

We will disclose information in accordance with the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB).

Environmental activity policy

- We will provide education to our employees in order to raise their awareness of environmental issues and promote environmental activities.
- We will comply with environmental laws and regulations and strive to disclose appropriate information. We will also collaborate with local communities and other stakeholders in an effort to achieve a more sustainable society.

Governance

As we have rated climate change as a high-priority issue, we have established the Sustainability Committee as a special committee for discussing sustainability-related issues including climate change. This Committee is established directly under the Board of Directors, and reports and submits the topics it discusses to the Board, which then deliberates and makes decisions on them. The content of such discussions will be disclosed externally and reflected in the Company's management policies and various initiatives.

The main members of the Committee consist of Directors who

are not members of the Audit and Supervisory Committee (including the President and CEO), Directors who are Audit and Supervisory Committee members, as well as division heads and managers. The Committee is held four times a year. The Committee promotes and manages the status of sustainability issues and initiatives, including those related to climate change. The topics deliberated in the Committee are reported to the Board of Directors. The Board then deliberates and adopts the resolutions on important risks and opportunities related to climate change, gives instructions on how to deal with them, and supervises the progress of such initiatives.

Strategy

As our social environment continues to change on a global scale, we believe that dealing with social issues, such as initiatives based on the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), is an important managerial agenda. We will strive to build an internal system of recruitment, training, and sales with carbon neutrality as a main pillar of our business activities.

Risk item			Business impact		Business impact		Response				
Large category	Medium category	Small category	Consideration: risks		Evaluation	Consideration: opportunities		Evaluation	Ongoing effort	Examples of our response to risks	Examples of our activities to achieve opportunities
Transition (1.5 and 2°C scenarios)	Reputation	Change in reputation from customers	The momentum for decarbonization is growing throughout the supply chain. Clients may require their suppliers to reduce emissions and disclose relevant information. In particular, the automotive industry, which accounts for a major part of our customer base, is making much progress in this area than other industries. If our efforts are deemed insufficient, there is a risk that our reputation will be damaged, leading to a decrease in sales. In addition, significant costs may be required to address these issues.		Large	As the entire supply chain of the automotive industry is making an effort to reduce emissions, if we become recognized as a leader in addressing climate change issues, this could lead to increased sales.		Large	Disclosed in Medium-Term Business Plan Participate in the automotive industry, etc., our main customers	Contribute to the development of customers' low-carbon products by dispatching engineers with low-carbon skills Acquire new clients by strengthening the low-carbon skillsets of our engineers"	
			Intensifying extreme weather events (typhoons, torrential rains, landslides, storm surges, etc.)			Large	If our clients are adversely affected by increased natural disasters causing operation downtime, etc., our sales may decrease due to reduced demand for engineers as a result of R&D budget cutbacks. Also, in the event that our offices and training facilities are affected by such disasters, costs for recovery and relocation may be incurred.			-	Disaster Prevention Manual
Physical impact (4°C scenario)	Chronic	Increased average temperature	Rising average temperatures will increase the use of air conditioning, which may increase costs at all our business and training facilities.		Small		If rising outdoor temperatures increase the need for safer and more comfortable indoor temperatures, the manufacturers' demand for developing HVAC equipment will increase, which may result in an increased demand for the dispatching of our engineers and increased sales.		Medium		

《 Our response to risks and opportunities 》

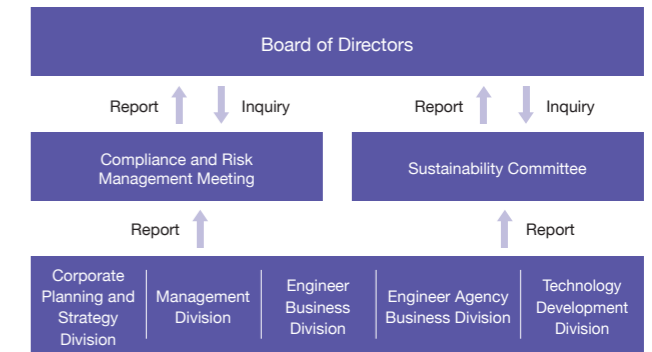
Artner conducts scenario analysis by identifying key risks and opportunities related to climate change and carrying out qualitative assessments of their impacts. For the first time in our scenario analysis, we included our main business area of engineer dispatching while using two scenarios (4°C scenario and combined 1.5°C and 2°C scenario) to examine the impact of climate change in the year 2030. We extracted risks and opportunities, and the degree of impact on our business activities was evaluated on a three-point scale of large, medium, and small.

Risk item			Business impact		Business impact		Response				
Large category	Medium category	Small category	Consideration: risks		Evaluation	Consideration: opportunities		Evaluation	Ongoing effort	Examples of our response to risks	Examples of our activities to achieve opportunities
Transition (1.5 and 2°C scenarios)	Technology	Advances in low-carbon technologies	Our main customers are in the automotive industry, which requires us to provide engineers who can develop products related to low-carbon technologies. If we are slower than our competitors to respond to these technologies, our engineers' skills may be considered obsolete and the demand for the dispatch of engineers may shrink, resulting in decreased sales. If new technologies need to be incorporated, costs for information gathering and training may increase.		Large	A low-carbon society may be promoted, which will lead to an increase in the demand for products using low-carbon technologies. In such a case, our sales may increase due to an increased demand for the dispatch of engineers to our existing clients and new clients.		Large	Disclosed in Medium-Term Business Plan Participate in the automotive industry, etc., our main customers	Capture demand for the development of low-carbon products such as EVs and other low-carbon vehicles, as well as energy-saving and renewable energy equipment, etc.	
			Since the Company's main customers belong to the automotive industry, actively attracting engineers who can deal with the design and development processes that support the shift to zero-emission vehicles (ZEVs) may lead to increased demand for the dispatch of engineers, which could result in higher sales. The advancement of low-carbon technologies has accelerated the speed of development of low-carbon business. Enhancing our recruitment and training systems as well as our services to meet the increasing number of requests from clients could lead to increased sales. If extreme weather conditions increase, along with a rising demand for seasonal products such as air conditioning products that can deal with higher/lower outdoor temperatures, this may lead to the manufacturers' increased demand for the development of HVAC equipment, resulting in growing demands for the dispatching of engineers and increased sales.			Medium	Disclosed in Medium-Term Business Plan Participate in the automotive industry, etc., our main customers				
Transition (1.5 and 2°C scenarios)	Market	Change in demand for important products			Medium					Large	Disclosed in Medium-Term Business Plan Participate in the automotive industry, etc., our main customers

Risk management

In response to major changes in the business environment, the Company has established the Compliance and Risk Management Meeting as part of its effort to clarify the Company's approach to risk management and future initiatives, and to practice risk management as an enterprise-wide commitment. This Meeting, established under the control of the Board of Directors, identifies risks that need to be addressed among various risks such as climate change, sets priorities for responding to such risks, and manages progress on an ongoing basis. The topics discussed in the Meeting are reported and submitted to the Board of Directors, which then deliberates and make decisions on such topics.

The main members of the Meeting consist of Directors who are not members of the Audit and Supervisory Committee (including the President and CEO), Directors who are Audit and Supervisory Committee members, as well as division heads and managers. The Meeting is held once per month.



Indicators and targets

We calculate our Greenhouse gas (GHG) emissions. Our goal for FY2051 is to achieve net zero GHG emissions. (Reduce CO2 emissions by 7.3t by FY2025, compared with FY2021 levels)

Description	FY2051 Target	FY2024 Target	FY2023 Result	FY2022 Result	FY2021 Result
scope 1 Use of fuel for rent-a-cars	Net zero	86	11	18	26
scope 2 Use of electricity at our locations			82.3	79.3	82
Total			93.3	97.3	108

Declaration for health and productivity management

Based on Artner's management philosophy of being an Engineer Support Company, we at Artner believe that ensuring the health and peace of mind of employees at work will eventually result in achieving the happiness of all the employees and reflection within the company. Under our mission to promote human resource development and the happiness of all the employees, we declare that we will work to create a workplace environment where each and every employee can work vigorously and in good mental and physical health.

Organization

The Director/Head of the Management Division will serve as the overall supervisor and the Management Division's General Affairs and Human Resources Group will function as the Health and Productivity Management Promotion Office to plan, operate, and promote different initiatives. In promoting the initiatives, these stakeholders will collaborate with the Health and Safety Committee, industrial physicians, and health insurance societies, and report on the progress at the Sustainability Committee meeting.



Mental health training for managers by clinical psychologists

Mental health training by clinical psychologists was offered for our managers and sales staff. The Company supports the physical and mental health of our employees through mental health measures, including primary prevention through stress checks (self-care), secondary prevention through mental health management by managers, mental health care by clinical psychologists, and establishment of health consultation desks (health insurance societies, etc.). Managers and staff will continue to support the mental wellbeing of employees by noticing mental health issues in team members and engineers and teaming up with superiors, colleagues, and the personnel affairs manager.



Recognized as one of the 2023 Certified Health and Productivity Management Outstanding Organizations (large enterprise category)

Artner was recognized as one of the 2023 Certified Health and Productivity Management Outstanding Organizations (large enterprise category) under the Certified Health and Productivity Management Outstanding Organizations Recognition Program, operated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. The recognition program recognizes corporations, including large companies and small- and medium-sized enterprises, that practice particularly excellent health and productivity management, based on their efforts to address local health issues and cooperate with the health initiatives conducted by Nippon Kenko Kaigi. Artner has been promoting health and productivity management based on its declaration, and its efforts have been recognized by external organizations.



Health management results

Item	KPI		FY2020	FY2021	FY2022	FY2023
			Periodic health checkup	Consultation rate	100%	100.0%
Stress check	Consultation rate	90%	77.4%	78.1%	82.8%	78.9%
Annual paid leave	Acquisition rate	70%	81.4%	82.1%	76.5%	85.0%
Improving health literacy(through training)	Attendance rate	100%	-	-	100.0%	100.0%
Proper weight ratio	Proper weight people ratio	75%	-	-	-	69.9%
Improving productivity(eliminating presenteeism)	Labor function assessment	100%	-	-	-	92.3%
Average years of service	Years	1.2 times	1.00	0.98	1.00	1.03

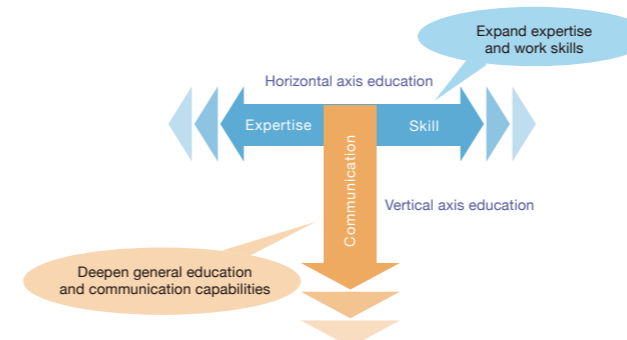
Mental health care for employees

To support the mental and physical health of our employees, we provide them with mental health care from professional counselors, thereby helping in the prevention and early detection of mental health issues.

Policy on talent development

T-shaped specialist education system

Artner has introduced its own education system in which the horizontal axis represents specialized knowledge and work skills and the vertical axis represents general education and communication capabilities. By doing so, we have established an effective approach to improving the skills of each and every engineer. We also provide support for new employees and workers with little or no experience to participate in cutting-edge projects at an early stage and to shift their careers to growing industry fields.



Improvement of service quality

As we achieve our purpose to "Support the growth and self-actualization of engineers, who are Japan's world-class assets," and our management philosophy "Engineer Support Company," we stay committed to engaging in the following activities in order to enhance customer satisfaction and improve service quality.

Before engineer placement

We provide industry knowledge of the client company, and train the engineer using the same types of tools as those used in the field.

After engineer placement

We conduct interviews with the client company on a regular basis. We also train the engineer to meet the needs of the company.

Improving the employment environment to promote active participation of women

To help establish an employment environment that enables the active participation of women and permits employees to achieve a better work-life balance, Artner has formulated a General Employers Action Plan, based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. We also strive to increase the number of female executives and improve the rate of childcare and nursing leave utilization.

KPI	FY2024 Target	FY2023 Result	FY2022 Result
Share of female employees (engineers)	-	4.1%	3.7%
Share of female employees (administration)	-	27.6%	31.4%
Share of female employees (engineers) among new employees	-	6.4%	3.0%
Share of female employees (administration) among new employees	-	27.3%	66.7%
Appointment of female employees (engineers) to managerial positions	Three or more	Two (as of January 31, 2023)	Two (as of January 31, 2022)
Appointment of female employees to managerial positions	Ten or more	Ten (as of January 31, 2023)	Six (as of January 31, 2022)
Share of female employees in managerial positions	Increase on an ongoing basis	3.4%	3.7%
Wage difference between male and female employees (overall)	-	Male 100% : Female 94%	Male 100% : Female 93%
Wage difference between male and female employees (engineers)	-	Male 100% : Female 96%	Male 100% : Female 99%
Wage difference between male and female employees (administration)	-	Male 100% : Female 71%	Male 100% : Female 71%
Usage rate of childcare leave (male employees)	30% or more	30.8%	12.5%
Usage rate of childcare leave (female employees)	80% or more	100%	100%
Usage rate of nursing care leave (male and female employees)	50% or more	7.4%	1.2%

Human rights policy

We will respect basic human rights without discrimination based on gender, age, place of origin, nationality, race, ethnicity, creed, religion, disease, disability, and/or other factors. We will create a healthy work environment, and will not engage in harassment (workplace bullying, sexual harassment, pregnancy discrimination, or any other form of harassment by any name) or any other treatment that would be recognized as inhumane by global standards. We will make reasonable accommodations for employees' religious practices and document the details of such accommodations. We will not require employees to undergo medical examinations that are not reasonably and objectively necessary in the hiring process. We will respect the rights of employees to form and join labor unions, to bargain collectively, and to participate in peaceful assembly of their own volition, as well as their rights to withhold such participation.

Procurement policy

- As a responsible member of society, we will comply with laws and regulations and respect social justice and basic human rights.
- We will establish equal and fair business relationships and procure the best and most appropriate resources.
- We will conduct fair transactions and act by putting ourselves in our customers' shoes.
- We will meet customer needs by providing products that offer value in all aspects of price, quality, safety, and the environment.
- We will strive to use environmentally friendly products.
- We will strive to properly manage documents and information.
- We will strictly manage information that should be kept confidential.

Diversity and LGBTQ initiatives

At Artner, we believe that promoting workplace diversity and giving all employees the opportunity to demonstrate their full potential lead to innovation and value creation. For this purpose, we strive to foster an inclusive company culture, through measures such as diversity training, LGBTQ study meetings, and activities to promote an understanding of gender equality by all employees.

Establishing a diversity promotion office

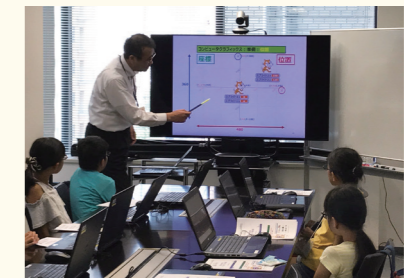
In September 2011, Artner set up a Diversity Promotion Office (now Diversity Team), centered around people with disabilities. In addition to promoting the employment of people with disabilities, we also aim to create a workplace that enables all employees to feel fulfilled by their work.

Active hiring of people with disabilities

Artner actively hires people with disabilities. In 2018 Artner was officially recognized by Osaka Prefecture for its outstanding company efforts in support of people with disabilities. (This award is part of the prefecture's initiatives to actively support the employment of people with disabilities.)

Programming classes for elementary school students

We run computer programming classes led by Artner employees for children in grades four to six at local elementary schools. Like this, we provide opportunities for children to learn how to think like a programmer.



Initiatives to clean public spaces

As part of its community service activities, Artner organizes a cleanup of Esaka Park, located near our learning centers in West Japan, and of Shin-Yokohama Ekimae Park, located near our Tokyo headquarters and learning centers in East Japan, inviting the participation of all of our directors, managers, and employees.



Volunteering at Osaka Prefectural Suita School for Students with Special Needs

Since 2018, our staff have been serving as "school volunteers" for the annual festival at Osaka Prefectural Suita School for Students with Special Needs.

