Corporate Governance

Basic approach

The artience Group has defined the "Enhancement of corporate governance through continuous reform" as one of the key objectives of sustainability management in its Sustainability Charter.

Enhancement of corporate governance through continuous reform

We will continue to incessantly reform and validate management resources and risk management, and build and maintain effective corporate governance. We will adapt flexibly to changes in the business environment and work to achieve resilient corporate management that contributes to the sustainable growth of the Group.

Excerpt from the "Sustainability Charter" (revised January 2024)

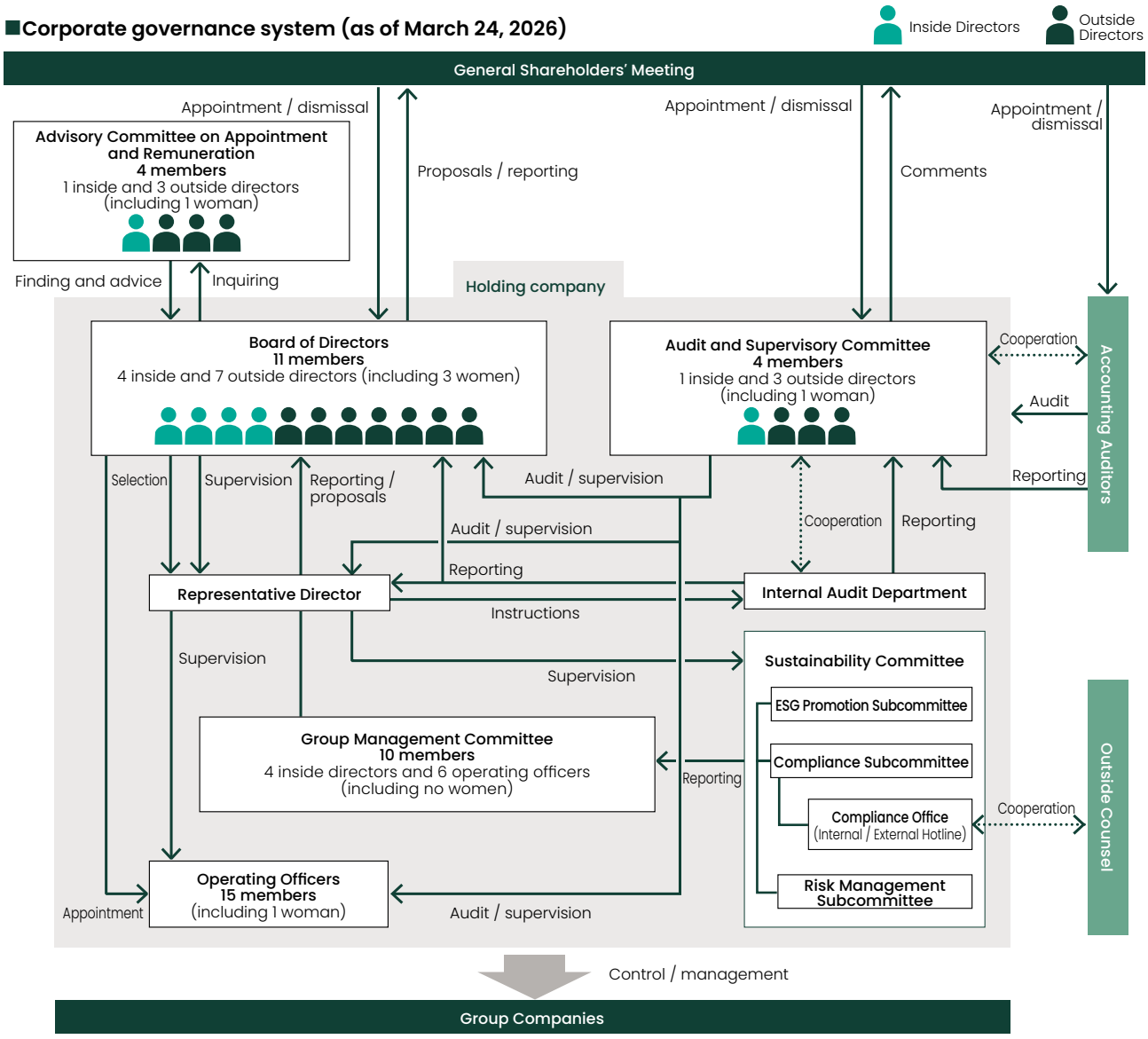
We will address individual corporate governance issues in accordance with the basic policy regarding corporate governance in an effort to establish proper corporate governance.

By adopting an Audit and Supervisory Committee system, we have enabled Committee members to exercise their voting rights at meetings of the Board of Directors, thereby increasing the level of fairness and transparency of management and strengthening oversight of the Board of Directors. By adopting an operating officer system (one-year term,) we have clarified the division of roles between management supervisory and executive functions and are speeding up decision making and enhancing supervisory functions with regard to execution of business.

Additionally, Toyocolor Co., Ltd., Toyochem Co., Ltd., and Toyo Ink Co., Ltd., the core operating companies of the group, each have an Operating Company Management Committee that regularly meets to share management policies and strategies, and discuss issues and achievements regarding the execution of business. Directors of the holding company attend these meetings.

WEB For more information about the Basic Policy on Corporate Governance and our corporate governance initiatives are posted on our website under [Sustainability > Governance > Corporate Governance.]

■Corporate governance system (as of March 24, 2026)



Corporate Governance

■Responsibilities and composition of major meetings and committees

Board of Directors	· Makes management decisions and supervises execution of business for the entire Group · Makes decisions on matters stipulated by law and important management issues · Chair: President and Representative Director · Members: Eleven members (three of whom are women): seven directors who are not Audit and Supervisory Committee members (of whom four are outside directors) and four directors who are Audit and Supervisory Committee members (of whom three are outside directors) · Term of office: 1 year for directors who are not Audit and Supervisory Committee members, 2 years for directors who are Audit and Supervisory Committee members · 17 meetings were held in FY2025
Audit and Supervisory Committee	· Cooperates with the Internal Audit Department and accounting auditor to audit the legality and appropriateness of directors' execution of their duties · Makes regular reports at Audit and Supervisory Committee meetings and holds information exchange meetings with the Internal Audit Department as needed, and reports audit results and holds information exchange meetings with the accounting auditor as needed · Members: Four Audit and Supervisory Committee members (of whom three are independent outside directors and one is woman) · Term of office: 2 years · 13 meetings were held in FY2025
Advisory Committee on Appointment and Remuneration	· Discusses the selection of director candidates and their remuneration in a transparent and objective manner · Considers and evaluates succession plans · Chair: Outside Director · Members: An inside director and three outside directors · 6 meetings were held in FY2025
Group Management Committee	· Making important decisions on the execution of business as a consultative and decision-making body subordinate to the Board of Directors. · Members: Inside Directors, Audit and Supervisory Committee member (full-time,) Corporate Officers in charge of important management functions (CTO, Corporate Officer in charge of Finance, IR and Information Systems, General Managers of Human Resources Department, representative directors of three core operating companies) · 26 meetings were held in FY2025

Strengthening corporate governance

We adapt flexibly to changes in the business environment and continuously seek the best form of corporate governance for the company. In FY2025, we appointed two new outside directors with management experience at listed companies to improve the balance of our skill matrix.

We discussed and resolved to revise the method for calculating officer compensation, to be implemented from FY2026.

■Corporate governance reforms

Fiscal year	Major initiatives
FY2020	· Abolish takeover defense measures (introduced in FY2008) · Reduce the number of Directors from 14 to 11
FY2021	· Launch the Future Discussion Task Force (next-generation management development program) · Independent outside officers (Directors and Audit and Supervisory Board members) account for 40% of all officers.
FY2022	· Transition from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee · Start using an external organization to evaluate the effectiveness of the Board of Directors
FY2023	· Expand the investor relations (IR) system and start reporting to the Board of Directors · Women account for 27% of the Board of Directors.
FY2024	· Increase the number of meetings per year of the Advisory Committee on Appointment and Remuneration (from 1 to 4) · Revise the Basic Policy on Corporate Governance. Add a capital efficiency perspective to the policy on cross-shareholdings. · Start holding individual meetings with institutional investors (SR meetings) and reporting to the Board of Directors · Independent Outside Directors account for 50% of the Board of Directors.
FY2025	· Appoint two new Outside Directors with management experience to improve the balance of the skill matrix · Independent Outside Directors account for 64% of the Board of Directors.
As of March 2026	· Increase the proportions of performance-linked compensation and stock compensation in overall officer compensation, and add ROE to the evaluation indicators

WEB For details of corporate governance, see pages 67 to 73 of the Integrated Report 2026.
https://www.artiencegroup.com/en/corporate/ir/archives/integrated-report/

Risk Management

Basic approach

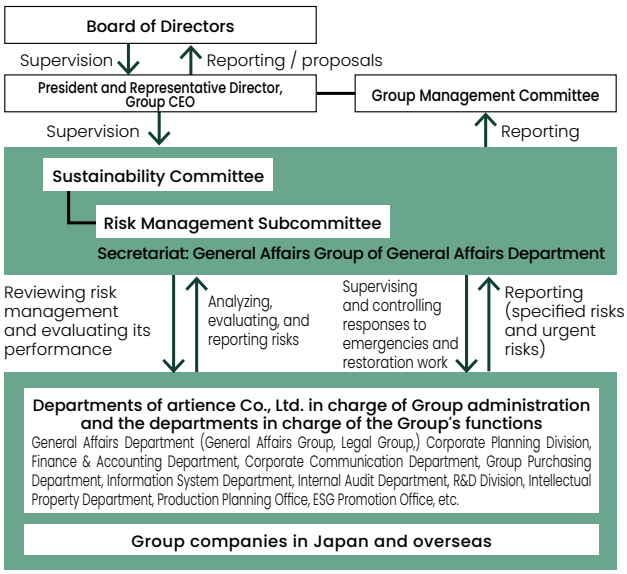
The artience Group recognizes that identifying risks that may affect business continuity and addressing these risks promptly and appropriately to minimize the impact of the risks is an important task. In addition to the Basic Policy on Risk Management (revised on January 1, 2024) and the Basic Policy on Development of Internal Control System (also revised on January 1, 2024,) the Risk Management Subcommittee has established the Risk Management Action Policy as its policy, and is implementing initiatives while continuously reviewing risks and making improvements. In July 2025, we established a Business Continuity Plan (BCP) Policy.

WEB Our risk management related policies and guidelines are posted on our website under [Sustainability > Governance > Risk Management.]

Risk management system

The Risk Management Subcommittee, whose secretariat is the General Affairs Department, exhaustively and comprehensively manages the risks of the entire Group under the operating officer in charge of risk management (the Director in charge of Sustainability.) Each company and department of the Group are working to identify risks that are hidden in the changes in the social environment and in daily operations to assess and study them, prevent risks from materializing and carry out measures to reduce risk-related damage. The Risk Management Subcommittee assesses the risks of each company and department based on the frequency of occurrence and severity, and creates and shares a risk map. The committee checks the progress and level of achievement of activities for the mitigation of serious risks. It reports the group-wide risks, which need to be addressed by the Group as a whole, to the Group Management Committee and the Board of Directors. If a new problem arises that could develop into a serious risk, we report to the Board of Directors and establish an emergency headquarters to address the risk.

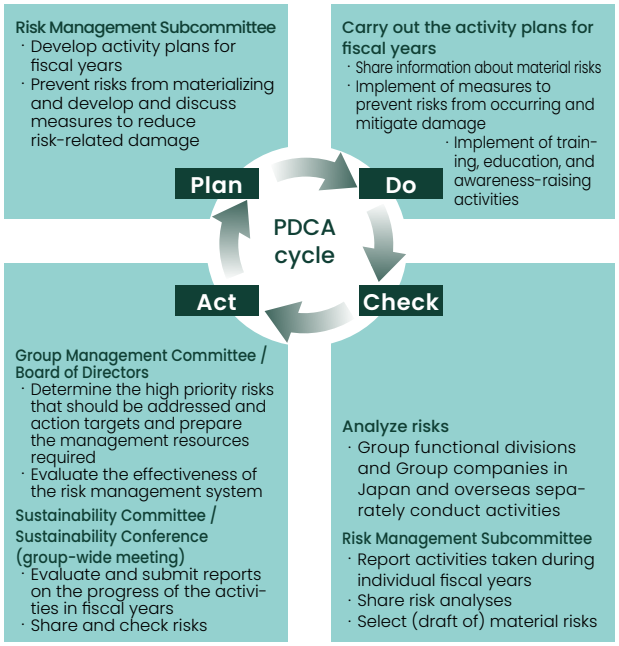
■Risk management system (FY2026)



* Excerpts and additions from P.8 Sustainability promotion system (FY2026)

Risk management process

Leveraging the risk management system, we review risks and implement a PDCA cycle to improve the quality of activities.



Metrics and targets

■Relevant themes in Group Materiality 2025-2030 Theme: 4-2. Compliance / Risk Management / Information Security

Continuously review compliance and risk management systems to improve their effectiveness

①Building overseas information security systems (implementation of common rules, customization for individual bases, vulnerability testing / corrective activities, etc.)

[Achievements]

KPIs and measures	Achievements in FY2025
①Building overseas information security systems (implementation of common rules, customization for individual bases, vulnerability testing / corrective activities, etc.)	· Incident response training conducted by the Cyber Security Incident Response Team (CSIRT) · Assessment of the state of security measures, examination of vulnerabilities, guidance on remediation and visiting support for priority sites · Provision of security-related information to overseas sites and education and awareness-raising activities during Information Security Months (September to November)

Risk Management

Major activities in FY2025

In FY2025, we conducted a risk assessment and checked important risks throughout the Group. In addition, we developed the Group's common business continuity plan (BCP) policy and revised the operation manuals for emergency response headquarters to prepare for natural disasters, cyberattacks and other risks, as well as the guidelines to address global risks which summarize responses to overseas risks. The Risk Management Subcommittee received various reports and shared the state of the response to tax affairs and foreign exchange risks and initiatives to address supply chain risks.

In terms of educational and awareness-raising activities, we (1) conducted a CSIRT drill, (2) provided IT literacy training for all employees, including mid-career hires and other new employees, (3) provided a safety e-learning training program to around 2,000 employees working at manufacturing sites including dispatched employees and part-time employees, and (4) distributed quality audit check sheets to overseas sites to stabilize quality and reduce risks throughout the Group.

Evaluation of material risks

The Risk Management Subcommittee assesses risks across all companies and divisions based on their likelihood of occurrence and severity. We have revised our assessment criteria to standardize them, and share a company-wide risk map listing all significant risks across our organization. For themes among the anticipated material risks that are considered to have a high degree of impact on business continuity, the relevant departments systematically implement measures and report their progress to the Group Management Committee and the Board of Directors. By monitoring material risks at the senior management level, we conduct risk management activities based on a group-wide perspective and management perspective of risk awareness.

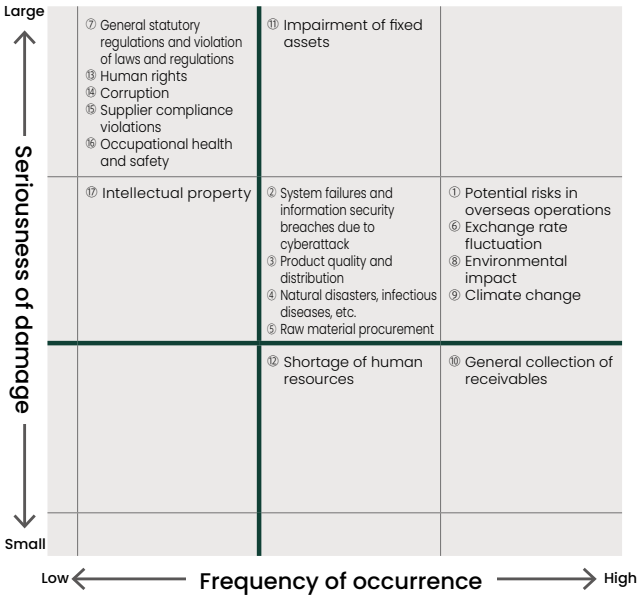
■Evaluation criteria for frequency of occurrence

4	Almost certain possibility of occurrence (once to several times a year)
3	Possibility of occurrence (once every few years to a decade)
2	Able to predict possibility of occurrence (once every 10 to 50 years)
1	Occurs only under exceptional circumstances (once every 50 or more years, or long term)

■Evaluation criteria for seriousness

	Personal damages	Financial damages
	Reputation	
4	Fatal accidents	Damage of over 5 billion JPY
	· Long-term major coverage in mass media and social media (negative coverage) · Significant loss of confidence among business partners and consumers	
3	Many injured	Damage of over 1 billion JPY
	· Temporary major coverage in mass media and social media (negative coverage) · Loss of confidence among multiple business partners and consumers (5 years or more to recover trust)	
2	Injuries requiring hospitalization	Damage of 100 million JPY
	· Slight coverage in mass media and social media · Loss of confidence among some business partners and consumers (2-3 years or more to recover trust)	
1	Light wounds	Damages of less than 100 million JPY
	· Resolved by daily management	

■Group-wide material risk map



WEB For details about material risks, see PP. 34–41 of our Securities Report for the fiscal year ending December 2025.

Risk Management

Responses to material risks (FY2025)

In FY2025, we addressed risks that were considered to require an immediate response or a response with an eye toward the future. The Risk Management Subcommittee delivered a report to the management team.

Theme	Initiatives / Report Contents
Climate change / tighter environmental regulations	· Report on the progress of the creation of a roadmap to decarbonization and the status of CO_2 emissions reduction.
Geopolitical risks	· Sharing of changes in circumstances surrounding the Group and awarenessraising activities Report on initiatives to address geopolitical risks (risks concerning war and conflict, tariffs, human rights and travel)
Supply chain risks	· Sharing of risks and actions for responsible mineral procurement · Report on initiatives for groupwide joint purchases
Comprehensive report on fires	· Report on checks on the states of accidents, the implementation of recurrence prevention measures, customer services, checks of business continuity planning (BCP) actions and estimation of impact on financial results
Information security	· Report on the state of occurrence of incidents and measures for enhancing security in Japan and overseas (CSIRT training and education and awarenessraising activities)
Raw material procurement	· Consideration of Japanese and overseas bases collaborating to jointly purchase common raw materials
Quality fraud and defects	· Implementation of audits of overseas factories using an audit sheet created by the mother factory · Provision of training using a video on responding to quality risks in Japan and overseas

Internal controls

[Status of internal control systems]

At the artience Group, we recognize that the improvement and utilization of the internal controls system is an important management issue. The Board of Directors has formulated the "Basic Policy on the Internal Controls System" (revised on January 2024,) and we strive to put in place the implementation systems and monitoring systems needed to ensure that we carry out our business activities in an appropriate manner.

WEB For information about the Basic Policy on Development of Internal Control System, visit our website and click on [Sustainability > Related policies and guidelines.]

[Internal audit initiatives]

The Group's Internal Audit Department conducts internal audits to establish a sound foundation for business activities, from the perspectives of legality, appropriateness, effectiveness of business activities, efficiency, and risk management. It also provides advice and recommendations for improvement to the audited departments, and follows up on the progress of improvements.

The Group's internal audits are broadly divided into audits of the state of development and operation of internal controls related to financial reporting (J-SOX audits) and audits of the state of compliance and risk management initiatives based on instructions from management and requests from the risk management department (business audits.) The Internal Audit Department reports the results of internal audits directly to the President and Representative Director, the director in charge of internal control, the Board of Directors and the Audit & Supervisory Committee, and shares information with operating officers and department heads. Audit and Supervisory Committee members and accounting auditors also meet regularly to share information and exchange opinions on audit policies, targets, and audit results, etc., in an effort to improve the efficiency and effectiveness of audits.

In FY2025, we conducted internal audits at 12 Group companies (40 departments) in Japan and 26 Group companies overseas.

Risk Management

Information security

[Basic approach]

Information security measures are becoming more important with each year. It is important to work out policies and measures to address diversifying risks, including infections with viruses, unauthorized access to systems, leaks of personal information, and cyberattacks, to prevent risk materialization and minimize the effects of incidents if they occur. The artience Group has established the Basic Policy on Information Security (established on May 10, 2024,) the Information Protection Management Regulations and Information System Management Regulations and has implemented technological and physical preventive measures using information technology, information security education, and incident response trainings. The Group works to maintain and enhance appropriate information management and information security.

Policies on Information Security Activities in FY2025

Improve information security awareness and countermeasures based on IT and data utilization, and strengthen incident response capabilities against increasingly sophisticated cyber attacks

①Develop incident response capabilities under the artience-CSIRT structure and organizational strengths
②Accelerate the global improvement of security governance
③Step up human security measures based on the premise that IT and data will be utilized

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

[Promotion system]

The Information System Department takes a leading role in initiatives in information security and addressing risk cooperating with the General Affairs Department and Corporate Communication Department. We have established the Information Security Contact Office, a point of contact that receives consultation and reports from employees.

In the event of an incident, we will launch the artience Group Cyber Security Incident Response Team (artience-CSIRT) in accordance with the artience-CSIRT Setup Guidelines. The team will deliver reports to the Risk Management Subcommittee, to the Sustainability Committee and to management and carry out response actions for the purpose of minimizing its impacts. The Information System Department will serve as an administrative office for the team.

[Information security incidents]

In FY2025, there was no occurrence of a material information security incident, such as leaks of personal information.

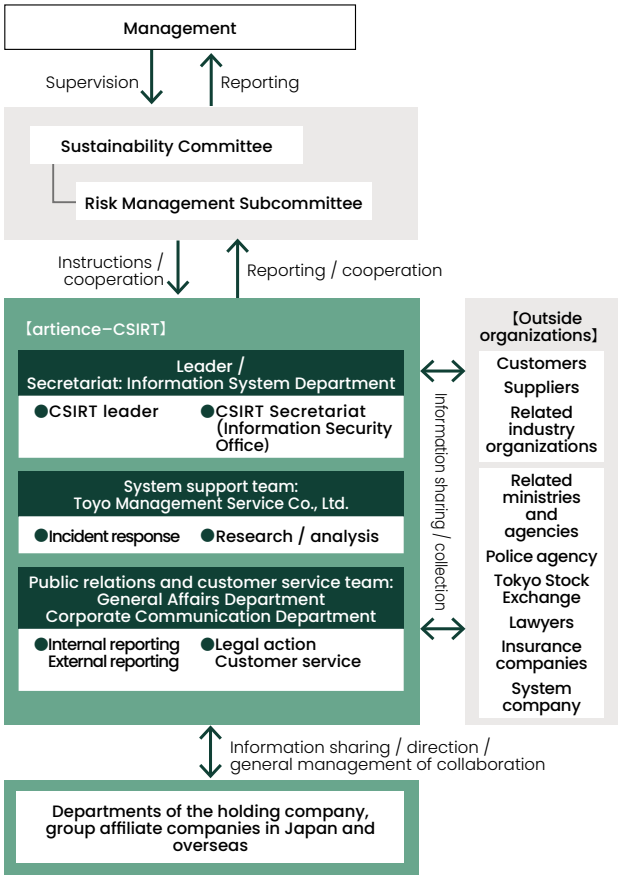
[Cyber security measures]

The Group needs to build up its organizational capacity to respond to unexpected cyber incidents in accordance with its Basic Policy on Risk Management. For this purpose, we set up the artience-CSIRT as an organization for system BCP aimed at minimizing damage caused by an incident and at maintaining business continuity. We have developed the Risk Management Implementation Rules, the Emergency Response Rules, the Information System Disaster Control Measures Guidelines and other rules and response procedures for responding to, and recovering from, incidents. Additionally, we have developed the artience-CSIRT Setup Guidelines and the Cyber Incident Response Manual and strive to make them known to internal personnel.

Action Principles against Cyber Incidents

1. Take consistent actions to reduce and eliminate damage to information as important assets.
2. Always put customers first and serve them swiftly and sincerely.
3. Pay attention to maintaining and improving the brand image without yielding to cyberattack.

■Security incident response structure (FY2026)



Risk Management

Business Continuity Management (BCM)

[Basic approach]

The artience Group implements risk response measures for Business Continuity Management (BCM) targeting risks that have the potential to be an obstacle to business continuity, including natural disasters such as earthquakes, typhoons and floods, etc., infectious diseases pandemics, accidents such as explosions, fires or leaks taking place at factories, and cyber attacks, etc. Recognizing the importance of ensuring smooth recovery, and of the establishment of the product supply systems, in the event of an accident either at a artience facility or at another chemical manufacturer, the artience Group has continued to implement BCM measures.

Policy on Business Continuity Plans (BCPs)

In accordance with its basic risk management policy, the artience Group aims, as part of its business continuity management (BCM) initiatives, to minimize any risk that could significantly hinder the continuity of its business by taking preventive measures and making reasonable and sufficient preparations as a part of its normal practices. If a risk materializes or an unforeseen situation occurs that may materially affect the continuity of its business, the Group is committed to securing the safety of its employees, preserving its assets and fulfilling its responsibilities to society and its stakeholders, and the Group will build a framework for ensuring business continuity and recovering quickly from such events.

Excerpt from our Business Continuity Plan (BCP) Policy (established July 1, 2025)

[Establishment of emergency procedures]

We operate our safety confirmation system to verify the safety of all employees in the event of a major disaster and respond promptly to the disaster in accordance with the damage. This system automatically identifies employees in affected areas based on the intensity of the earthquake and the range of the affected areas and provides necessary information by receiving the latest disaster information. In addition, we conduct disaster drills and similar events every year at our major business locations, and an emergency contact network for prompt reporting, as well as satellite phones and disaster transceivers (installed at major bases in Japan) are in place.

In addition, we have launched the artience-CSIRT* as a team for system BCP measures aimed at cyber security control.

* For the artience-CSIRT, see "Cyber security measures" on page 82.

[Making facilities more earthquake-resistant]

At the artience Group, we formulated the Rules on the Response to Measures against Earthquakes (Prevention of Collapses, Leaks, Fires, and Falling Objects) based on the results of the post-quake safety audits carried out after the Great East Japan Earthquake. These rules show specific measures for preventing falling objects, leaks, and fires by assuming a seismic intensity of upper 6 on the Japan Meteorological Agency (JMA) scale. At our business establishments in Japan, we promote measures including seismic analysis, reinforcement of buildings, demolition of aging buildings, fixing equipment, and introduction of earthquake-resistant equipment.

[Response to climate disasters]

The artience Group supports the Task Force on Climate-Related Financial Disclosures (TCFD.) With business continuity plans (BCPs) at individual sites in Japan and overseas, we develop operation manuals in the event of disaster and implement disaster control measures.

Specifically, we adopted an emergency structure and response procedures to be used when the water level reaches a dangerous level in preparation for river overflows and flooding following heavy rainfall or typhoons. We also installed water stop panels and waterproof walls at production sites, and carried out actions based on past experiences, such as relocating electrical equipment to elevated locations, installing sandbags and turning procedures for breaking electric circuits into plans. We use Aqueduct Water Risk Atlas to assess water risks at different sites in Japan and overseas and to identify risks so that the findings will be used for measures.

* For information disclosures in accordance with the TCFD recommendations, see pages 18 to 25: Response to Climate Change.

[Stable procurement of raw materials]

Since the Great East Japan Earthquake, we have been promoting the replacement of major limited-source materials (monopoly raw materials) with widely-available ones and the procurement of such materials from multiple sources. At the same time, we have been engaged in activities to prevent the occurrence of limited-source materials, which begin at the product design phase, so as to ensure the stable procurement of raw materials.

[Establishment of a backup production system]

In response to major disasters and supply chain failures, we have established a backup production system for all of our domestic and overseas manufacturing facilities, created a system to prevent extensive damage to our business, and completed a backup production manual. Aiming for early recovery from an incident, we have clarified an action plan needed for a backup production system to be applied in the event of a one- to two-month shutdown. We are also establishing a system for backup production in cooperation with other companies in an emergency.

[Extension of BCM to cover overseas business locations]

As part of its efforts to standardize business processes useful to the operation of its bases, the Group publishes the "Guidelines for Overseas Risk Responses," and the "Risk Management of the artience Group" textbook for overseas companies. The textbook is written in both Japanese and English, and the Guidelines are available in Japanese, English, and Chinese language versions. To ensure that the important business processes that we have identified are not interrupted even in the event of serious damage caused by natural disasters or other disasters, we are working to create BCM basic policies and establish systems for in the event of a disaster, to restore them within the target recovery time.

Compliance

Basic approach

Compliance activities of the artience Group are based on the belief that it is important that every single employee should be aware of compliance. We discuss compliance in daily operations, aiming to steadily instill within the Group an awareness of the importance of compliance with laws and regulations.

In line with the change of our company name and partial revision of our philosophy in January 2024, we have reviewed our sustainability-related policies and guidelines, we revised the Sustainability Charter and the Code of Ethical Conduct. We also established a new Basic Policy on Compliance (enacted on May 10, 2024.)

Our Sustainability Charter, Code of Ethical Conduct, Basic Policy on Respect for Human Rights, and Basic Policy on Occupational Safety and Health have been translated into 15 languages* in accordance with our multilingual initiative.

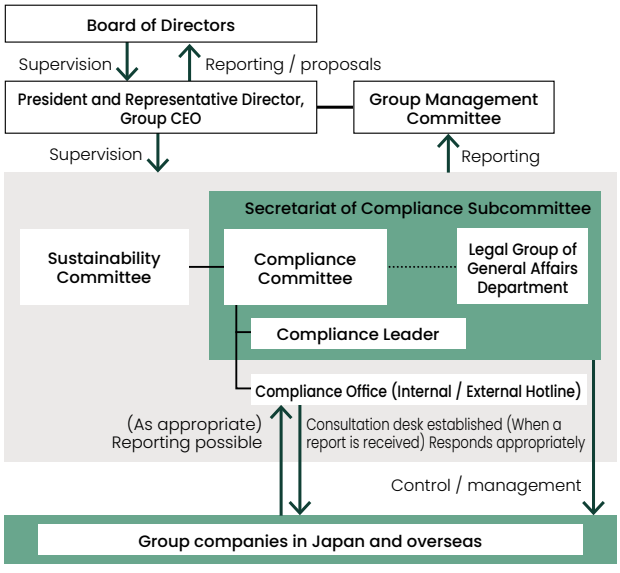
WEB **Our policies are posted on our website under [Sustainability > Related Policies and Guidelines.]**

* Related policies and guidelines are available in Japanese, English and Simplified Chinese. We are working to provide our Philosophy System, Sustainability Charter, Code of Ethical Conduct, Basic Policy on Respect for Human Rights, and Basic Policy on Occupational Safety and Health in multiple languages. They are available in 15 different languages.

Promotion system

We are planning compliance measures, disseminating the way of thinking about compliance and providing education on regulations throughout the Group, with the leading role played by the Compliance Subcommittee under the Sustainability Committee. We are also proactive in creating opportunities to deepen our awareness of compliance related to daily operations, with the central role played by compliance leaders in each operation site.

■Compliance system (FY2026)



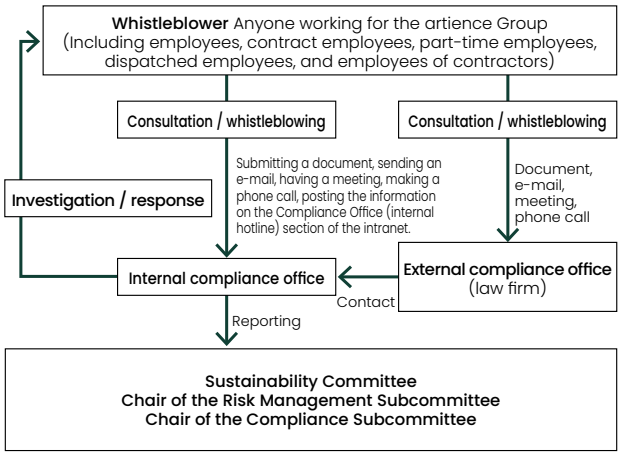
* Excerpts and additions from P.8 Sustainability promotion system (FY2026)

Whistleblowing system

We have established internal / external Compliance Office as a consultation desk for compliance. We have also established the "Operating Regulations of Compliance Office" to ensure fair and proper operation of the Office. Consultations and reports mainly cover violations of laws and regulations (including corruption such as bribery and violations of the Antimonopoly Act) and violations of internal rules.

We investigate the fact based on consultation, and take measures immediately if there is any concern of problem occurrence. In addition, we give maximum consideration to protection and confidentiality of whistleblowers. In FY2025, there were eight consultations / reports regarding harassment and violations of internal regulations, but none of them posed a serious risk.

■Whistleblowing system



Metrics and targets

■Relevant themes in Group Materiality 2025-2030 Theme: 4-2. Compliance / Risk Management / Information Security

Continuously review compliance and risk management systems to improve their effectiveness

① Raising awareness of the Code of Ethical Conduct and the whistleblowing system

② Number of serious compliance violations (violations of laws and regulations and other conduct for disciplinary action): Zero continued

[Achievements]

KPIs and measures	Achievements in FY2025
① Raising awareness of the Code of Ethical Conduct and the whistleblowing system	· Implemented the multilingual initiative for important policies and guidelines, such as the Sustainability Charter, the Code of Ethical Conduct, the Basic Policy on Respect for Human Rights, and the Basic Policy on Occupational Safety and Health. · Ensured awareness and understanding among employees both domestically and internationally through compliance meetings at individual sites. Strengthened activities, especially at overseas sites.

Compliance

KPIs and measures	FY2023	FY2024	FY2025	Target (every FY)
② Number of serious compliance violations (cases)	0	0	0	0

Major activities in FY2025

- Compliance meetings in each site (from April to June)
  We held meetings at numerous locations in Japan (3,016 participants,) using materials that are used Group-wide, to promote the identification of new compliance issues and the formulation and implementation of solutions.
- Compliance Improvement Month held in October
  We held meetings at each operation site (3,470 participants.) We confirmed and studied response status of the issues identified at each site, as well as any newly occurred risks. In addition, we sent the compliance materials, which are translated into local languages, to all representatives at overseas affiliates, and requested that they hold compliance meetings including local staff, and strengthen their awareness of compliance.
- Compliance education
  Compliance seminar for new employees (held once a year)
  Advance training for overseas assignments (held twice a year)
  Antimonopoly Act seminar (12 sessions, 265 participants)
  Seminar on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (formerly the Subcontract Act) (24 sessions held; 401 participants)

Examples of themes regularly covered in training

- ■Anti-monopoly Act
- ■Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (formerly the Subcontract Act)
- ■Unfair Competition Prevention Act
- ■Fraudulent inspections
- ■Portrait rights
- ■Act on the Protection of Personal Information
- ■Whistleblower Protection Act
- ■Bribery
- ■Insider trading
- ■Harassments (power harassment, sexual harassment, etc.)

- Compliance auditing, with the goal of creating an organization with integrity
  In FY2025, we conducted a survey whose key subject was anti-bribery regulations and the risks of violating competition laws at overseas sites. As a result, we found no illegal transactions.
- Response to overseas legal risks
  We also established whistleblowing hotlines for overseas sites to facilitate whistleblowing and informed overseas representatives and local staff of these hotlines. Further, in China, we check the status of operations in the country every six months based on the "Bribery Prevention Regulations."

Prevention of corruption and bribery

[Basic approach]

To prevent bribery and corruption, the artience Group has established the Bribery Prevention Regulations. The internal audit performed by the Internal Audit Department of artience Co. Ltd. includes inspection on bribery.

The "Definition of acts of corruption" section of the Policy on Anti-corruption (established in January 2024) clearly states that we prohibit acts of corruption such as bribery, excessive gifts and entertainment, conflicts of interest, and illegal or inappropriate political contributions. We are also working to distribute information regarding the prohibition of corruption within the company by clearly stating the prohibition of corruption in the Code of Ethical Conduct. Our Code of Ethical Conduct has been translated into 15 different languages and posted on our website.

It forbids all forms of corruption and misconduct, including bribery of third parties such as public employees and business partners, offering and receiving excessive entertainments or gifts, collusion, embezzlement, breach of trust and money laundering. We conduct fair and impartial business activities in compliance with laws, regulations and internal rules related to the prevention of bribery and corruption.

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

* Related policies and guidelines are available in Japanese, English and Simplified Chinese. We are working to provide our Philosophy System, Sustainability Charter, Code of Ethical Conduct, Basic Policy on Respect for Human Rights, and Basic Policy on Occupational Safety and Health in multiple languages. They are available in 15 different languages.

[Promotion system]

The Compliance Subcommittee in the Sustainability Committee takes the initiative in sending out information on the prohibition of any form of corruption and in education about laws and regulations on a groupwide scale. Our internal rules are the responsibility of the Legal Group of General Affairs Department, artience Co., Ltd. For high-risk themes and areas, the Legal Group of General Affairs Department identifies issues and implements education and surveys, etc., for relevant employees based on individual themes. We also ensure thorough awareness through initiatives like Compliance Improvement Month.

The Risk Management Subcommittee conducts an assessment of important risks throughout the Group including risks of corruption based on the likelihood of occurrence and severity. If any events considered risk factors or serious problems occur, they will be reported to the Board of Directors following the work flow created by the Risk Management Subcommittee, and the subcommittee will deal with them in cooperation with related departments.

WEB For details of important risks and the process for identifying them, see Business and Other Risks in the Annual Securities Report.

Compliance

[Employee education and Compliance Office]

In January 2024, we formulated the artience Group Code of Ethical Conduct, which clearly states that we prohibit corruption, including prohibition of inappropriate honorariums and gifts, prohibition of political contributions, and prohibition of bribery of public officials. The Code of Ethical Conduct, along with the Group's Brand Promise, philosophy system, and various policies, is posted on our website and we make efforts to distribute it to all Group employees. Furthermore, in the compliance activities we conduct every year, we focus on corruption and bribery cases, among other cases, regularly and carry out activities to prevent recurrence of similar cases in all business sites.

We have a system in which consultations and reports about corruption, bribery and violations of laws and regulations related to corruption and bribery are received at the Compliance Office (Whistleblowing System,) internal and external.

link Page 84: Whistleblowing System

[Actions Related to Supply Chains]

For the purpose of enhancing supply chain management, we revised the Procurement Principles and Standard for Selecting Suppliers to Basic Policy on Procurement in January 2024, and also revised the Sustainable Supply Chain Guidelines on October 2022 (revised in May 2024.)

The Basic Policy on Procurement states, under the heading of "Fair business practices,"that the Group will prohibit bribery, the sharing or receiving of illegal gains, the obstruction of fair and open competition, and the infringement of intellectual property rights, while the Sustainable Supply Chain Guidelines have an explicit provision for the prevention of corruption under the heading of "5. Ethics."

We ask both new and existing suppliers to consent to the Basic policy on Procurement and the Sustainable Supply Chain Guidelines. We also implement CSR procurement self-assessments and analyze the findings in order to strive to promote the prevention of corruption in our supply chain.

Based on responses to the CSR Procurement Self-Assessment, we identify suppliers judged to be at high risk of corruption. If a corruption risk is identified, we conduct awareness-raising activities on corruption prevention with suppliers and request corrective actions to mitigate risks.

[Approach to Political Contributions]

The artience Group Code of Ethical Conduct stipulates: "In order to maintain the political neutrality of the Group, we will not use any company property as political contributions to any political parties, political groups, or candidates for public office."

[Violations]

In FY2025, there were no violations related to corruption or bribery, or disciplinary actions against employees (including dismissals) or fines or penalties related to violations.

Fair trade

In fair and sound business activities described in the Code of Ethical Conduct, it states that the Group will adhere to free and fair competition. The Group's corporate activities are compliant with laws and regulations related to fair competition and fair trade in each country in which the Group operates.

[Prevention of violations of the Anti-monopoly Act]

Every year, we hold Anti-monopoly Act workshops for all employees involved in sales activities, to establish knowledge of anti-monopoly laws. In addition, we apply internal rules stipulating that employees are required, in principle, to seek approval of contacts with competing companies in advance and has established a system that blocks cartel behavior. There were no violations of the Anti-monopoly Act in FY2025.

[Compliance with the the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (formerly the Subcontract Act)]

We continue to hold Subcontract Act workshops for all employees involved in subcontracting transactions to ensure compliance with the Subcontract Act.

[Prevention of insider trading]

The "Prohibition of acts of corruption" section of the Code of Ethical Conduct clearly states the prohibition of insider trading. We prohibit insider tradings based on non-public material information obtained through business.

[Response to anti-social forces]

The "Separation from antisocial forces" section of the Code of Ethical Conduct clearly states that we will not have any relationship with antisocial forces or groups. We do not engage in any relationship with antisocial forces, and respond to them with a resolute attitude.

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Tax Affairs

Basic approach

The artience Group's Sustainability Charter (revised on January, 2024) includes a section on "Ensuring compliance." The Group complies with not only laws and regulations in Japan and overseas but also international treaties and local social norms. We strive to ensure that we make decisions and act based on good reason, in good conscience and in a way that meets high ethical standards. We have the same basic stance on taxation, and we fulfill our corporate social responsibility by complying with the relevant laws and regulations of each country and paying taxes appropriately, while working to raise awareness through awareness raising activities targeting each and every employee based on our Tax Policy.

In our global operations, we follow the OECD Transfer Pricing Guidelines, among other rules, when we conduct transactions with overseas affiliates, and the transactions are subject to arm's length prices. We will not arbitrarily engage in tax avoidance, such as use of tax havens.

WEB The Tax Policy is posted on our website under [Sustainability > Related Policies and Guidelines.]

Promotion system

The Finance & Accounting Department of artience Co., Ltd. under the Chief Financial Officer has built the tax governance system and works to reduce tax risks in cooperation with the accounting departments of Group companies.

If any tax problems arise, they will be reported to the Board of Directors and other bodies as needed and be dealt with appropriately in consultation with outside experts in a timely manner.

Relationship with tax authorities

We strive to maintain a good and healthy relationship with the tax authority. We sincerely give explanations to, and communicate with, the tax authority based on facts in good faith. If there are any suggestions or guidance from the tax authority, we identify the reasons and take appropriate corrective and remedial actions to prevent a recurrence.

■Corporate taxes, etc.

		FY2023	FY2024	FY2025
Corporate taxes, etc. (million JPY)	Japan	-	2,913	3,408
	Overseas	-	1,243	2,799
	Group (consolidated) total	3,042	4,156	6,208

Intellectual Property Management

Basic approach

In line with the provisions in the section on fair and sound business activities in its Code of Ethical Conduct, the artience Group appropriately manages and uses company assets and strives for the proper management and use of intellectual property, information, brands and other assets. We will protect our own intellectual property and respect the intellectual property of other companies. We will focus on creating strategic intellectual property in the process of new development.

Promotion system

The Intellectual Property Department of artience Co., Ltd. plays a central role in the protection and management of intellectual property, and formulation of rules and principles in collaboration with relevant departments. "artience growth field" (Group-wide education & training program) and other bodies provide employee education and conduct awareness-raising activities related to intellectual property.

Achievements

■Number of patents and registered trademarks held

		FY2025
Number of patents held (patents)	Japan	2,453
	Overseas	1,014
Number of registered trademarks held (items)	Japan	473
	Overseas	1,084

*As of December 31, 2025

Initiatives

The artience Group understands that intellectual properties are key part of assets. We are working to create, protect and make active use of intellectual property and take measures against counterfeit products around the world. Procedures for the protection of intellectual property vary from country to country. We observe laws and regulations in separate countries to take appropriate actions.

- Prevention of intellectual property rights infringement
  We study and check patent information to prevent our products from infringing any third party's intellectual property rights.
- Measures against counterfeit products
  We adopt global anti-counterfeit measures, specifically the collection of information in separate regions and monitoring by means of market research.

Governance Data

Corporate Governance

■Members of major meeting bodies related to corporate governance

			FY2022	FY2023	FY2024	FY2025	FY2026
Composition of the Board of Directors	Gender	Male (persons)	9	8	9	8	8
		Female (persons)	2	3	3	3	3
		Rate of female (%)	18.2	27.3	25.0	27.3	27.3
	Total (persons)		11	11	12	11	11
	By age group (%)	Under 30	0	0	0	0	0
		Age 30 to 49	0	0	0	0	0
		Over 50	100	100	100	100	100
	Independent Outside Director (persons)		5	5	6	7	7
Composition of the Group Management Committee	Gender	Male (persons)	11	11	11	10	10
		Female (persons)	0	0	0	0	0
	Total (persons)		11	11	11	10	10
Composition of Operating Officers	Gender	Male (persons)	24	23	15	16	14
		Female (persons)	0	0	1	1	1
		Rate of female (%)	0.0	0.0	6.3	5.9	6.7
	Total (persons)		24	23	16	17	15

* Members after the annual general meeting of shareholders; except for FY2026, for which the figure is as of March 24, 2026.

■Total amounts of remuneration, etc. by directors (FY2025)

Position	Total amount of remuneration, etc. (million JPY)	Total amount of remuneration, etc. by type (million JPY)			Number of eligible persons (persons)
		Fixed compensation (basic compensation)	Variable compensation (performance-based compensation)	Transfer-restricted stock-based compensation	
Directors (excluding directors who are members of the Audit & Supervisory Committee) (outside directors)	260 (42)	174 (42)	74 (—)	11 (—)	10 (6)
Directors (members of the Audit and Supervisor Committee) (outside directors)	58 (33)	58 (33)	—	—	4 (3)
Total (outside directors)	318 (76)	233 (76)	74 (—)	11 (—)	14 in total (9 in total)

* The number of people and the amounts of compensation above include the three directors who resigned at the closing of the Annual General Meeting of Shareholders held on March 26, 2025.

Risk Management

■Serious incidents related to information security

	FY2023	FY2024	FY2025
Serious incidents related to information security (cases)	0	0	0

Compliance

■Compliance violations

	FY2023	FY2024	FY2025
Serious compliance violations (cases)	0	0	0
Violations related to corruption (cases)	0	0	0
Fines relating to corruption (JPY)	0	0	0