

Last Update: July 12, 2022

Company Name: V Technology Co., Ltd.  
 Representative: Shigeto Sugimoto, President, and CEO  
 Person to Contact: Jin Iino, Manager, General Affairs Dept  
 Securities Code: 7717  
 Phone: +81-45-338-1980

## 【Corporate Governance Report】

The Status of the Company's corporate governance is as follows.

### I Basic Policy on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

#### 1. Basic Approach

The company pursues the expansion of profits over the medium to long term through strategic initiatives and proactive management activities and contributes to society by creating innovation through their business. The company aims to continue the enterprise and increases the corporate value, and the company believes that it is essential to establish an organizational system by enhancing corporate governance and building good relationships by sharing cooperation, trust, and expectations with stakeholders such as shareholders, investors, customers, and their employees.

1. Establishment of a flat and flexible management organization system that enables prompt decision-making.
2. Rapid and accurate information gathering ability, creative technology development ability, and aggressive boldness of cost competitiveness.
3. Compliance with laws and regulations, articles of incorporation and company rules.
4. Promote dialogues and timely, appropriate information disclosures.

The company strives to have more transparent company management with full of ambition, and a sense of speed.

#### **【Reason for not implementing the Principles of the Corporate Governance Code】 [Updated]**

The Company has implemented all of the above in accordance with the Corporate Governance Code.

#### **【Disclosure Based on the Principles of the Corporate Governance Code】 [Updated]**

##### ◆ **Principle 1-4: Cross-held Shares**

The company has a basic policy of not owning Cross-held Shares and, does not own any of them.

##### ◆ **Principle 1-7: Related Party Transactions**

When conducting related party transactions, the relevant directors are required to report in writing to the Board of Directors in advance.

Then, the Board of Directors, after excluding the relevant director from the quorum, resolves on the merits of the transaction.

When a transaction is implemented, the relevant director reports to the Board of Directors on a regular basis, and the Board of Corporate Auditors conducts audits as necessary.

##### ◆ **Supplementary Principle 2-3①**

The Company has identified three material issues related to sustainability (materiality) as themes that it should be aware of throughout its corporate activities, based on its basic policy (Supplemental Principle 4-2②) that sets forth its initiatives related to sustainability.

The Company regards all material issues as business opportunities and is currently engaged in the following activities.

#### • **Environment and Resources**

The Company will conduct business activities in consideration of the global environment and the efficient use of limited resources, taking into account climate change risks and opportunities. The Company is developing energy-saving equipment and exploring business models for a decarbonized society.

One specific example is the development of yield improvement technology and the establishment of a company to deliver salvage services.

The Company's entry into the agricultural sector is also a business model that solves issues related to water, which is an important resource in the agricultural sector, and the bearers of this resource.

#### • **The company's social contribution activities**

The Company supports sports promotion activities and educational activities that contributes to the sound growth of young people. Currently, The company is also supporting the activities of the All Japan Judo Federation to contribute to local sports promotion activities.

The company has established a women's judo club as an active support for women to play active roles in society, and are hiring them as athlete employees.

The Company also supports the Consortium for Education and Research in Advanced Laser Science (Coral), where their employees give classes and conducts experiments on cutting-edge laser technologies.

#### • **Employees**

The Company provides an internal environment in which employees, who are the important foundation of their business, can exercise their abilities. The company applies a staggered workday system of up to one hour. The company also manage their employees to take paid leave as early as possible within 10 months of grant.

The Company most recently introduced PCR testing for all employees, including temporary employees, and a telecommuting system in response to the spread of the new coronavirus infection. In response to the spread of the new coronavirus, the Company continues to consider a telecommuting system for all employees, including temporary employees.

The Company will also continue to identify and address important issues by referring to the social situation, including the recommendations of TCFD.

#### ◆ **Supplementary Principle 2-4①**

The Company conducts its corporate activities based on the concept of ensuring diversity, which is to fairly evaluate the abilities and knowledge of individuals, including those of overseas subsidiaries, and to promote them to management positions regardless of gender, nationality, or recruitment route.

The Company has a background (corporate culture) of accepting and growing a variety of people since its establishment. As a result, the percentage of mid-career hires who are promoted to management positions is currently over 95%, which is extremely high. In addition, The company has promoted people to executive officers as appropriate, depending on their abilities. The company has also been actively promoting women and non-Japanese to management positions, depending on their qualifications and abilities.

The Company has recently set a target of about 30% of non-Japanese employees in management positions in the 2030s (currently about 25%), taking into account the fact that the Company is currently expanding its business mainly in Asian countries. The company will continue to actively promote women to management positions. Since the rate of mid-career hires to management positions is at a high level, the company has not set a specific numerical target for the 2030s but maintain the status quo.

The Company is also working on the improvement of the work environment in parallel with the development of diverse human resources. The Company is working to create an environment that places the highest priority on the health and safety of its employees by ensuring that 100% of employees receive compensatory days off for working on holidays and that paid vacations are taken as soon as possible (within 10 months of being granted).

#### ◆ **Principle 2-6: Asset Owner**

The company has introduced a defined contribution individual pension plan (401K), has employees know the necessary information, and hold briefings on the investment plan regularly.

◆ **Principle 3-1: Enhancement of Information Disclosure**

***(i) Company values, management philosophy, and management strategies and plans formulated based on these values***

*The company has the following management principles.*

“Contributing to society with fervor and great ambition, through our world-class innovative manufacturing solutions”

The management philosophy is also disclosed on the company’s website.

<https://www.vtec.co.jp/en/corporate/philosophy.html>

The company appropriately discloses Company's management plan (outlook for business performance) for the current fiscal year in the Summary of Financial Results.

The company is also working to enhance information disclosure, such as disclosing information on financial results briefings for institutional investors and presentation materials at the general shareholders' meeting on their website immediately after the event.

***(ii) Basic policy regarding corporate governance.***

Described above item “1. Basic Approach” of “I. Basic Approach to Corporate Governance” in this Corporate Governance Report.

***(iii) Regarding the policies and procedures for determining the compensation of executives and directors of the company, they will consider the balance with company’s profit, capital policy, and measures such as shareholder return.***

Remuneration is determined based on the balance between the Company's earnings, capital policy and measures for shareholder return. For details, please refer to “II Corporate Governance Structure for Management Administration About Management Decision-making, Execution, and Supervision, and Others” below.

***(iv) Basic approach to selection and dismissal (basic policy, factors to consider, etc.), and process for decision making.***

**<Policy>**

**Senior management and directors:** The Company's basic policy is to have knowledge, experience, ability, and multiple perspectives commensurate with their responsibilities. For Directors in particular, they place importance on their overall management capabilities, including (1) leadership to strongly promote the business, (2) a deep understanding of the business environment surrounding the Company, and (3) strengths and challenges.

**Corporate Auditors:** The Company's basic policy is to emphasize the balance of business experience and knowledge based on an understanding of accounting and finance at the Company and other companies, as well as qualities that ensure independence from business execution personnel.

The Company's basic policy on dismissal is to use the following as criteria for deliberation: (1) in the event of an act against public order and morals, (2) in the event that the continuation of duties becomes difficult due to health reasons, (3) in the event that corporate value is significantly impaired by neglect of duties, and (4) in the event that it becomes clear that the qualifications specified in the requirements at the time of appointment are not recognized.

**<Procedure>**

**Senior management:** Based on the proposal of the Representative Director, the Board of Directors shall make the appointment.

**Directors and Corporate Auditors:** Based on the proposal of the Board of Directors, the Board of Directors will submit each candidate to the General Meeting of Shareholders after deliberation by the voluntary Nomination and Compensation Committee.

**Dismissal:** In the event of a conflict with the above criteria, the Board of Directors will make a decision on dismissal after deliberation by the voluntary Nomination and Compensation Committee, based on a proposal by the Board of Directors in consideration of the importance of the relevant person to the Company.

***(v) Reasons for such election/dismissal/nomination, expected roles, etc.***

The reasons for the nomination of candidates for Directors and Corporate Auditors of the Company, whether internal or external, are disclosed in the notice of convocation of the General Meeting of Shareholders.

In addition, the Company believes that the election and dismissal of senior management will be explained as necessary to the extent appropriate.

### ◆ **Supplementary Principle: 3-1③**

In accordance with the management philosophy, the Company focuses on management to achieve sustainable business growth by working to utilize human capital, intellectual property and climate related issues as follows.

#### ***Human capital:***

To support a variety of work styles, the company allows their employees to stagger their work hours by up to one hour. In addition, in response to the recent outbreak of the new coronavirus, the company has introduced a telecommuting system (July 2020). The company considers the health and safety of their employees to be their top priority, and the company is taking measures with a sense of speed in terms of human capital, such as introducing telecommuting for all employees on an experimental basis in March 2020.

#### ***Intellectual property:***

The company has always focused on research and development, but as mentioned above, in recent years the company has been placing particular emphasis on the field of sustainability. The ratio of R&D to sales was 4.15% in the most recent fiscal year, the 25th.

#### ***Climate-related risks and opportunities:***

The Company establishes a system of governance and risk management, identifies risks and opportunities, and discloses countermeasures (strategies), targets, and indicators for management when significant events are identified, referring to the TCFD framework and other relevant standards.

#### **1. Governance Structure and Role of Management**

The Board of Directors manages and supervises climate-related risks and opportunities based on reports from the President and Chief Executive Officer and others.

In addition, the President and Chief Executive Officer attends each division meeting to receive reports and other information on climate change-related risks and opportunities from those responsible for each division and scrutinize them.

#### **2. Risk Management System and Processes**

The Company recognizes climate change as one of the external risks stipulated in the "Basic Rules for Risk Management" and positions it as a risk to be addressed by the entire company.

Based on reports on climate-related risk opportunities reported to the Board of Directors and Headquarters meetings, the company will scrutinize, manage, and supervise them as appropriate, and work to enhance the process for assessing climate-related risks.

#### **3. Development of decarbonization technology**

The Company is working to reduce energy consumption in manufacturing equipment through the application of LED light sources in exposure systems, etc., and to develop technologies to improve the energy efficiency of customers' manufacturing devices through the development of annealing technologies.

#### **4. The Challenge of Low-Environmental-Impact Agriculture**

Aiming to diversify through solving domestic and international agricultural issues, the company is working on agricultural productions using environmentally friendly farming methods that can significantly reduce pesticides and water consumption compared to conventional farming methods.

### ◆ **Supplementary Principle: 4-1①**

The Company has introduced an executive officer system to clarify the roles and responsibilities of directors and executive officers in order to strengthen corporate governance.

The Company has established "Regulations of the Board of Directors" and "Regulations of Duties and Authorities" to clearly define matters to be submitted to the Board of Directors. As the Company places importance on speed, business decisions are made by resolution of the Executive Officer in charge and the President and CEO.

On the other hand, the Company considers particularly important matters and managerial decisions to be matters for resolution by the Board of Directors, which, together with the supervision of business execution, are the duties of the Board of Directors. The duties of executive officers are to fulfill their roles as persons responsible for the execution of their assigned duties.

### ◆ **Supplementary Principle: 4-1③**

The succession plan for the CEO, etc. is based on the Company's management philosophy and specific management strategies as well as the skill matrix defined in accordance with Supplementary Principle 4-1①, and is managed by the Board of Directors after consultation with the Nomination and Compensation Committee.

The Nomination and Compensation Committee is chaired and majority of its members are independent outside directors, and has established a highly transparent and fair system for nominating successors. This process is reviewed as necessary in response to changes in the business environment surrounding the Company.

The development of successors with sufficient time and resources will also be reported to the Board of Directors and proceed as appropriate.

#### ◆ Supplementary Principle: 4-2②

The Company believes that it is important for a company to fulfill their social responsibilities so that the company can coexist with society and the Earth and achieve sustainable development. The company has established the following basic policies for their sustainability initiatives based on their management philosophy, management policies, corporate action guidelines, and employee action guidelines.

##### • **Contribute to society and the Earth through the creation of the world's best innovations.**

The company will not only address global environmental issues through the business, but also participate in and contribute to the local community through their sponsorship. In order to make various contributions, the company will continue to take on the challenge of innovation in new technologies and businesses.

##### • **Compliance with laws and regulations in economic activities**

The company complies with domestic and international laws and regulations, and conduct their business activities in a sensible manner. In order to conduct fair transactions. The company respects free competition in the market and strive to maintain a fair and equal position with their stakeholders.

##### • **Respect for human rights and various values**

The company will respect the diverse values, individuality, and privacy of their employees and other related individuals. In addition, as a company engaged in global corporate activities, mainly in Asia. The company strives for mutual understanding, taking into consideration not only individual values but also the culture and customs of each country and region.

In addition, each department is responsible for the implementation status and effects of various strategies related to human capital and intellectual property, and reports to the Board of Directors as appropriate.

#### ◆ Principle 4-9: Independence Judgment Criteria and Qualifications of Independent Outside Directors

The Company designates as independent outside directors those outside directors of the Company who do not meet any of the following conditions.

In principle, the Company will notify the Tokyo Stock Exchange of the independent directors and will file a notification with the Exchange with the consent of the individual.

##### • **Criteria for determining independence**

The Company shall designate as independent outside directors those outside directors of the Company who do not fall under any of the following conditions.

① A person who has the Company as a major business partner or a person who executes the business of the Company (payment of 2% or more of annual consolidated total sales)

② The Company's major business partners or their business executors (payment of 2% or more of the annual consolidated total sales)

③ Consultants, accounting experts, or legal experts who receive a large amount of money (payment of 10 million yen in the case of an individual, or 2% or more of annual gross sales and ordinary income in the case of a corporation on average for the past three fiscal years) or other assets from the Company other than compensation for their services as directors. In the event that the person obtaining such assets is a corporation, partnership or other organization, the person shall be a member of such organization.

④ Accounting auditor of the Company or its subsidiary or its employee

⑤ Directors, corporate auditors, accounting advisors, executive officers, corporate officers, managers, or any other employees of financial institutions or any other major creditors essential to the procurement of funds, or their parent companies or important subsidiaries

⑥ Those falling under ① to ⑤ for the past five years

⑦ Spouse or relatives within the second degree of relationship falling under ① to ⑥.

In addition, The same criteria are used to determine the independence of outside auditors.

#### ◆ Supplementary Principle: 4-10①

The Company established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors in February 2021.

For details, please refer to "1. Matters Concerning Institutional Structure and Organizational Operations" in "II Corporate Governance Structure for Management Administration About Management Decision-making, Execution, and Supervision, and Others.

◆ **Supplementary Principle: 4-11①**

The Company believes that it is important for the Board of Directors to fulfill its responsibilities to have each director, both inside and outside the Company, who has diverse experience, knowledge, expertise and insight, to share and scrutinize opinions from various perspectives.

In addition to the details described in Principle 3-1 regarding policies and procedures for the election of directors, the company will consider the combination of the skills currently possessed by each director.

The company believes that the current composition of the Board of Directors is an appropriate size that allows for substantive discussions to be held in a compact manner, while at the same time generally ensuring diversity.

For details of the skill matrix of the Company's Board of Directors, please refer to the table attached to " V. Others", "2. Other Matters Concerning Corporate Governance System, etc."

◆ **Supplementary Principle: 4-11②**

When an officer of the Company wishes to serve concurrently as a director or corporate auditor of another listed company, the Board of Directors confirms and deliberates whether or not the officer can adequately fulfill his/her role and responsibility as a director or corporate auditor of the Company, and then decides whether or not the officer can serve concurrently.

In addition, when making a resolution, the relevant officer is excluded from the quorum.

The status of concurrent positions is disclosed annually in the notice of convocation of the General Meeting of Shareholders and in the Annual Securities Report.

◆ **Supplementary Principle: 4-11③**

The Company evaluates and analyzes the effectiveness of the Board of Directors every year through self-assessment, using the fiscal year as the evaluation period. There are three main items: "size and composition of the Board of Directors," "evaluation of the content of deliberations," and "future issues. These three items are observed on a regular basis, and the evaluation and analysis items are added as necessary according to internal and external topics during the year. The results of this year's evaluation and analysis are as follows.

▪ **Size and composition of the Board of Directors**

*It is commendable that the Board of Directors' meetings and other meetings were held and operated normally as in the past year, despite the spread of the coronavirus.*

▪ **Evaluation of the content of deliberations**

*The agenda is properly managed, and generally, each board member asks questions or expresses his/her opinion on important matters.*

▪ **Issue**

*Accelerate efforts to address issues surrounding sustainability.*

◆ **Supplementary Principle: 4-14②**

The Company proactively supports directors and corporate auditors in their efforts to acquire knowledge through seminars and study sessions.

As a general rule, the company makes it a rule to participate in seminars and study sessions at least once a year.

The Company provides appropriate guidance to deepen their understanding of current knowledge, focusing on laws and regulations related to the Companies Act and corporate governance, in order to fulfill the roles and legal responsibilities required of directors and corporate auditors..

The cost of participation in seminars and study sessions is borne by the Company.

◆ **Principle: 5-1 Policy on Constructive Dialogue with Shareholders**

For details on the Constructive Dialogue with Shareholders, please refer to this corporate governance report, "1. IR activities" on "2. Other Matters Concerning Corporate Governance System" in "V Other"

## 2. Capital Structure

The Ratio of the Number of Shares Held by Foreigners	10% or more and less than 20%
--	-------------------------------

### **[Major Shareholders]** **[Updated]**

Name	Number of shares held	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,215,600	12.40
Shigeto Sugimoto	1,174,600	11.98
Japan Custody Bank, Ltd. (Trust Account)	650,100	6.63
MOROFUJI CO.,LTD.	128,600	1.31
JP MORGAN CHACE BANK 385781	108,171	1.10
GOLDMAN SACHS INTERNATIONAL	80,180	0.81
Mitsubishi UFJ Morgan Stanley Securities	75,110	0.76
SSBTC CLIENT OMNIBUS ACCOUNT	73,600	0.75
THE BANK OF NEW YORK MELLON 140044	68,500	0.69
Stock holding of V Technology employees	63,700	0.64

Existence of Controlling Shareholder (excluding parent company)	—
Existence of Parent Company	None

### Supplementary Explanation **[Updated]**

The above information is current as of Marc 31, 2022.

## 3. Corporate Data

Stock Exchange and Marketplace Section	Tokyo Stock Exchange, Prime section
Accounting Period	March
Type of Industry	Precision Equipment
Number of Employees at the Most Recent Fiscal Year-End (Consolidated):	500 or more and less than 1000
Consolidated Net Sales for the Most Recent Fiscal Year:	More than 10 billion yen and less than 100 billion yen
Number of Consolidated Subsidiaries at the Most Recent Fiscal Year-End:	10 or more and less than 50

## 4. Guidelines on Measures to Protect Minority Shareholders When Dealing with Controlling Shareholders

## 5. Other Special Circumstances that May Materially Affect Corporate Governance



## II Corporate Governance Structure for Management Administration About Management Decision-making, Execution, and Supervision, and Others

### 1. Matters Concerning Institutional Structure and Organizational Operations

Organization Form	Company with Auditors
-------------------	-----------------------

#### [Director]

Maximum Number of Directors Stipulated in the Articles of Incorporation:	10
Terms of Office Specified in the Articles of Incorporation:	Two years
Chairperson of the Board of Directors:	President
Number of Directors:	5
Outside Directors appointed:	Appointed
Number of Outside Directors:	2
Number of Outside Directors Designated as Independent Directors:	2

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
<b>Junji Kido</b>	Scholar								○			
<b>Hideto Nishimura</b>	From another company											

\* Categories for "Relationship with the Company"

“□” when the Director presently falls or has recently fallen under the category;

“□” when the Director fell under the category in the past;

“□” when a close relative of the Director presently falls or has recently fallen under the category;

“□” when a close relative of the Director fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary of the Company
- d. Party whose major business partner is the Company or an executive thereof
- e. Major business partner of the Company or an executive thereof
- f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- h. Executive of a business partner of the Company (which does not correspond to any of d., e., or f.) (the Director himself / herself only)
- i. Executive of a corporation to which outside officers are mutually appointed (the Director himself / herself only)
- j. Executive of a corporation that receives a donation from the Company (the Director himself / herself only)
- k. Other

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
<p><b>Junji Kido</b></p>	<p>○</p>	<p>The company group has commissioned part of the company's research and development to Kido Lab at Yamagata University. The company's overall outsourcing expenses paid to Yamagata University as the required expenses for conducting this research are 20 million yen on average annually over the past three years.</p> <p>This amount is 0.04% of the ordinary income (43,453 million yen) of Yamagata University, a national university corporation, for the fiscal year 2020, which is extremely small.</p>	<p>He successfully developed the first white OLED in 1993 and has extensive experience and insight in OLED displays and a proven track record as a corporate executive. Based on his past record of providing appropriate advice and recommendations as an outside director, the company has determined that he is qualified to serve as an outside director.</p> <p>The Company has elected him, anticipating that he will be able to carry out his duties, such as providing advice and recommendations, based on his abundant experience and insight on OLED displays and his track record as a corporate manager. Although there are transactions as described on the left, the amounts are extremely small. Therefore, the Company has determined that there is no conflict of interest with general shareholders and that he has sufficient independence..</p>
<p><b>Hideto Nishimura</b></p>	<p>○</p>	<p>—</p>	<p>The Company highly evaluates his career as a management consultant and his track record of providing appropriate advice and recommendations as an outside director from an objective perspective based on his many years of experience and insight in formulating management strategies in the business world, and has determined that he is suitable for the position of outside director.</p> <p>The Company also expects him to carry out his duties such as providing advice and recommendations based on his extensive experience and track record in corporate management, and has appointed him as such.</p>

Voluntary Establishment of Committee(s)  
Equivalent to Nominating Committee or  
Remuneration Committee

Yes

Status of establishment of voluntary committees, composition of members, and attributes of the chair (chairperson).

	Name of Committee	Number of						Chairman
		Total members	Full time members	Company directors	Outside directors	Outside experts	others	
A voluntary committee equivalent to a nominating committee	Nomination and Compensation Committee	3	0	1	2	0	0	Outside director
A Voluntary committees equivalent to a Compensation Committee	Same as above	3	0	1	2	0	0	Outside director

#### Supplementary Explanation

In February 2021, the Company established a voluntary Nomination and Compensation Committee consisting of one representative director and two independent outside directors in order to strengthen the independence and objectivity of the Board of Directors' functions and further enhance corporate governance.

The committee performs the functions of both the Nomination Committee and the Compensation Committee of a company with a nomination committee, etc. under the Japanese Companies Act.

In response to the advice of the Board of Directors, the Committee mainly deliberates on (1) matters related to the election and dismissal of Directors, (2) matters related to policies and procedures for Directors' remuneration, (3) matters related to the content and system design of Directors' remuneration, and (4) other matters deemed necessary by the Board of Directors, and reports to or makes decisions for the Board of Directors.

The independence of the Committee is ensured by having the Chairperson and the majority of its members be independent outside directors. The status of the Committee's activities is as stated in the Annual Securities Report.

#### **[Audit & Supervisory Board Member]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Member Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Member	4

Cooperation among Audit & Supervisory Board Member, Financial Auditor and Internal Audit Department

The Corporate Auditors meet regularly with the Accounting Auditors, and the company receives reports from Accounting Auditors on the progress of accounting audits and audit results, including internal control.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Numbers of Outside Audit & Supervisory Board Member	2
Number of Independent Officers Designated	2

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Nobukazu Okura	From another company														
Kenichi Uda	From another company														

\* Categories for “Relationship with the Company”

“○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

“△” when the Audit & Supervisory Board Member fell under the category in the past;

“●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category

“▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiary
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & Supervisory Board Member of a parent company of the Company
- e. Executive of a fellow subsidiary of the Company
- f. Party whose major business partner is the Company or an executive thereof
- g. Major business partner of the Company or an executive thereof
- h. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j. Executive of a business partner of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a corporation to which outside officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Other

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
<b>Nobukazu Okura</b>	○	—	<p>He has extensive experience and achievements as a corporate manager and has conducted objective and neutral audits from a broad perspective. Based on his track record of providing advice and recommendations to ensure the appropriateness of decision-making at meetings of the Board of Directors and the Board of Corporate Auditors, the Company has determined that he is qualified to serve as an outside corporate auditor.</p> <p>He has served as a corporate auditor of the Company since 2011 and has sufficient insight into the Company's business operations. The Company expects his high level of insight, appropriate advice and recommendations regarding management, and has elected him for this position.</p>
<b>Kenichi Uda</b>	○	—	<p>He has a high degree of insight into finance and accounting, conducts audits from an objective and neutral standpoint, and has provided appropriate advice and recommendations as an outside corporate auditor at meetings of the Board of Directors and the Board of Corporate Auditors, and based on his track record, he is deemed suitable as an outside corporate auditor.</p> <p>The Company expects that he will continue to perform his duties, focusing on providing advice and recommendations to ensure the appropriateness of business execution, based on his high degree of expertise and extensive experience in corporate finance and accounting.</p>

### **[Independent Officers]**

Number of Independent Officers

4

Matters relating to Independent Officers

### **[Incentives]**

Implementation of Measures to Provide Incentives to Directors

Others

Supplementary Explanation

The Company has introduced a stock-based compensation plan (stock delivery trust) by resolution of the 23rd Ordinary General Meeting of Shareholders held on June 25, 2020.

The purpose and details of the introduction are described in below item “Remuneration for Directors”

Recipients of Stock Options

-----

Supplementary Explanation

-----

### **[Remuneration for Directors]**

Disclosure Status of Individual Remuneration for Directors

The company has not disclosed details of individual remuneration.

Supplementary Explanation **[Updated]**

#### **Actual results for fiscal 2021**

Director: Total of 244 million yen / 3 Directors

Auditors: Total of 16million yen / 2 Auditors

Outside Officers: Total of 37 million yen / 4Officers

Existence of Policy for Determining Amount and Calculation Method of Remuneration

Yes

Disclosed Details of Policy for Determining Amount and Calculation Method of Remuneration

The Company's basic policy is to set up a remuneration system for Directors linked to shareholders' interests to function well as an incentive for the sustainable enhancement of corporate value and to set appropriate remuneration levels for each Director based on their respective responsibilities.

Specifically, remuneration for internal directors in charge of business execution functions consists of basic remuneration as fixed remuneration and stock-based remuneration as non-monetary remuneration. In contrast, outside directors in charge of supervisory functions receive only basic remuneration in consideration of their duties.

Remuneration, etc., for corporate auditors, is determined through discussions among the corporate auditors, within the scope of the total amount of remuneration resolved at the General Meeting of Shareholders, considering whether they are full-time or part-time, and the status of their duties.

#### **A. Basic remuneration Policy on basic remuneration**

The basic remuneration for directors of the Company is a fixed monthly remuneration. The Board of Directors decides the remuneration for the current fiscal year in June, taking into account the level of other companies and business performance following the position, responsibilities, and years in office.

The basic remuneration for outside directors is a fixed, predetermined amount. The Board of Directors revises the basic remuneration in June of the current fiscal year and pays it as cash remuneration monthly.

The maximum amount of remuneration for Directors is 500 million yen per year (including up to 40 million yen per year for Outside Directors) under the resolution of the 20th Ordinary General Meeting of Shareholders held on June 27, 2017.

The amount of remuneration, etc., for Directors, does not include the salary for directors who also serve as employees.

The maximum amount of remuneration for corporate auditors is 50 million yen per year, as per the resolution of the 20th Ordinary General Meeting of Shareholders held on June 27, 2017.

#### **B. Policy on non-monetary remuneration, etc.**

Non-monetary remuneration etc., refers to the stock-based remuneration system introduced for three Directors as per the resolution of the 23rd Ordinary General Meeting of Shareholders held on June 25, 2020.

The Company has introduced this system to clarify further the linkage between the Company's business performance and stock value and the remuneration of Directors and raise awareness of their contribution to improving the Company's business performance and increasing corporate value over the medium to long term.

The Stock Incentive Plan is a stock-based compensation plan under which a trust established by the Company, to which the Company contributes money, acquires shares of the Company and delivers to each Director through the Trust the number of shares of the Company equivalent to the number of points granted by the Company to each Director.

In principle, the Company has set the time when the Directors receive the Company shares at their retirement from office.

The Company grants points to each Director according to his or her position on the point-granting date specified in the share grant regulations during the trust period under the share grant regulations established by the Company's Board of Directors.

Directors are, in principle, entitled to receive delivery of the Company's shares from the Trust in proportion to the number of points granted to them by completing the prescribed procedures for determining beneficiaries at the time of their retirement.

The amount and details of remuneration under this system are as follows.

- a. Eligibility for this program: Directors of the Company (excluding Outside Directors)
- b. Period covered: From the fiscal year ending March 31, 2021, to the fiscal year ending March 31, 2025
- c. Maximum amount of money to be contributed by the Company: 300 million yen in total
- d. Method of acquisition of the Company's shares: Disposal of treasury stock or acquisition from the stock exchange market
- e. Maximum number of points to be granted: 20,000 points per fiscal year
- f. Criteria for awarding points: Points are awarded according to the position, etc.

### **C. Policy on the ratio of remuneration, etc.**

The Company determines the ratio of remuneration for each executive Director based on the remuneration levels benchmarked against companies of a similar business scale or in a related industry or business category to the Company.

The ratio of non-monetary compensation increases with the higher the position. A voluntary Nomination and Compensation Committee reviews the balance.

The Board of Directors (President and CEO who has been delegated by the voluntary Nomination and Compensation Committee in below article D) respects the content of the report of the voluntary Nomination and Compensation Committee. Accordingly, it determines the content of individual remuneration, etc., for each Director within the scope of the ratio of remuneration by type indicated in the report.

The ratio of each type of remuneration, etc., is determined so that non-monetary remuneration will account for 13% to 17% (depending on the position) of total remuneration.

In addition, at the 23rd Ordinary General Meeting of Shareholders held on June 25, 2020, it was decided that the maximum amount of remuneration for Directors as resolved at the 20th Ordinary General Meeting of Shareholders had on June 27, 2017 (up to 500 million yen per year (of which up to 40 million yen per year for Outside Directors)) shall be separate from non-monetary remuneration.

The amount of remuneration, etc., paid to Directors does not include the employee's salary for Directors who also serve as employees.

### **D. Matters concerning the delegation of decisions on remuneration, etc**

The amount of remuneration for each Director is delegated to Shigeto Sugimoto, President & CEO, based on the board of directors' resolution, and his authority is limited to the amount of basic remuneration for each Director.

The reason for delegating this authority to the President and CEO is that he is most familiar with the Company's environment and business conditions.

The Board of Directors consults the voluntary Nomination and Compensation Committee on the draft and obtains its report to ensure that the President and CEO properly exercise the authority.

Stock-based compensation is paid following the Share Delivery Regulations established by the Board of Directors of the Company.

### **[Supporting System for Outside Directors and/or Audit & Supervisory Board Member]**

The Company has not established a dedicated department to assist the outside auditors.

The Company has established a system that enables all members of the Board of Directors to share the materials of the Board of Directors meetings in advance of the meetings for the purpose of gaining a deeper understanding of the deliberations.

## **2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]**

### **Board of Directors**

The Company has five Directors, all of whom are full-time except for the Outside Directors.

The Board of Directors meets once a month, and holds extraordinary meetings as necessary.

The Board of Directors makes decisions on important matters such as auditing, monitoring, nomination, and remuneration in the management of the Company, and the execution of duties by Directors is reported monthly.

The Board of Directors' main roles are to decide important management matters and policies and to supervise the execution of duties. In addition, two outside directors have been appointed as independent directors.



### **Nomination and Compensation Committee**

The Committee, in consultation with the Board of Directors, deliberates mainly on (i) matters related to the election and dismissal of directors, (ii) matters related to policies and procedures for directors' remuneration, (iii) matters related to the content and system design of directors' remuneration, and (iv) other matters deemed necessary by the Board of Directors. The Committee will then report to the Board of Directors or make a decision.

### **Board of Corporate Auditors**

The Corporate Auditors consist of four Corporate Auditors, including one full-time Corporate Auditor and three part-time Corporate Auditors. Two outside auditors have been appointed as independent directors.

Auditors attend all meetings of the Board of Directors and other major meetings as assigned, express their opinions as necessary, interview directors and employees about the status of business operations as needed, and inspect important documents to audit the execution of duties by directors of the Company and its subsidiaries in accordance with the auditing standards and audit plans of auditors. The two corporate auditors have financial experience. The two auditors have experience in finance and have sufficient knowledge of finance and accounting.

### **Internal Auditing System**

The company has established an Internal Auditing Department, which reports directly to President, as the department dedicated to internal auditing. Internal audits are conducted based on the annual audit plan following the internal audit rules that set the audit policy. The results are reported to President and full-time Corporate Auditor.

### **Audit by Accounting Auditor**

The company entered into an audit contract with Deloitte Touche Tohmatsu LLC and received an accounting audit of that audit corporation.

During the year ended March 31, 2021, two certified public accountants, Mr. Seibeï Kyoshima and Mr. Kazuyoshi Kuramoto, performed auditing services for the Company, and a total of 17 certified public accountants and other assistants were engaged in auditing services other than Mr. Seibeï Kyoshima and Mr. Kazuyoshi Kuramoto.

## **3. Reasons for Adoption of Current Corporate Governance System**

To pursue lasting profit and increase corporate value in the FPD (Flat Panel Displays) industry, the company believes it is essential to have a "dynamic and flexible organizational management system" that can cope with changes in the environment and diversification of customer needs. The company has appointed Outside Corporate Auditors who have extensive experience, broad insights, and expertise in each industry, and believes that they can perform the company's supervisory management functions sufficiently by executing their audit duties.

### III Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Energize General Meetings of Shareholders and Smooth Exercise of Voting Rights **[Updated]**

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	<p>The Company strives to send out and disclose the convocation notice early every year so that shareholders can fully deliberate the agenda of the General Meeting of Shareholders.</p> <p>The annual general meeting of shareholders to be held on June 28, 2022 will be held on May 27, 2022, prior to the dispatch of the notice of convocation.</p> <p>The convocation notice was disclosed on the TDnet of the Tokyo Stock Exchange, Inc. and the Company's website on May 27, 2022, prior to the dispatch of the notice. The notice of convocation was sent out on June 3, 2022. The convocation notice was sent on June 3, 2022.</p>
Exercise of voting rights by electromagnetic means	The company has started to exercise voting rights by electromagnetic means from the Annual General Meeting of Shareholders in 2021.
Participation in the electronic voting platform and other efforts to improve the environment for institutional investors to exercise their voting rights	The Company started using the platform for electronic delivery of voting rights for institutional investors operated by ICJ (Investor Communications Japan) Inc. from the Annual General Meeting of Shareholders in 2021. (ICJ) from the 2021 Annual General Meeting of Shareholders.
Providing Convocation Notice in English (Translated Partially)	The company translates the convocation notice and reference documents into English in a narrow sense and publishes them on the Tokyo Stock Exchange and the company's English Web page.

#### 2. IR Activities

	Supplementary Explanation	Explanation by President
Regular Briefings for Analysts and Institutional Investors	The Company hold financial results meetings twice a year on the dates of announcement for the second quarter-end financial results and the year-end financial results.	Provided
Posting of IR Materials on Website	The Company publishes IR materials such as financial statements, announcements, and explanatory meetings for institutional investors on the company's website, and provide them to shareholders and investors.	
Establishment of Department and/or Manager in charge of IR	The Company has established a department dedicated to IR and appointed employees who are in charge of IR activities.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Corporate Conduct Guidelines place importance on relationships with stakeholders and stipulate that they strives to maintain and develop appropriate and friendly relationships.
Implementation of Environmental Activities, CSR Activities, etc.	The Corporate Conduct Guidelines stipulate that they should recognize the corporate social responsibility, and they strives to protect and protect the environment in all corporate activities.
Formulation of Policies Concerning Provision of Information to Stakeholders	The Corporate Conduct Guidelines stipulate that they strives to disclose proactively appropriate management information promptly, prevent insider information leakage, and maintain confidentiality by insider trading rules and other rules.

## IV Matters Related to Internal Control System

### 1. Basic Concept on Internal Control System and Progress of System Development

At the Board of Directors meeting held on April 27, 2015, the company has resolved the following as a basic policy for establishing a system to ensure the appropriateness of operations.

#### **Basic Concept on Internal Control System Development**

#### ***1. System for ensuring that the execution of duties of Directors and employees conforms to laws and regulations and the Articles of Incorporation***

The company shall establish basic compliance rules, make them well known throughout the company, and foster compliance awareness to ensure that directors and employees comply with laws and regulations and the articles of incorporation, and to respect social ethics. The department in charge investigates whether there are a problem and reports to the board of directors.

#### ***2. System for storing and managing information related to the execution of duties by Directors***

The company shall establish rules concerning document management, and system such as browsing, storing, and disposal those documents related to the execution of duties by directors and employees, in addition to those stipulated by the Board of Directors. Besides, based on the document approval rules, the company shall set the specific procedures for making decisions such as application and decision.

#### ***3. Regulations and other systems for managing the risk of loss***

While trying to prevent risks by complying with internal regulations, prepare for the occurrence of risks, determine basic measures according to the types, and strive to minimize losses. The company shall also establish a disclosure system according to the extent of the loss.

#### ***4. System for ensuring efficient execution of duties by Directors***

1) In addition to regular meetings of the Board of Directors, The compay shall also hold extraordinary meetings as appropriate to share information among directors and corporate auditors and to make prompt and transparent decisions.

2) The company shall promote the sharing of information and awareness of issues among directors, corporate auditors, and employees by holding sales meetings.

3) The company shall maintain internal rules for the authority, organization, and division of duties, clarify the responsibilities and authority of the directors and employees, and strive for appropriate, efficient, and transparent decision-making.

## ***5. System for ensuring the appropriateness of work in a Corporate Group***

### 1) System as a Corporate Group

The company shall establish a system for managing affiliated companies, such as the establishment of a general manager of affiliated companies, and strive for the smooth operation of the company's group through appropriate management of affiliated companies.

### 2) System for reporting to the Company matters about the execution of duties by Directors of subsidiaries and employees who execute business

Subsidiaries regularly report to the Headquarter on business results, financial affairs, accounting, personnel affairs, and other critical business matters, which they have decided with the Company, through the general manager of affiliated companies.

### 3) System for managing the risk of loss of subsidiaries

In addition to establishing a risk management system for the entire group, including the subsidiaries in the company's risk management basic rules, each subsidiary shall endeavor to improve its system.

### 4) System for ensuring efficient execution of duties by Directors of Subsidiaries

The Company shall communicate important matters of management to each subsidiary promptly, and share information to strive for efficient execution of directors of the subsidiaries.

### 5) System for ensuring that the execution of duties of Directors of the Subsidiaries and employees conforms to laws and regulations and the Articles of Incorporation

The company shall establish the code of conduct and the Basic Group Compliance Regulations for the whole group, and the general manager of affiliated companies and the audit department in Headquarters shall carry out internal audits.

## ***6. System for concerning the employee when the corporate auditors request that the employee shall support the duties, system for ensuring its effectiveness and system for regarding the independence of its employees from Directors***

### 1) The company shall place an employee to assist the Corporate Auditors in their duties if the Corporate

Auditors require, and treat that employee in a manner that respects the opinion of the Board of Corporate Auditors and make the employee independent from the Directors.

### 2) Employees who shall assist Corporate Auditors' duties shall not concurrently serve as employees

of other departments and shall follow the direction and instructions of Corporate Auditors.

## ***7. System for reporting by directors and employees to corporate auditors, other system related to reporting to corporate auditors, and another system for ensuring that corporate auditors audit effectively***

### 1) Auditors shall receive reports from the accounting auditor, directors of the Company and subsidiaries,

auditors and employees of the Company, or persons who receive reports from these persons as needed, exchange views and ensure the effectiveness of audits.

### 2) Directors, Corporate Auditors, and employees of the Group shall make appropriate reports promptly when they are required to report on matters related to business execution by the Corporate Auditors.

## ***8. System for ensuring that those who report to auditors do not receive adverse treatment***

The company shall establish matters concerning whistleblower protection in the Basic Group Compliance Regulations and ensure that they communicate about it thoroughly to the whole Group.

***9. Policies on prepayment of expenses incurred for the execution of duties of corporate auditors, reimbursement proceedings and other costs incurred for the execution of such duties, and processing of debt***

When Corporate Auditors request the Company to pay expenses under Article 388 of the Companies Act for the execution of their duties, General Affairs Department shall accept it and handle such expenses or liabilities promptly. Also, The company shall establish a system for ensuring the credibility of financial reports and managing the risk of fraud and errors based on the basic policy on internal control over financial reports.

**2. Basic Concept toward Elimination of Antisocial Forces and Status**

1) Basic Concept toward Elimination of Antisocial Forces

The company's basic policy upon the corporate code of conduct is that the company strives to act in good faith daily so as not to be involved in illegal or antisocial activities. The company shall have a resolute attitude towards and shall not have any relationship with antisocial forces.

2) Countermeasures to the Elimination of Antisocial Forces

The company shall place the General Affairs Department as the responsible department for preventing inappropriate claims and assign a person in charge. The company shall beware trends in antisocial forces from the perspective of social responsibility and corporate defense. Also, The company has joined the Kanagawa Prefecture Corporate Defense Measures Council to gather daily information, participate in a lecture class, and receive instruction from the secretariat and the police. The company shall continue establishing the structure of the elimination of antisocial forces.

## 1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures

Not adopted

Supplementary Explanation

## 2. Other Matters Concerning Corporate Governance System

Policy regarding internal systems related to timely disclosure, structure establishment, and effort for promoting dialogue with shareholders

### 1. IR activities

For all shareholders and investors and analysts (“shareholders and investors”), V-Technology Group (including the Company and all subsidiaries of the Company, “Group”) shall disclose information such as its management strategy and information regarding financial and performance status in a fair, timely and appropriate manner. The company shall also disclose other information that contributes to the enhancement of dialogue with shareholders and investors and maintain the system for the information disclosure.

The company aims to earn the trust and appropriate evaluation from shareholders and investors as the company exerts themselves to have shareholders and investors understand the Group's management strategies.

Also, the company shall utilize the helpful opinions and requests from shareholders and investors as references for company management by the Management Committee and the Board of Directors. The company shall also endeavor to improve corporate value.

### 2. System of Information disclosure and dialogue

#### 1) The basic approach of information disclosure

The Company shall disclose essential facts and information that the Company considers following the Financial Instruments and Exchange Act and other regulations and the Securities Listing Regulations constituted by the Tokyo Stock Exchange. Also, The company shall make fair, timely, and appropriate disclosure of information that contributes to the enhancement of dialogue with shareholders and investors.

#### 2) Information disclosure based on laws and regulations and access to information

The company shall disclose information based on the "Financial Instruments and Exchange Act" through the "Electronic Disclosure system related to disclosure documents such as securities reports, etc." (Called "EDINET") provided by the Financial Services Agency. The company shall also publish the same disclosure documents promptly on their website.

The company shall disclose information based on the "Securities Listing Regulations" through the "Timely Disclosure Information Transmission System" (Called "TDnet") provided by the Tokyo Stock Exchange, and the company shall also publish the same disclosure documents on their website.

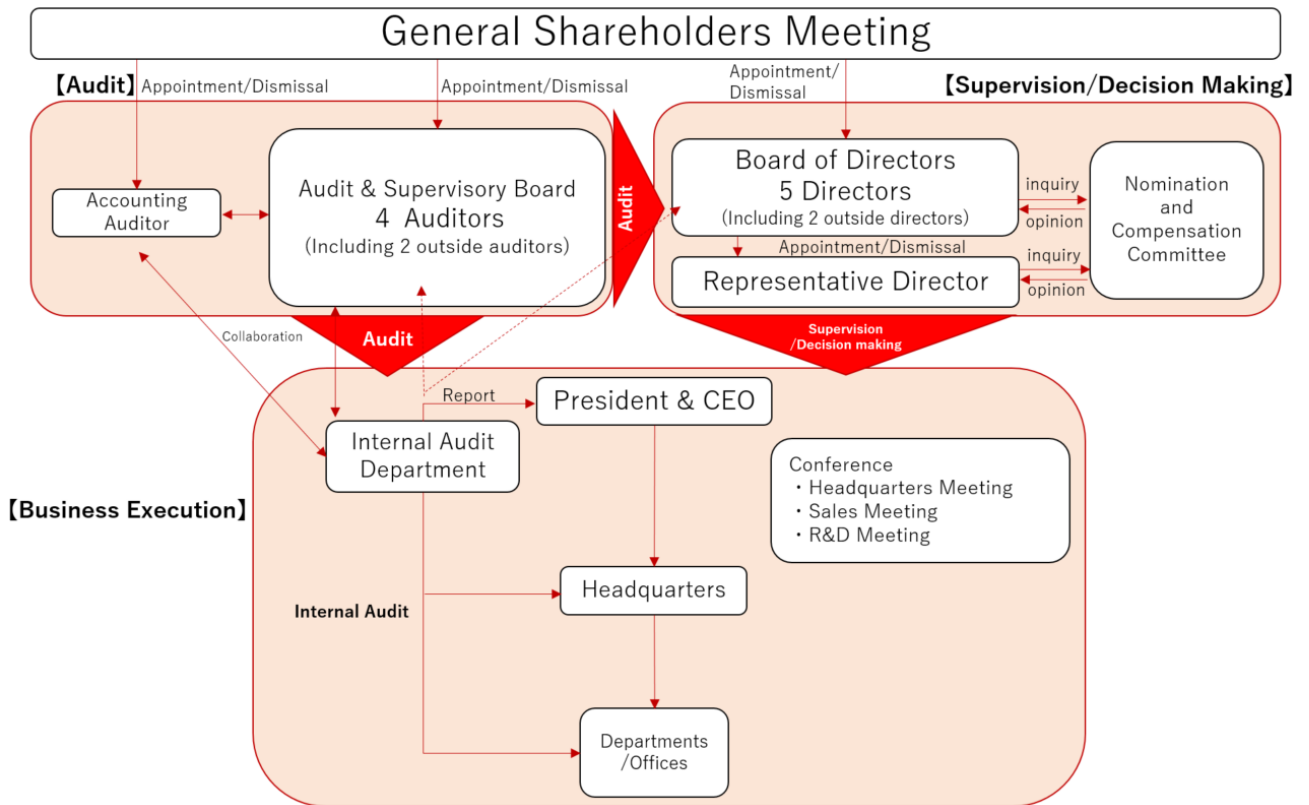
The company shall publish helpful information that contributes to the enhancement of the dialogue. Such as financial results briefing materials (supplementary materials), business explanatory materials, shareholder communications, relevant information, and news releases which apply to the “Financial Instruments and Exchange Act” on their website.

#### 3) Information disclosure system and the contact point for dialogue

The executive officer in charge of the administration serves as the information handling officer, and the management headquarters collects information from the information management staff of each department and Group Company of the Company and reports it to the President and CEO. The information handling officer shall make various disclosures under the direction of the President and CEO.

Also, the CEO has overall control over the dialogue with shareholders and investors, and the President's Office IR Group acts as the contact point for dialogue. Either the CEO, the information handling officer, the President's Office IR Group leader, the General Affairs Department manager, the Finance and Accounting Department manager, or the person appointed by the information handling officer handles the dialogue properly.

**【Corporate Governance Structure】**



## 【Skill matrix】

List of five particularly outstanding skills on officers.

		Name	Independency ※Notification to the TSE	Corporate management	R&D	Finance Accounting	Compliance Risk Management
D i r e c t o r s	I n s i d e	Sigeto Sugimoto		●	●		
		Kazuhito Tennichi		●		●	
		Yukihiro Kanzawa		●		●	●
	O u t s i d e	Junji Kido	●	●	●		
		Hideto Nishimura	●	●			●
A u d i t o r s	I n s i d e	Aritsune Nakahara				●	
		Isao Sumita			●		
	O u t s i d e	Nobukazu Okura	●	●			
		Kenichi Uda	●			●	●
		Name	Global experience	Marketing Sales	Human Resource Development	Industry Expertise	Supply Management
D i r e c t o r s	I n s i d e	Sigeto Sugimoto		●	●	●	
		Kazuhito Tennichi	●				●
		Yukihiro Kanzawa				●	
	O u t s i d e	Junji Kido				●	●
		Hideto Nishimura	●	●			
A u d i t o r s	I n s i d e	Aritsune Nakahara	●				●
		Isao Sumita	●			●	
	O u t s i d e	Nobukazu Okura			●		
		Kenichi Uda					