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## Corporate Governance Report

Last Update: April 25, 2024

**Artner Co., Ltd.**

SEKIGUCHI Sozo, President and CEO

Contact: Tel: +81-6-6445-7551

Securities Code: 2163

<https://www.artner.co.jp/>

The corporate governance of Artner Co., Ltd. (the “Company”) is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

1. Artner’s No.1 business challenge is steadily improving shareholder value over the long term. So in addition to expanding our business and ensuring profitability, we want to grow as a “technical partner” together with our client companies in various industries, as a collective of engineers focused on developing more and more advanced levels of technical expertise. At the same time, with a constant awareness of what society needs most, and a desire to create a demand for it, we strive for business efficiency and soundness to help in the sustainable development of the Company.
2. At Artner, we are highly conscious of our social responsibility as a company, so in addition to strictly observing all applicable laws and regulations, we strive to sustain and develop favorable relationships with shareholders, with our local community, with all of our client companies, and with all employees.
3. We are committed to further strengthening our internal control and risk management efforts through the application of business management systems (including internal control systems) to enable flexible adaptation to changes in the business environment. In this way, we will constantly improve our business management. Artner also will promptly disclose relevant information both inside and outside the company and enhance business transparency.

### [Reasons for Noncompliance with Some of the Principles of the Corporate Governance Code] **Updated**

#### 【Supplementary Principle 1.2.5】

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

#### 【Supplementary Principle 2.4.1】

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

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

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

**【Supplementary Principle 3.1.3】**

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

The Company's human capital and sustainability initiatives, including response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), are posted on its website.

**【Supplementary Principle 4.1.3】**

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

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

**【Supplementary Principle 4.2.1】**

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

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

**【Supplementary Principle 4.2.2】**

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

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

**【Supplementary Principle 4.10.1】**

The Company has established the Audit and Supervisory Committee. Although Independent Directors do not represent a majority of the Board of Directors, the Company has established a Nomination and Remuneration Committee, composed of a majority of Independent Directors, as an advisory board to the Board of Directors in order to ensure the independence, objectivity and accountability of board functions. The Nomination and Remuneration Committee will also deliberate on issues from the perspectives of gender, global expertise, and other diversity-related issues as well as skills.

**【Principle 4.11 Preconditions for Board and *Kansayaku* Board Effectiveness】**

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

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

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

**【Principle 1.4 Cross-Shareholdings】**

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

Should the Company choose to cross-hold such shares, it will disclose, under Chapter 1: Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information of this Corporate Governance Report, a cross-shareholding policy, results of validating the soundness of cross-held shares, and the standards under which the Company will exercise its voting rights attached to cross-held shares.

**【Principle 1.7 Related Party Transactions】**

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

**【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】**

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

**【Principle 3.1 Full Disclosure】**

- i. The Company discloses its corporate philosophy as well as its business strategies, plans, and purpose on its website and in investor briefing materials.
- ii. The Company describes its basic views and policy on corporate governance under Section 1: Basic Views of Chapter 1: Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information of this Corporate Governance Report.

- iii. The Board of Directors and the Audit and Supervisory Committee have the authority over the remuneration of directors. This authority extends to deliberating and determining the amount of a basic remuneration and a performance-linked bonus for each director. The remuneration of directors who are not members of the Audit and Supervisory Committee is determined solely by the Board of Directors, whereas the remuneration of Audit and Supervisory Committee members is determined by deliberation among the members of the Committee.

How to determine the policy for determining the remuneration for each individual is set forth in the rules concerning the remuneration of directors, resolved by the Board of Directors. The Board of Directors receives reports that are deliberated by the Nomination and Remuneration Committee based on the policy for determining the remuneration and within the range of the total amount resolved by the General Meeting of Shareholders, so the Board of Directors deems that the content of the report is in line with the said policy.

The policy for determining the percentage of the amount of remuneration for each individual shall be decided based on the reports that are deliberated by the Nomination and Remuneration Committee, comprehensively taking into account the role and contribution status of each director as well as business performance.

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

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

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

**【Supplementary Principle 4.1.1】**

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

**【Principle 4.9 Independence Standards and Qualification for Independent Directors】**

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

**【Supplementary Principle 4.11.1】**

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

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

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

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

**【Supplementary Principle 4.11.2】**

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

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

**【Supplementary Principle 4.11.3】**

The Company periodically evaluates and analyzes the effectiveness of its Board of Directors and discloses a summary of evaluation results on its website.

**【Supplementary Principle 4.14.2】**

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

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

**【Principle 5.1 Policy for Constructive Dialogue with Shareholders】**

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

**【Implementation of Dialogue with Shareholders, etc.】**

Refer to "III. Implementation of Measures for Shareholders and Other Stakeholders, 2. IR Activities" in this report and "Investor Relations > Corporate Governance > Dialogue with Shareholders and Investors" on the Company's website (<https://www.artner.co.jp/en/ir/governance/dialogue/>).

**【Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans】**

The Company briefs investors on its Medium-Term Business Plan and publishes it on the Company's website to help shareholders become familiar with the direction that the Company plans to take. The Medium-Term Business Plan outlines the Company's management and business strategies and establishes targets for net sales, operating profit, and the number of engineers to be retained. In addition, the Company discloses in the Medium-Term Business Plan its basic policies on earnings plans and capital policies based on its identified cost of capital.

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

In part because the Company does not have borrowings, it attaches importance to the cost of shareholders' equity and recognizes it at approximately 8%. The ROE for the fiscal year ended January 31, 2024 exceeded the cost of shareholders' equity at 25.3%.

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

To raise the stock price, we intend to increase our profit every year and determine a dividend amount that will not fall below the previous year's amount, based on a payout ratio of 50%. The Company's PBR at the end of the fiscal year ended January 31, 2024 was 5.50 times. We will make continued efforts to enhance our IR activities with an aim of increasing the PBR.

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### [Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
Sekiguchi Kogyo Co., Ltd.	2,126,000	20.00
Artner Employee Stock Ownership Association	808,148	7.60
Osaka Small and Medium Business Investment and Consultation Co., Ltd.	480,000	4.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	285,900	2.69
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (Standing Proxy: MUFG Bank, Ltd.)	243,439	2.29
JPMorgan Securities Japan Co., Ltd.	203,547	1.91
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002 (Standing Proxy: Settlement and Clearing Services Division, Mizuho Bank, Ltd.)	180,000	1.69
THE BANK OF NEW YORK MELLON 140040 (Standing Proxy: Settlement and Clearing Services Division, Mizuho Bank, Ltd.)	166,259	1.56
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE (Standing Proxy: MUFG Bank, Ltd.)	151,138	1.42
HARIGAE Tomonori	140,840	1.32

Controlling Shareholder (except for Parent Company)	---
Parent Company	None

Supplementary Explanation	
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## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Prime Market
Fiscal Year-End	January
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year <b>Updated</b>	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

Not applicable.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with the Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Appointment of Outside Directors	Yes
Number of Outside Directors	3
Number of Independent Directors (included above)	3

#### Outside Directors' Relationships with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
NOMURA Ryuichiro	From another company												
TERAMURA Yasuhiko	From another company												
MORII Shinichiro	From another company												

\* **Categories for "Relationship with the Company"**

\* "○" when the Director presently falls or has recently fallen under the category

"△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder, if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company which has worked with the Company to appoint outside directors/*kansayaku* to each other's boards (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Outside Directors' Relationships with the Company (2)

Name	Membership of the Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
NOMURA Ryuichiro	Yes	Yes	Designated as Independent Director	<p>He has been appointed as Outside Director as he has a wealth of experience and expertise gained from years of service in key roles and positions at financial institutions and in corporate management, and as he is expected to deliver well-rounded judgments based on his unique career and provide impartial and objective oversight.</p> <p>He has been also appointed as Independent Director as he has no current or past relationships with the company that might give rise to any conflict of interest with general shareholders.</p>
TERAMURA Yasuhiko	Yes	Yes	Designated as Independent Director	<p>He has been appointed as Outside Director as he has a wealth of experience and expertise gained from years of service in key roles and positions at financial institutions, and as he is expected to deliver well-rounded judgments based on his unique career and provide impartial and objective oversight.</p> <p>He has been also appointed as Independent Director as he has no current or past relationships with the company that might give rise to any conflict of interest with general shareholders.</p>
MORII Shinichiro	Yes	Yes	Designated as Independent Director	<p>He has been appointed as Outside Director as he has a wealth of experience and expertise gained from his career at key positions at Takara Standard Co., Ltd., and as he is expected to deliver well-rounded judgments based on his unique career and provide impartial and objective oversight.</p> <p>He has been also appointed as Independent Director as he has no current or past relationships with the company that might give rise to any conflict of interest with general shareholders.</p>



### [Audit and Supervisory Committee]

#### Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Not appointed
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#### Reasons for Adoption of the Current System

As the Company has in place a full-time member of the Audit and Supervisory Committee, no dedicated staffers are assigned to provide administrative assistance to the committee. However, the Internal Audit Office, which works closely with the committee, assists the committee as needed. In addition, at the committee's request, a staffer is assigned on a temporary basis to provide administrative assistance to the committee.

#### Cooperation among the Audit and Supervisory Committee, an Accounting Auditor, and the Internal Audit Departments

The Audit and Supervisory Committee and the Internal Audit Office consult with each other and exchange information and views when preparing an annual audit plan and creating audit reports. This enables them to share information and conduct audits efficiently. The Audit and Supervisory Committee and the Internal Audit Office exchange information and views with an external accounting auditor of record in order to have a common understanding of issues subject to audits. They also seek professional advice and guidance from the accounting auditor as needed.

### [Voluntary Establishment of Nomination and Remuneration Committees]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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#### Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chair person
Voluntarily Established Committee Corresponding to Nomination Committee	Nomination and Remuneration Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Corresponding to Remuneration Committee	Nomination and Remuneration Committee	4	0	1	3	0	0	Outside Director

The Nomination and Remuneration Committee, chaired by the member of the Audit and Supervisory Committee, is composed of four members including the President and CEO and three members of the Audit and Supervisory Committee who are Outside Directors, and will be held at least four times a year. The Nomination and Remuneration Committee will deliberate and report to the Board of Directors on the following matters in order to enhance the fairness and objectivity of the decision-making process of nominating and determining the remuneration of Directors as well as enhancing corporate governance.

- Matters relating to the appointment and dismissal of Directors
- Matters relating to the succession plan
- Matters relating to the nomination policy and the evaluation criteria for “abilities, qualifications, experience, and values” based on the nomination policy
- Matters relating to the appropriateness of the remuneration level of Directors
- Matters relating to the basic policy on the remuneration of Directors and the policy for determining the remuneration for each individual

The Nomination and Remuneration Committee met four times in the fiscal year ended January 31, 2024. The attendance of each Director was as follows.

President and CEO

SEKIGUCHI Sozo 4 out of 4 meetings (100% attendance rate)

Director and standing member of the Audit and Supervisory Committee

NOMURA Ryuichiro 4 out of 4 meetings (100% attendance rate)

Director and member of the Audit and Supervisory Committee

TERAMURA Yasuhiko 4 out of 4 meetings (100% attendance rate)

Director and member of the Audit and Supervisory Committee

MORII Shinichiro 4 out of 4 meetings (100% attendance rate)

### [Independent Directors]

Number of Independent Directors	3
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Matters relating to Independent Directors

Not applicable.

### [Incentives]

Incentive Policies for Directors	Performance-linked remuneration
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Supplementary Explanation

Performance-linked remuneration may be paid to Directors out of up to 2% of annual profits.

Recipients of Stock Options	
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Supplementary Explanation

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### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure
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#### Supplementary Explanation

The Company does not disclose the amount of remuneration for individual Directors, but discloses the total amount in its Securities Reports and business reports.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The amount of remuneration for Directors is determined in accordance with the relevant internal rules. The total amount of annual remuneration for Directors who are not members of the Audit and Supervisory Committee should not exceed 200 million yen, as set forth by the resolution adopted at the Ordinary General Meeting of Shareholders, held on April 27, 2017. The total amount of annual remuneration for Directors who are members of the Audit and Supervisory Committee should not exceed 30 million yen, as set forth by the resolution adopted at the Ordinary General Meeting of Shareholders, held on April 27, 2017.

The Board of Directors and the Audit and Supervisory Committee are responsible for deliberating and determining the remuneration of the Executive Team, which is composed of a fixed remuneration and performance-linked remuneration. The remuneration of directors who are not members of the Audit and Supervisory Committee is determined solely by the Board of Directors, whereas the remuneration of the Audit and Supervisory Committee members is determined by deliberation among the members of the Committee.

How to determine the policy for determining the remuneration for each individual is set forth in the rules concerning the remuneration of directors, resolved by the Board of Directors. The Board of Directors receives reports that are deliberated by the Nomination and Remuneration Committee based on the policy for determining the remuneration and within the range of the total amount resolved by the General Meeting of Shareholders, so the Board of Directors deems that the content of the report is in line with the said policy. The policy for determining the percentage of the amount of remuneration for each individual shall be decided based on the reports that are deliberated by the Nomination and Remuneration Committee, comprehensively taking into account the role and contribution status of each director as well as business performance.

### [Supporting System for Outside Directors]

The Company notifies Outside Directors in advance of items on the agenda to be discussed and matters to be reported on at an upcoming board meeting.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of the Current Corporate Governance System) **Updated**

The Company has in place the Audit and Supervisory Committee, and has five Directors who are not members of the Audit and Supervisory Committee and three Directors who are members of it.

#### The Board of Directors

The Board of Directors is comprised of eight Directors, five of whom are not members of the Audit and Supervisory Committee and three who are members of the committee. The Board meets twice a month: At a mid-month business report board meeting, the members deliberate on the Company's monthly business performance; and at a regular month-end board meeting, they deliberate and decide on matters relating to the Company's management plan, as well as significant matters relating to day-do-day business operations. The Board of Directors met 30 times in the fiscal year ended January 31, 2024. The attendance of each Director was as follows.

President and CEO	SEKIGUCHI Sozo	30 out of 30 meetings (100% attendance rate)
Director	HARIGAE Tomonori	30 out of 30 meetings (100% attendance rate)
Director	OKUSAKA Kazuya	30 out of 30 meetings (100% attendance rate)
Director	SATO So	29 out of 30 meetings (97% attendance rate)
Director	EGAMI Yoji	30 out of 30 meetings (100% attendance rate)
Director and standing member of the Audit and Supervisory Committee		
	NOMURA Ryuichiro	30 out of 30 meetings (100% attendance rate)
Director and member of the Audit and Supervisory Committee		
	TERAMURA Yasuhiko	30 out of 30 meetings (100% attendance rate)
Director and member of the Audit and Supervisory Committee		
	MORII Shinichiro	30 out of 30 meetings (100% attendance rate)

#### The Compliance and Risk Management Meeting

The Company convenes Compliance and Risk Management Meetings once a month, attended by the President and CEO and other Directors who are not members of the Audit and Supervisory Committee, Directors who are members of the committee, and division and department heads. In these meetings, members discuss policies and actions to ensure that all officers and employees of the Company abide by laws and the Company's Articles of Incorporation, and draw up the Risk Management Guidelines.

#### Sustainability Committee

The Company convenes the Sustainability Committee four times a year, attended by the President and CEO and other Directors who are not members of the Audit and Supervisory Committee, Directors who are members of the committee, and division and department heads. The members hold discussions to promote and manage the progress of issues and initiatives related to sustainability.

#### The Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of three Outside Directors and meets twice a month. Directors who are members of the committee also attend board meetings and other important internal meetings. The committee provides impartial and independent oversight of the Company's corporate management, based on the audit standards as well as the audit policy and plans established by the committee.

#### The Nomination and Remuneration Committee

The Nomination and Remuneration Committee, chaired by the member of the Audit and Supervisory Committee, is composed of four members including the President and CEO and three members of the Audit and Supervisory Committee who are Outside Directors, and will be held at least four times a year. The Nomination and Remuneration Committee will report to the Board of Directors on the appointment/dismissal and remuneration of Directors in order to enhance the fairness and objectivity of the decision-making process of nominating and determining the remuneration of Directors as well as enhancing corporate governance.

#### External Accounting Auditor of Record

The Company employs KPMG AZSA LLC as its accounting auditor of record. The Company has no conflict of interest with the accounting firm or with the firm's managing partners who conduct accounting audits of the Company.

Names and accounting firms of certified public accountants who have conducted accounting audits of the Company

NAKAHATA Takahide, designated limited liability employee and managing partner of KPMG AZSA LLC  
KOMATSUNO Satoru, designated limited liability employee and managing partner of KPMG AZSA LLC

### 3. Reasons for Adoption of the Current Corporate Governance System

The Company has in place the Audit and Supervisory Committee in order to enhance the effectiveness of its auditing, oversight, and corporate governance functions, as well as to achieve greater management transparency and increase its enterprise value.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize General Meetings of Shareholders and Ensure Smooth Exercise of Voting Rights by Shareholders

	Supplementary Explanations
Allowing Electronic Exercise of Voting Rights	The Company allows its shareholders to exercise their voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company prepares an English-language translation of the Notice (or Summary of Notice) of Convocation, which it posts on its website at <a href="https://www.artner.co.jp/en/ir/">https://www.artner.co.jp/en/ir/</a> .
Other	The Company posts Notices of Convocation for General Meetings of Shareholders on its website at <a href="https://www.artner.co.jp/en/ir/">https://www.artner.co.jp/en/ir/</a> .

#### 2. IR Activities

	Supplementary Explanations	Presentation by Representative(s)
Preparation and Publication of Disclosure Policy	The Company posts its “Disclosure Policy” on its website at <a href="https://www.artner.co.jp/en/ir/">https://www.artner.co.jp/en/ir/</a> .	
Regular Investor Briefings for Individual Investors	The Company holds investor briefing sessions three to four times a year, either in person or online, to share its management policy, financial results, and business forecasts with individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds an investor briefing session twice a year, either in person or online, to share its management policy, financial results, and business forecasts with financial analysts and institutional investors.	Yes
Posting of IR Materials on Website	The Company posts to the IR section of its website its Non-consolidated Financial Results, Timely Disclosure Information, Securities Reports, Notices of Convocation for General Meetings of Shareholders, Supplementary Explanation Materials, IR Reports, Annual Reports, and Materials from Investor Briefings.	
Establishment of Department and/or Manager in Charge of IR	The IR and PR Group in the Corporate Planning and Strategy Division coordinates the Company’s IR activities.	

#### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has the “Compliance Rules” in place to ensure sound and transparent corporate management.
Implementation of Environmental Activities, CSR Activities etc.	The Company posts the “Main Sustainability Goals” and updates on its activities thereof on the Sustainability section of its website.

#### **IV. Matters Related to the Internal Control System**

##### **1. Basic Views on Internal Control System and the Progress of System Development**

1. System to ensure that Directors and employees execute their duties in compliance with applicable laws and regulations and the Company’s Articles of Incorporation
  - (1) At Artner, we have implemented the Compliance and Risk Management Meeting, chaired by the President and CEO, as part of a system aimed at thoroughly educating employees regarding all applicable laws and regulations and the Articles of Incorporation, and also ensuring such compliance.
  - (2) We have set up an internal whistleblowing system, under which Directors, employees, and other people engaged in work for the Company can report corruption or wrongdoing to the Whistleblowing Committee, which has a duty of confidentiality. It is prohibited to subject persons who submit whistleblower reports using the system to any disadvantageous treatment as a result of such reporting. The system is designed to ensure the effectiveness of whistleblowing to prevent or quickly detect violations of applicable laws and regulations.
  - (3) The Internal Audit Office, operating independently of other divisions that execute business practices, conducts internal audits. Through such audits, it verifies the appropriateness and effectiveness of the internal management system of each division, and by promoting the improvement of the systems, it ensures that all employees lawfully execute their duties.
2. System to ensure the appropriateness of financial reporting
  - (1) Directors and employees ensure the appropriateness of financial reporting by executing their duties in compliance with the “Basic Framework of Internal Control Related to Financial Reporting.”
  - (2) Directors and employees smoothly operate the system to ensure the appropriateness of financial reporting.
  - (3) The Internal Audit Office audits the operation of the system to ensure the appropriateness of financial reporting.
3. System to store and manage information relating to the execution of duties by Directors
  - (1) Information and documents relating to the execution of duties by Directors are appropriately stored and managed in accordance with the “Document Management Rules,” other applicable rules and regulations, and related information management system manuals.
  - (2) The Internal Audit Office conducts internal audits to confirm that this information and related documents are appropriately stored and managed.
4. Rules and system to manage the risk of loss
  - (1) We have formulated guidelines, “Structure to Conduct Risk Management,” to define a clear system for managing different risks.
  - (2) We have classified and defined management risks in accordance with these policies, and each responsible division identifies and analyzes the risk situation for each type of risk. We have set up a system in which the various kinds of risks are managed through the Compliance and Risk Management Meeting. Management and countermeasures for each type of risk are clarified and managed in the meeting.
  - (3) The Internal Audit Office, which is directly overseen by the President and CEO, is responsible for audits in accordance with an internal audit plan. The office examines the method and details of audit implementation and revises the audit method as and when needed.
5. System to ensure that Directors execute their duties efficiently
  - (1) Board of Directors meetings are held twice a month, as the basis of a system to ensure that Directors execute their duties efficiently. The first board meeting of the month is a performance board meeting and the second is a regular board meeting. Special board meetings are also held as and when needed. The scope of authority of the Board of Directors is clearly defined in the “Board of Directors Rules.”
  - (2) To ensure efficient business management by the Directors, we have formulated “Organizational Rules,” “Administrative Authority Rules,” “Division of Duties Rules,” “Division of Duties (Administrative Authority) Statement,” and other internal rules.

6. System to ensure appropriate business practices in a corporate group consisting of companies, parent companies, and subsidiaries  
The company does not currently have any parent companies or subsidiaries.
7. Matters relating to employees who assist with the duties of the Audit and Supervisory Committee, independence of such employees from other Directors who are not members of the committee, and ensuring the effectiveness of the committee's instructions to such employees
  - (1) If requested by the Audit and Supervisory Committee, an employee can be appointed to assist with the duties of the committee.
  - (2) The appointment or dismissal, reassignment, and performance evaluation of such employees require the approval of the Audit and Supervisory Committee.
  - (3) If the Audit and Supervisory Committee requests the appointment of an employee to assist with its work, the appointment of a suitable employee to assist with the work needed by the committee is made in consultation with the committee. The appointment is made with the prior approval of the committee, and with an assurance of independence. To ensure the effectiveness of the instructions of the Audit and Supervisory Committee to the applicable employee, the employee works exclusively for the committee, without being assigned any other work.
8. System to enable Directors who are not members of the Audit and Supervisory Committee and employees to report to the Audit and Supervisory Committee
  - (1) Directors who are members of the Audit and Supervisory Committee attend meetings of the Board of Directors and other important meetings and receive reports on the state of business practice execution from other Directors who are not members of the committee.
  - (2) Directors who are members of the Audit and Supervisory Committee are able to view important internal decision request circulars, written decisions, and reports that are not discussed at the important meetings mentioned above, and they also receive explanation of the contents of such documents as and when needed.
  - (3) Directors or employees should report to the Audit and Supervisory Committee any of the following: a risk that may significantly harm the company; misconduct relating to execution of duties by Directors who are not members of the Audit and Supervisory Committee; significant violation of an applicable law, regulation, or the Articles of Incorporation; reports relating to the state of internal audits; facts reported based on the internal whistleblowing system; and any other matter requested for the purposes of the Audit and Supervisory Committee.
9. System to ensure that persons who make whistleblower reports to the Audit and Supervisory Committee are not subjected to any disadvantageous treatment as a result of such reporting  
In accordance with internal rules, it is prohibited to subject persons who submit whistleblower reports using the system to disadvantageous treatment in retaliation for whistleblowing.
10. Matters relating to policies concerning procedures for prepayment or reimbursement of expenses arising from the execution of duties by the Audit and Supervisory Committee members or other processing of expenses or monetary obligations arising from the execution of such duties  
The procedures for prepayment or reimbursement of expenses arising from the execution of duties by members of the Audit and Supervisory Committee or other processing of expenses or monetary obligations arising from the execution of such duties are carried out appropriately through applications made by members of the Audit and Supervisory Committee.
11. Other systems to ensure that audits of the Audit and Supervisory Committee are effectively conducted
  - (1) The President and CEO and the Head of the Internal Audit Office strive to enable sufficient opportunities for consultation with the Audit and Supervisory Committee members to examine the establishment of a suitable working environment for the committee, in order to ensure the effectiveness of audits.
  - (2) To ensure the effectiveness of audits by the Audit and Supervisory Committee, the committee members demand that the President and CEO and the Board of Directors strive to make continuous improvements to the auditing system.
  - (3) The Internal Audit Office, which is the internal auditing department of the Company, and the division responsible for oversight of compliance and risk management meet regularly with the Audit and Supervisory Committee to exchange opinions regarding issues to be addressed.

- (4) If the Audit and Supervisory Committee deems it necessary to appoint legal advisors or other external advisors when conducting an audit, such advisors can be appointed.

## 2. Basic Views on Measures against Antisocial Forces

### 1. Basic approach to the exclusion of antisocial forces

- (1) To fulfill its obligations of corporate social responsibility and to protect the Company, any relations with antisocial forces are cut off.
- (2) In the event that the company is subjected to any unreasonable demands by antisocial forces, we respond resolutely by legal means.
- (3) We set up a “System for Cutting off Relations with Antisocial Forces” based on the manual for dealing with antisocial forces.
- (4) In preparation for unreasonable demands by antisocial forces, we are building close partnerships with an external specialized agency, and in the event that we are subjected to an unreasonable demand by antisocial forces, we will consult with the agency regarding how to respond, or request a response from the agency.
- (5) Under no circumstances do we, for the sake of convenience, respond by engaging in behind-the-scenes dealing with or providing money to antisocial forces.
- (6) We regularly inform Directors and employees of our “System for Cutting off Relations with Antisocial Forces” and promote awareness of it.

### 2. Internal system for exclusion of antisocial forces

- (1) Under the Head of the Management Division, the General Affairs Group, as department responsible for exclusion of antisocial forces, strives to prevent the Company from being subjected to any unreasonable demands from such forces.
- (2) We have concluded advisory agreements with a legal advisor and retired police officers, and collaborate with a specialized agency.
- (3) In collaboration with the Head of the Management Division, the General Affairs Group receives guidance and advice from the legal advisor as circumstances demand, and maintains a database of information on antisocial forces. As and when needed, the group also reports the details of such information to the Board of Directors. Based on the information, each division and the Compliance and Risk Management Meetings examine approaches to the exclusion of antisocial forces.
- (4) We distribute a manual for dealing with antisocial forces to all employees and promote awareness of it.
- (5) The General Affairs Group raises awareness of issues relating to the exclusion of antisocial forces regularly at internal training sessions.



## **V. Other**

### **1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not adopted
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#### Supplementary Explanation

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

### **2. Other Matters Concerning the Corporate Governance System**

The Company has in place the following system to ensure the timely disclosure of corporate information:

#### 1. Basic policy on the timely disclosure of corporate information

The Company manages its corporate information accurately, and discloses it in a timely and appropriate manner, to earn the understanding, trust, and support of the public. The Company considers it an essential part of fulfilling its social responsibility to provide information that contributes to the greater transparency and fairness of its corporate management, as well as to greater enterprise value. The Company discloses such information as mandated by the “Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities” (hereinafter the “Timely Disclosure Rules”), established by the Tokyo Stock Exchange, expeditiously, accurately, and appropriately, and in accordance with applicable laws and regulations. The Company discloses such information as mandated by the Timely Disclosure Rules via the Timely Disclosure network (TDnet) and press releases, as well as on the Company’s website. The Company voluntarily and proactively discloses information that is not mandated by laws or regulations when it considers that to do so serves the public interest. When disclosing information, the Company follows its own “Information Disclosure Rules” to ensure the appropriateness of information disclosure practices. The Company has in place the Information Disclosure Committee, which is responsible for assessing the appropriateness of the Company’s information disclosure practices.

#### 2. Internal system for the timely disclosure of corporate information

The Company intends to fulfill its social responsibility, serve the public interest, and earn the trust and respect of shareholders, investors, and all other stakeholders. To achieve this objective, the Company has in place the Information Disclosure Committee, which is responsible for assessing the significance that each piece of the Company’s corporate information may have to shareholders’ and investors’ decision-making. The committee is also responsible for implementing and improving the internal system and processes for the timely and appropriate disclosure of information, in accordance with the Timely Disclosure Rules and applicable laws and regulations. The committee aggregates information that is expeditiously and comprehensively collected and provided by relevant divisions and departments and that is considered subject to disclosure under the Timely Disclosure Rules and applicable laws and regulations. The committee is chaired by the President and CEO and is composed of the head of the Management Division, who serves as Information Management Administrator, and heads of other divisions and departments who have access to a wide range of corporate information. The committee meets to assess the timeliness, legal compliance, and accuracy of information disclosure under the Timely Disclosure Rules and applicable laws and regulations, including a decision whether to voluntarily disclose information deemed to be relevant to investors. When the committee determines that particular information needs to be disclosed, it considers how and when to disclose the information and submits its recommendation to the Board of Directors for approval. With the Board’s approval, the committee discloses the information to the public.

#### 3. Timely disclosure of significant decisions

The Company discloses its significant corporate-level decisions and financial results in resolutions duly adopted by the Board of Directors. The Board resolves such matters as defined by the “Board of Directors Rules.” The Information Disclosure Administrator, served by the Director in charge of information disclosure, discloses matters of significance subject to disclosure as soon as the Board passes resolutions on them.

4. Disclosure of significant events

The Company designates division and department heads as Information Management Coordinators responsible for managing information relating to significant undisclosed events that occur in their respective divisions and departments. When the Company's officers and employees become aware of undisclosed significant events or information relating to potential significant events in the course of business, they report such events or information to the Information Management Coordinators in their respective divisions or departments. When the Information Management Administrator considers that the information provided by an Information Management Coordinator is significant, the Administrator discloses such information to the public at an appropriate time and by an appropriate method in a resolution duly adopted by the Board of Directors. At a time of urgency, the President and CEO may plan on disclosure of such information to ensure timely disclosure.

5. Prevention of insider trading

The Company has in place the "Rules for Managing Insider Trading of Stocks," which guide officers and employees in managing significant information that comes to their attention in the course of business and in trading stocks. The rules serve as a deterrent to prevent insider trading and ensure that the Company earns the trust of the stock market.

