuing individual optimization in their respective industrial fields. Meanwhile, CEO Hiroe and HD executives supervise the activities of each one of our business operating and functional support companies as members of

their boards of directors.

In addition, HD and our business operating and functional support companies dispatch outside directors and auditors to serve on the boards of directors of Group companies for which they are a parent (managing) company. This enables us to create a comprehensive governance structure that also includes individual Group companies.

Our governance system is developed and operated in this way and I believe that by combining it with the implementation of Group risk management, we can build an even more robust structure.

CEO Hiroe and I also set aside time for a twice monthly meeting in which we exchange opinions and discuss various topics. Likewise, we regularly hold meetings where our directors can have free and open discussions with each other and generally try to maintain constant communication between them.

#### Q2 What needs improving and what future issues are expected regarding the operation of HD's board of directors?

It is probably already obvious but the interest of shareholders and other stakeholders in our corporate governance and board of directors is growing year by year. The board, in particular, is a core element of our management structure. However, this can be difficult to see from the outside so I am aware that different stakeholders have a range of opinions about its activities.

Since 2000, we have welcomed outside directors to the board so we can reflect a third-party perspective in its operation. At the 80th ordinary general meeting of shareholders on June 2021, we also elected our first female outside director and are aiming to further diversify the board's members.

In addition, the board conducts an analysis and evaluation of its effectiveness each year, which has been conducted by a third-party organization, and then works to address any issues

that are identified. Up to this point, we have strived to create an environment that supports in-depth discussions and provide outside directors with comprehensive explanations of the background and developments leading to management decisions. However, I recognize that, in terms of offering training opportunities, there is room for further improvement in our delivery of detailed information to these directors.


Going forward, we intend to refine the governance process right through to the final decision stage by having the board vigorously discuss issues that have been carefully examined and selected at the management meetings of HD and business operating companies. I believe this approach will allow us to operate the board of directors in a way that makes a significant contribution to the improvement of SCREEN's corporate value.

## Corporate Governance

### 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 of "Sharing the Future," "Human Resource Development," and "the Pursuit of Technology".

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 vision and guideline for SCREEN Value enhancement; "SCREEN Group CSR Charter," which describes the principles of action for all executives and employees of the Group; and "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.

 Corporate Governance Report (updated on July 8, 2021)  
[www.screen.co.jp/download\\_file/get\\_file/20210709\\_CGR\\_E.pdf](http://www.screen.co.jp/download_file/get_file/20210709_CGR_E.pdf)

### Continuously Improving Group Governance

SCREEN Holdings has continued to strengthen and improve corporate governance.

After we adopted a holding company structure in 2014, we have continued to reinforce our group governance.

#### SCREEN Governance History

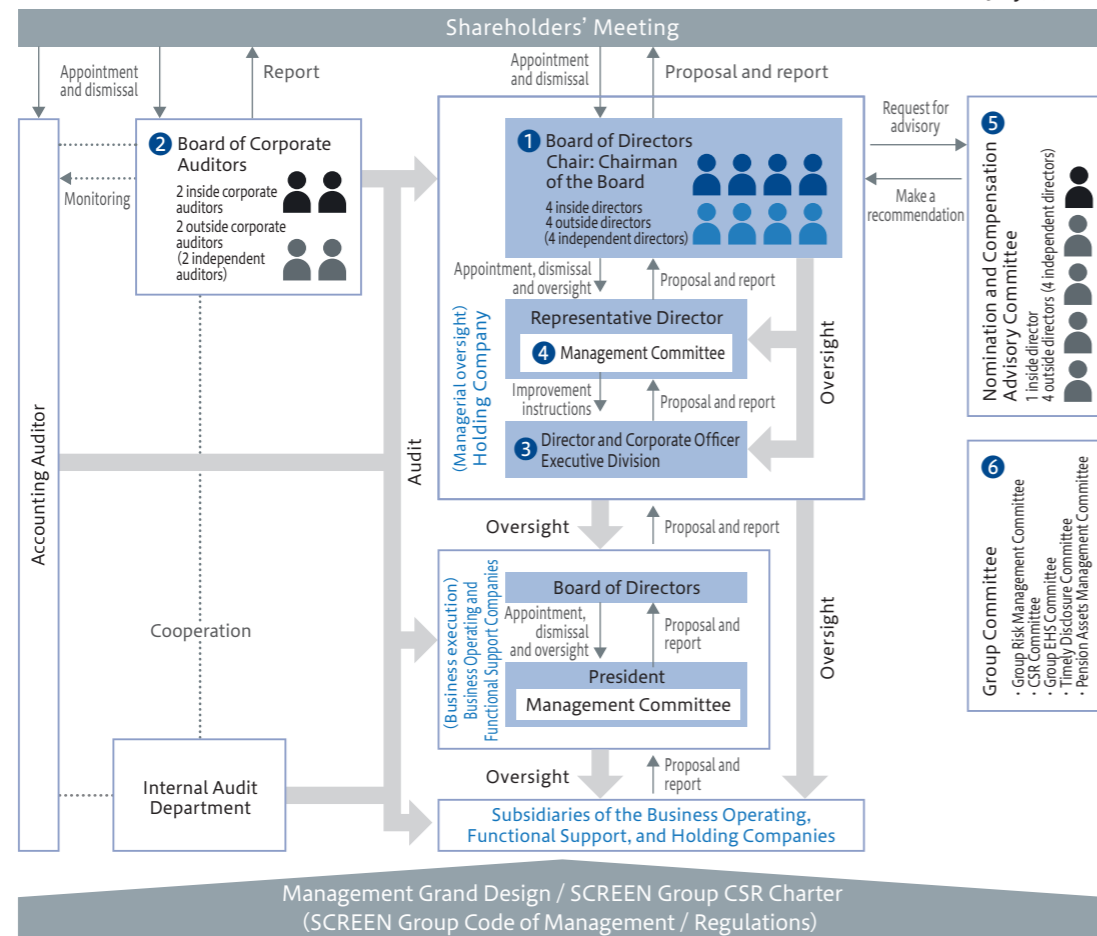
April	1999	Reduced the number of directors and adopted a corporate officer system.
June	2000	Began appointing outside directors.
April	2002	Introduced the internal company system.
July	2005	Abolished retirement benefit for senior management and directors and introduced new directors' compensation system with stronger link between corporate performance and compensation, part of which was stock allowances.
April	2006	Introduced new compensation system for corporate officers with stronger link between corporate performance and compensation (includes stock allowances).
May	2006	Started new structure of internal control with three outside directors among the nine directors.
April	2011	Formulated the SCREEN Group Risk Management Guidelines.
May	2012	Formulated company-wide Business Continuity Management Regulations and Bylaws to focus on BCM (business continuity management).
April	2014	Formulated Management Grand Design.
October	2014	Transitioned to a holding company structure in which the company is split up and changed name to SCREEN Holdings Co., Ltd., and formulated SCREEN Group Code of Management.
April	2015	Formulated SCREEN Group CSR Charter and SCREEN Group Code of Conduct.
June	2015	Established the Nomination and Compensation Advisory Committee to improve functions regarding compensation advising.
November	2015	Began submitting corporate governance reports.
June	2016	Board of Directors began analyzing and evaluating its own effectiveness.
August	2017	For compensation for directors and corporate officers, began using performance-linked share compensation in place of stock allowances.
May	2019	Changed the method for analyzing and evaluating the effectiveness of the Board of Directors to one which relies on advice from third-party organizations.

## Corporate Governance Structure

SCREEN Holdings is a company with a Board of Corporate Auditors and maintains a functional balance between enabling the Board of Directors to achieve maximum efficiency and effectiveness and ensuring that management oversight of the entire Group is securely in place.

### Corporate Governance Structure

(As of July 8, 2021)



\*1 to 6: Explained later.

## 1 Board of Directors

### Institutional composition

SCREEN Holdings has a Board of Directors that currently comprises eight directors (including four outside directors).

The Board of Directors determines basic policies and strategies for the Group management and important matters in business execution and exercises supervision over business execution, holding regular monthly meetings and additional meetings as necessary. In the fiscal year ended March 31, 2021 (FY2021), there was 100% attendance at Board of Directors meetings\*.

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 directors' 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". It selects more than one-third of outside directors in the Board of Directors with an eye to the functional enhancement of management oversight and the maintenance of management objectivity.

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.

\*There were 12 meetings in FY2021.

## Duties of Directors, Appointment of Candidates for Directors and Corporate Auditors, Dismissal of Directors

The principal duty of the directors is "to recognize their fiduciary responsibility to shareholders and assume the responsibility of sustainably enhancing the SCREEN Group's corporate value."

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

Outside directors and outside corporate auditors are selected based on experience and expertise, with the aim of drawing on a variety of perspectives to ensure objective, bias-free management. Our company works to ensure the independence of the outside directors and outside corporate auditors, applying the Tokyo Stock Exchange's standards of independence as well as the Group's own criteria for independence of outside directors

and outside corporate auditors. All six outside directors and outside corporate auditors (four outside directors and two outside corporate auditors) are registered with the Tokyo Stock Exchange as independent directors and corporate auditors.

Regarding the dismissal of directors, the Board of Directors may propose to dismiss an individual to whom one of the Criteria for Dismissing Directors apply after seeking the advice of the Nomination and Compensation Advisory Committee. Dismissal of said individual is then finalized at the the shareholders' meeting based on a resolution passed by the Board of Directors.

Criteria for Appointing Candidates for Directors and Corporate Auditors, and for Dismissing Directors  
[www.screen.co.jp/download\\_file/get\\_file/Election\\_HD\\_E.pdf](http://www.screen.co.jp/download_file/get_file/Election_HD_E.pdf)

Criteria for Independence of Outside Directors and Outside Corporate Auditors  
[www.screen.co.jp/download\\_file/get\\_file/20170509\\_Ind\\_Crit\\_E.pdf](http://www.screen.co.jp/download_file/get_file/20170509_Ind_Crit_E.pdf)

## 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 intelligence necessary to the fulfillment of their roles and responsibilities. Major business companies are reporting its business status in board of directors every quarter. That keeps directors and corporate auditors informed of the latest technological, business and industrial trends.

We will continue to implement this training on an ongoing basis moving forward.

## Agenda items during the fiscal year ended March 31, 2021

Agenda (discussion) items deliberated by the Board of Directors during the fiscal year ended March 31, 2021, included the following:

Agenda item	Number of agenda items
Business strategy related	10
Financial results (including dividends), financial strategy related	21
ESG (Sustainability, corporate governance, internal control, compliance, risk management)	4
Human resources strategy related	14
General affairs related	5
<b>Total</b>	<b>54</b>

Note: Excludes written resolution items.

### ■ Evaluation of the Effectiveness of the Board of Directors and Future Initiatives

The Board of Directors of SCREEN Holdings 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 analysis and evaluation were conducted with the advice of a third-party organization, and the results are compared with third-party

evaluations of other companies.

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 sustainable growth and increasing its corporate value over the medium and long term.

#### Evaluation Results

As a result of an analysis and evaluation of effectiveness of SCREEN Holdings' Board of Directors in the fiscal year ended March 31, 2021, it was confirmed that the Board of Directors is generally fulfilling its roles and functions appropriately.

#### Evaluations improved compared with FY2020 in the following areas

- The number of items put up for discussion is more appropriate
- More time is allocated for pre-meeting deliberation
- Management strategies and plans are discussed sufficiently with an awareness of profitability and capital efficiency
- Sufficient information is provided on the management, finance, and risk management of the Company and the Group in addition to data on the industry, management challenges, and compliance issues

#### Principal areas carried over from FY2020 where there remains room for improvement

- Potential risks in management strategies and plans, the manner in which updates and revisions are discussed
- Provision of training opportunities available for directors

Note: Refer to the "Summary of Results of Evaluation of the Board of Directors' Effectiveness" below for information about the initiatives undertaken during the fiscal year ended March 31, 2021 to address the issues identified by the evaluation performed during the fiscal year ended March 31, 2020.

Based on these evaluations and cause analyses, the Company's Board and relevant internal sections will work to ensure lively and diverse discussions and improve the quality of deliberations at the Board of Directors with regard to issues such as risk management and the provision of training opportunities by sharing questions at internal meetings and deepening understanding of business management through site visits.

The Board will strive to improve its functions and expand the Company's corporate value continuously through strengthened corporate governance.

Summary of Results of Evaluation of the Board of Directors' Effectiveness June 11, 2021  
[www.screen.co.jp/download\\_file/get\\_file/20210611\\_BME\\_E.pdf](http://www.screen.co.jp/download_file/get_file/20210611_BME_E.pdf)

### ② Board of Corporate Auditors

The Board of Corporate Auditors comprises four members, of whom two are outside corporate auditors who meet our own criteria for independence. The Board of Corporate Auditors holds two regular meetings per month and additional meetings as necessary. In the FY2021, there was 100% attendance at Board of Corporate Auditors meetings\*. In line with the audit policies and plans formulated by the Board of Corporate Auditors, it is responsible in monitoring and overseeing the

legality of the official acts of the directors. This is done through daily audits to ensure propriety. The company has set up the Corporate Auditors Department staffed with dedicated employees to support the auditors' duties.

\*There were 26 meetings in FY2021. Tetsuo Kikkawa and Seiji Yokoyama attended a total of 19 meetings following their appointment to the Board of Corporate Auditors on June 24, 2020.

### ③ Corporate Officer System

The Group has introduced the corporate officer system in order to accelerate business execution and clarify responsibility. Corporate officers effectively execute their duties in accordance with the basic policies and strategies determined by the Board of Directors.

### ④ Management Committee

Chaired by the CEO, the Management Committee, comprising the full-time directors, presidents of business operating companies and functional support companies, and officers whom the chairman of the Committee appoints, meets more than once a month to deliberate matters related to management and to facilitate the decision making of the Board of Directors and representative directors.

### ⑤ Nomination and Compensation Advisory Committee

SCREEN Holdings has voluntarily chosen to establish the Nomination and Compensation Advisory Committee, which consists of outside directors (who hold a majority) and the chairperson of the Board of Directors, to ensure a highly transparent and objective process for appointing and dismissing candidates for director, corporate auditor, corporate officer, and other positions and for determining compensation and other related matters, thereby strengthening the Board of Directors' supervisory functions. Matters related to the appointment and dismissal of, as well as compensation for, HD and business operating, and functional support company directors and executives are discussed by the Committee in response to requests for consultation. The Committee then reports its findings to the Board of Directors.

#### ■ Management Compensation

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. Please note that SCREEN Holdings abolished its retirement benefit for senior management and directors in 2005.

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 (shareholder's value), as described below.

Outside directors receive only basic remuneration and performance-linked cash bonus. Also, corporate auditors receive only basic

remuneration, which is determined by the Board of Corporate Auditors based upon the total amount approved for corporate auditor compensation at the Shareholders' Meeting.

Responsibility for determining compensation for individual directors and related matters has been granted to the representative director by the Board of Directors, with the understanding that such matters will be decided based upon the recommendations of the Nomination and Compensation Advisory Committee and conform to the total amount authorized for director compensation by the Shareholders' Meeting. Compensation for individual corporate officers is determined by the representative director based upon the recommendations of the Nomination and Compensation Advisory Committee.

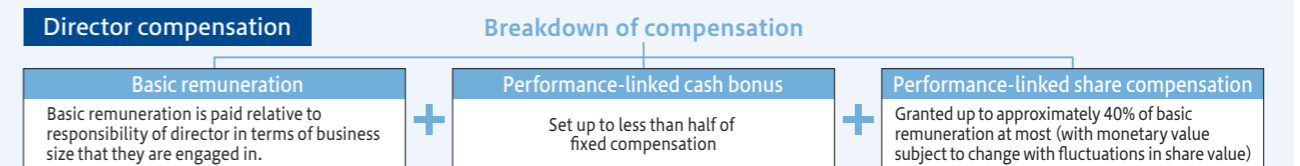
The policy on determining the ratio of total remuneration to each director is as follows

- Basic remuneration is paid relative to responsibility of director in terms of business size that they are engaged in.
- Performance-linked cash bonus is paid less than half of fixed compensation.
- Performance-linked share compensation is designed to grant approximately 40% of basic remuneration at most. Its monetary value could change with fluctuations in share value.

Performance measurement aims at reinforcement of management infrastructure, including operating income ratio, and ROE as medium-term management planning performance indicators. In addition, measurements in terms of environment and safety are used to enable the social value enhancement. The amount of performance-linked bonus is determined on scoring achievement of each indicator. (Please refer to the table of "performance measurement" below.)

Note: Further information about management compensation can be found in the 80th Term Securities Report (p. 54).

80th Term Securities Report (in Japanese only)  
[www.screen.co.jp/download\\_file/get\\_file/YH80.pdf](http://www.screen.co.jp/download_file/get_file/YH80.pdf)



#### Performance measurement

Standards for achievement of principal indicators related to performance-linked cash bonuses and associated results during the fiscal year ended March 31, 2021

Performance measurement	Achievement standards	Achievement
Operating income ratio	5.7% to 9.5% or greater	7.6%
ROE	5% to 10% or greater	7.9%
Measurements in terms of environment and safety	Roadmap formulated to facilitate SBT achievement	Achieved

Note: The company has put in place standards of achievement to serve as indicators for determining the extent to which individual business targets have been achieved during the fiscal year ended March 31, 2021.

#### Breakdown of compensation

Total Amounts of Compensation (by Type, Board Member Category), Number of Eligible Board Members (FY2021)

Category	Total amount of compensation (million yen)	Total amount for each type of compensation (million yen)			Number of eligible board members
		Basic remuneration	Performance-linked cash bonus	Performance-linked share compensation	
Directors (outside directors excluded)	274	196	38	40	6
Corporate auditors (outside corporate auditors excluded)	44	44	—	—	2
Outside directors	37	34	2	—	7

Note: The above includes one director and two outside directors who retired at the time that the 79th Ordinary General Meeting of Shareholders concluded on June 24, 2020.

## 6 Group Committee

We have created five group committees in an effort to strengthen corporate governance throughout the group in line with individual themes. Each committee engages in monitoring and deliberation corresponding to their purpose and submits reports, as appropriate, to the Board of Directors and other prescribed entities.

(As of July 1, 2021)

	Composition*	Purpose	Agenda (fiscal year ended March 31, 2021) Number of meetings (fiscal year ended March 31, 2021)
Group Risk Management Committee	<ul style="list-style-type: none"> <li>Highest position responsible person: CEO</li> <li>Chair: Chief officer of Sustainability Promotion</li> <li>Members: Corporate officers (4), corporate auditors (2), managers of other involved departments, CSR officers of the business operating and functional support companies</li> </ul>	From the perspective of preventing and/or minimizing damage to corporate value, assessing inherent risks throughout the SCREEN Group and their status, identifying key risks and determining the manner in which they should be managed, and working to prevent risk occurrence.	<ul style="list-style-type: none"> <li>Creating lists of risks for the entire Group and reviewing key risks</li> <li>Reviewing the risk management situation and investigating essential response measures</li> </ul> [2 meetings (1 meeting / half period)]
CSR Committee	<ul style="list-style-type: none"> <li>Highest position responsible person: CEO</li> <li>Chair: Chief officer of Sustainability Promotion</li> <li>Members: Chairman, director (1), corporate officers (6), corporate auditors (2), managers of other involved departments, CSR officers and auditors of the business operating and functional support companies</li> </ul>	From the viewpoint of improving social value, promoting the practice of ethical behavior of employees based on the "SCREEN Group CSR Charter / Code of Conduct", respond to the SDGs, and contribute local communities.	<ul style="list-style-type: none"> <li>Summarizing the previous CSR medium-term management plan, creating the new Sustainable Value 2023 medium-term management plan and reporting on progress and issues</li> <li>Reporting on SDGs and social contribution activities</li> <li>Revising the CSR Charter and Code of Conduct, sharing information with the Group about individual company initiatives, etc.</li> </ul> [2 meetings (1 meeting / half period)]
Group EHS Committee	<ul style="list-style-type: none"> <li>Management supervisor: Chief Officer of Sustainability Promotion</li> <li>Members: Director (1), HD and Japanese SCREEN Group EHS administrator and director of the EHS secretariat</li> </ul>	Sharing, as well as pursuing ongoing improvement in, internal issues and problems related to the environment, health, and safety at the Group	<ul style="list-style-type: none"> <li>Approving and revising Group companies' targets and action plans, reviewing progress and issues, and identifying and issuing improvement instructions in cases of noncompliance</li> <li>Deliberating the activities of EHS-related bodies and subcommittees</li> <li>Performing management reviews and other tasks</li> </ul> [3 meetings (April, September, January)]
Timely Disclosure Committee	<ul style="list-style-type: none"> <li>Chair: General Manager, Finance &amp; Accounting Department</li> <li>Members: Managers of involved departments (Observer: CFO)</li> </ul>	Implementing the timely and appropriate disclosure according to the Financial Instruments and Exchange Act and other associated laws and regulations of the financial instruments exchange.	<ul style="list-style-type: none"> <li>Collecting important factual information</li> <li>Verifying and analyzing information</li> <li>Studying the necessity of disclosing information</li> <li>Studying disclosure methods and related considerations</li> </ul> [12 meetings (1 meeting / month)]
Pension Assets Management Committee	<ul style="list-style-type: none"> <li>Chair: Director in Charge of General Affairs &amp; Human Resources Strategy</li> <li>Members: CFO and managers of involved departments</li> </ul>	Developing management policy and the operational guidelines, reviews the policy asset mix and deliberating topics including the selection, evaluation, and dissolution of relationships with asset managing trustees.	<ul style="list-style-type: none"> <li>Deliberating investment policies</li> <li>Reporting on the status of investments</li> <li>Reporting on the rate of application of defined-benefit (DB) corporate pensions</li> </ul> [2 meetings (1 meeting / half period)]

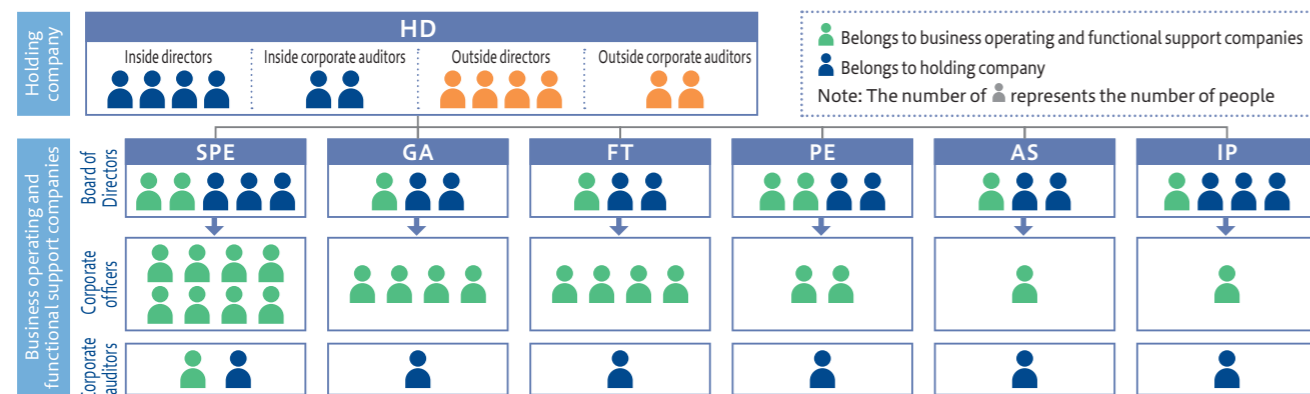
Note: Assumed to be HD unless specifically stated otherwise.

### Group Governance Structure within Holding Company Structure

SCREEN Holdings has adopted a holding company structure made up of separate business operating companies to enable agile and bold business execution. SCREEN Holdings (HD) 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 segregation of business execution and oversight.

The business operating companies have also adopted a corporate officer system, which aims to clarify responsibilities and roles of officers, and to secure a management structure capable of quickly adapting to changes in the operating environment. In addition, each of these companies maintains a management committee to deliberate matters related to management and facilitate the decision making of the Board of Directors and representative directors.

Group Governance Organizational Chart (As of July 1, 2021)



## Message from the New Outside Director

# Taking Advantage of My Different Background to Bring a New Perspective to the Board of Directors



Outside Director  
(Associate Professor, Doshisha Business School, Doshisha University)

**Hiroko Okudaira, Ph.D.**

### An Excellent Opportunity to Embrace the Challenge of Social Contribution

I teach economics and handling of HR data at Doshisha Business School, primarily to international students. In addition to conducting research that combines labor economics theory and data analysis to identify workstyles with the potential to bring new vitality to society and organizations, I work to improve the educational program.

I began serving as an outside director at SCREEN Holdings in June. I look forward to taking advantage of experience gained through my work with labor economics and data analysis to help increase the company's corporate value, and I hope that doing so will provide a good opportunity to embrace the challenge of social contribution. I expect to be able to bring to discussions a perspective and sense that differ from those of other directors, even as I look to those directors to show me how academia and industry differ.

I have long had an impression of SCREEN as a global company with deep roots in Kyoto. I believe that the company has grown by overcoming a series of difficult challenges over its history, and that it has faced priorities in a steady and sincere manner, including building employee-friendly work environments, taking into account environmental considerations, and improving corporate governance.

Although I had assumed that SCREEN was a prototypical "male company," my interactions as a director have taught me that the company counts no small number of women and foreigners among its employees and suggested that it will strengthen its embrace of diversity going forward.

#### Profile

Hiroko earned a doctoral degree in economics from Graduate School of Economics, Osaka University. Before coming to Doshisha Business School, she served as an associate professor at Graduate School of Humanities and Social Sciences, Okayama University and as a senior research associate at University College London. Areas of specialty: Labor economics, applied microeconomics, personnel economics

### Exploring how to realize more effective corporate governance while learning about SCREEN

As SCREEN Holdings' first female director, I believe that the first priority I should embrace as a CSR-related researcher and as a woman is to take advantage of having a background that differs from the company's inside directors. The revised Corporate Governance Code announced by the Tokyo Stock Exchange, Inc. in June 2021 embodies a strengthened emphasis on diversity that will require companies to increase diversity both on corporate Boards of Directors and among core human resources. This focus provides a good opportunity for me to make use of my experience working as a woman, which is to say as a minority, within the university's organization, and of my track record to date, for example in conducting demonstration experiments that explore gender-based differences in the strength of competitive consciousness. I will do my best to ensure I can offer advice that contributes to the company's future.

Since a desire to help build a more worker-friendly society has inspired my research to date, I look forward to bringing that perspective, its analytical techniques, and other tools to the Board while also creating opportunities for dialog with employees.

In recent years, listed corporations have come under pressure to implement more sophisticated and effective corporate governance. To the extent that I have been appointed to serve as a director at such a time, I intend to actively commit myself to discovering how I can make a unique contribution to the company.

On a personal level, being appointed to serve as an outside director is a major challenge. I am prepared to enthusiastically embrace that challenge even as I learn from the company. I look forward to the support of SCREEN's shareholders and investors as I do so.

# Directors and Auditors (As of July 1, 2021)

## Directors



### Eiji Kakiuchi

Representative Director  
Chairman  
Member of the Board

Apr. 1981 Joined the Company  
Apr. 2005 Corporate Officer  
Apr. 2006 Senior Corporate Officer  
Apr. 2007 Corporate Executive Officer  
Apr. 2011 Chief Officer of IR, Security Export Control, GPS and Group G10  
Jun. 2011 Director  
Apr. 2014 Representative Director, President, Member of the Board  
Apr. 2016 Chief Executive Officer (CEO)  
Jun. 2019 Representative Director, Chairman, Member of the Board (Current)  
Jun. 2021 Outside Director, KYOCERA Corporation (Current)

**Reasons for selection:** He has a wealth of management experience and wide insights in domestic and overseas business divisions of the Company, and the Company has judged that he can fulfill his responsibilities and duties as Director to improve corporate value of the Company.



### Toshio Hiroe

Representative Director  
President  
Member of the Board  
Chief Executive Officer (CEO)

Apr. 1983 Joined the Company  
Apr. 2006 Vice President, Semiconductor Equipment Company  
Apr. 2007 Corporate Officer  
Oct. 2009 Deputy General Manager, R&D Center  
Apr. 2011 Senior Corporate Officer  
Apr. 2014 President, FPD Equipment Company  
Aug. 2014 President, SCREEN Finetech Solutions Co., Ltd.  
Apr. 2019 Chairman, SCREEN Finetech Solutions Co., Ltd.  
Jun. 2019 Representative Director, President, Member of the Board (Current)  
Chief Executive Officer (CEO) (Current)

**Reasons for selection:** He has a wealth of experience and wide insights in domestic and overseas business and technology divisions, and the Company has judged that he can fulfill his responsibilities and duties as Director to further improve corporate value of the Company.



### Shigeru Saito

Director (Outside)  
Member of the Board  
Chairman and CEO, TOSE CO., LTD.

Nov. 1979 Joined TOSE CO., LTD.  
Head of Development Division, TOSE CO., LTD.  
Oct. 1985 Director, TOSE CO., LTD.  
Feb. 1987 President, TOSE CO., LTD.  
Sep. 2004 President and CEO, TOSE CO., LTD.  
Jun. 2013 Director, Member of the Board of the Company (Current)  
Dec. 2015 Chairman and CEO, TOSE CO., LTD. (Current)  
Jun. 2017 Outside Director, Wacoal Holdings Corp. (Current)

**Reasons for selection:** He is currently the Chairman and CEO of another company, and based on his profuse knowledge and many years of management experience, the Board of Directors has received useful proposals from various perspectives such as software development. It is expected that he contributes to strengthening of the management supervision function and give advice from a wide range of management perspectives.



### Makoto Yoda

Director (Outside)  
Member of the Board

Mar. 1972 Joined Japan Storage Battery Co., Ltd. (Currently GS Yuasa International Ltd.)  
Jun. 2004 President, GS Yuasa Power Supply Co., Ltd. (Currently GS Yuasa International Ltd.)  
Jun. 2006 President, GS Yuasa Corporation  
Oct. 2007 Chief Executive Officer (CEO), GS Yuasa Corporation  
May 2013 Chairman, BATTERY ASSOCIATION OF JAPAN  
Jun. 2015 Chairman, GS Yuasa Corporation  
Chairman, GS Yuasa International Ltd.  
May 2016 Chairman, Kyoto Industrial Association, Inc.  
Jun. 2017 Advisor, GS Yuasa Corporation  
Jun. 2018 Director, Member of the Board of the Company (Current)

**Reasons for selection:** He has a wealth of knowledge as a manager for many years. This includes overseas sales at other companies and management experience at subsidiaries in China. Moreover, he also gained a wide range of experience as a director of other companies and as the chairman of the Battery Association of Japan. The Board of Directors has received useful proposals from various perspectives. It is expected that he contributes to strengthening of the management supervision function and give advice from a wide range of management perspectives.



### Yoichi Kondo

Senior Managing Director  
Member of the Board  
Chief Financial Officer (CFO)  
Chief Officer of PR & IR

Apr. 1982 Joined The Bank of Tokyo, Limited (Currently MUFG Bank, Ltd.)  
Jun. 2010 Corporate Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Currently MUFG Bank, Ltd.)  
Jun. 2013 Joined the Company  
Senior Corporate Officer  
Apr. 2014 General Manager, General Administration Division  
Jun. 2014 Managing Director, Member of the Board  
Chief Financial Officer (CFO) (Current)  
Apr. 2021 Senior Managing Director, Member of the Board (Current)  
Chief Officer of PR & IR (Current)

**Reasons for selection:** He has a wealth of experience in domestic and overseas areas and expertise regarding finance and accounting, and the Company has judged that he can fulfill his responsibilities and duties as Director of the Company.



### Kimito Ando

Managing Director  
Member of the Board  
General Affairs & Human Resources Strategy  
Tokyo Representative

Apr. 1981 Joined the Company  
Apr. 2006 President, Human Resources Company  
Apr. 2011 Corporate Officer  
Apr. 2014 Senior Corporate Officer  
Aug. 2014 Director, SCREEN Semiconductor Solutions Co., Ltd.  
Apr. 2016 Corporate Executive Officer, SCREEN Semiconductor Solutions Co., Ltd.  
Jun. 2017 Director  
Chief Officer of General Affairs & HR Strategy (Current),  
Chief Officer of Tokyo Representative (Current)  
Jun. 2019 Managing Director, Member of the Board (Current)

**Reasons for selection:** He has a variety of experience and wide insights in the Company's businesses and its General Administration Division. As he has made significant contributions to the development of the Company's businesses and its General Administration Division, the Company has judged that he can fulfill his responsibilities and duties as Director.



### Hidemi Takasu

Director (Outside)  
Member of the Board

Mar. 1971 Joined Toyo Electronics Industry Corporation (Currently ROHM Co., Ltd.)  
Jun. 1997 Director and Deputy General Manager, ULSI Research & Development Headquarters, ROHM Co., Ltd.  
Jun. 2009 Managing Director and General Manager, LSI General Headquarters, in charge of Research & Development Headquarters, ROHM Co., Ltd.  
Oct. 2009 Managing Director and General Manager, Research & Development Headquarters, ROHM Co., Ltd.  
May 2013 Managing Director in charge of Quality and General Manager, Research & Development Headquarters, ROHM Co., Ltd.  
Jul. 2013 Managing Director in charge of Business Creation and Quality, ROHM Co., Ltd.  
Aug. 2017 Advisor, Samco Inc.  
Oct. 2018 Substitute Corporate Auditor, Samco Inc.  
Jun. 2019 Director, Member of the Board of the Company (Current)  
Oct. 2020 Outside Director, Samco Inc. (Current)

**Reasons for selection:** In addition to having profuse management experience and expertise as a director in charge of technology development of semiconductor devices at other companies, he has profound relationships with universities in Japan and overseas, and the Board of Directors has received useful proposals from various perspectives. It is expected that he contributes to strengthening of the management supervision function and give advice from a wide range of technological development perspectives.



### Hiroko Okudaira

**New** Director (Outside)  
Member of the Board  
Associate Professor,  
Doshisha Business School,  
Doshisha University

Mar. 2009 Completed Doctoral Program, Graduate School of Economics, Osaka University  
Apr. 2009 Associate Professor, Graduate School of Humanities and Social Sciences, Okayama University  
Jan. 2015 Senior Research Associate at University College London as a JSPS Fellow  
Apr. 2018 Associate Professor, Doshisha Business School, Doshisha University (Current)  
Jun. 2021 Director, Member of the Board of the Company (Current)

**Reasons for selection:** As Associate Professor (labor economics, applied microeconomics, etc.) of Doshisha Business School, Doshisha University, she has a wealth of knowledge and has outstanding research achievements on wide-ranging themes concerning the social structure, such as empowerment of women and work-style reforms including work from home. Although she has no experience of involvement in corporate management, it is expected that she contributes to strengthening of the management supervision function by expressing opinions contributing to management from an objective perspective based on her wealth of knowledge, including practical empirical research of companies conducted in academia.



## Corporate Auditors



**Hirofumi Ota**  
Senior Corporate Auditor

Apr. 1981 Joined the Company  
Apr. 2005 General Manager, Finance & Accounting Department, Accounting Company  
Apr. 2012 General Manager, Finance & Accounting Group, Business Service Center  
Apr. 2014 General Manager, Finance & Accounting Group, General Administration Division  
Oct. 2014 General Manager, Finance & Accounting Department  
Apr. 2016 Corporate Officer  
Jun. 2019 Senior Corporate Auditor (Full-time; Current)

**Reasons for selection:** He has experienced the accounting operations of the Company for many years, and has professional knowledge regarding finance and accounting. Based on this wealth of experience and expertise, the Company has judged that he can appropriately fulfill his duties and responsibilities as Corporate Auditor.



**Akio Umeda**  
Corporate Auditor

Apr. 1985 Joined The Daiwa Bank, Ltd. (Currently Resona Bank, Ltd.)  
Oct. 2003 General Manager, IR Office, Planning Division, Resona Holdings, Inc.  
Oct. 2005 General Manager, Corporate Communications Division, Resona Holdings, Inc.  
Oct. 2009 General Manager, Osaka Public Affairs Division, Resona Bank, Ltd.  
Apr. 2014 Manager, Human Resources Division, Resona Bank, Ltd.  
Apr. 2015 Joined the Company  
Assistant to Chief Officer of General Affairs & Human Resources  
Jun. 2015 Corporate Auditor (Full-time; Current)

**Reasons for selection:** He has a wealth of experience and knowledge accumulated over planning and IR operations in domestic and overseas at another company. Based on this experience and expertise, the Company has judged that he can appropriately fulfill his duties and responsibilities as Corporate Auditor.



**Tetsuo Kikkawa**  
Corporate Auditor (Outside)  
President and Attorney-at-Law,  
Kyoto Mirai Law Firm

Apr. 1982 Registered with Osaka Bar Association  
Joined Miyake Joint Partnership Law Office (Currently Miyake & Partners)  
Apr. 1986 Registered with Kyoto Bar Association  
Established Masukawa & Kikkawa Joint Partnership Law Firm  
Apr. 1995 Vice-chairman, Kyoto Bar Association  
Oct. 2002 Established Kyoto Mirai Law Firm  
President and Attorney-at-Law, Kyoto Mirai Law Firm (Current)  
Jun. 2010 Outside Corporate Auditor, Kosei Kensetsu Co., Ltd. (Current)  
Apr. 2012 Chairman, Kyoto Bar Association  
Jun. 2020 Corporate Auditor of the Company (Current)

**Reasons for selection:** He has a wealth of knowledge and experience accumulated over many years working as an Attorney-at-Law, and based on this, the Company has judged that he is a person who has high ethics and can conduct fair and unbiased audits. Although he does not have any experience in being involved in corporate management other than serving as an outside officer, the Company has judged that he can properly carry out his duties as Outside Corporate Auditor for the reasons stated above.



**Seiji Yokoyama**  
Corporate Auditor (Outside)  
Certified Public Accountant,  
Yokoyama-Seiji Certified Accountant Office

Apr. 1983 Joined Toray Industries, Inc.  
Oct. 1985 Joined Tohatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)  
Mar. 1989 Registered as Certified Public Accountant  
Feb. 2000 Registered as California-Licensed Certified Public Accountant (USA)  
Jul. 2001 Partner, Deloitte Touche Tohmatsu LLC  
Jun. 2020 Established Yokoyama-Seiji Certified Accountant Office  
Corporate Auditor of the Company (Current)

**Reasons for selection:** As a certified public accountant, he has a profound insight into finance and accounting. The Company has judged that he is a person who can conduct audits from a fair and neutral position based on the audit experience of many domestic and overseas companies at an audit firm. Although he does not have any experience in being directly involved in corporate management, the Company has judged that he can properly carry out his duties as Outside Corporate Auditor for the reasons stated above.

Note: The Company has reported all outside directors and outside corporate auditors to Tokyo Stock Exchange Group, Inc. as an independent director / auditor.

Expertise and Experience of Directors and Corporate Auditors		Skills and Experience					
		Management	Global	Sales/Marketing	Finance/Accounting/M&A	R&D/Technology/Production	Risk Management/Legal/CSR
<b>Criteria</b>		Experience in running a business or corporation (including SCREEN Group companies) other than the current SCREEN Holdings	Experience in working outside Japan	Experience in sales and/or marketing	Experience in finance, accounting, and/or M&A	Experience in R&D, technology, and/or production	Experience in risk management, legal affairs, and/or CSR
Directors	Directors	Eiji Kakiuchi	●	●	●	●	
		Toshio Hiroe	●	●	●	●	
		Yoichi Kondo	●	●	●	●	●
		Kimio Ando	●	●	●	●	●
	Directors (outside)	Shigeru Saito	●	●	●	●	●
Corporate auditors	Corporate auditors	Hirofumi Ota	●	●	●	●	●
		Akio Umeda	●	●	●	●	●
		Tetsuo Kikkawa	●	●	●	●	●
Corporate auditors (outside)	Corporate auditors (outside)	Seiji Yokoyama	●	●	●	●	●

Note: The above table does not list all of the expertise and experience of the directors and corporate auditors.

# Risk Management

In accordance with the SCREEN Group Code of Risk Management and other relevant in-house rules, SCREEN Holdings is engaged in initiatives aimed at identifying and mitigating business risk and, as the holding company, has in place a system for assessing the status of risk management for the entire Group.

## Risk Management Structure

In order to mitigate risk that could negatively impact the SCREEN Group's corporate value, we have established a companywide, cross-cutting risk management structure which includes the SCREEN Holdings President as Chief Officer while making the presidents of each SCREEN Group company responsible for managing risk at their own companies. Every organization within the Group identifies and categorizes potential risks into different categories,

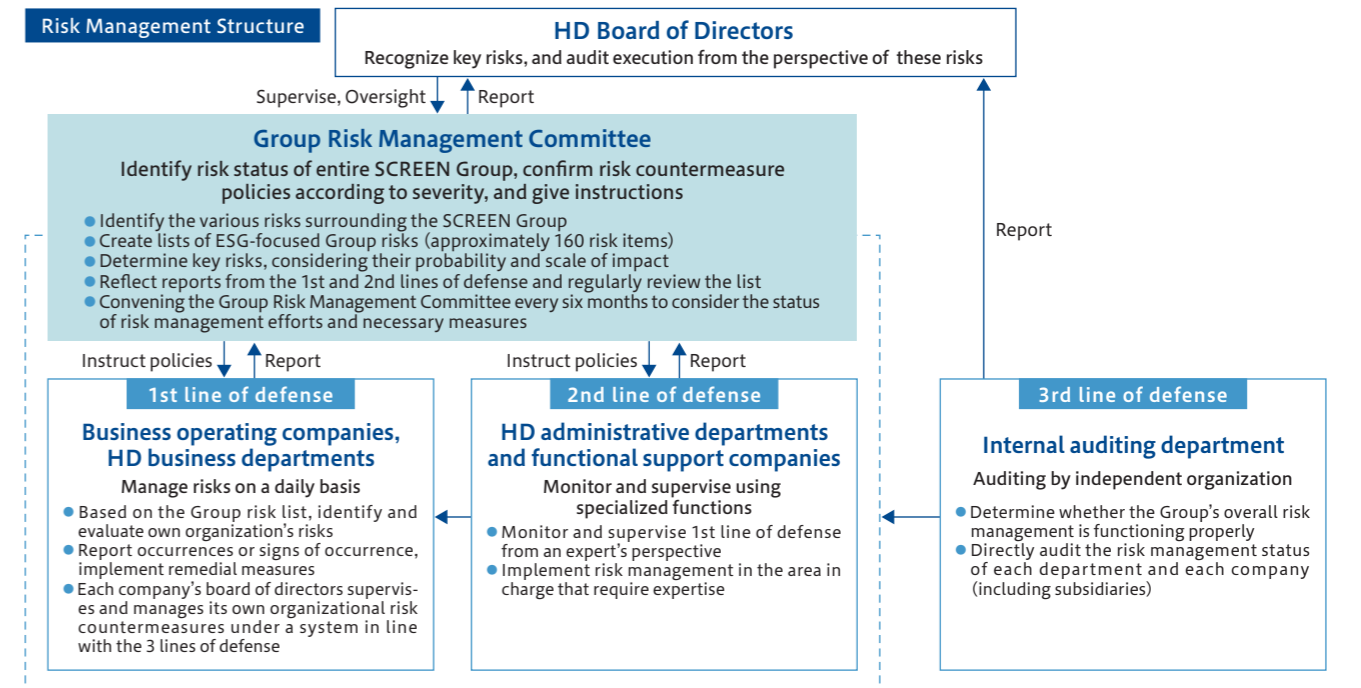
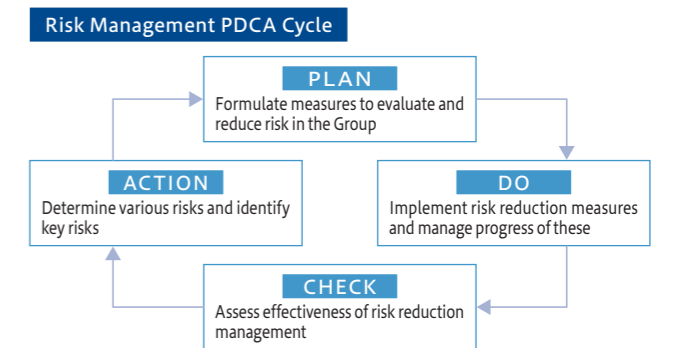
including Governance, Human Rights, Labor Practices, the Environment (including climate change), Fair Business Practices, Consumer Issues, and Community Engagement, and then evaluates the impact of each on our businesses to come up with measures which are implemented to address it. We will then develop and implement measures to mitigate these risks.

## Further Enhancement of Risk Management Effectiveness

In the fiscal year ended March 31, 2021, to prevent and minimize damage to corporate value, the SCREEN Group established the Group Risk Management Committee to identify the risks inherent in the entire SCREEN Group and their status, and to determine the direction of risk management by identifying key risks in response to changes in the business environment each fiscal year, and to prevent them from materializing. We adopt a "three lines of defense" approach (the first line of defense is the Group business operating companies; the second is the holding company administrative department and functional support companies; and the third is the internal audit department), and in line with this we designate individual risk managers and management roles and establish a governance structure for sharing risk-related information between the front line and senior management.

In addition, we propose to the Board of Directors those risks

with large residual risks or risks that may increase due to changes in the business environment as key risks.



Risk Management  
www.screen.co.jp/en/sustainability/risk\_management

## ■ Business Continuity Plans (BCP)

When it comes to catastrophic earthquakes, typhoons, flooding and other natural disasters, infectious disease pandemics, factory accidents, and other risks with the potential of interrupting business operations, the SCREEN Group's first priority is ensuring the safety of its employees and their families, followed by ensuring the prompt resumption of business operations in order to meet our product and service supply obligations to our customers. Towards this end, we work to develop and implement effective BCP.

### ■ Preparation of Emergency System

We have put in place a safety confirmation system that uses mobile phones and smartphones to facilitate confirmation of the safety status of employees following a large-scale disaster and to facilitate a rapid response in line with the damage situation. Based on the email replies from employees, we can determine the magnitude of human casualties and direct disaster damage and then work to guarantee the safety of employees, which is most essential to business continuation.

### ■ Resilience of Parts Procurement

With regard to critical parts that have limited suppliers, we are taking a double-track approach by promoting substitution to generic alternatives or access to more than one supplier. At the same time, in order to maintain stable parts procurement, during the design stage we work to prevent the inclusion of parts that have limited suppliers.

### ■ Strengthening Manufacturing Base

For our operations sites in Japan we undertake a variety of measures, including seismic resistance evaluations, building reinforcement, dismantling of aging facilities, immobilization of equipment and facilities, and introduction of seismic-resistant machinery and equipment. Based on lessons learned from large-scale disasters and supply chain interruptions, we endeavor to put in place production systems that complement production sites, as well as parts suppliers, in order to prevent significant damage to our business. At the Hikone Plant, which produces semiconductor manufacturing equipment, we have taken seismic-isolation measures in the factory and are in the process of constructing production systems that can handle high winds and flooding.

In addition, we have acquired ISO 22301 certification for business continuity management systems (BCMS), and we develop BCP based on these standards.

## ■ COVID-19 Measures

In response to the COVID-19 pandemic, as a "designated infectious disease," the SCREEN Group has established a Group Emergency Headquarters within the SCREEN Holdings head office which is overseen by the SCREEN HD President, and we have established local emergency headquarters at operations sites in Japan and overseas, as well as established business recovery headquarters at our business operating companies. We are working to ensure business continuity by checking on the health of employees,

promoting telework to mitigate workplace infection risks (by changing structures while enhancing and developing VPNs and other IT infrastructure), taking steps to introduce shifts and workplace partitioning in production departments, and providing online support to customers. As well, we are having the COVID-19 vaccine administered to Group employees and their families, dispatch workers, partner company employees, suppliers, and other related personnel.

## ■ Strengthening IT Security

Recently, frequent, sophisticated cyber attacks and other incidents have reinforced the fact that IT security risks represent a serious business challenge, and we are continually working on stronger measures to ensure IT security. We have put in place a worldwide Group IT security structure overseen by SCREEN Holdings' Chief Officer of Business Strategy, who works in conjunction with the representatives of the different Group companies to create Group-wide rules and guidelines, as well as a medium- to long-term IT roadmap.

In response to the ever-changing nature of the IT security risk environment and cyber attacks, we have incorporated an EDR\*<sup>1</sup> for detecting malware on computers and servers. To detect cyber attacks from both inside and outside, we are stepping up measures including establishing an SOC\*<sup>2</sup>. In addition, we regularly review

related rules and guidelines and work to improve IT literacy among all executives, employees, temporary personnel and everyone else in the SCREEN Group through a variety of means, including annual IT security training that is updated with the latest information.

We established an internal Computer Security Incident Response Team, or CSIRT, so that we can respond to reports about incidents related to IT security, detect risks, and take steps to respond quickly. We also joined the Nippon CSIRT Association\*<sup>3</sup> (NCA) so that we can conduct these activities more effectively.

We pursue measures that will enable us to conduct our business safely, securely and without interruption, for example by conducting year-round, round-the-clock monitoring of our in-house network infrastructure.

\*1 EDR: Endpoint Detection and Response. A solution for quickly detecting and responding to suspicious behavior on computers and servers.

\*2 SOC: Security Operation Center. A department dedicated to providing advice on detecting and classifying cyber attacks and coming up with responses.

\*3 An association for the purpose of dealing with computer security incidents by collecting and providing predictive information that will help members handle and solve security problems.

## ■ IT Measures During the COVID-19 Pandemic (putting in place and managing a telework environment)

Thanks to a series of workstyle reforms we began pursuing before the COVID-19 pandemic, including building a cloud-based environment that enables the tools and communication necessary for telework, we were able to accommodate telework without significant confusion or productivity impacts. Additionally, we offered all employees IT security training with a special focus on

precautions that need to be taken when working from home, and we were able to put in place a manageable telework environment.

We are also working from the standpoint of business continuity to improve operational mechanisms and procedures in order to enlarge the scope of operations that can be accomplished via telework.

# Compliance

## ■ Compliance System

The SCREEN Group has established a CSR Charter / Code of Conduct that all group executives and employees should follow and includes principles of conduct based on our corporate philosophy. Based on the CSR Charter / Code of Conduct, the SCREEN Group will comply with all applicable laws and regulations, as well as standards of ethics in all relevant countries, and will conduct business activities in a fair and sensible manner. Led by our Legal & Compliance Department, we promote abidance with international rules and each country's laws and regulations and offer a range of compliance education in efforts to raise awareness of compliance and make it fully understood across the entire SCREEN Group. The CSR Committee confirms and shares information on the state of compliance at each company.

## ■ Compliance Education

Through both classroom work and e-learning, newly graduated employees, mid-career hires, and officers and employees at SCREEN companies worldwide receive education including compliance basics, job-level-specific classes, specialist classes, and classes on CSR Charter / Code of Conduct. Education also includes periodic classes on harassment prevention and on compliance with laws related to unfair competition, anti-corruption, subcontracting, personal information protection, worker dispatching and insider trading.

In the fiscal year ended March 31, 2021, in order to comply with the California Consumer Privacy Act in the U.S. and the EU GDPR, we provided education on personal information protection and trade secrets to group companies in the U.S. and EU, as well as education on subcontracting and temporary staffing to group companies in Japan. In addition, education on technology contracts and development contracts was provided to engineers involved in R&D and new businesses.

## ■ Whistleblowing System

We have established Internal Reporting Hotline, a whistleblowing system that helps to prevent improprieties through the early detection of harassment and suspected violations of corporate ethics and corporate regulations. Our global whistleblowing system has Hotlines in all SCREEN worldwide regions to accept inquiries from all Group employees, officers and employees of supplier companies. There are also rules in place regarding anonymity and privacy protection, as well as for ensuring that no one will be given unfair treatment for having used the whistleblowing system. This system is operated by our Legal & Compliance Department. We have also established external hotlines operated by law firms.

During the fiscal year ended March 31, 2021, we obtained Japan's Whistleblowing Compliance Management System Certification (self-declaration registration system) as a business that complies with the whistleblowing system certification standards established by the Consumer Affairs Agency. Periodic in-house audits are conducted to see how well we are complying with laws and corporate ethics and how well our Hotlines are operating.



## ■ Tax Transparency

Our CSR Charter / Code of Conduct clearly stipulates that the SCREEN Group will implement highly transparent management of our businesses through sound and effective corporate governance and that the Group will comply with all applicable laws and regulations, as well as the ethical standards of all relevant countries, and will conduct our business activities in a fair and sensible manner. In accordance with these directives, each Group company is responsible for full compliance with all local tax laws, filing requirements and tax obligations. Moreover, we will not resort to tax planning or use tax havens to evade taxation.

## ■ Compliance with Competition Laws and Anti-corruption

Under its CSR Charter / Code of Conduct, the SCREEN Group formulated the Guidelines on Preventing Collusive Bidding by Cartels and conducts education for officers and employees on improper activities. The goal is to prevent collusion, monopolies, unfair advantages to one's own suppliers, and other actions that violate anti-monopoly and fair competition laws, as well as prevent bribes and other such improper acts. In the fiscal year ended March 31, 2021, there were no instances in the SCREEN Group of anticompetitive or antitrust practices or illegal monopolistic activities.

## ■ Providing Appropriate Product Information

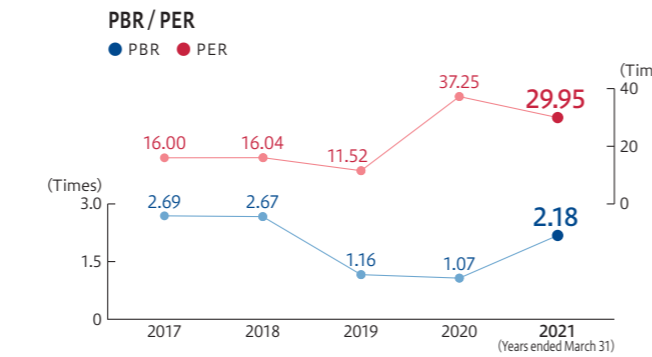
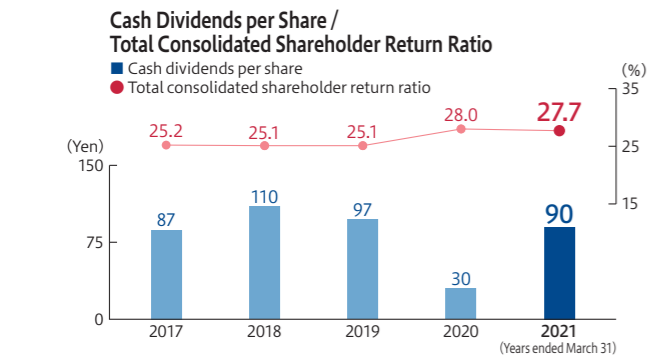
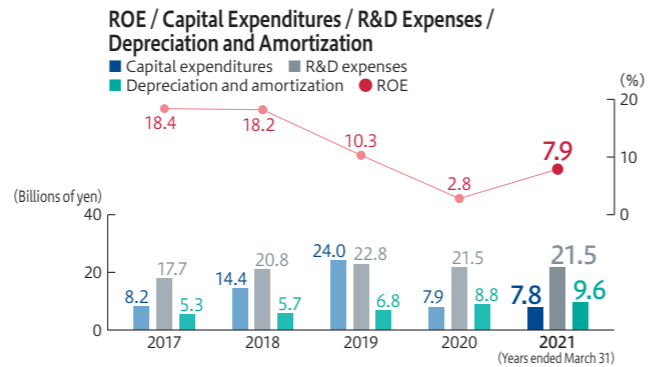
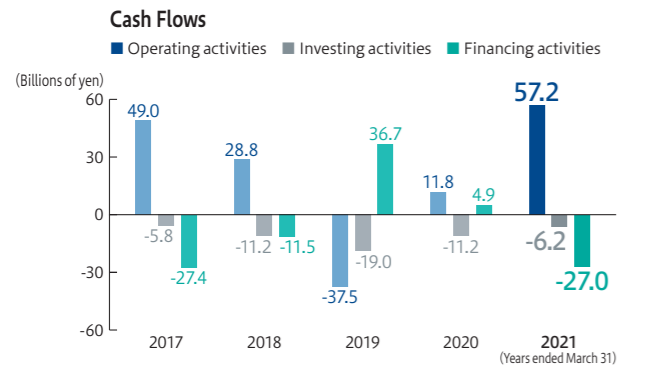
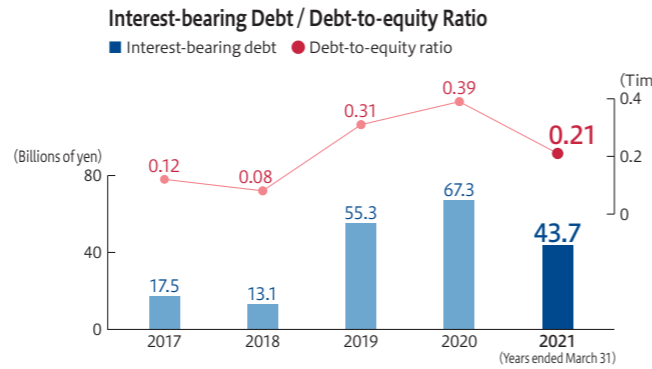
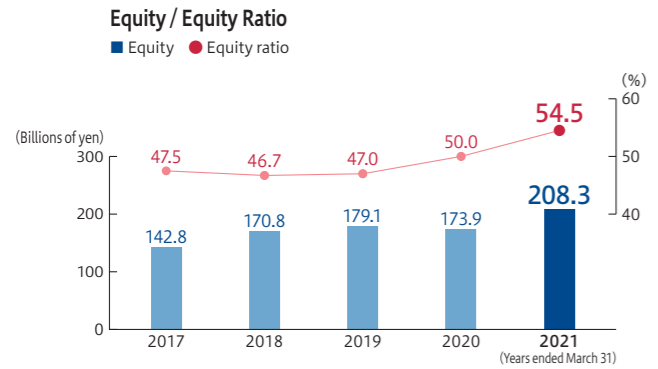
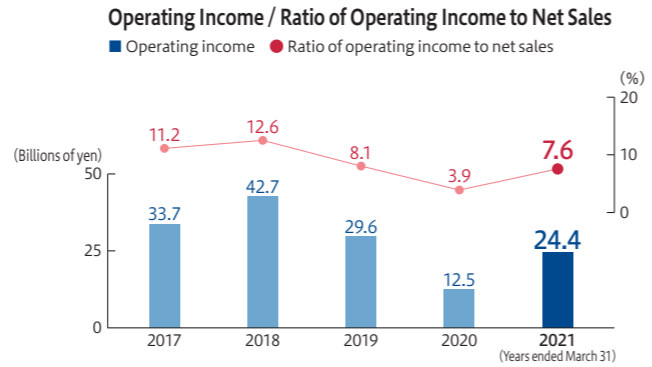
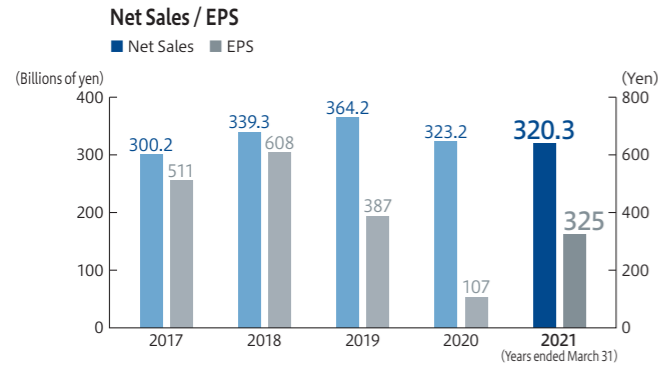
Organizations within the Group involved in public relations, legal affairs, and intellectual property verify product and service information prior to its external release. In this way, we work to ensure fair and accurate information disclosure. In the fiscal year ended March 31, 2021, there were no significant legal violations by any Group company in areas related to the provision of information about or labeling of products and services or marketing. Going forward, we intend to conduct thorough checks of each Group company to continue to prevent infractions.

## ■ Exclusion of Anti-Social Forces

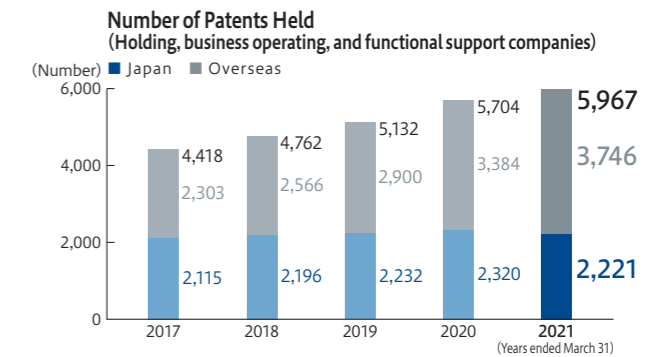
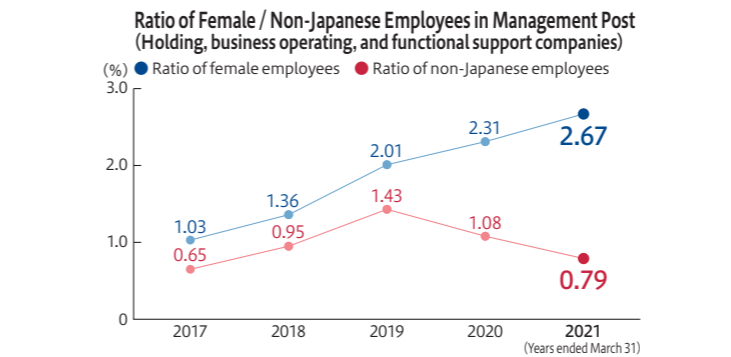
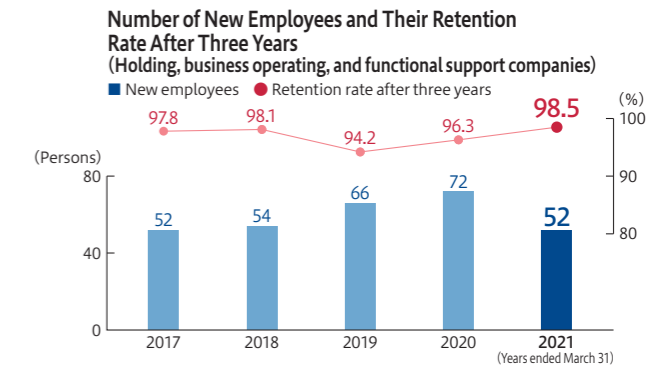
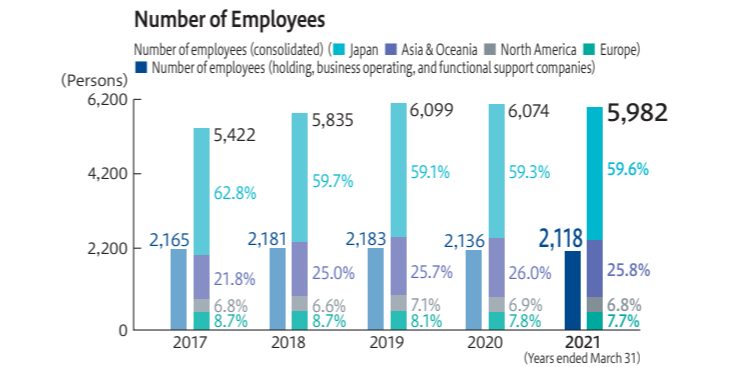
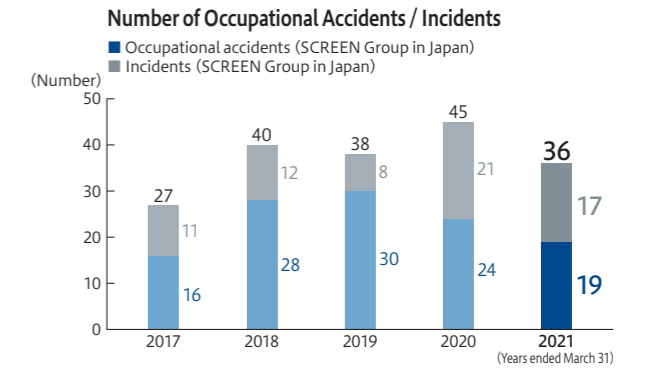
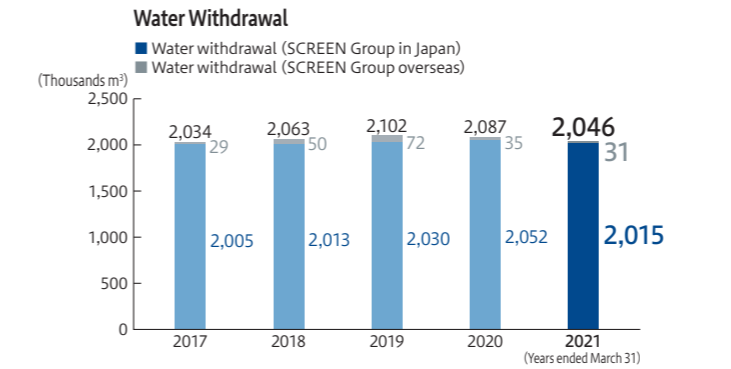
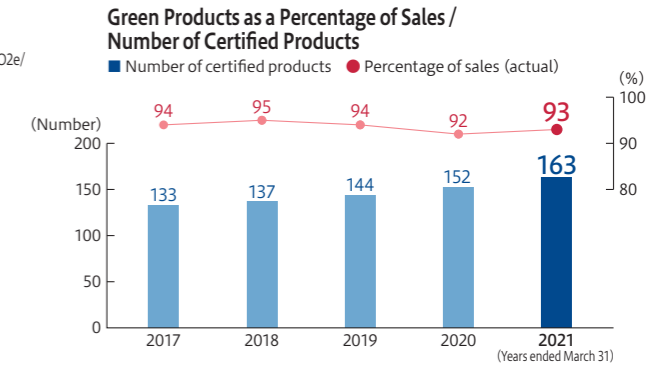
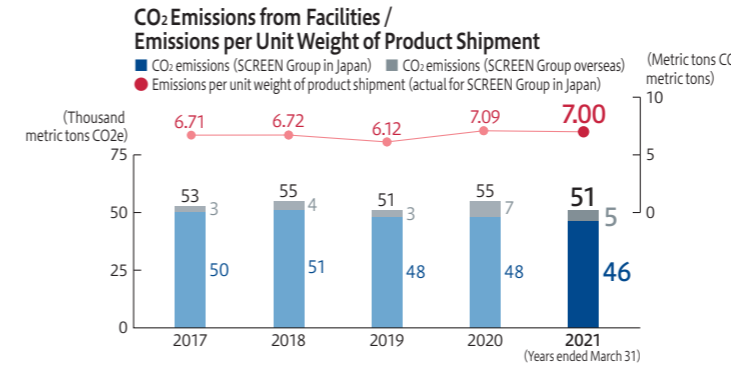
The SCREEN Group will ban any relationships with anti-social forces, including organized crime groups, which pose a threat to public order and safety of society. We will stand firm against, and reject, unreasonable demands and requests of anti-social forces. Furthermore, we will not engage in any transactions or relationships of any kind with anti-social forces. We will also demand that our customers and business partners also eliminate any relationships with anti-social forces.

# Performance Highlights

## Financial



## Nonfinancial



Note: Holding, business operating, and functional support companies refer to the following seven companies.  
 Holding company: SCREEN Holdings Co., Ltd.  
 Business operating companies: SCREEN Semiconductor Solutions Co., Ltd. / SCREEN Graphic Solutions Co., Ltd. / SCREEN Finetech Solutions Co., Ltd. / SCREEN PE Solutions Co., Ltd. / SCREEN Advanced System Solutions Co., Ltd.  
 Functional support companies: SCREEN IP Solutions Co., Ltd.  
 \*Data for fiscal years prior to the fiscal year ended March 31, 2018 include data for SCREEN Manufacturing Support Solutions Co., Ltd. (absorbed by SCREEN MFG Service Co., Ltd. in January 2019)  
 \*Data for fiscal years prior to the fiscal year ended March 31, 2019 include data for SCREEN Business Support Solutions Co., Ltd. (absorbed by SCREEN Business Expert Co., Ltd. in October 2019)

# Eleven-year Trends in Key Financial and Nonfinancial Indicators

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2021
	Millions of yen											Thousands of U.S. dollars
<b>For the Year:</b>												
Net sales	¥ 320,322	¥ 323,249	¥ 364,234	¥ 339,369	¥ 300,234	¥ 259,675	¥ 237,646	¥ 235,946	¥ 199,795	¥ 250,090	¥ 254,953	\$ 2,885,784
Cost of sales	232,310	246,680	263,667	229,838	206,687	178,677	165,192	177,175	157,790	187,325	182,990	2,092,883
Cost of sales to net sales (%)	72.5%	76.3%	72.4%	67.7%	68.8%	68.8%	69.5%	75.1%	79.0%	74.9%	71.8%	
Operating income (loss)	¥ 24,493	¥ 12,562	¥ 29,645	¥ 42,725	¥ 33,732	¥ 23,557	¥ 17,168	¥ 8,903	¥ (4,833)	¥ 13,498	¥ 26,811	\$ 220,658
Operating income to net sales (%)	7.6%	3.9%	8.1%	12.6%	11.2%	9.1%	7.2%	3.8%	-2.4%	5.4%	10.5%	
Profit (loss) attributable to owners of parent	¥ 15,165	¥ 5,011	¥ 18,059	¥ 28,507	¥ 24,169	¥ 18,816	¥ 12,122	¥ 5,419	¥ (11,333)	¥ 4,637	¥ 25,687	\$ 136,622
Comprehensive income	36,438	(907)	13,425	34,934	28,011	11,567	24,018	14,262	(6,031)	4,192	22,576	328,270
Depreciation and amortization	9,628	8,860	6,883	5,708	5,398	5,030	4,880	4,101	4,731	4,986	5,805	86,739
Cash flows from operating activities	57,205	11,812	(37,534)	28,878	49,024	14,721	(1,492)	24,703	(15,320)	11,279	34,299	515,360
Cash flows from investing activities	(6,243)	(11,294)	(19,020)	(11,230)	(5,860)	(2,558)	(6,318)	(4,201)	(5,768)	(4,162)	(2,191)	(56,243)
Cash flows from financing activities	(27,071)	4,928	36,761	(11,512)	(27,479)	(2,846)	(3,823)	(29,302)	21,534	(9,468)	(22,250)	(243,883)
Capital expenditures	7,843	7,985	24,089	14,429	8,256	6,352	6,659	4,574	6,450	7,347	3,613	70,658
R&D expenses	21,506	21,525	22,825	20,837	17,794	15,166	13,972	12,274	12,685	13,889	12,130	193,748

	Yen											U.S. dollars
<b>Per Share of Capital Stock:</b>												
Net income (loss)	¥ 325.21	¥ 107.37	¥ 387.10	¥ 608.62	¥ 511.96	¥ 396.75	¥ 51.07	¥ 22.83	¥ (47.75)	¥ 19.54	¥ 108.21	\$ 2.93
Net income — diluted	308.17	101.47	370.66	—	—	—	—	—	—	—	—	2.78
Cash dividends	90.00	30.00	97.00	110.00	87.00	60.00	7.00	3.00	—	5.00	5.00	0.81
Net assets	4,475.17	3,727.10	3,838.90	3,661.96	3,040.79	2,533.41	467.13	364.23	321.24	379.44	367.00	40.32

	Millions of yen											Thousands of U.S. dollars
<b>At Year End:</b>												
Total assets	¥ 382,632	¥ 347,965	¥ 380,916	¥ 365,874	¥ 300,660	¥ 270,094	¥ 249,517	¥ 232,376	¥ 232,390	¥ 245,382	¥ 253,127	\$ 3,447,135
Return on total assets (%)	4.2%	1.4%	4.8%	8.6%	8.5%	7.2%	5.0%	2.3%	-4.8%	1.9%	10.9%	
Current assets	¥ 252,887	¥ 238,543	¥ 263,265	¥ 254,756	¥ 215,159	¥ 188,522	¥ 160,367	¥ 157,327	¥ 161,614	¥ 177,543	¥ 183,523	\$ 2,278,261
Net property, plant and equipment	57,055	60,894	61,398	48,973	41,758	43,378	42,606	40,711	39,902	38,669	40,699	514,009
Current liabilities	120,868	136,879	160,852	175,509	135,576	120,857	92,750	114,367	120,014	123,223	148,132	1,088,901
Long-term debt	40,067	30,205	33,848	5,227	10,907	18,986	32,666	21,943	29,642	25,988	10,634	360,964
Equity	208,380	173,942	179,116	170,839	142,805	119,650	110,865	86,448	76,248	90,069	87,118	1,877,297
Equity ratio (%)	54.5%	50.0%	47.0%	46.7%	47.5%	44.3%	44.4%	37.2%	32.8%	36.7%	34.4%	
Return on equity (%)	7.9%	2.8%	10.3%	18.2%	18.4%	16.3%	12.3%	6.7%	-14.2%	5.2%	33.9%	
Capital stock	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	\$ 486,892
Retained earnings	144,670	130,908	130,274	117,359	92,937	71,602	54,448	41,824	36,405	55,440	26,418	1,303,333

Number of shares issued (in thousands)	50,795	50,795	50,795	50,795	50,795	50,795	253,974	253,974	253,974	253,974	253,974	
Number of employees	5,982	6,074	6,099	5,835	5,422	5,182	5,082	4,968	4,955	4,890	4,732	

Key Environmental Indicators												
CO <sub>2</sub> emissions (metric tons CO <sub>2</sub> e)	50,670	54,794	50,566	54,776	53,357	52,523	52,625	53,810	48,600	37,858	31,312	
Water withdrawal (Thousands m <sup>3</sup> )	2,046	2,087	2,102	2,063	2,034	2,021	1,840	2,034	2,151	2,113	2,084	
Waste generated (metric tons)	2,586	2,304	2,765	2,696	2,064	1,848	2,048	1,893	1,744	1,806	1,794	

Notes: 1. Dollar figures are translated, for convenience only, at the rate of ¥111 to US\$1.00.

2. Net income (loss) per share of capital stock is calculated based on the weighted average number of shares outstanding during each term, excluding the Company's treasury stock. Fully diluted net income per share of capital stock is not shown for the years that net losses were recorded or no dilutive stock existed. Net assets per share of capital stock is calculated based on the fiscal year-end total number of shares outstanding, excluding the Company's treasury stock.

3. Return on total assets and return on equity are calculated on the basis of average total assets and average equity, respectively, at the current and previous fiscal year-ends.

4. Effective from the fiscal year ended March 31, 2014, as for main unit sales in the SPE and the FT, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

5. The Company implemented a one-for-five consolidation of its common stock on October 1, 2016. Net income per share of capital stock, cash dividends per share of capital stock, net assets per share of capital stock and number of shares issued are calculated based on the assumption that the consolidation of shares had been implemented at the beginning of the fiscal year ended March 31, 2016.

6. The Company introduced a performance-linked share compensation system for directors and corporate officers. The SCREEN Holdings shares remaining in trust are recorded as treasury stock under shareholders' equity and are deducted from the number of shares outstanding as of the fiscal year end for the purpose of calculating net assets per share of capital stock (192 thousand shares as of March 31, 2021 and 88 thousand shares as of March 31, 2020) and are deducted from the weighted average number of shares outstanding during the year for the purpose of calculating net income per share of capital stock (126 thousand shares for the year ended March 31, 2021 and 91 thousand shares for the year ended March 31, 2020).

# Basic Information

## Corporate Profile (As of July 1, 2021)

Company Name: SCREEN Holdings Co., Ltd.	Capital: ¥54.0 billion
Established: October 11, 1943	Number of Employees: 5,982 employees (consolidated; as of March 31, 2021)
Representative: Eiji Kakiuchi, Chairman Toshio Hiroe, President and CEO	Main Sites: Head Office, Rakusai (WHITE CANVAS RAKUSAI), Kumiyama, Yasu, Hikone, Taga, Monzennakacho (WHITE CANVAS MON-NAKA)

## Consolidated Companies (As of March 31, 2021)

57 companies (Japan: 27 companies / Overseas: 30 companies)

**Domestic**

SCREEN Semiconductor Solutions Co., Ltd. / SCREEN SPE Tech Co., Ltd. / SCREEN SPE Service Co., Ltd. / SCREEN SPE Quartz Co., Ltd. / SCREEN SPE Works Co., Ltd. / SCREEN SPE SSERC Co., Ltd. / SCREEN Graphic Solutions Co., Ltd. / SCREEN GP Japan Co., Ltd. / SCREEN GP Service Japan East Co., Ltd. / SCREEN GP Service Japan West Co., Ltd. / SCREEN Finetech Solutions Co., Ltd. / FEBACS Co., Ltd. / SCREEN Laminotech Co., Ltd. / EMD Corporation / SCREEN PE Solutions Co., Ltd. / SCREEN PE Engineering Co., Ltd. / SCREEN Advanced System Solutions Co., Ltd. / SCREEN IP Solutions Co., Ltd. / SCREEN Business Expert Co., Ltd.

**Overseas**

- North America  
SCREEN SPE USA, LLC / SCREEN GP Americas, LLC / Silicon Light Machines Corp.
- Europe  
SCREEN SPE Germany GmbH / Laser Systems & Solutions of Europe SASU / Inca Digital Printers Ltd. / SCREEN GP IJC Ltd. / SCREEN GP Europe B.V.
- Asia & Oceania  
SCREEN SPE Korea Co., Ltd. / SCREEN Electronics Sha Co., Ltd. / SCREEN SPE Taiwan Co., Ltd. / SCREEN SPE Singapore PTE. Ltd. / SCREEN HD Korea Co., Ltd. / SCREEN GP China Co., Ltd. / SCREEN GP Shanghai Co., Ltd. / SCREEN GP Hangzhou Co., Ltd. / SCREEN GP Taiwan Co., Ltd. / SCREEN Holdings Singapore PTE. Ltd. / SCREEN GP Australia PTY., Ltd. / SCREEN Finetech Solutions Shanghai Co., Ltd. / SCREEN FT Changshu Co., Ltd. / SCREEN FT Taiwan Co., Ltd. / Trivis Co., Ltd.

15 other companies

## Stock Information (As of March 31, 2021)

**Stock Information**

Authorized Number of Shares:	180,000,000
Number of Shares Issued:	50,794,866
Number of Shareholders:	15,306
Number of Shares Held by Non-Japanese Companies and Individuals:	11,432,229 (22.50%)
Stock Listings:	Tokyo Stock Exchange
Code Number:	7735

**Major Shareholders**

	Number of shares (thousands)	Percentage of total shares issued (excluding treasury stock, %)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,861	16.81
Custody Bank of Japan, Ltd. (Trust Account)	4,664	9.98
Nippon Life Insurance Company	1,830	3.92
The Bank of Kyoto, Ltd.	1,346	2.88
THE BANK OF NEW YORK MELLON 140044	977	2.09
SCREEN's Business Partners Shareholders' Association Synchronize	975	2.09
Resona Bank, Limited	912	1.95
The Shiga Bank, Ltd.	848	1.81
MUFG Bank, Ltd.	784	1.68
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	655	1.40

Note: SCREEN Holdings holds 4,039,250 shares of treasury stock (percentage of total number of shares outstanding: 7.95%) but is excluded from the list of major shareholders.

**Bank References**

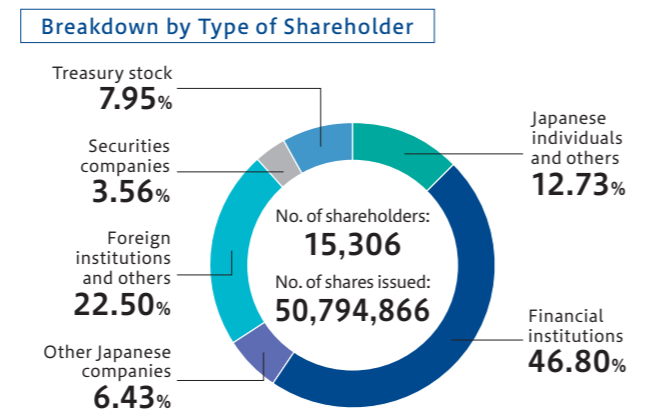
MUFG Bank, Ltd. / Resona Bank, Limited / The Bank of Kyoto, Ltd. / The Shiga Bank, Ltd. / Development Bank of Japan Inc.

**Underwriter**

Nomura Securities Co., Ltd.

**Sub-Underwriters**

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. / Daiwa Securities Co. Ltd.



## External Assessments

### Credit Rating Information

Rating organization: Japan Credit Rating Agency, Ltd. (JCR)  
Credit rating: BBB+  
Positive  
(changed from "stable" on March 23, 2021)

### Evaluation

SCREEN Holdings Co., Ltd. is a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index, the SOMPO Sustainability Index (formerly SNAM Sustainability Index), and the JPX-Nikkei Index 400. Since 2018 it has been named to the Certified Health & Productivity Management Outstanding Organizations Recognition Program of Japan's METI, and in 2021 it was recertified for the White 500.



FTSE4Good  
Since 2004



FTSE Blossom Japan  
Since 2017



2021 Somo Sustainability Index  
Since 2018



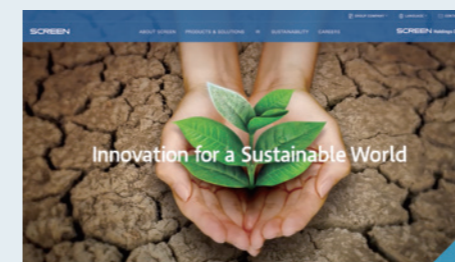
JPX-NIKKEI 400  
Since 2016



2021 (recertified)  
健康経営優良法人  
Health and productivity  
ホワイト500

## Website

SCREEN Holdings official website



www.screen.co.jp/en

### Investor Relations

- Annual Report
- Fact Book
- Sustainability Data Book
- GRI Content Index
- IR Library
- Financial Reports, Presentations, etc.
- IR News
- IR Calendar



www.screen.co.jp/en/ir

### Sustainability

- Annual Report
- Sustainability Data Book
- GRI Content Index
- ISO Certification Status
- Approach to Sustainability
- Environment / Society / Governance



www.screen.co.jp/en/sustainability

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[www.screen.co.jp/en/contact/ir](http://www.screen.co.jp/en/contact/ir)

