artience Group Value Creation Looking Ahead to 2050

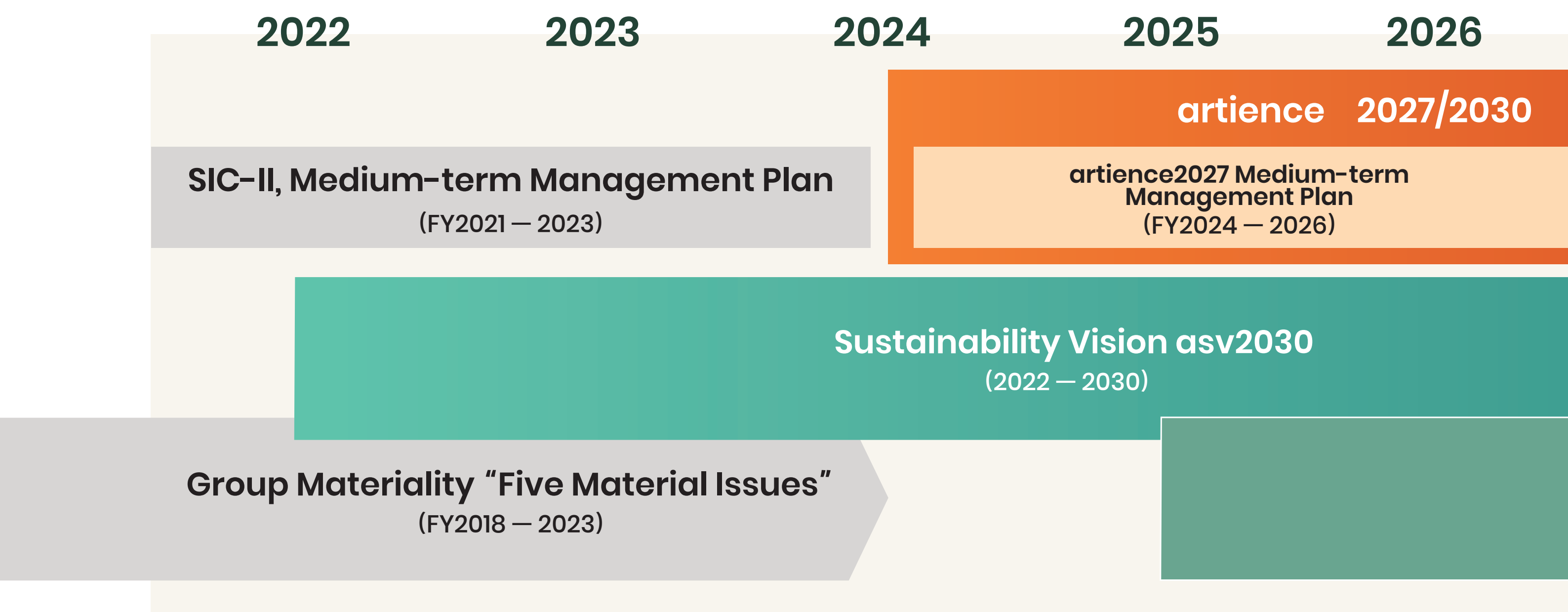
The artience Group has been implementing three-year-long medium-term management plans, and is currently working on the artience2027/2030 "GROWTH" Management Plan, with the target year of FY2030. We will continue to steadily implement this management plan to manifest the strong commitment to transformation that we expressed both within and outside the Group through changes to our Philosophy System and the change of our company name to artience in FY2024.

In addition to engaging in business activities with set financial targets under the two medium-term management plans, artience2027 and artience2030, we have also formulated Group Materiality 2025-2030, which identifies key sustainability issues for the Group and society, and are engaged in Group sustainability activities aligned with our medium-term management plans. We have also formulated Sustainability Vision asv2050/2030 as a set of long-term practical targets for the Group's sustainability activities and a direction for Group Materiality 2025-2030. The goal is to respond to recent global trends relating to efforts to achieve the Sustainable Development Goals (SDGs,) such as in addressing climate change, carbon neutrality, recycling of resources, human rights, and diversity, and the situation in which greater demands are being placed on companies to resolve various social issues.

To serve in a new era and achieve continued growth in fast-changing social circumstances, we will transform into a company that delivers pioneering value to people around the world using cutting-edge technologies and work together as one group to create value that resonates with the senses for a future where all people can live enriched lives.

■Targets for business performance during term of artience2027/2030 "GROWTH" Management Plan

	FY2023 (result)	FY2024 (result)	FY2025 (planned)	FY2026 (target)	FY2029 (target)
Consolidated net sales	322,122 million JPY	351,064 million JPY	370,000 million JPY	400,000 million JPY	500,000 million JPY
Consolidated operating profit	13,372 million JPY	20,414 million JPY	22,000 million JPY	25,000 million JPY	—
Operating profit margin	4.2%	5.8%	5.9%	6.3%	—
ROE	4.2%	7.3%	7.0%	8.0% or more	10.0% or more



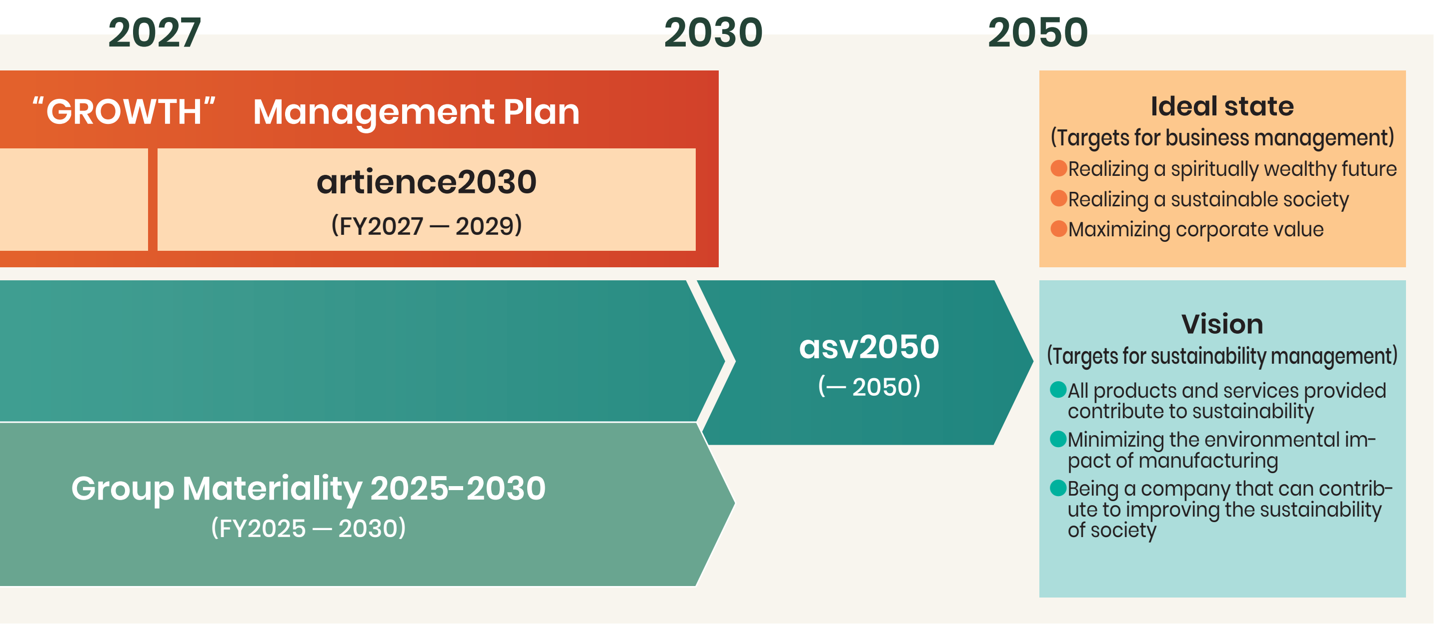
artience Group Value Creation Looking Ahead to 2050

Sustainability Vision asv2050/2030

The Group formulated the Sustainability Vision asv2050/2030 in January 2022 to indicate a direction for implementing sustainability management from a medium to long-term perspective. To link this more specifically to our management plans, we reviewed the previous group materiality "Five Material Issues" from scratch and formulated Group Materiality 2025-2030 in February 2025. At the same time, we revised asv2050/2030 to enhance its permeation within the Group and its linkage with our management plans.

■Sustainability Vision asv2050/2030

asv2030 Intermediate targets at milestone towards 2050 Corporate contributions to achieving the SDGs	asv2050 Direction leading to vision for 2050 Achievement of carbon neutrality
1. Providing products and services that realize a sustainable society	
•Sales ratio of Sustainability-enhancing Products will be 80% •Expanding the lineup of products that are able to contribute to a reduction in CO_2 emissions throughout the product lifecycle	•Making all products Sustainability-enhancing Products •Contributing to decarbonization throughout the entire value chain
2. Reducing the environmental impact of manufacturing	
•Scope 1 and 2 emissions (global): 26% reduction (from FY2020 level) =CO_2 emissions: 35% reduction in Japan (from the FY2020 level,) 35% reduction overseas (compared to the FY2030 BAU) •Reduce water consumption at production sites and carry out water quality preservation activities •Achieve zero emissions as the Group as a whole and increase the conservation and recycling of resources •Harmful chemical substance emissions (Global): 30% reduction (from the FY2020 level)	•Achieve the carbon neutrality of production activities and minimize greenhouse gas (GHG) emissions from all corporate activities •Achieve sustainable water consumption in production activities •Minimize waste generation and maximize resource recycling •Become a chemical manufacturer that emits no harmful chemical substances during production activities
3. Building a foundation for trust	
•Realize the responsible procurement of raw materials in consideration of human rights, labor and the environment •Realize a working environment that respects human rights and diversity •Improve employee engagement through promoting personnel development that leads to their growth and providing a safe and secure working environment •Govern the corporation in ways that meet stakeholders' expectations through uninterrupted reform •Achieve the co-creation of value by establishing partnerships and coexisting with local communities and nature	•From a sustainability perspective, address supply chains, human rights and diversity, human resource management, connections with local nature and communities, and reform and transformation of governance continuously



Group Materiality 2025-2030

Background to the formulation of the new materiality

The situation surrounding solving corporate sustainability issues has changed significantly since the implementation of the previous material issues (2017.) This includes changes in social demands, increased reflection of non-financial issues in management strategies, disclosure of response measures, and increasing sophistication and complexity of issues. To address these, following the January 2024 company name change and the launch of our new management plan, we have redefined and identified the material issues that significantly impact the artience Group's mid-to-long-term value creation and the realization of our Sustainability Vision.

In formulating the Group Materiality, we made efforts to (1) ensure consistency and coordination with our management plans and asv2050/2030, (2) reflect trends in social demand, and (3) identify issues specific to artience, using our own criteria and perspectives.

Sustainability Vision asv2050/2030	Group Materiality 2025-2030	artience2027, Medium-term Management Plan	Management Plan artience 2027/2030 "GROWTH"
Providing products and services that realize a sustainable society	Provide "value that resonates with the senses" through products and services	Shift to highly-profitable existing businesses	Business portfolio transformation
Reducing the environmental impact of manufacturing	Reducing the environmental impact of manufacturing	Create strategic priority businesses	Maximization of capital efficiency and cash flows
Building a foundation for trust	Implement management with a focus on human capital	Transform management foundation	Establishment of corporate foundations and sustainability management practices
	Form a business foundation that allows the Group to be trusted and to continuously co-create value		

Group materiality 2025-2030 is linked to our Sustainability vision and breaks down the direction indicated by the vision into more specific target areas and goals. Furthermore, by linking it to our management, it supports the promotion of business strategies and the implementation of measures linked to sustainability.

■Process of formulating the Group Materiality

STEP 1
Identification and organization of issues

Based on international sustainability disclosure standards such as ISSB, evaluation criteria for major ESG investment indicators, and the Group's management plans and Sustainability Vision, we identified candidates and created a shortlist of 39 material issues.

STEP 2
Interviews with internal and external stakeholders

We held workshops with the heads of the production, sales, engineering, and corporate planning departments of our major consolidated subsidiaries, and exchanged opinions on the importance, priority, and impact of each issue from their perspectives as business managers and internal stakeholders. We also consulted with external experts in various ESG fields to determine the material issues that the Group should address.

STEP 3
Analysis and consideration of each issue

Based on opinions gathered through workshops and expert interviews, we analyzed and examined the mutual impact of the Group's activities and social and environmental trends on each issue, and assessed the importance of each issue for the 2025-2030 Group Materiality management period.

STEP 4
Identification of important issues

Based on the results of the workshop and the materiality assessment, the formulation team held repeated discussions and identified 15 material issues for the new Group Materiality. In line with this, we have partially revised our Sustainability Vision, supplementing missing elements and updating quantitative targets to reflect the current situation.


New Group Materiality formulation workshop (October 2024)

STEP 5
KPI / target selection

We consulted with relevant departments on each material issue and set KPIs/targets (including qualitative targets) linked to each medium-term management plan. The above has been approved by the Sustainability Committee meeting, the Group Management Committee, and the Board of Directors, and is being implemented as of FY2025.

Group Materiality 2025-2030

Message from CSO

Formulating new material issues linked to management plans

Director in charge of Quality Assurance, Production and Environment, Sustainability, Purchasing and Logistics

Tetsuaki Sato

Improving effectiveness through internal instillment

In FY2024, the artience Group reviewed its Group Materiality (material issues) for the first time in seven years.

To review our material issues, we held a group-wide workshop in October 2024. Department heads from the corporate planning, production, sales, and engineering departments were invited to share their opinions and suggestions. During the discussions, many teams expressed awareness of the importance of coexisting with society, which was particularly impressive since it reflects the values of our Brand Promise. We also interviewed experts in finance, diversity, equity, and inclusion (DE&I,) and the environment, and reflected their insights in the formulation of our Group Materiality.

To increase effectiveness, quantitative indicators have been established for each material issue wherever possible. For issues that are difficult to quantify, we try to use expressions that each responsible employee can easily understand, even if they are qualitative. We also emphasize the importance of internal instillment, so that everyone can understand and relate to the material issues. Currently, around two-thirds of our Group employees are overseas personnel. At the Global Management Forum (GMF,) which is held twice a year and attended by executives from overseas bases, simultaneous interpretation is provided in English and Chinese. We are also focusing on communication with regard to sustainability. We also feel that it is crucial to reflect the opinions of employees working at overseas locations, and are currently developing a system to do so.

Driving toward our goals together with stakeholders

Human capital — one of the pillars of the new Group Materiality — was a key point in this review. Building on our previous Group Materiality, which focused on coexistence and co-prosperity with the supply chain, as well as employee happiness and motivation, we have revised our material issues from a human perspective. This clearly demonstrates our commitment to valuing everyone involved in the Group's business activities.

I have been the manager of a manufacturing plant for a long time, but I still feel that there are many issues to be addressed in the workplace. Driving automation and labor saving, creating a safe and secure working environment, and improving productivity through DX are all issues that require immediate action.

There are also many other elements that have been incorporated into this revision. We have incorporated environmental items that are still insufficient, such as resource recycling, water management, and Scope 4 emissions, as well as themes that we want to develop further, such as DX and fostering a culture of co-creation.

There are many challenges involved in promoting sustainability that are difficult for the Company to tackle alone. As a chemical manufacturer, our company has always contributed to society by supporting customers' businesses and services from behind the scenes. With a history spanning 129 years since our founding, we will continue moving forward toward our goals by cherishing the relationships we have built with our customers, business partners, local communities, and other stakeholders, while at the same time seeking to collaborate with new partners.

Messages from experts

Representative Director of Sustainability Technology Design Organization, Inc.
Representative of Circular Economy & Wide-area Multi-Value Circulation Research Group

Mr. **Komei Harada**

- artience's sustainability activities seem to focus heavily on reducing negative impacts. I believe this is why your business and sustainability activities are not fully integrated. I would like to see you demonstrate how your products and services contribute to sustainability and societal transformation, and incorporate the challenges of seizing opportunities into your material issues.
- By consuming resources and energy to produce and supply products and services, manufacturers contribute to reducing society's overall environmental impact and improving the lives of consumers. Aiming to increase your positive impact will enable you to contribute to sustainability through your business.

Representative Director of General Incorporated Association Virtue Design
Visiting Professor, Faculty of Arts and Sciences, University of Tokyo

Ms. **Mari Yoshitaka**

- Why not consider material issues for each business? Even for the same issue, the reasons for selection and approach may vary depending on the business, resulting in unique material issues that are specific to artience. Investors are not looking for uniform material issues that apply to every company.
- It is essential to address human capital issues.
  The necessary human resources will change in line with revisions to your business portfolio. Given your company's high percentage of overseas personnel, I would also like you to focus on addressing gender issues.
- I think it would be beneficial to set quantitative targets that can easily be compared with those of other companies. At the same time, set qualitative targets that express your company's uniqueness.
- It is important to clearly outline a growth strategy based on governance.

Group Materiality 2025-2030

Group Materiality 2025-2030 (Formulated in February 2025)

The Group's new Group Materiality consists of 15 material themes (areas of the issue) identified based on the assessments of internal and external stakeholders, corresponding actions (to be taken to address the issue,) KPIs/2030 targets (quantitative targets,) and measures (qualitative targets.) It also outlines SDGs targets relating to each material issue, and correspondences with the artience2027/2030 "GROWTH" Management Plan, the artience2027 Medium-term Management Plan, and the Sustainability Vision asv2050/2030. We have also designated departments responsible for achieving the targets we have set, in order to ensure that they are achieved in a steady manner.

Theme (area of the issue)		Relevant SDGs goals	Actions (to be taken to address the issue)
1. Provide "value that resonates with the senses" through products and services			
1-1	Products & Services	2, 3, 7, 12, 13	● Increase sales of Sustainability-enhancing Products, mainly in the strategic priority businesses
1-2	Decarbonization	7	● Promote GHG emissions reduction and decarbonization throughout the value chain
2. Reducing the environmental impact of manufacturing			
2-1	Climate Change	7, 13	● Tackle to reduce GHG emissions taking every possible measures and contribute to mitigating climate change
2-2	Water Management	6	● Improve water use at production sites and contribute to preserving the natural and living environment
2-3	Wastes Resource Circulation	9, 11, 12, 14, 15	● Reduce waste from production sites and offices and encourage resource circulation in the value chain
2-4	Pollution Prevention Chemical Substances	3, 6, 12, 14	● Pollution Prevention Chemical Substances
3. Implement management with a focus on human capital			
3-1	SCM	8, 10, 12, 16	● Construct a supply chain that realizes responsible procurement of raw materials
3-2	Respect for Human Rights DE&I	4, 5, 8, 10	● Create a working environment that respects human rights and diversity and that has no gender gap
3-3	Human Capital	4, 8, 9, 10	● Accelerate employees' career development efforts and engagement through personnel training that supports their challenges
3-4	Occupational Safety Health & Productivity Management	3, 8	● Improve labor safety in workplaces and improve employees' health to establish a working environment where employees feel secure
4. Form a business foundation that allows the Group to be trusted and to continuously co-create value			
4-1	Corporate Governance Financial Foundation	12, 16	● Promote to ensure the transparency of management and improve the soundness of our financial foundation
4-2	Compliance Risk Management Information Security	5, 10, 11, 16	● Continuously review compliance and risk management systems to improve their effectiveness
4-3	Product Safety Quality Assurance	9, 12	● Strengthen the product safety and quality assurance system to improve our credibility as a manufacturing company
4-4	Promoting Digital Transformation	4	● Accelerate digital transformation, the use of artificial intelligence (AI,) and digitalization of operations to bolster the Group's ability to adapt to changes in business environment and improve labor productivity
4-5	Co-creation Culture Community	4, 8, 9, 11, 17	● Foster a corporate culture that realizes value co-creation through the establishment of partnerships with other organizations and co-existing with local communities

Group Materiality 2025-2030

WEB

For more information about the reasons for identification of each issue, visit our website and click on Sustainability > artience's Sustainability > Group Materiality 2025-2030.
Departments responsible for achieving the targets are listed on pages 18 and 19 of our 187th Annual Securities Report.
https://www.artiencegroup.com/en/corporate/sustainability/strategy/materiality/
https://ssl4.eir-parts.net/doc/4634/yuho_pdf/S100VGQE/00.pdf

	KPI/targets (FY2030) or measures (qualitative targets)	Related pages
1. Provide "value that resonates with the senses" through products and services		
1-1	● Operating profit ratio of the strategic priority businesses (consolidated): 40% or more ● Sales ratio of Sustainability-enhancing Products: 80% ● Expanding the lineup of Sustainability-enhancing Products (environmental / lifestyle value products)	Page 13: Sustainability-enhancing Products Page 18: Environmentally Friendly Products / Utilization of Life Cycle Assessment
1-2	● Initiate and promote calculation of Scope 4 (contribution to reducing GHG emissions downstream in the supply chain) ● Established in-house carbon footprint (CFP) calculation system based on international rules and completed application to specific product categories ● Step up supplier engagement for the purpose of reducing Scope 3 emissions	Page 18: Environmentally Friendly Products / Utilization of Life Cycle Assessment Page 19 to 26: Response to Climate Change
2. Reducing the environmental impact of manufacturing		
2-1	● Scope 1 and 2 emissions (global): 26% reduction from FY2020 level [CO_2 emissions: 35% reduction in Japan from the FY2020 level, 35% reduction overseas compared to the FY2030 BAU] ● Carry out initiatives to reduce Scope 3 emissions	Page 19 to 26: Response to Climate Change
2-2	● Carry out water resources conservation activities at sites located in water-risk areas (droughts, floods, lacking purified water) ● Promote water recycling activities and calculate the recycling ratio	Page 27 to 28: Water Resource Management
2-3	● Achieved zero emissions (final waste disposal rate of 1% or less for total production sites) by promoting 3Rs (reduce-reuse-recycle) throughout production activities ● Carry out initiatives for plastic resource circulation and plastic waste reduction	Page 29 to 30: Resource Circulation Page 31 to 32: Waste Management
2-4	● Harmful chemical substance emissions (Global): 30% reduction (from the FY2020 level) ● Number of violations of laws and regulations related to pollution prevention: Zero cases continued	Page 33 to 34: Pollution Prevention Page 35: Chemical Substance Management
3. Implement management with a focus on human capital		
3-1	● CSR procurement rate: 80% (Coverage: 70%) ● Guideline consent rate: 85% (Coverage: 70%) ● Carry out initiatives for a sustainable supply chain, including logistics, raw material transactions and the contracting of services	Page 72 to 75: Respect for Human Rights Page 76 to 77: Supply Chain Management
3-2	● Percentage of women in managerial positions (on a consolidated basis in Japan): 10% ● Implementation rate of human rights due diligence for employees (global): 100% ● Employment rate for people with disabilities (employment of special subsidiary applied to the Group in Japan): 3% ● Promoting DE&I activities (addressing gender, disabilities, senior employees, etc.)	Page 53 to 54: Human Resource Management Page 58 to 61: Promoting Diversity, Equity and Inclusion Page 72 to 75: Respect for Human Rights
3-3	● Increase in average investment in employee education and training (Japan) ● Accelerate the creation of independent career development programs (in-house staff recruitment and in-house job hunting in Japan) ● Achieve higher scores in employee engagement surveys ● Strengthen support for employees' challenges (support for people entering Business Idea Contests, reward programs, etc.)	Page 53 to 54: Human Resource Management Page 55 to 57: Human Resources Development
3-4	● Number of lost-workday injuries in Japan, including injuries incurred by contractors working on our premises: Zero ● Reduce lifestyle-related disease risks in Japan: Risk of obesity: 21.3%, risk of hypertension: 9.7%, risk of diabetes: 9.1%, risk of dyslipidemia: 31.0% ● Percentage of employees taking childcare leave or leave for childcare purposes in Japan: 100% continued ● Promote initiatives that contribute to employee occupational safety and health / health improvement	Page 53 to 54: Human Resource Management Page 62 to 64: Promoting Healthy Work-Life Balance Page 65 to 68: Health and Productivity Management Page 69 to 71: Occupational Safety and Health, Process Safety and Disaster Prevention
4. Form a business foundation that allows the Group to be trusted and to continuously co-create value		
4-1	● Increase the diversity (in terms of gender, skills) of officers (directors and operating officers) ● Reform of the remuneration system for officers (increasing transparency in the determining process, reflection of non-financial results, information disclosure of compensation amounts, etc.) ● ROE (Profit attributable to owners of parent / net worth): 10% or more	Page 6 to 7: artience Group Value Creation Looking Ahead to 2050 Page 83 to 90: Corporate Governance
4-2	● Raising awareness of the Code of Ethical Conduct and the whistleblowing system ● Number of serious compliance violations (violations of laws and regulations and other conduct for disciplinary action): Zero continued ● Building overseas information security systems (implementation of common rules, customization for individual bases, vulnerability testing / corrective activities, etc.)	Page 91 to 96: Risk Management Page 97 to 99: Compliance
4-3	● Enrichment of the Global Quality Standard Network (unification and control of quality standards, sharing of quality assurance information, etc.) ● Number of serious incidents regarding product safety and quality (violation laws and regulations, human damages, economic loss beyond a certain level): Zero continued	Page 51 to 52: Ensuring Quality and Safety
4-4	● Promote "Generative AI Native 500" project (the development of generative AI core talent and utilization promoting talent): Developing 500 employees by FY2027 ● Promoting digital transformation in each of the production, sales, engineering and administrative fields	Page 55 to 57: Human Resources Development Page 62 to 64: Promoting Healthy Work-Life Balance
4-5	● Promoting partnership building with governments, companies and research institutes (business co-creations, joint R&D projects, etc.) ● Increase communication with local communities ● Conduct social contribution activities (such as disaster reliefs, cultural and educational supports, environmental conservation, donations, local employment)	Page 15: Relationship with Stakeholders Page 78: Social Contribution Activities

Sustainability Management

Promoting sustainability management

The Group has established a Sustainability Charter as its basic philosophy for promoting sustainability in all of its corporate activities. The Charter is based on the Group's philosophy system, consisting of our Corporate Philosophy, Brand Promise, and Our Principles. To drive sustainability management from a medium- to long-term perspective, we are implementing initiatives throughout the entire Group using the Sustainability Vision asv2050/2030, which is derived using a back-casting approach based on our ideal vision for 2050, as a guideline for our activities. In addition, artience2027 the Medium-term Management Plan, which is currently underway, sets out three basic policies: (1) shift to highly-profitable existing businesses, (2) create strategic priority businesses, and (3) transform management foundation. It also clearly specifies sustainability management issues that should be addressed to (3) transform management foundation, such as the reform of the personnel development program, the maximization of capital efficiency, innovation in production processes, digital transformation and the strengthening a technological foundation for the Company.

At the same time, we have established a new Group Materiality 2025-2030, which identifies sustainability issues that must be addressed by 2030 and sets specific targets, as part of our efforts to integrate sustainability activities into our business activities (value provision) and put our Brand Promise of "Creating value that resonates with the senses and building a future where all people can live enriched lives" into practice. Based on this, we will engage in sustainability activities throughout the entire Group and collaborate with partners and communities to implement various measures aimed at creating a sustainable society.

WEB Our policies and guidelines are posted on our website under [Sustainability > Related Policies and Guidelines.]

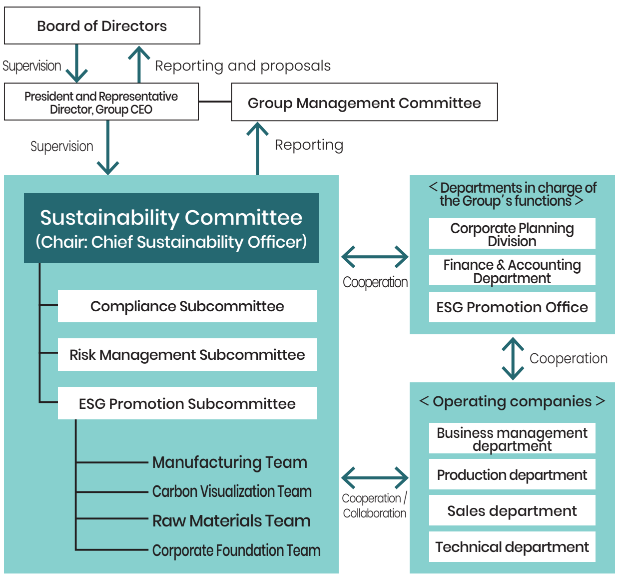
* Related policies and guidelines are written in Japanese, English, and Simplified Chinese. Our Sustainability Charter, Code of Ethical Conduct, Basic Policy on Respect for Human Rights, and Basic Policy on Occupational Safety and Health are available in PDF format in multiple languages (12 languages in total.) We plan to add further multilingual support in the future.

Promotion system

The Sustainability Committee is chaired by the Group's Chief Sustainability Officer, with the Group CEO as chief supervisor. The committee formulates plans, implements, evaluates, and follows up on all group-wide sustainability-related activities. The committee's activities are reported to management through the Group Management Committee and the Board of Directors, with particularly important matters being decided upon and supervised by the Board.

The three subcommittees of the Sustainability Committee and the administrative departments of each domestic Group company play a central role in supporting the sustainability activities of the entire Group from their various perspectives, and are working to drive activities on a global scale.

■Sustainability promotion system (FY2025)



Activity status of the Sustainability Committee (FY2024)

In FY2024, we held three Sustainability Committee meetings and one Sustainability Conference (group-wide meeting) to report and discuss progress. The Sustainability Committee also took a central role in formulating the new Group Materiality, and is driving activities to ensure its implementation from FY2025 onward.

■Date of Sustainability Committee meetings

January 19, 2024	Sustainability Committee meeting (extraordinary meeting)
February 8, 2024	1st Sustainability Committee meeting
April 16, 2024	2nd Sustainability Committee meeting
July 1, 2024	Sustainability Conference (group-wide meeting)

■Major activities of the three subcommittees (FY2024)

Risk Management Subcommittee	Confirmed company/group-wide risks, reviewed and considered guidelines for responding to overseas risks, reported risk themes in a timely manner, and organized reporting routes for natural disasters and other risks
Compliance Subcommittee	Increased knowledge and understanding of the Code of Ethical Conduct, handled labor cost price transfers, and increased knowledge and understanding of the whistleblowing system
ESG Promotion Subcommittee	Created a roadmap for decarbonization (achieved at 87% of group bases (based on CO_2 emissions,)) introduced a scope calculation system, held dialogues with suppliers toward decarbonization and distributed questionnaires (engagement survey)

Sustainability-enhancing Products

Making all products Sustainability-enhancing Products

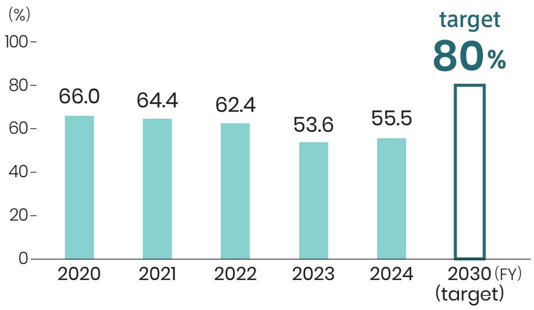
The artience Group is driving the development and launch of products and services that cater to the needs of society and customers, and is working to enhance and expand its range of Sustainability-enhancing Products, with "Environmental Value" as the value provided by environmentally friendly products, and "Lifestyle Value" as the value provided by products that contribute to comfort in people's lives, their health and welfare, and safety and reliability.

Additionally, our sustainability-enhancing products include those identified as climate-related opportunities in our climate change scenario analysis, specifically products and product groups related to expanding sales of low-emission products and acquiring business opportunities such as materials for combating extreme heat and infectious diseases.

In our asv2050/2030, we have set a target of achieving a sales ratio of 80% of total sales for Sustainability-enhancing Products by 2030, and that all products be Sustainability-enhancing Products by 2050.

link Page 7: Sustainability Vision asv2050/2030

■Changes in sales ratio of Sustainability-enhancing Products* and its targets



* In FY2023, a new definition of Sustainability-enhancing Products was introduced under asv 2050/2030 and the scope of calculation was expanded to include overseas sales. The figures up to an including FY2022 are sales composition ratio of conventional environmentally friendly products.

■Values provided by Sustainability-enhancing Products and their direction

Provided value	Direction	Keywords	Examples of measures and products
Environmental Value Building a society that co-exists in harmony with the environment	Decarbonization	Clean energy / new energy Energy reduction / shift to EV-based transportation	Proposal and advanced development of materials and technologies that contribute to the acceleration of the shift to EVs (LiB materials, thermal control materials and components)
			Contributing to reducing CO_2 emissions during use (shift to UV / EB) Developing environmentally friendly new power generation systems and proposing materials for these systems
	Resource circulation	Reduce Reuse Recycle Replace	Reducing the percentage of petroleum raw materials and replacing them (shift to biomass, water-based materials)
			Simplification of product components, replacement with paper (biodegradable materials, functional coatings)
			Materials and systems that support the recycling of plastics (materials and systems supporting horizontal recycling)
	Coexisting with nature	Environmental harmony, coexistence, and purification Reduction of substances with environmental impact	Heat shielding paint, thermal insulation Soil improvement, wastewater purification, and utilization of renewable energy
	Carbon recycling		Developing Carbon Capture, Usage and Storage (CCUS) technologies, utilizing CO_2-derived raw materials
Lifestyle Value Realizing a comfortable, healthy and safe society	Medical / healthcare area	Prevention / diagnosis	Development of diagnostic materials and systems which lead to the early detection and prevention of diseases and the reduction of risk of being affected by diseases
		Medical treatment	Development of pharmaceutical and medical materials which contribute to advanced therapies and self-care
		Safety / security	Provision of safe, reliable products which do not affect living bodies (do not contain harmful substances)
	Communication / electronics / digital area	High-speed, large-capacity communication	Development of next-generation materials which support photonics, high-speed, large-capacity transmission, and high-speed computing
		Advanced sensing	Provision of key materials aimed at the development of a sensor society and a society connected via IoT
		Big data	Developing technologies which lead to a convenient society based on the utilization of data

[Program for certification of Sustainability-enhancing Products]

The Group's products are examined based on specific sustainability evaluation items. They include orientation to the environmental value and the lifestyle value, definition and GHG emissions intensity. Any product that is evaluated as fulfilling the certification criteria is certified as a Sustainability-enhancing Products. The Sustainability-enhancing Products Certification Office conducts the examination for certification. The Chief Sustainability Officer, who also chair the Office, grants approval for examination results and authorizes certification. The certification criteria are reviewed regularly in accordance with changes in sustainability requirements in the market and in society.

SDGs Initiatives

Our new material issues and relevant SDGs

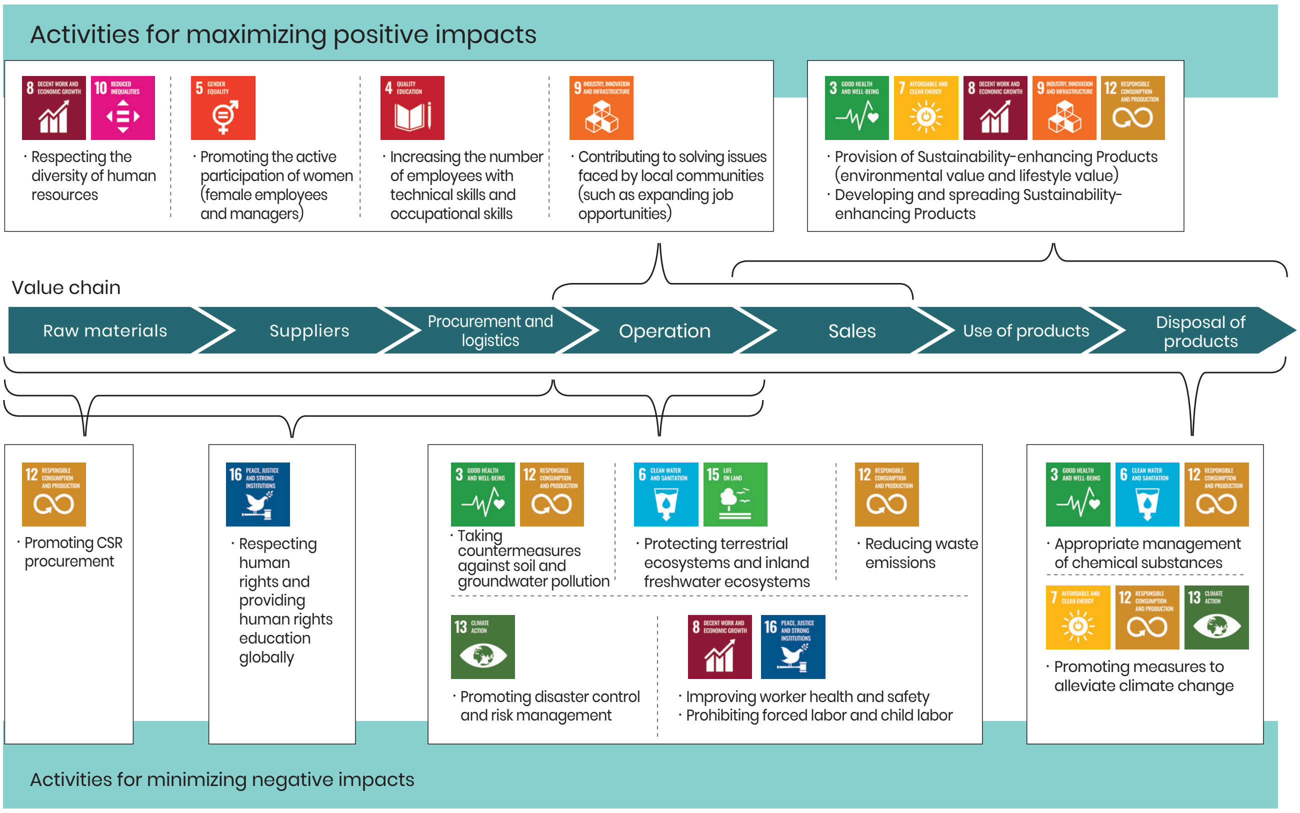
The Sustainable Development Goals (SDGs) are international goals for the period from 2016 to 2030. They are described in the Agenda 2030 for Sustainable Development that was adopted at the UN Sustainable Development Summit in September 2015. They are the shared goals of everyone on earth, including not only governments but also businesses and civil society. SDGs are a set of 17 goals and 169 targets for achieving a sustainable world. They are aimed at realizing a world in which "No one will be left behind."

The artience Group has organized the themes of its Group Materiality 2025-2030 and the related SDG goals based on the SDG goals and targets. We aim to contribute to the SDGs by addressing each theme defined in Group Materiality 2025-2030, working toward the realization of a sustainable society.

link Page 10 to 11: Group Materiality 2025-2030

Our relationships with SDGs in its value chain

Based on "SDG Compass — The guide for business action on the SDGs," the artience Group has clarified its relationships with SDGs in its value chain.



Relationship with Stakeholders

In January 2024, we changed our company name and established the Brand Promise — a promise to customers and other stakeholders of "Creating value that resonates with the senses and building a future where all people can live enriched lives." In addition, in the "Active communication and information disclosure" section of our Sustainability Charter (revised in January 2024,) we state that "We will disclose information about the Group in a fair and timely manner, and work to improve transparency in management. We will also communicate actively with various stakeholders around us, and work to build and develop trusting relationships and coexist with society."

The artience Group clarifies its responsibilities to stakeholders, works to improve communication through various opportunities, and engages in measures to solve social issues in consideration of local communities and the global environment.

Stakeholders	Our responsibilities	Major forms of dialogue
Customers	·Providing products and services that create value in terms of providing security and peace of mind ·Enhancing customer satisfaction ·Providing accurate, appropriate information about our products ·Implementing appropriate management of customer data	·Dissemination of information via website, social media and mailing list ·Holding of trade shows and online events ·Response to customers by customer relations office
Shareholders / investors	·Maintaining and enhancing our corporate value ·Returning profits to shareholders in an appropriate manner ·Implementing timely, appropriate disclosure of corporate information ·Responding to the trend towards ESG investment	·General Shareholders' Meeting (held once a year, in March) ·Individual investor briefings (held twice in FY2024) ·Financial results briefings (held four times in FY2024) ·One-to-one meetings (held approx. 150 times in FY2024) ·Information disclosures using IR tools (e.g. Integrated Report, Sustainability Data Book, and Newsletters to Shareholders) and website. ·Response to SRI surveys
Employees	·Respecting human rights and diversity ·Recruiting and cultivating human resources ·Creating workplaces in which diverse human resources can thrive ·Consideration for occupational safety and health	·Distribution of information through internal newsletters and on the company intranet ·Communication at each workplace ·Labor-management council ·Promotion of work-life balance and health and productivity management
Suppliers	·Engaging in fair, equitable transactions ·Providing support for, and collaborating on, sustainable procurement	·Communication through procurement activities ·Factory inspections ·Implementation and cooperation of questionnaire surveys and other surveys
Governments / industry groups	·Complying with regulatory requirements, administrative guidance, etc. ·Fulfilling our duty to pay taxes ·Collaborating on government policies aimed at addressing social problem	·Participating in and collaborating on seminars and other events organized by government agencies ·Participating in a variety of industry committees ·Communication via industry organizations
Local communities	·Contributing to the development of local communities ·Respecting local culture and customs ·Cooperation and collaboration to solve local issues ·Prevention of accidents and disasters, local environmental conservation	·Participating in activities hosted by local communities ·Risk communication activities ·Factory visits and presentations for local residents ·Cooperating in special classes providing hands-on experience in the real world ·Having dialogues ·Social contribution activities
Global environment / next generation	·Action on climate change ·Promoting energy-saving and recycling ·Reducing the volume of waste emissions, and reducing chemical substance emissions ·Conservation of the water environment and biodiversity ·Creating Innovation	·Publishing of various reports and other documents ·Responding to questionnaires related to the environment ·Joint studies with research institutions including universities ·Participating in international initiatives ·Activities at Incubation CANVAS TOKYO* for creating innovation ·Initiatives for fostering the next generation (event hosting, educational support, etc.)

* Incubation CANVAS TOKYO utilizes the 29th floor of Kyobashi EDOGRAND Bldg., where the artience Group's head office is located, to plan and host events for driving the implementation of scientific advancements in society, and provide a community space for creating innovation.

WEB **Event information for Incubation CANVAS TOKYO is available on the website at the following URL.**
https://incubation-canvas.tokyo/

External Recognition

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI Nihonkabu ESG Select Leaders Index

This is an investment index designed by MSCI, which provides a range of support tools for institutional investors. Its constituents are Japanese companies which are excellent in terms of their score of MSCI ESG rating controlled for imbalances in industrial types. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF.)

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Equity Women's Empowerment Index (WIN)

This is an investment index designed by MSCI, which provides a range of support tools for institutional investors. Its constituents are Japanese companies which are excellent in terms of their promotion of gender diversity. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF.)

FTSE Blossom Japan Index

This is and investment index designed by the global index and data provider FTSE Russell. It is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF.)

FTSE Blossom Japan Sector Relative Index

This is an investment index designed by FTSE Russell. It reflects the performance of Japanese companies which are excellent in environmental, social, and governance (ESG) initiatives in their respective sectors, while minimizing bias toward specific sectors. This index was selected as an ESG index to be used by the Government Pension Investment Fund (GPIF.)

S&P / JPX Carbon Efficient Index

This is an investment index designed by S&P Dow Jones Indices LLC and Japan Exchange Group, Inc. Its constituents are selected from among the TOPIX constituents, weighted by the status of their disclosure of environmental information and carbon efficiency. artience Co., Ltd. has been evaluated according to the methodology of the S&P Carbon Global Standard as a 1st Decile constituent and its carbon information disclosure status is "Not Disclosed."

SOMPO Sustainability Index

This is an investment index designed by Sompo Asset Management Co., Ltd. This index comprises approx. 300 companies with outstanding ESG initiatives. It is used in SOMPO Sustainable Management, an investment product from SOMPO Asset Management Co., Ltd. that is adopted by multiple pension funds and institutional investors oriented toward the long-term holding of stocks.

EcoVadis Sustainability Rating

EcoVadis is a company which certifies sustainable supply chains. It evaluates companies' policies, measures, and performance in the four fields of the environment, labor & human rights, ethics, and sustainable procurement. The overall score in 2024 is 53/100.

Pride Index 2024 Gold Award

The Pride Index is an index formulated by work with Pride in 2016, to recognize initiatives in support of sexual minorities in the workplace. artience received a Gold certification in recognition of its efforts to promote diversity, including regular workshops to promote understanding of diversity and expand the circle of LGBT allies, as well as its endorsement of the Declaration of Business Support for LGBT Equality in Japan, which aims to create inclusive workplaces and societies where everyone is treated equally. artience has been certified for three successive years since it was initially recognized in 2022.

IR site awarded high ratings by three major rating agencies

artience was selected as one of the Best Sites in the general category of Nikko Investor Relations (Nikko IR) Co., Ltd.'s FY2024 Ranking of Websites of All Listed Companies, for the third successive year. We were also awarded the "Excellent Award" for the first time in the Daiwa Internet IR Awards 2024, organized by Daiwa Investor Relations Co., Ltd., and received the "Silver Award" for the first time in the overall category of the Gomez IR Site Ranking 2024, organized by BroadBand Security, Inc.

* The inclusion of artience Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of artience Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.
* FTSE Russell confirms that artience Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.