



April 21, 2022

To Our Stakeholders:

Company name: Artner Co., Ltd.

Representative: SEKIGUCHI Sozo, President and CEO

(Securities code: 2163; Prime Market of the Tokyo Stock Exchange)

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Notice Concerning Revisions to the “Basic Framework of the Internal Control System”

Artner Co., Ltd. (“the Company”) hereby notifies that on April 21, 2022, the Board of Directors resolved to revise the “Basic Framework of the Internal Control System.” The revised basic framework is as follows:

1. System to ensure that Directors and employees execute their duties in compliance with applicable laws and regulations and the Company’s Articles of Incorporation
 - (1) At Artner, we have implemented the Compliance and Risk Management Meeting, chaired by the President and CEO, as part of a system aimed at thoroughly educating employees regarding all applicable laws and regulations and the Articles of Incorporation, and also ensuring such compliance.
 - (2) We have set up an internal whistleblowing system, under which Directors, employees, and other people engaged in work for the Company can report corruption or wrongdoing to the Whistleblowing Committee, which has a duty of confidentiality. It is prohibited to subject persons who submit whistleblower reports using the system to any disadvantageous treatment as a result of such reporting. The system is designed to ensure the effectiveness of whistleblowing to prevent or quickly detect violations of applicable laws and regulations.
 - (3) The Internal Audit Office, operating independently of other divisions that execute business practices, conducts internal audits. Through such audits, it verifies the appropriateness and effectiveness of the internal management system of each division, and by promoting the improvement of the systems, it ensures that all employees lawfully execute their duties.
2. System to ensure the appropriateness of financial reporting
 - (1) Directors and employees ensure the appropriateness of financial reporting by executing their duties in compliance with the “Basic Framework of Internal Control Related to Financial Reporting.”
 - (2) Directors and employees smoothly operate the system to ensure the appropriateness of financial reporting.
 - (3) The Internal Audit Office audits the operation of the system to ensure the appropriateness of financial reporting.
3. System to store and manage information relating to the execution of duties by Directors
 - (1) Information and documents relating to the execution of duties by Directors are appropriately stored and managed in accordance with the “Document Management Rules,” other applicable rules and regulations, and related information management system manuals.
 - (2) The Internal Audit Office conducts internal audits to confirm that this information and related documents are appropriately stored and managed.

4. Rules and system to manage the risk of loss

- (1) We have formulated guidelines, “Structure to Conduct Risk Management,” to define a clear system for managing different risks.
- (2) We have classified and defined management risks in accordance with these policies, and each responsible division identifies and analyzes the risk situation for each type of risk. We have set up a system in which the various kinds of risks are managed through the Compliance and Risk Management Meeting. Management and countermeasures for each type of risk are clarified and managed in the Meeting.
- (3) The Internal Audit Office, which is directly overseen by the President and CEO, is responsible for audits in accordance with an internal audit plan. The office examines the method and details of audit implementation and revises the audit method as and when needed.

5. System to ensure that Directors execute their duties efficiently

- (1) Board of Directors meetings are held twice a month, as the basis of a system to ensure that Directors execute their duties efficiently. The first board meeting of the month is a performance board meeting and the second is a regular board meeting. Extraordinary board meetings are also held as and when needed. The scope of authority of the Board of Directors is clearly defined in the “Board of Directors Rules.”
- (2) To ensure efficient business management by the Directors, we have formulated “Organizational Rules,” “Administrative Authority Rules,” “Division of Duties Rules,” “Division of Duties (Administrative Authority) Statement,” and other internal rules.

6. System to ensure appropriate business practices in a corporate group consisting of companies, parent companies, and subsidiaries

The company does not currently have any parent companies or subsidiaries.

7. Matters relating to employees who assist with the duties of the Audit and Supervisory Committee, independence of such employees from other Directors who are not members of the committee, and ensuring the effectiveness of the committee’s instructions to such employees

- (1) If requested by the Audit and Supervisory Committee, an employee can be appointed to assist with the duties of the committee.
- (2) The appointment or dismissal, reassignment, and performance evaluation of such employees require the approval of the Audit and Supervisory Committee.
- (3) If the Audit and Supervisory Committee requests the appointment of an employee to assist with its work, the appointment of a suitable employee to assist with the work needed by the committee is made in consultation with the committee. The appointment is made with the prior approval of the committee, and with an assurance of independence. To ensure the effectiveness of the instructions of the Audit and Supervisory Committee to the applicable employee, the employee works exclusively for the committee, without being assigned any other work.

8. System to enable Directors who are not members of the Audit and Supervisory Committee and employees to report to the Audit and Supervisory Committee

- (1) Directors who are members of the Audit and Supervisory Committee attend meetings of the Board of Directors and other important meetings and receive reports on the state of business practice execution from other Directors who are not members of the committee.
- (2) Directors who are members of the Audit and Supervisory Committee are able to view important internal decision request circulars, written decisions, and reports that are not discussed at the important meetings

mentioned above, and they also receive explanation of the contents of such documents as and when needed.

- (3) Directors or employees should report to the Audit and Supervisory Committee any of the following: a risk that may significantly harm the company; misconduct relating to execution of duties by Directors who are not members of the Audit and Supervisory Committee; significant violation of an applicable law, regulation, or the Articles of Incorporation; reports relating to the state of internal audits; facts reported based on the internal whistleblowing system; and any other matter requested for the purposes of the Audit and Supervisory Committee.

9. System to ensure that persons who make whistleblower reports to the Audit and Supervisory Committee are not subjected to any disadvantageous treatment as a result of such reporting

In accordance with internal rules, it is prohibited to subject persons who submit whistleblower reports using the system to disadvantageous treatment in retaliation for whistleblowing.

10. Matters relating to policies concerning procedures for prepayment or reimbursement of expenses arising from the execution of duties by the Audit and Supervisory Committee members or other processing of expenses or monetary obligations arising from the execution of such duties

The procedures for prepayment or reimbursement of expenses arising from the execution of duties by members of the Audit and Supervisory Committee or other processing of expenses or monetary obligations arising from the execution of such duties are carried out appropriately through applications made by members of the Audit and Supervisory Committee.

11. Other systems to ensure that audits of the Audit and Supervisory Committee are effectively conducted

- (1) The President and CEO and the Head of the Internal Audit Office strive to enable sufficient opportunities for consultation with the Audit and Supervisory Committee members to examine the establishment of a suitable working environment for the committee, in order to ensure the effectiveness of audits.
- (2) To ensure the effectiveness of audits by the Audit and Supervisory Committee, the committee members demand that the President and CEO and the Board of Directors strive to make continuous improvements to the auditing system.
- (3) The Internal Audit Office, which is the internal auditing department of the Company, and the division responsible for oversight of compliance and risk management meet regularly with the Audit and Supervisory Committee to exchange opinions regarding issues to be addressed.
- (4) If the Audit and Supervisory Committee deems it necessary to appoint legal advisors or other external advisors when conducting an audit, such advisors can be appointed.

12. Basic approach to the exclusion of antisocial forces

- (1) To fulfill its obligations of corporate social responsibility and to protect the Company, any relations with antisocial forces are cut off.
- (2) In the event that the company is subjected to any unreasonable demands by antisocial forces, we respond resolutely by legal means.
- (3) We set up a “System for Cutting off Relations with Antisocial Forces” based on the manual for dealing with antisocial forces.
- (4) In preparation for unreasonable demands by antisocial forces, we are building close partnerships with an external specialized agency, and in the event that we are subjected to an unreasonable demand by antisocial forces, we will consult with the agency regarding how to respond, or request a response from the agency.