Artner's Approaches to Implementing Japan's Corporate Governance Code

Artner Co., Ltd.

Note: General Principles and Supplementary Principles described in the boxes are based on Japan's Corporate Governance Code, published by Tokyo Stock Exchange, Inc. on June 11, 2021, at https://www.jpx.co.jp/english/equities/listing/cg/tvdivq0000008jdy-att/20210611.pdf.

Section 1: Securing the Rights and Equal Treatment of Shareholders

General Principle 1

Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.

In addition, companies should secure effective equal treatment of shareholders.

Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

Artner Co., Ltd. (the "Company") ensures that all its shareholders receive fair and equal treatment and provides an environment in which they can retain and exercise their rights as they wish.

Principle 1.1 Securing the Rights of Shareholders

Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

The Company takes steps, such as disclosing relevant and accurate information timely, to ensure that shareholders can exercise their rights fully, including voting rights exercised at a general meeting of shareholders.

Supplementary Principle 1.1.1

When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

When a considerable number of votes, albeit a minority, were cast against a proposal submitted by the Company for resolution at a general meeting of shareholders and the proposal was approved, the Board of Directors investigates reasons behind the opposition and why many shareholders voted against the proposal, and considers the need for shareholder dialogues and other actions.

Supplementary Principle 1.1.2

When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

The Company, by the resolution adopted at a general meeting of shareholders, delegates to the Board of Directors the responsibility and authority to resolve on dividend payment and the acquisition of treasury stock. When the Company determines that a matter that requires speedy and efficient decision-making should be delegated to the Board of Directors for review and approval, the Company convenes an extraordinary meeting of shareholders to seek approval for such delegation of authority to the Board.

Supplementary Principle 1.1.3

Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

The Company protects the rights of all its shareholders and encourages them to exercise their rights fully, while ensuring that they receive fair and equal treatment. The Company also ensures that minority shareholders can exercise their rights upheld by the Companies Act of Japan in a manner stipulated in the Company's "Share-Handling Rules."

Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings

Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

The Company recognizes that a general meeting of shareholders is its highest-level decision-making body and selects the date and location of the meeting carefully so that as many shareholders as possible can attend it and exercise their voting rights to have a rightful say in the Company's corporate management.

Supplementary Principle 1.2.1

Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.

The Company includes in the Notice of Convocation for a General Meeting of Shareholders a supporting document and a business report to help shareholders make well-informed decisions at the meeting. The Company will continue to improve the quality and relevance of information provided to shareholders.

Supplementary Principle 1.2.2

While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the Company's website.

The Company will take steps to mail out Notices of Convocation for General Meetings of Shareholders well in advance of the meetings so that shareholders will have sufficient time to review proposals submitted by the Company for approval. The Company posts information to be included in the Notice of Convocation to the Tokyo Stock Exchange's website and the Company's website during the period from the time the Board of Directors resolves to convene a general meeting of shareholders to the time the Notice of Convocation is mailed out.

Supplementary Principle 1.2.3

The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

The Company recognizes that a general meeting of shareholders provides a good opportunity to engage with its shareholders, and selects a date of the meeting carefully so that as many shareholders as possible can attend it.

Supplementary Principle 1.2.4

Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting.

In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.

The Company allows its shareholders to exercise their voting rights online and has adopted an electronic voting platform in order to facilitate the exercise of voting rights.

The Company also prepares English-language translations of Notices of Convocation for General Meetings of Shareholders, which it posts on its website.

Supplementary Principle 1.2.5

In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (*shintaku ginko*) and/or custodial institutions to consider such possibility.

The Company allows only shareholders of record (registered shareholders) to exercise their voting rights at a general meeting of shareholders. The Company does not allow institutional investors (beneficial owners) who own the Company's shares in street names to attend a general meeting of shareholders to exercise their voting rights or ask questions. The Company will consider the need to amend this policy.

Principle 1.3 Basic Strategy for Capital Policy

Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

The Company considers it one of the most important management objectives to consistently increase long-term shareholder value of the Company. The Company's capital policy is to make efficient use of shareholders' equity to maximize profit.

Principle 1.4 Cross-Shareholdings

When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed.

Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

The Company does not cross-hold shares of any other listed companies.

Should the Company choose to cross-hold such shares, it will disclose in the Corporate Governance Report a cross-shareholding policy, results of validating the soundness of cross-held shares, and the standards under which the Company will exercise its voting rights attached to cross-held shares.

Supplementary Principle 1.4.1

When cross-shareholders (i.e., shareholders who hold a company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.

No other companies cross-hold the Company's shares.

Supplementary Principle 1.4.2

Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

No other companies cross-hold the Company's shares.

Principle 1.5 Anti-Takeover Measures

Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and *kansayaku* should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

The Company considers it one of the most important management objectives to achieve sustained growth to increase its enterprise value as part of fulfilling the trust of its shareholders. The Company has no anti-takeover measures in place and has no plan to employ such measures.

Supplementary Principle 1.5.1

In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

If the shares of the Company become the target of a tender offer, the Company will take the following three steps:

i. Contact the party who has made the offer to find the background and purpose of the offer
ii. Explain to the party the Company's position on tender offers
iii. Take sufficient time sharing the Company's position with its shareholders and other stakeholders and listening to what they have to say

If an offer is announced or made to acquire a large number of the Company's shares, it is ultimately up to shareholders to decide whether to accept or decline the offer. If the offer is seen likely to contribute to an increase in the Company's enterprise value and serve as the common interests of shareholders, the Company will not discourage shareholders from exercising their rights to accept such offer.

Principle 1.6 Capital Policy that May Harm Shareholder Interests

With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and *kansayaku* should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

When the Company adopts a capital policy, such as a capital increase or a management buyout, that may affect shareholders' interests, the Company will promptly disclose the background and purpose of adopting such policy and provide sufficient information to shareholders at a general meeting of shareholders or at an investor briefing as needed.

Principle 1.7 Related Party Transactions

When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.

The Company requires that any transaction between the Company and its Director or its major shareholder be sanctioned in advance by the Board of Directors in order to safeguard the interests of the Company as well as the common interests of the shareholders.

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

General Principle 2

Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.

The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

The Company considers it imperative to work closely with its shareholders, employees, corporate clients, communities, and other stakeholders in order to achieve sustained growth and increase its medium- and long-term enterprise value. The Company strives to become a group of ambitious and highly motivated engineers and grow with its corporate clients in diverse industries as their trusted technical partner.

Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term

Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

The Company's corporate philosophy is to support engineers in pursuit of their professional aspirations. By fulfilling this purpose in business operations, the Company believes that it will contribute to the common good of society and achieve the objective of increasing its medium- and long-term enterprise value.

Principle 2.2 Code of Conduct

Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

The Company has formulated the Code of Conduct for its every Director and employee to observe in their day-to-day work. The Company holds training sessions to educate them to embrace the importance of compliance.

Supplementary Principle 2.2.1

The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

The Company uses regular training sessions, newsletters posted to the company intranet, and bulletins posted in offices to continually remind its Directors and employees of the importance of putting the Code into practice in their day-to-day work.

Principle 2.3 Sustainability Issues, Including Social and Environmental Matters

Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

Considering stakeholder interests and social issues, as well as their impact on our business management, the Company has identified eight materiality topics that should be prioritized. Based on our understanding of the materiality topics we have identified, we are committed to engaging in effective management practices and business activities to resolve these issues.

The details of our sustainability initiatives and materiality (material issues) are disclosed on the Company's website (https://www.artner.co.jp/en/sustainability/management/basic-views/).

Supplementary Principle 2.3.1

The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid-to long-term.

Recognizing that addressing issues surrounding sustainability is an important part of our risk management, and in light of its impact on the Company's business, Artner's Board of Directors has identified eight materiality topics that should be prioritized. The Sustainability Committee, which is responsible for establishing sustainability policies, targets, and action plans, managing and evaluating progress toward these targets, and deliberating on individual measures, reports to the Board of Directors, thereby promoting efforts to address sustainability issues.

Principle 2.4 Ensuring Diversity, Including Active Participation of Women

Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

The Company recognizes that, in order to achieve sustained growth and increase its medium- and long-term enterprise value, a workplace environment needs to be created in which female employees can fulfill their potential without feeling pressured or stressed. Accordingly, the Company has been promoting female employees to managerial positions in increasing numbers and offering them broader career options. In addition, in accordance with the Act on Employment Promotion of Persons with Disabilities, the Company has been hiring an increasing number of people with disabilities and creating an accommodating workplace for them.

Supplementary Principle 2.4.1

Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status.

In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

The Company pursues the philosophy of being an Engineer Support Company that develops talent. As part of its effort to promote diversity and inclusion in talent management under the Medium-Term Business Plan, the Company has been offering greater career opportunities to its workers of foreign nationality, retirement age, and women. The Company has also been hiring to middle-management positions mid-career workers found to have skills and competence that are required for such positions and are comparable to those of career workers qualified for the similar positions.

The Company provides workers with diverse talent development programs with medium- and long-term implications, including training for women workers, diversity training, and leadership training, formulated under the Talent Training and Development Guidelines.

The Company has identified the promotion of diversity and inclusion as one of its materiality (material issues) priorities. The details of our initiatives are disclosed on the Company's website (https://www.artner.co.jp/en/sustainability/management/basic-views/).

The Company discloses its policy on human capital management as well as its implementation of said policy on its website.

・Medium-Term Business Plan (FY2026 to FY2030)
https://www.artner.co.jp/asset-ir/download_file/2025_mtbp_en.pdf
・Human Capital
https://www.artner.co.jp/en/sustainability/social/human-capital/
・ESG Data
https://www.artner.co.jp/en/sustainability/esg-data/

Principle 2.5 Whistleblowing

Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

To ensure the effectiveness of an internal whistleblowing system, the Company has implemented the "Internal Whistleblowing Rules," which stipulate how employees can report cases of misconduct and noncompliance they witness in the Company and how the Whistleblowing Committee is convened to investigate reported cases and consider actions to be taken. The Company also reports regularly to the Board of Directors on how the internal whistleblowing system is working.

Supplementary Principle 2.5.1

As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside *kansayaku*). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

The Company has established a point of contact for whistleblowers that is independent of management. In addition, it has established "Internal Whistleblowing Rules," which ensure that reports are kept confidential and the imposition of any disadvantageous treatment on the information provider producing the report is prohibited.

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

The Company provides a defined contribution pension plan, under which each eligible employee is responsible for managing their own assets. As part of assisting employees with their asset-building efforts, the Company provides new employees with a seminar on the pension plan and encourages them to apply for an employee matching contribution plan.

Section 3: Ensuring Appropriate Information Disclosure and Transparency

General Principle 3

Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance.

The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.

The Company considers it imperative to disclose financial and nonfinancial information to shareholders and other stakeholders in order to assist them in familiarizing themselves with the Company's businesses and financial performance. The Company voluntarily and proactively discloses information not required by the regulations of the Tokyo Stock Exchange or by relevant laws but deemed necessary to meet social requirements.

Principle 3.1 Full Disclosure

In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

i) Company objectives (e.g., business principles), business strategies and business plans;
ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;
iii) Board policies and procedures in determining the remuneration of the senior management and directors;
iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates; and
v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

i. The Company discloses its corporate philosophy as well as its business strategies, plans, and purpose on its website and in investor briefing materials.
ii. The Company describes its basic views and policy on corporate governance under Section 1: Basic Views of Chapter 1: Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information of the Company's Corporate Governance Report.
iii. The Board of Directors and the Audit and Supervisory Committee have the authority over the remuneration of directors. This authority extends to deliberating and determining the amount of a basic remuneration and a performance-linked bonus for each director. The remuneration of directors who are not members of the Audit and Supervisory Committee is determined solely by the Board of Directors, whereas the remuneration of Audit and Supervisory Committee members is determined by deliberation among the members of the Committee.
How to determine the policy for determining the remuneration for each individual is set forth in the rules concerning the remuneration of directors, resolved by the Board of Directors. The Board of Directors receives reports that are deliberated by the Nomination and Remuneration Committee based on the policy for determining the remuneration and within the range of the total amount resolved by the General Meeting of Shareholders, so the Board of Directors deems that the content of the report is in line with the said policy.
The policy for determining the percentage of the amount of remuneration for each individual shall be decided based on the reports that are deliberated by the Nomination and Remuneration Committee, comprehensively taking into account the role and contribution status of each director as well as business performance.

The basic remuneration is determined based on the amount established for each director position, with the Company's business performance, relative weight against employee salaries, and remuneration levels at other companies taken into consideration. However, if it is not appropriate to pay a remuneration calculated in such a manner due to a significant decline in the Company's business performance or other factors, the Company reserves the right to reduce the amount of basic remuneration.

iv. The Nomination and Remuneration Committee deliberates and reports to the Board of Directors on director candidates who are not members of the Audit and Supervisory Committee after an extensive scrutiny of their knowledge, experience, and ability necessary to manage the Company's business divisions and day-to-day operations. The Board of Directors then nominates the director candidates.
The Nomination and Remuneration Committee deliberates and reports to the Board of Directors on director candidates who are members of the Audit and Supervisory Committee after an extensive scrutiny of their experience, expertise in corporate financing and accounting, practical knowledge on the Company's businesses, and general knowledge on corporate management necessary to audit and oversee the performance of duties by directors who are not members of the Audit and Supervisory Committee. The Board of Directors then nominates the director candidates.

v. The Company submits a list of candidates nominated by the Board of Directors under the procedures described in the preceding item to a general meeting of shareholders for approval. The Company describes in a supporting document, included in Notices of Convocation for General Meetings of Shareholders, brief career histories of candidates for Directors who are not members of the Audit and Supervisory Committee and the reasons for their nomination, as well as those of candidates for Directors who are members of the Audit Supervisory Committee.

Supplementary Principle 3.1.1

These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boiler-plate or lacking in detail.

The Company considers it imperative to disclose financial and nonfinancial information appropriately to shareholders and other stakeholders in order to assist them in familiarizing themselves with the Company's businesses and financial performance. The Company aims to provide such information in an easy-to-digest manner.

Supplementary Principle 3.1.2

Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures.

In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

The Company discloses and provides necessary information on its website in English, including English-language translations of Notices of Convocation for General Meetings of Shareholders.

Supplementary Principle 3.1.3

Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.

In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

Considering stakeholder interests and social issues, as well as their impact on our business management, the Company has identified eight materiality topics that should be prioritized. Based on our understanding of the materiality topics we have identified, we are committed to engaging in effective management practices and business activities to resolve these issues. The Company discloses its initiatives as appropriate. The Company also discloses its policy on human capital investment as appropriate.

・Sustainability initiatives
https://www.artner.co.jp/en/sustainability/
・Medium-Term Business Plan (FY2026 to FY2030)
https://www.artner.co.jp/asset-ir/download_file/2025_mtbp_en.pdf

Principle 3.2 External Auditors

External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

The Company's Audit and Supervisory Committee and Internal Audit Office work with an external accounting auditor to schedule and prepare for audits, and assist the accounting auditor in conducting effective audits.

Supplementary Principle 3.2.1

The *kansayaku* board should, at minimum, ensure the following:

i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and
ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

i. The Company's Audit and Supervisory Committee has established standards to evaluate an external accounting auditor. The Committee monitors and evaluates the accounting auditor's performance of its duties based on audits conducted by the auditor as well as audit reports submitted by the auditor.
ii. The Audit and Supervisory Committee verifies the impartiality and professional qualifications of an external accounting auditor through meetings with the accounting auditor and based on audits conducted by the auditor.

Supplementary Principle 3.2.2

The board and the *kansayaku* board should, at minimum, ensure the following:

Give adequate time to ensure high quality audits;

i) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO;
ii) Ensure adequate coordination between external auditors and each of the *kansayaku* (including attendance at the *kansayaku* board meetings), the internal audit department and outside directors; and
iii) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

i. Members of the Audit and Supervisory Committee and the Internal Audit Office meet with an external accounting auditor to discuss and agree on an audit schedule in order to give the accounting auditor sufficient time to prepare for and conduct audits.
ii. The Audit and Supervisory Committee and the Internal Audit Office allow an external accounting auditor to interview the President and CEO and Directors of the Company if the auditor requests to do so.
iii. The Audit and Supervisory Committee and the Internal Audit Office exchange information and views with an external accounting auditor to have a common understanding of issues subject to audits.
iv. If an external accounting auditor uncovers fraudulence in the Company's accounting practices or records and calls for corrective actions or if the accounting auditor identifies irregularities or problems in the Company's accounting practices or records, the Audit and Supervisory Committee will work with relevant divisions and departments to take corrective actions.

Section 4: Responsibilities of the Board

General Principle 4

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid-to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:

(1) Setting the broad direction of corporate strategy;
(2) Establishing an environment where appropriate risk-taking by the senior management is supported; and
(3) Carrying out effective oversight of directors and the management (including *shikkoyaku* and so-called *shikkoyakuin*) from an independent and objective standpoint.

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization – i.e., Company with *Kansayaku* Board (where a part of these roles and responsibilities are performed by *kansayaku* and the *kansayaku* board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

The Company aims to establish an efficient system of corporate management, including decision-making and oversight responsibilities, and business execution suitable for the size of the Company. The Company has several Independent Directors in place who oversee the Company's business execution as members of the Board to ensure the transparency of the Company's management.

Principle 4.1 Roles and Responsibilities of the Board (1)

The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

Remaining true to the Corporate Philosophy of "Being an Engineer Support Company," the Board of Directors meets to deliberate on the Company's business strategies and plans as part of helping achieve the Company's objectives of achieving sustained growth and increasing its medium- and long-term enterprise value.

Supplementary Principle 4.1.1

The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

Pursuant to relevant laws, the Company has established the "Board of Directors Rules," which define the scope of matters to be deliberated on by the Board. In addition, the Company's "Administrative Authority Rules" and "Division of Duties Rules" define the scope of decision-making authority granted to the Board of Directors as well as individual Directors by type of duty.

Supplementary Principle 4.1.2

Recognizing that a mid-term business plan (*chuuki keiei keikaku*) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

The Company has established its Medium-Term Business Plan for the five years from FY2026 to FY2030.

Basic Policy

- Build a foundation for sustainable and next-generation growth
- Make Value for 2025 to 2029

Basic Measures

i. Promote strategies by segment

- Increase workforce allocation in high-end fields with a focus on carbon neutrality projects
- Enhance work assignment levels through OJT in contracting projects

ii. Promote diversity and inclusion in talent management

- Strategically shift to contracting to adapt to the changes in the business environment
- Utilize workers of retirement age, women, and foreign workers (overseas students) as personnel
- Utilize and organize partner companies

iii. Explore new business and revenue opportunities

- Evolve into a comprehensive technical service company through M&A and alliances

The Company provides a progress report on achievements of the Medium-Term Business Plan at investor briefings.

Supplementary Principle 4.1.3 Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

The Company recognizes that it is critically important to have in place a succession plan for the President and CEO and other members of the Executive Team. The Board of Directors is responsible for nominating successors to these members from among qualified candidates after an extensive scrutiny of their experience, knowledge, and expertise in recruiting, training, sales, and administrative functions that support the Company's engineer placement business.

Regarding future nominations of successors to the President and CEO, and other members of the Executive Team, the Nomination and Remuneration Committee, a voluntary advisory board composed of a majority of Independent Directors, shall deliberate and report to the Board of Directors, thereby establishing a structure with high fairness, transparency and objectivity under appropriate supervision from the Board of Directors.

Principle 4.2 Roles and Responsibilities of the Board (2) The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented. Also, the remuneration of the management should include incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

The Board of Directors meets twice a month and on an ad hoc basis as needed. At board meetings, Directors deliberate extensively on matters to be resolved, from their independent and objective perspectives.

Three Outside Directors join in the deliberation and decision-making at board meetings.

Remuneration of members of the Executive Team is performance-based, determined based on their respective positions, responsibilities, and KPI achievements as well as on the Company's business performance. The total amount of remuneration should fall within the ceiling established by a resolution adopted at a general meeting of shareholders.

Supplementary Principle 4.2.1

The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long- term results and the balance of cash and stock should be set appropriately.

The remuneration of Directors is performance-based, determined based on their respective positions, responsibilities, and KPI achievements as well as on the Company's business performance, to provide them with an incentive to help achieve medium- and long-term growth of the Company.

The Company will consider the need to offer Directors a stock-based compensation plan, taking into consideration the composition of total remuneration and the balance between the cash and stock portion of compensation.

Supplementary Principle 4.2.2

The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid- to long- term.

In addition, in light of the importance of investments in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.

From the perspective of improving our business value in the medium to long term, the Company has acknowledged the importance of sustainability issues, and established a basic sustainability policy.

The Company has formed the Sustainability Committee, which is responsible for establishing sustainability policies, targets, and action plans, managing and evaluating progress toward these targets, and deliberating on individual measures. The Board of Directors manages and supervises the Committee.

For sustainable growth, we also strive to ensure stable cash flows and efficient capital allocation as well as monitor the progress of the cash allocation set forth in the Medium-Term Business Plan at Board of Directors meetings.

Principle 4.3 Roles and Responsibilities of the Board (3)

The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.

In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.

Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

The Board of Directors includes three Independent Directors, who oversee the performance of other Directors effectively from an independent and objective perspective.

The Information Disclosure Committee and the Board of Directors review information to be disclosed to ensure its timely and accurate disclosure. The Board of Directors reviews whether the Company's internal control system is up and running smoothly. The Company has a risk management system in place, under which management risks are defined and classified into types, exposure of each type of risk is identified and analyzed by relevant divisions and departments, and the evaluation and management of risks by type is overseen by Compliance and Risk Management Meetings.

The Company requires that any transaction between the Company and its Director or its major shareholder be sanctioned in advance by the Board of Directors in order to safeguard the interests of the Company as well as the common interests of the shareholders.

Supplementary Principle 4.3.1

The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company's business results.

The Board of Directors appoints or removes members of the Executive Team upon deliberation on their job performance and other factors.

Supplementary Principle 4.3.2

Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

The Board of Directors, which includes three Outside Directors who are members of the Audit and Supervisory Committee, deliberates on the appointment or removal of the President and CEO from office when such need arises, based on the business performance of the Company as well as the job performance of the President and CEO.

Regarding future CEO appointments and dismissals, Nomination and Remuneration Committee, a voluntary advisory board composed of a majority of Independent Directors, shall deliberate and report to the Board of Directors, thereby establishing a structure with high fairness, transparency and objectivity under appropriate supervision from the Board of Directors.

Supplementary Principle 4.3.3

The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

The Board of Directors, which includes three Outside Directors who are members of the Audit and Supervisory Committee, deliberates on the removal of the President and CEO from office when such need arises, based on the business performance of the Company as well as the job performance of the President and CEO.

Regarding future CEO dismissals, Nomination and Remuneration Committee, a voluntary advisory board composed of a majority of Independent Directors, shall deliberate and report to the Board of Directors, thereby establishing a structure with high fairness, transparency and objectivity under appropriate supervision from the Board of Directors.

Supplementary Principle 4.3.4

The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

The Company has established the "Risk Management Policy," under which management risks are defined and classified into types, exposure of each type of risk is identified and analyzed by relevant divisions and departments, and the evaluation and management of risks by type is overseen by Compliance and Risk Management Meetings.

Principle 4.4 Roles and Responsibilities of *Kansayaku* and the *Kansayaku* Board

Kansayaku and the *kansayaku* board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of *kansayaku* and external auditors, and the determination of auditor remuneration.

Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of *kansayaku* and the *kansayaku* board, in order to fully perform their duties, it would not be appropriate for *kansayaku* and the *kansayaku* board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

The Company's Audit and Supervisory Committee is comprised of three Independent Directors, who exercise highly independent judgement in carrying out their responsibilities.

Members of the Audit and Supervisory Committee attend board meetings and other important meetings, in which they voice their opinions based on their extensive knowledge and experience in corporate management and other fields to ensure the legal compliance and appropriateness of the decisions reached by participants.

Supplementary Principle 4.4.1

Given that not less than half of the *kansayaku* board must be composed of outside *kansayaku* and that at least one full-time *kansayaku* must be appointed in accordance with the Companies Act, the *kansayaku* board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, *kansayaku* or the *kansayaku* board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

The three members of the Audit and Supervisory Committee attend board meetings in their capacity as Independent Directors, in which they voice their opinions on the Company’s business operations. This arrangement makes the Committee an effective oversight body. In addition, the members of the Committee share information with Inside Directors, regarding the Company’s business operations.

Principle 4.5 Fiduciary Responsibilities of Directors and *Kansayaku*

With due attention to their fiduciary responsibilities to shareholders, the directors, *kansayaku* and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

The Company’s Directors act in the interest of the Company and the common interests of its shareholders and work with stakeholders as part of fulfilling the responsibilities entrusted to them by shareholders.

Principle 4.6 Business Execution and Oversight of the Management

In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

Three Independent Directors contribute to the effectiveness of oversight by the Board of Directors, in which they voice their opinions from independent and objective perspectives.

Principle 4.7 Roles and Responsibilities of Independent Directors

Companies should make effective use of independent directors , taking into consideration the expectations listed below with respect to their roles and responsibilities:

i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term;
ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;
iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and
iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

The Independent Directors voice their opinions at board meetings and other meetings based on their professional expertise and knowledge and from perspectives independent of those of other members of the Executive Team and controlling shareholders. This arrangement ensures that views of minority shareholders and other stakeholders are taken into consideration and provides oversight of the Company’s business operations as well as oversight against potential conflicts of interest.

Principle 4.8 Effective Use of Independent Directors

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

Three of the Company's six Directors are Independent Directors. The Company believes that they are fulfilling their roles and responsibilities in increasing the Company's enterprise value by offering advice on the Company's corporate management based on their wide-ranging insights gained through years of experience and knowledge in business operations and management.

Supplementary Principle 4.8.1

In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

Independent Directors convene meetings of the Audit and Supervisory Committee, of which they are primary members, to share information and insights among them from independent and objective perspectives. This arrangement provides them with a basis upon which to make meaningful contributions to discussions at board meetings.

Supplementary Principle 4.8.2

Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with *kansayaku* or the *kansayaku* board by, for example, appointing the lead independent director from among themselves.

Independent Directors select by vote a principal Independent Director (standing member of the Audit and Supervisory Committee) from among themselves, who works closely with other members of the Executive Team.

Supplementary Principle 4.8.3

Companies that have a controlling shareholder should either appoint at least one- third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.

The Company has no controlling shareholders.

Principle 4.9 Independence Standards and Qualification for Independent Directors

Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.

The Company uses the criteria established by the Companies Act of Japan and the Tokyo Stock Exchange to appoint Independent Directors. The Company will consider the need to establish criteria of its own design.

Principle 4.10 Use of Optional Approach

In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

The Company has established the Audit and Supervisory Committee. Three Independent Directors who are also members of the Committee voice their opinions from independent perspectives and ask other Directors and heads of relevant divisions and departments to provide information and clarification and to take corrective actions. In addition, the Company has established a Nomination and Remuneration Committee, a Compliance and Risk Management Meeting, an Information Disclosure Committee, and other voluntary advisory boards to the Board of Directors to further enhance governance functions.

Supplementary Principle 4.10.1

If the organizational structure of a company is either Company with *Kansayaku* Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.

In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

The Company has established the Nomination and Remuneration Committee as an advisory board to the Board of Directors in order to enhance the fairness and objectivity of the decision-making process of nominating and determining the remuneration of Directors as well as enhancing corporate governance.

Composed of a majority of Independent Directors, the Nomination and Remuneration Committee elects its chairperson from among the Independent Directors to ensure its independence. The Nomination and Remuneration Committee, of which Independent Directors are the majority, deliberates on issues from the perspectives of gender and other diversity-related issues as well as skills.

Principle 4.11 Preconditions for Board and *Kansayaku* Board Effectiveness

The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as *kansayaku*. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as *kansayaku*.

The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

The Company recognizes that members of its board, as a whole, have well-balanced knowledge, experience, and skills necessary to perform their roles and responsibilities. However, the Company recognizes that the composition of the board is not sufficiently diverse in terms of gender, international experience, career history, and age. The Company will take diversity into consideration when selecting candidates for future Directors.

The Company's Audit and Supervisory Committee is comprised of three members who have experience in managing companies and are well versed in corporate finance, accounting, and legal affairs.

The result of an evaluation of the effectiveness of the Company's Board of Directors are provided under Supplementary Principle 4.11.3.

Supplementary Principle 4.11.1

The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.

The Company's Articles of Incorporation stipulate that there be 10 or less Directors who are not members of the Audit and Supervisory Committee and five or less Directors who are members of the Audit and Supervisory Committee. The Company currently has five Directors who are not members of the Audit and Supervisory Committee and three Directors who are members of the Audit and Supervisory Committee.

The Company selects candidates for Directors who are found, after an extensive scrutiny, to be compatible with its corporate philosophy and business strategy, to be capable of acting fairly and faithfully in the best interests of the Company, and to have extensive experience, knowledge, and expertise in recruiting, training, sales, and administrative functions that support the Company's engineer placement business.

The Company submits a list of candidates selected in this manner to a general meeting of shareholders for resolution upon the review and approval of the Board of Directors.

The Company has disclosed on its website (https://www.artner.co.jp/en/corporate/company/company-officer/) a skill matrix for its Directors that shows the scope of knowledge and experience that each of them possesses.

Supplementary Principle 4.11.2

Outside directors, outside *kansayaku*, and other directors and *kansayaku* should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and *kansayaku* also serve as directors, *kansayaku* or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

The Company discloses, in Notices of Convocation for General Meetings of Shareholders and its Securities Reports, information about Directors who are not members of the Audit and Supervisory Committee and who also hold key management positions at other companies, as well as information about Directors who are members of the Audit and Supervisory Committee and who also hold such positions.

None of the current Directors of the Company who are not members of the Audit and Supervisory Committee, nor the current Directors who are members of the Audit and Supervisory Committee, serve as directors of other companies.

Supplementary Principle 4.11.3

Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

The Company periodically analyzes and evaluates the effectiveness of its Board of Directors in order to make it work better. The evaluation is conducted by asking members of the board to complete a 31-item questionnaire survey that focuses on the following five areas:

a. The composition of the Board of Directors
b. Planning, convening, and administration of board meetings
c. Matters selected for deliberation at board meetings
d. Administrative assistance provided to the Board of Directors
e. Relationships with shareholders

The Company has found from the most recent survey results that the effectiveness of its Board of Directors has been maintained.

There were opinions on the securing of diversity within the Board of Directors and on the succession plans for the President and CEO and Directors. Based on these opinions, we resolved to introduce an executive officer system in May 2025 at the Board of Directors meeting held on March 14, 2025, for the purposes of promoting succession plans that have been discussed by the Nomination and Remuneration Committee, establishing a structure that can respond swiftly and appropriately to changes and challenges facing the Company's business environment, and completely separating the decision-making and supervisory functions of management.

We also confirmed the need for initiatives to implement management that is conscious of cost of capital and stock price.

The Company will take actions to address some remaining issues identified from the survey to continue to enhance the effectiveness of the Board.

Principle 4.12 Active Board Deliberations

The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

At board meetings, Outside Directors provide their opinions, suggestions, and recommendations while Inside Directors report on wide-ranging topics and provide their opinions. All of them contribute to constructive discussions and exchange of ideas at the meetings.

Supplementary Principle 4.12.1

The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active:

i) Materials for board meetings are distributed sufficiently in advance of the meeting date;
ii) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);
iii) The schedule of board meetings for the current year and anticipated agenda items are determined in advance;
iv) The number of agenda items and the frequency of board meetings are set appropriately; and
v) Sufficient time for deliberations.

To facilitate attendance of Directors at board meetings, the Company provides them with an annual schedule of board meetings before a new fiscal year begins, which include two monthly board meetings to deliberate and decide on matters relating to the Company's monthly business performance and the Company's business plan, as well as significant matters relating to day-to-day business operations, and four extraordinary board meetings to review and approve quarterly financial results. In addition, the Company provides Directors with supporting documents for resolution and business reports prior to each board meeting. The Company selects the number of agenda items so that sufficient time is allocated to deliberation on each of them.

Principle 4.13 Information Gathering and Support Structure

In order to fulfill their roles and responsibilities, directors and *kansayaku* should proactively collect information, and as necessary, request the company to provide them with additional information.

Also, companies should establish a support structure for directors and *kansayaku*, including providing sufficient staff.

The board and the *kansayaku* board should verify whether information requested by directors and *kansayaku* is provided smoothly.

As part of fulfilling their responsibilities, Directors who are not members of the Audit and Supervisory Committee and Directors who are members of the Audit and Supervisory Committee ask relevant divisions and departments for information and supporting documents, which are furnished to them. The Management Division provides administrative assistance to Directors who are not members of the Audit and Supervisory Committee. While no dedicated staffers are available to assist Directors who are members of the Audit and Supervisory Committee, staffers of relevant divisions and departments provide them with assistance upon request.

Supplementary Principle 4.13.1

Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, *kansayaku*, including outside *kansayaku*, should collect information appropriately, including the use of their statutory investigation power.

As part of making transparent, fair, timely, and firm decisions, Directors who are not members of the Audit and Supervisory Committee ask relevant divisions and departments for information and supporting documents as needed.

The Audit and Supervisory Committee works with Directors and the Internal Audit Office to collect information necessary for audits and ask relevant divisions and departments for information and supporting documents as needed.

Supplementary Principle 4.13.2

Directors and *kansayaku* should consider consulting with external specialists at company expense, where they deem it necessary.

As part of fulfilling their roles and responsibilities, Directors who are not members of the Audit and Supervisory Committee and Directors who are members of the Audit and Supervisory Committee ask external experts, such as lawyers, certified public accountants, and licensed tax accountants, for professional advice when they need independent opinions and perspectives.

Supplementary Principle 4.13.3

Companies should ensure coordination between the internal audit department, directors and *kansayaku* by establishing a system in which the internal audit department appropriately reports directly to the board and the *kansayaku* board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside *kansayaku*. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside *kansayaku* are appropriately processed.

The Company reports the result of an internal audit to the President and CEO, and relevant divisions and departments are responsible for taking corrective actions by deadlines specified in the report in the areas recommended for improvement. An annual schedule of internal audits as well as internal audit results and actions taken are reported to a board meeting attended by Directors who are members of the Audit and Supervisory Committee to ensure that key information is shared between the Committee and the Internal Audit Office.

Principle 4.14 Director and *Kansayaku* Training

New and incumbent directors and *kansayaku* should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and *kansayaku* along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

Directors who are not members of the Audit and Supervisory Committee and Directors who are members of the Audit and Supervisory Committee attend training sessions and external seminars to gain or broaden knowledge and insights necessary to fulfill their professional responsibilities.

Supplementary Principle 4.14.1

Directors and *kansayaku*, including outside directors and outside *kansayaku*, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

The Company provides Directors and members of the Audit and Supervisory Committee, including Outside Directors, with opportunities to become familiar with the Company's businesses, finances, and organization when they step into their new positions.

While in office, they attend training sessions and external seminars to gain or broaden knowledge and insights necessary to fulfill their professional responsibilities.

Supplementary Principle 4.14.2

Companies should disclose their training policy for directors and *kansayaku*.

Directors who are not members of the Audit and Supervisory Committee and Directors who are members of the Audit and Supervisory Committee attend training sessions and external seminars to gain or broaden knowledge and insights necessary to fulfill their professional responsibilities.

The Company will continue to provide them with information and opportunities for training.

Section 5: Dialogue with Shareholders

General Principle 5

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.

During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

The Company considers it imperative to maintain constructive dialogues with shareholders as part of its efforts to achieve sustained growth and increase its medium- and long-term enterprise value. The IR and PR Group in the Corporate Planning and Strategy Division coordinates the Company's IR activities, including planning and organizing investor briefing sessions. As part of IR activities, the President and CEO of the Company shares with shareholders financial results and earnings guidance as well as an outline of the Medium-Term Business Plan and its progress, and answers their questions to better understand each other.

Principle 5.1 Policy for Constructive Dialogue with Shareholders

Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

The Company has put the Director and Head of the Corporate Planning and Strategy Division in charge of IR. The IR and PR Group in the Corporate Planning and Strategy Division coordinates the Company's IR activities, including planning and organizing investor briefings and one-on-one meetings, which serve as a venue for maintaining dialogues with shareholders.

【Implementation of Dialogue with Shareholders, etc.】

Refer to "Home > Sustainability > Governance > Corporate Governance > Dialogue with Shareholders and Investors" on the Company's website (https://www.artner.co.jp/en/sustainability/governance/corporate-governance/dialogue/).

Supplementary Principle 5.1.1

Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and *kansayaku*, should have a basic position to engage in dialogue (management meetings) with shareholders.

Director and head of the Corporate Planning and Strategy Division and the IR and PR Group meet with shareholders to discuss their subjects of interest within a reasonable framework.

Supplementary Principle 5.1.2

At minimum, policies for promoting constructive dialogue with shareholders should include the following:

i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;

ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;

iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);

iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and

v) Measures to control insider information when engaging in dialogue.

i. Director and head of the Corporate Planning and Strategy Division oversees maintaining dialogues with shareholders, and the IR and PR Group in the division coordinates shareholder dialogues.
ii. In preparation for shareholder dialogues, the IR and PR Group coordinates with management, sales, HR, and training divisions to share information.
iii. In addition to meeting with shareholders individually, the Company holds investor briefings and posts briefing materials to its website as part of maintaining shareholder dialogues.
iv. Opinions and concerns raised by shareholders during dialogues are shared with members of the Executive Team.
v. The Company refrains from communicating with shareholders during a quiet period of three weeks prior to an earnings announcement to avoid unfairly disclosing any non-public financial information perceived as insider information.

Supplementary Principle 5.1.3

Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

The Company updates its shareholder composition based on the shareholder register updated twice a year—on January 31 and July 31.

Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company’s cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

The Company briefs investors on its Medium-Term Business Plan and publishes it on the Company’s website to help shareholders become familiar with the direction that the Company plans to take. The Medium-Term Business Plan outlines the Company’s management and business strategies and establishes targets for net sales, operating profit, and the number of engineers to be retained.

In addition, the Company discloses in the Medium-Term Business Plan its basic policies on earnings plans and capital policies based on its identified cost of capital.

【Action to Implement Management that is Conscious of Cost of Capital and Stock Price】

In part because the Company does not have borrowings, it attaches importance to the cost of shareholders’ equity and recognizes it at around 6~8%. The ROE for the fiscal year ended January

31, 2025 exceeded the cost of shareholders' equity at 28.1 %.

We are working to improve capital efficiency, setting the ROE target at 20% or higher in our Medium-Term Business Plan.

To raise the stock price, we intend to increase our profit every year and determine a dividend amount that will not fall below the previous year's amount, based on a payout ratio of 50%. The Company's PBR at the end of the fiscal year ended January 31, 2025 was 4.2 times. We will make continued efforts to enhance our IR activities with an aim of increasing the PBR.

Supplementary Principle 5.2.1 In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

The Company briefs investors on its management policy and business strategies approved by the Board of Directors and publishes them on the Company's website to help shareholders become familiar with them.

Revision History
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