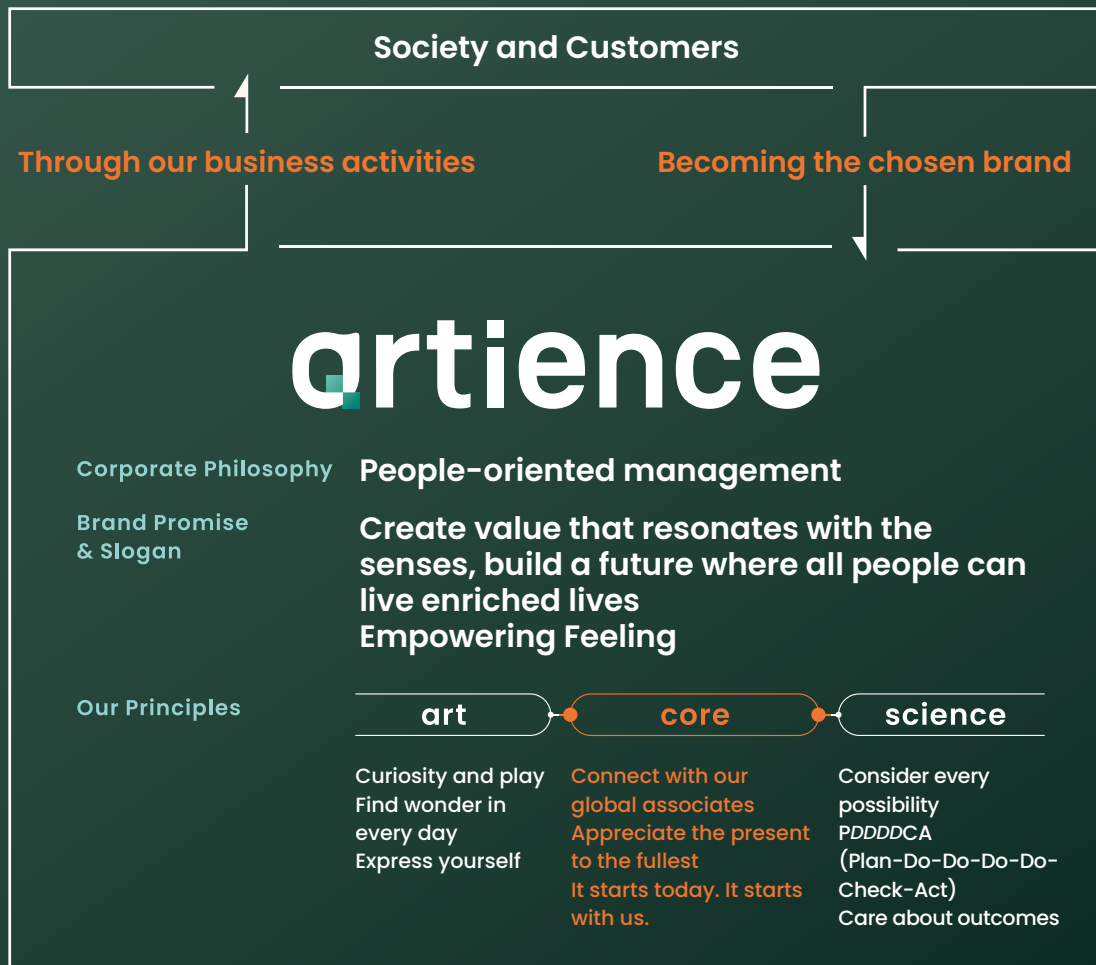


artience

Philosophy System



What is needed to achieve a sustainable and bright future?

We believe that it is the realization of a society in which all people can live enriched lives.

Our role is to connect various technologies and ideas, leading society to the solutions to its problems.

Instead of going it alone, we will deliver beauty, comfort and peace of mind that fills people's hearts by collaborating and joining forces with our partners.

We will create value that resonates with people's senses, from the things they see, the objects they touch, and what they feel through product quality, continually taking on the challenge of building an enriched future.

About the Sustainability Data Book 2024

Editorial policies

The Sustainability Data Book 2024 is a tool for reporting the artience Group's approach and initiatives with regard to sustainability and ESG (Environmental, Social, and Governance) issues in FY2023. We strive to convey the Group's efforts toward creating a sustainable society in an easy-to-understand manner.

We have referenced a variety of guidelines and indicators and listened to the opinions of internal and external stakeholders through dialogue with them to compile this report. Our climate change information disclosure is based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and described in detail in the Integrated Report 2024. We would appreciate it if you read it and share with us your frank opinions.

Period covered

January 1, 2023 to December 31, 2023 (FY2023)
Some sections cover the period before FY2022 or FY2024.

Areas covered

- This report covers the artience Group's Japanese and overseas affiliates (See page 103 "Company List of artience Group.")
- Environmental performance data includes data from affiliates in Japan and overseas affiliates that are ISO 14001 certified. Some data additionally includes data from overseas affiliates that have not been ISO 14001 certified. The scope of data is specified on the page 80 and the individual page. (The production volume of the overseas affiliates with ISO 14001 certification accounts for approximately 75.2% of the total production volume of all overseas affiliates.)

Guidelines used as reference

- ISO 26000, International Standard on social responsibility
- Global Reporting Initiative (GRI), Sustainability Reporting Standards
- SDGs (Sustainable Development Goals)
- Ministry of the Environment, Environmental Reporting Guidelines 2018

Dates of publication

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English version: November 2024 (Next edition to be published in November 2025)

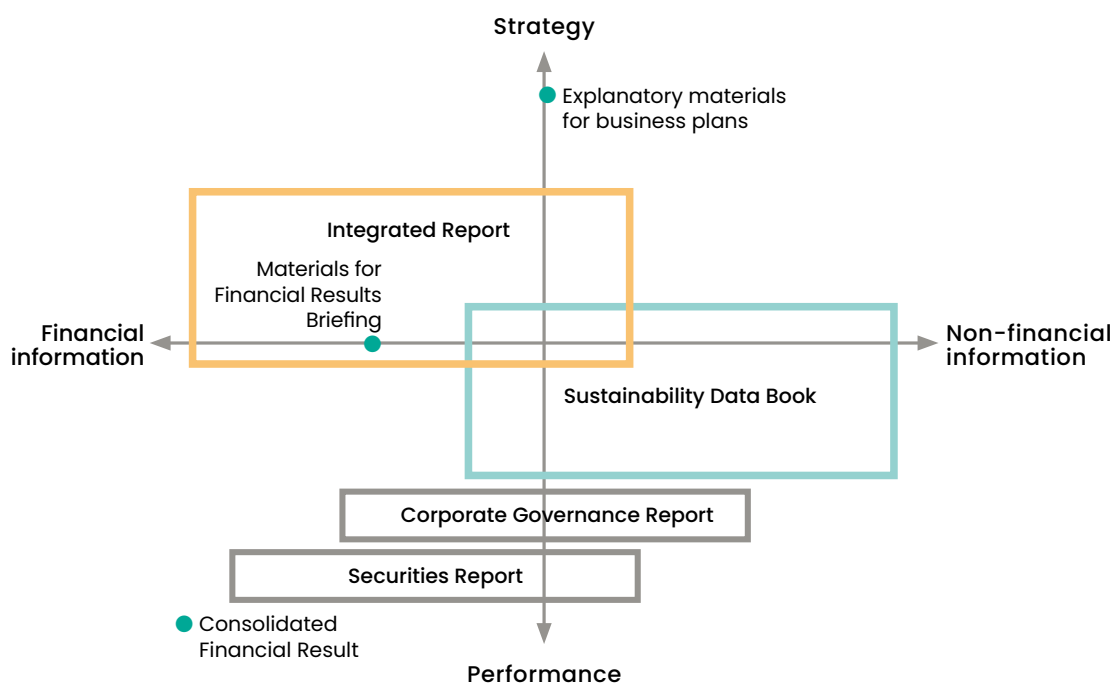
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Please go to the "Contact Us" page on the website to provide us with your opinions and comments about this report.

Caution concerning forward-looking statements

The opinions and forward-looking statements contained in this report are our views as of the time of the creation of this report. We do not guarantee or promise the accuracy or completeness of this information. Accordingly, future results may differ from those expressed in our forward-looking statements.

[Information disclosure system]



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Top Message



artience

Continuing the challenge of establishing a society where people can live enriched lives, by creating value that resonates with the senses.

Satoru Takashima

Group CEO
President and Representative Director

The artience Group has launched the new artience 2027/2030 management plan, under the slogan of “GROWTH” toward 2030, with the key aims of building a future where all people can live enriched lives, creating a sustainable society, and maximizing corporate value. The plan has three basic policies: Business Portfolio Transformation, Maximizing Capital Efficiency and Cash Flow, and Building a Corporate Foundation and Sustainability Management.

In particular, Building a Corporate Foundation and Sustainability Management indicates the direction of structural transformation that is essential for us to become a more sustainable corporate group, and we are working on five material issues in line with this policy. We will seek to further expand our ESG initiatives based on our asv2050/2030 Sustainability Vision — with 2050 as the target year and 2030 as a milestone year — and implement sustainability management practices.

To address climate change, which is a key global issue, we aim to reduce our CO₂ emissions in Japan by 35% from the FY2020 level by FY2030 and reduce our overseas emissions by 35% in FY2030 from the business-as-usual (BAU) level, with an eye toward achieving carbon neutrality in 2050. We will strive to expand sustainability-enhancing products and increase the ratio of net sales to 80% by 2030, and to 100% in 2050.

As part of our reform of corporate governance, we transitioned to being a company with an audit and supervisory committee in March 2022. Today, three of our outside directors are women. We

are increasing the percentage of officers that are outside officers to enable discussions to be more active and include more diverse perspectives. Apart from that, we will continue to improve our corporate governance by continually improving our whistle-blowing systems and information security measures, including outside Japan.

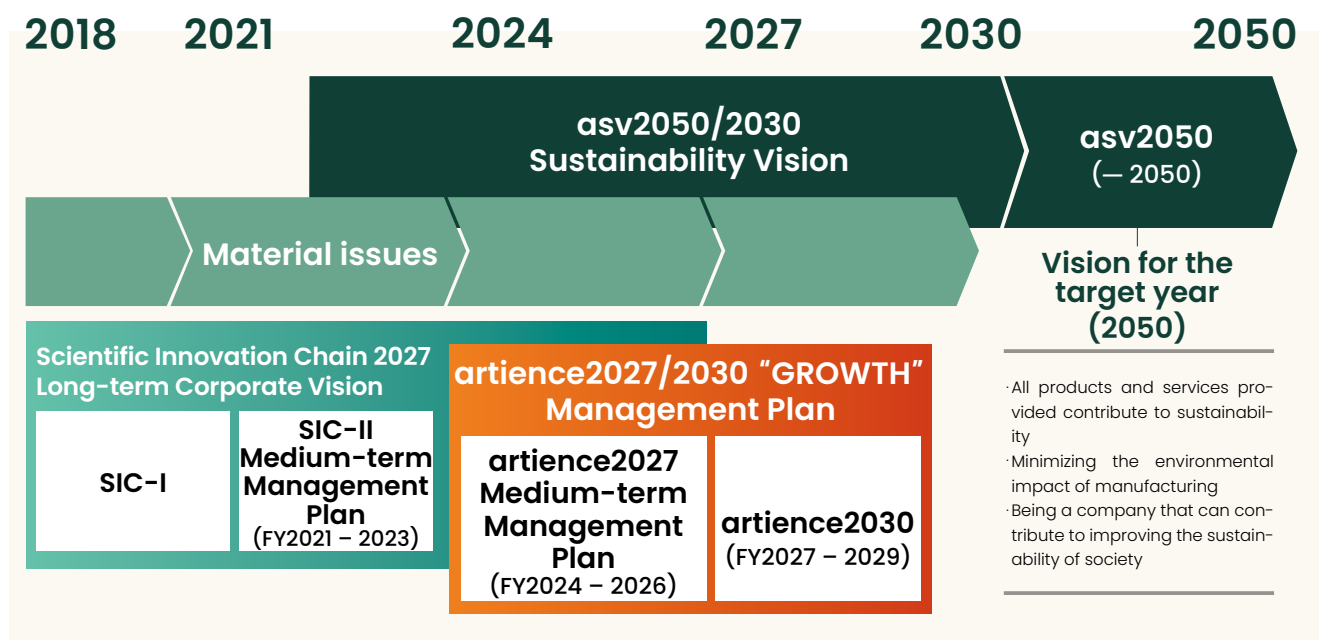
The artience Group has a Corporate Philosophy of *People-oriented management* and understands that strengthening human capital is one of the top priority issues to tackle. We will also strive to advance DE&I, to create a workplace environment that is fulfilling to workers, and to develop personnel capable of digital transformation (DX.) In January 2023, the D&I Promotion Office (now the DE&I Promotion Office) was established in the Human Resources Department. Under a new structure, we will speed up our activities. We will respect diverse values and strive to make ourselves an organization where employees with all attributes can display their potential.

Along with changing the name of the company on January 1, 2024, we established a new philosophy consisting of the Corporate Philosophy, the Brand Promise and Our Principles. Our Brand Promise, “Creating value that resonates with the senses and building a future where all people can live enriched lives,” is a statement of our resolve to our current and future stakeholders. Heading into the future, the artience Group will continue to take on the challenge of establishing a society where people can live enriched lives, by creating value that resonates with the senses.

Sustainability Vision asv2050/2030

Our asv2050/2030 Sustainability Vision consists of a vision for the Group in 2050, and practical long-term targets to be achieved, set by backcasting toward 2030 as a milestone year. With this vision as an in-

dicator, we will continue to engage in sustainability activities linked to our new management plan: artience2027/2030 "GROWTH."



■ Sustainability Vision asv2050/2030

asv2030 Intermediate targets at milestone towards 2050 Corporate contributions to achieving the SDGs	asv2050 Direction leading to vision for 2050 Achievement of carbon neutrality	Vision for the target year (2050)
1. Providing products and services that realize a sustainable society		
<ul style="list-style-type: none"> Sales ratio of sustainability-enhancing products will be 80% Increasing the number of products able to contribute to the reduction of CO₂ emissions throughout their lifecycle 	<ul style="list-style-type: none"> Making all products sustainability enhancing products Helping customers achieve decarbonization 	All products and services provided contribute to sustainability
2. Reducing the environmental impact of manufacturing		
<ul style="list-style-type: none"> CO₂ emissions: 35% reduction in Japan (from the FY2020 level) : 35% reduction overseas (compared to the FY2030 BAU) Amount of waste treated off-site (Japan): 50% reduction (from the FY2020 level) Harmful chemical substance emissions (Japan): 30% reduction (from the FY2020 level) 	<ul style="list-style-type: none"> Achieving net zero CO₂ emissions from production activities and minimizing their environmental impact Minimizing waste generation Realizing sustainable water use 	Minimizing the environmental impact of manufacturing
3. Building a foundation for trust		
<ul style="list-style-type: none"> Sourcing raw materials in ways that are friendly to the environment and good for society Respecting the diversity of employees and co-existing in harmony with the natural environment and local communities Continually restructuring our governance system 	<ul style="list-style-type: none"> Continuing to reform and transform our supply chain, human resources, regional activities, and governance from the perspective of environmental and social contribution 	Being a company that can contribute to improving the sustainability of society

* Formulated as the TSV2050/2030 Sustainability Vision in January 2022 and renamed in January 2024.

WEB Details of the Sustainability Vision are posted on our website.

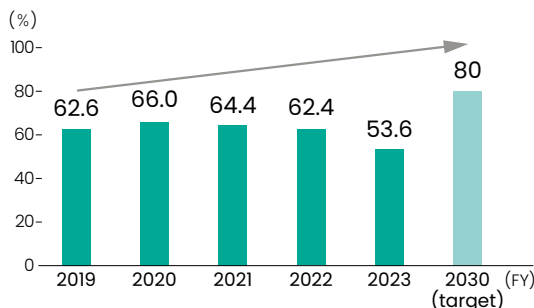
Sustainability Vision asv2050/2030

Making all products sustainability enhancing products

The artience Group is driving the development and launch of products and services that cater to the needs of society and customers, and is working to enhance and expand its range of sustainability-enhancing products, with “environmental value” as the value provided by environmentally friendly products, and “lifestyle value” as the value provided by products that contribute to comfort in people’s lives, their health and welfare, and safety and reliability.

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

Changes in sales ratio of sustainability-enhancing products* and its targets



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

Values provided by sustainability-enhanced products and their direction

Provided value	Direction	Keywords	Examples of measures and products
Environmental Value Building a society that co-exists in harmony with the environment	Decarbonization	Clean energy / new energy Energy reduction / Shift to EV-based transportation	Proposal and advanced development of materials and technologies that contribute to the acceleration of the shift to EVs (LiB materials, thermal control materials and components) Contributing to reducing CO ₂ emissions during use (shift to UV / EB) Developing environmentally friendly new power generation systems and proposing materials for these systems
	Resource circulation	Reduce Reuse Recycle Replace	Reducing the percentage of petroleum raw materials and replacing them (shift to bio-mass, water-based materials) Simplification of product components, replacement with paper (biodegradable materials, functional coatings) Materials and systems that support the recycling of plastics (materials and systems supporting horizontal recycling)
	Coexisting with nature	Environmental harmony, coexistence, and purification Reduction of substances with environmental impact	Heat shielding paint, thermal insulation Soil improvement, wastewater purification, and utilization of renewable energy
	Carbon recycling		Developing Carbon Capture, Usage and Storage (CCUS) technologies, utilizing CO ₂ -derived raw materials
Lifestyle Value Realizing a comfortable, healthy and safe society	Medical / healthcare area	Prevention / diagnosis	Development of diagnostic materials and systems which lead to the early detection and prevention of diseases and the reduction of risk of being affected by diseases
		Medical treatment	Development of pharmaceutical and medical materials which contribute to advanced therapies and self-care
		Safety / security	Provision of safe, reliable products which do not affect living bodies (do not contain harmful substances)
	Communication / electronics / digital area	High-speed, large-capacity communication	Development of next-generation materials which support photonics, high-speed, large-capacity transmission, and high-speed computing
		Advanced sensing	Provision of key materials aimed at the development of a sensor society and a society connected via IoT
		Big data	Developing technologies which lead to a convenient society based on the utilization of data

Program for certification of sustainability-enhancing products



The Group’s products are examined based on specific sustainability evaluation items. They include orientation to the environmental value and the lifestyle value, definition and GHG emissions intensity. Any product that is evaluated as fulfilling the certification criteria is certified as a sustainability-enhancing product. The Sustainability-Enhancing Products Certification Office

conducts the examination for certification. The Chief Sustainability Officer, who also chair the Office, grants approval for examination results and authorizes certification. The certification criteria are reviewed regularly in accordance with changes in sustainability requirements in the market and in society.

Sustainability Management

Basic approach

Three basic policies were laid out in the artience2027 medium-term management plan which began in January of 2024: (1) transform existing business groups into highly profitable business groups, (2) create strategic, high priority business groups, and (3) transform the Company's management foundation. It also clearly specifies sustainability management issues that should be addressed to (3) transform the Company's management foundation, such as the reform of the personnel development program, the maximization of capital efficiency, innovation in production processes, digital transformation and the establishment of a technological foundation for the Company.

As a entire Group, we also address the many different issues on the path towards the establishment of a sustainable society, such as actions to address climate change, carbon neutrality and actions to help achieve the sustainable development goals (SDGs) with our asv2050/2030 Sustainability Vision that we established for conducting corporate activities from a medium- and long-term perspective.

For more than 120 years since its founding, the artience Group has continued to provide value demanded by customers and society by leveraging its unique core technologies. The Group seeks to implement sustainable management that ensures that diverse personnel can have job satisfaction and exert their potential in a workplace environment where they can work with peace of mind, that we will continue to provide products and services wanted by customers and society and that we will create new value in collaboration with customers. We will continue to promote sustainability management by implementing management strategies under the artience2027 medium-term management plan and steadily executing measures to address material issues, and the goals of asv2050/2030 that lie beyond.

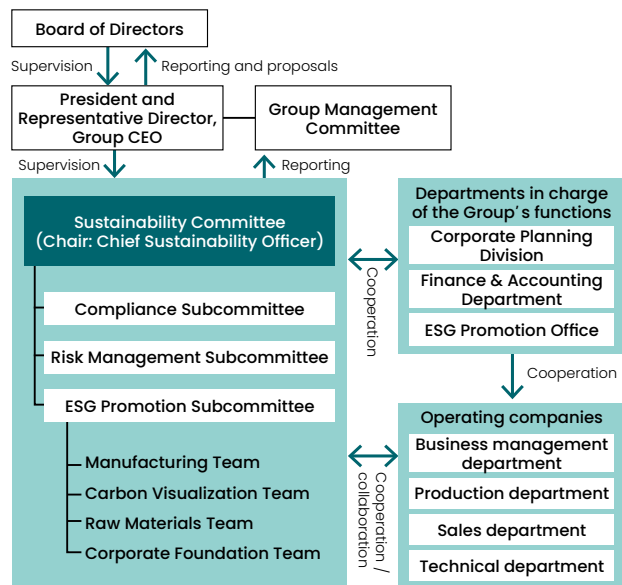
WEB Policies and guidelines relating to sustainability are posted on our website under Sustainability > Related policies and guidelines.

* Related policies and guidelines are posted in Japanese, English, and Chinese.

Promotion system

The Sustainability Committee is chaired by the Group's Chief Sustainability Officer, with the Group CEO as chief supervisor. The committee formulates plans, implements, evaluates, and follows up on all Group-wide sustainability-related activities. It also reports regularly to senior management at meetings of the Group Management Committee and the Board of Directors, and receives instructions on how to respond as necessary. The three subcommittees of the Sustainability Committee and the administrative departments of each domestic Group company play a central role in supporting the sustainability activities of the entire Group from their various perspectives, and are working to drive activities on a global scale.

Sustainability promotion system (FY2024)



Sustainability Committee's main activity themes, their achievements, and future activities (FY2023)

Main activity themes	Measures and achievements
<ul style="list-style-type: none"> Instilling the sustainability concept in the Group Construction of a system for implementing ESG practices Establishment, revision and disclosure of policies regarding sustainability 	<ul style="list-style-type: none"> Holding of Sustainability Conference (Group-wide meeting) (September), appointment of ESG management promoters within individual operating companies and education to improve ESG activities Establishment of the ESG Promotion Office and a structure to enable the committee and divisions to collaborate Revision of the Sustainability Charter and policies relating to individual sustainability issues and the formulation of new policies (the Code of Ethical Conduct, policies on risk management, anti-corruption, tax, etc.)
<ul style="list-style-type: none"> Continuous promotion of compliance within the Group Actions to properly incorporate the cost of labor into prices Whistleblowing system 	<ul style="list-style-type: none"> Meetings at bases in Japan and overseas (April to June and October) and the continued organization of workshops on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (April to September) Surveys of business partners on the proper incorporation of the cost of labor into prices Expanding the scope of descriptions for whistleblowing cases (human rights infringements, discrimination, harassment, breach of intellectual property rights and other issues), and establishing an internal whistleblower hotline exclusively for the base in South Korea (November)
<ul style="list-style-type: none"> BCP Cyber security Business risk management 	<ul style="list-style-type: none"> Understanding the preparedness status of the BCPs at each Group company, sharing of information about good practices and improving the entire Group's BCP activities Establishment and start of use of the artience-CSIRT system Re-identification of business risks and reassessment using frequency-impact mapping
<ul style="list-style-type: none"> Responding to climate change Promoting sustainable procurement Human rights due diligence Improving information disclosure and communication 	<ul style="list-style-type: none"> Formulating a roadmap for the reduction of CO₂ emissions per base (80% in Japan and 50% overseas) and the visualization of organizational CO₂ emissions (calculation of the emissions in each Scope) Expansion of the scope of target suppliers (addition of 248 raw materials suppliers for bases in Japan) Holding of gender diversity training for officers, managers of departments and employees wishing to receive it Expansion of disclosure of non-financial information in securities reports, continued publication of the Sustainability Data Book and enhancement of information disclosure

Sustainability Management

As a chemical manufacturer, we will take the lead in working to improve the sustainability of the global environment and society

The chemical manufacturing industry, which includes the artience Group have been aiding industrial development and enriching people's lives by creating all kinds of materials that help create the plastics, semiconductors and electronic components that are indispensable in people's daily lives. However, in the past, the consumption of huge amounts of petrochemical resources and energy in these activities has negatively impacted the environment, polluted the air and contaminated the oceans and rivers with hazardous substances. We, the chemical manufacturers understand that this is why we must work ahead of all of the other business sectors to improve the sustainability of the global environment and society to fulfill our corpo-



rate responsibilities to the present and the future. Our new medium-term management plan, artience2027, started this fiscal year. It is oriented towards sustainability management that helps improve the sustainability of the global environment and society by offering value that resonates with the senses through products and corporate activities. In a collaborative structure that includes the Sustainability Committee and the companies of the Group, we will endeavor to achieve the targets in the plan.

Material issues

We have formulated five material issues that summarize the issues that the Group should address, and carry out initiatives that link CSR activities and the medium-term management plan.

[link](#) For the material issues formulated, see pages 10 and 11.

Process of formulating the material issues



Workshops were held with officers — primarily members of the CSR Promotion Subcommittee (now the ESG Promotion Subcommittee) — to identify potential material issues to be addressed, including international guidelines, material issues for chemical manufacturers, aspects in which the Group is expected to have a significant impact on the economy, society, and the environment.

Based on the candidate material issues identified, the CSR Promotion Committee (now as CSR Promotion Subcommittee) mapped the issues, with coordinate axes of materiality for stakeholders and materiality for our Group. Thus, the Committee narrowed the candidate issues down to high-priority ones.

[WEB](#) For the results of mapping of the material issues identified, see page 38 of Integrated Report 2023.

The members of the CSR Promotion Subcommittee (now the ESG Promotion Subcommittee) responsible for identifying material issues then further narrowed down the key issues through continuous internal and external communication, such as dialogues with external experts and internal workshops.

We organized the material issues that were narrowed down, ideal states, boundaries (extent of their impact) and other points, thereby clarifying the five material issues, position of each, and relationships between them. After approval by the CSR Management Committee (now the Sustainability Committee) and the Group Management Committee, we formulated a set of material issues in FY2017 and began activities based on them in FY2018.

Material Issues and Progress of Our Activities

In FY2021 to FY2023, we engaged in activities in line with KPIs and targets during SIC-II (FY2021 to FY2023,) matching the period of activities for the SIC-II, the previous medium-term management plan. In particular, the numerical environmental targets for Material Issue 2 (reducing of CO₂ emissions, information disclosure based on TCFD recommendation) and social targets for Material Issue 4 (promoting health and productivity management, increasing female manager ratio to 8%) are equivalent to "Promotion environmental management" and "Reform workstyles and per-

Material issues and progress of our activities

Material issues		Ideal state	Relevant SDGs goals
Material Issue 1	Provide value that exceeds customer expectations and contribute to society	We provide value that contributes to innovations and the solution of issues in society, through creative products and services that exceed customers' expectations. Through these activities, we win the trust of a wide range of stakeholders and contribute to developing a sustainable society.	
Material Issue 2	Co-exist in harmony with the environment through innovative technologies	With innovative environmental technologies, we have become a leading company in society in the aspects of both products and services. In addition, we contribute greatly to harmonizing society with the environment and improving the sustainability of society through initiatives we take in overall business, from the upstream to the downstream.	
Material Issue 3	Co-exist and co-prosper with the supply chain and fulfill the trust of stakeholders	We have built a firm relationship of trust with the supply chain toward co-existence and co-prosperity, by respecting the supply chain on an equal footing and stimulating each other. Based on this relationship, we continue to take on further challenges through mutual cooperation with the supply chain.	
Material Issue 4	Value employees and pursue their happiness and job satisfaction	We have established a corporate climate where the personality of each employee and their diversity are respected and employees pursue job satisfaction and self-actualization. In addition, our open, family-like workplace environment serves as the base for creating innovations at home and abroad.	
Material Issue 5	Build a solid base that underpins trust	We have established a solid base that underpins the trust of stakeholders through compliance, communications, and other practices. In addition, this base serves as a secure foundation for the Group to survive until its 200th anniversary while maintaining its traditions.	

Material Issues and Progress of Our Activities

sonnel systems” under Basic Policy 3 of SIC-II “Enhance the value of management resources for sustainable growth (change of the corporate structure,”) and we focused our efforts on them. Consequently, we achieved positive results regarding the reduction of CO₂ emissions, the improvement of the percentage of female managers, workstyle reform, the acceleration of DE&I and other efforts roughly as planned. In the future, we will review our material issues (targets and KPIs) in the new medium-term management plan to improve and accelerate our sustainability activities.

Evaluation: A as Progress beyond plan, B as Progress as planned, and C as Further efforts required

KPIs and targets during SIC-II (FY2021 - 2023)	Achievements in FY2023	Evaluation for FY2023
<ul style="list-style-type: none"> Creation of products, services and technologies that contribute to provision value to society Initiatives to improve quality: Operation of the Quality Global Standard at all production bases around the world 	<ul style="list-style-type: none"> Creation of new products and services with a view toward the creation of value (construction of networks for the mass production and supplying of LiB materials in North America, Europe, China and Japan with a view toward the establishment of a decarbonized society, the implementation of joint development projects for the establishment of a circular society leveraging high quality plastic recycling) Website renovation to improve the findability of product information and reinforcing information distribution Selection as an AAA website in the all markets category of the All Japanese Listed Companies' Website Ranking for 2023 by Nikko Investor Relations 	B
<ul style="list-style-type: none"> Reduction of CO₂ emissions (Japan): 67,500 t (down 12% from the FY2020 level) Improvement of specific energy consumption (overseas): 165.0 L/t (down 3% from the FY2020 level) Reduction of chemical substance emissions (Japan)*: 118.2 t (down 10% from the FY2020 level) Reduction of amount of waste treated off-site (Japan): 10,500 t (down 19% from the FY2020 level) Increasing of sales ratio of environmentally friendly products: 70.0% (up 4.0 percentage points from the FY2020 level) Conservation of forest and aquatic ecosystems: Tree-planting, ecological surveys, strengthening of water intake / drainage management at production bases with high water risks, etc. 	<ul style="list-style-type: none"> Reduction of CO₂ emissions (Japan): 59,669 t (down 22.4% from the FY2020 level) Improvement of specific energy consumption (overseas): 156.5 L/t (down 8.1% from the FY2020 level) Reduction of chemical substance emissions (Japan): 102.8 t (down 21.7% from the FY2020 level) Amount of waste treated off-site (Japan): 10,625 t (down 17.6% from the FY2020 level) Sales ratio of sustainability-enhancing products: 53.6% Sales ratio of environmentally friendly products: 60.2% Information disclosure based on the TCFD recommendations (expanding the range of information disclosed on our website) 	B
<ul style="list-style-type: none"> Implementation of major supplier assessments based on Criteria for Selecting Suppliers: Continuation of 100% implementation rate Conducting a sustainability surveys for major suppliers: Implementation rate 100% Promoting efficiency and sustainability improvements through collaboration in logistics Continuation human rights education during overseas assignment training: Attendance rate 100% 	<ul style="list-style-type: none"> Assessment of major suppliers in Japan and dissemination of the Sustainable Supply Chain Guidelines: Implementation rate 100% Conducting a sustainability surveys for major suppliers: Implementation rate 100% Promoting efficiency and sustainability improvements through collaboration in logistics Number of employees who took human rights education during overseas assignment training: 20 employees (attendance rate 100%) Promotion of diversity (publication of a guidebook for understanding LGBTQ+ issues and support and sponsorship of various events) Distribution of human rights information in electronic in-house newsletters and activities to increase awareness of human rights 	B
<ul style="list-style-type: none"> Continuing to be selected as White 500 company by promoting health and productivity management Continuing acquirement <i>Eruboshi</i> certification by promoting women's employment and active participation: Continuing 30% female recruitment ratio in Japan, and female manager ratio in Japan to be 8% Continuing acquirement <i>Kurumin</i> certification promoting childcare and nursing care support: Continuing 80% childcare leave acquisition (10 days or more) rate for male employees in Japan Zero serious accidents 	<ul style="list-style-type: none"> Continued to be selected as a White 500 company, acquired <i>Eruboshi</i> certification. artience Co., Ltd. acquired <i>Platinum Kurumin</i> certification, a higher level of certification than <i>Kurumin</i>, for the first time. Three core operating companies newly acquired <i>Kurumin</i> certification. Maintenance of Gold certification in PRIDE Index 2023 for LGBTQ+ initiatives Percentage of female new graduates hired in Japan: 37.0% Percentage of female managers: 5.5% (as of January 2024) Percentage of male employees in Japan taking childcare leave for 10 days or more: 100% Continued zero serious accidents 	B
<ul style="list-style-type: none"> Zero serious compliance violations Comprehensive implementation and content enhancement of compliance meetings in each site Formulation of the compliance seminars tailored to local circumstances of each site of the Group, and continuing implementation of education (Anti-monopoly Act, Subcontract Act, bribery prevention, privacy protection regulations, etc.) Promoting activities for communication with local communities Promoting educational / cultural activities in local communities Promoting social contribution activities: Volunteer activities or their support, etc. 	<ul style="list-style-type: none"> Zero serious compliance violations Held compliance meetings in each site (3,386 participants during the first half of the year; 3,479 participants during the Improvement Month) Held various compliance seminars (Anti-monopoly Act: 11 seminars with a total of 408 participants, Subcontract Act: 16 seminars with a total of 272 participants) Held compliance meetings in each site using Code of Business Ethics and its explanatory materials which are translated into local languages Responded appropriately to natural disasters (earthquakes, typhoons, heavy rain, etc.) Conducted risk assessments (100% of locations in Japan, 92% of locations overseas) Safe driving workshops and safety education leveraging e-learning programs at all production bases Risk communication activities (Toyochem Co., Ltd., Kawagoe Factory) Bases in Japan and overseas donating to research institutions and providing educational materials and equipment to local schools Social contribution through the volunteer leave system (One employee took volunteer leave) Donation of disaster relief supplies and money to southeastern Turkey which was struck by an earthquake 	B

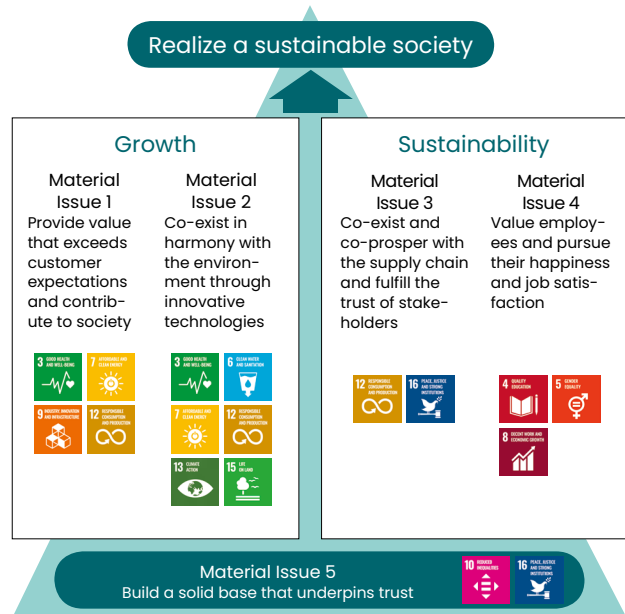
* The KPIs and targets have been revised due to a revision in the operation of the data collection system and review of the chemical substances subject to collection.

SDGs Initiatives

Our five material issues and relevant SDGs

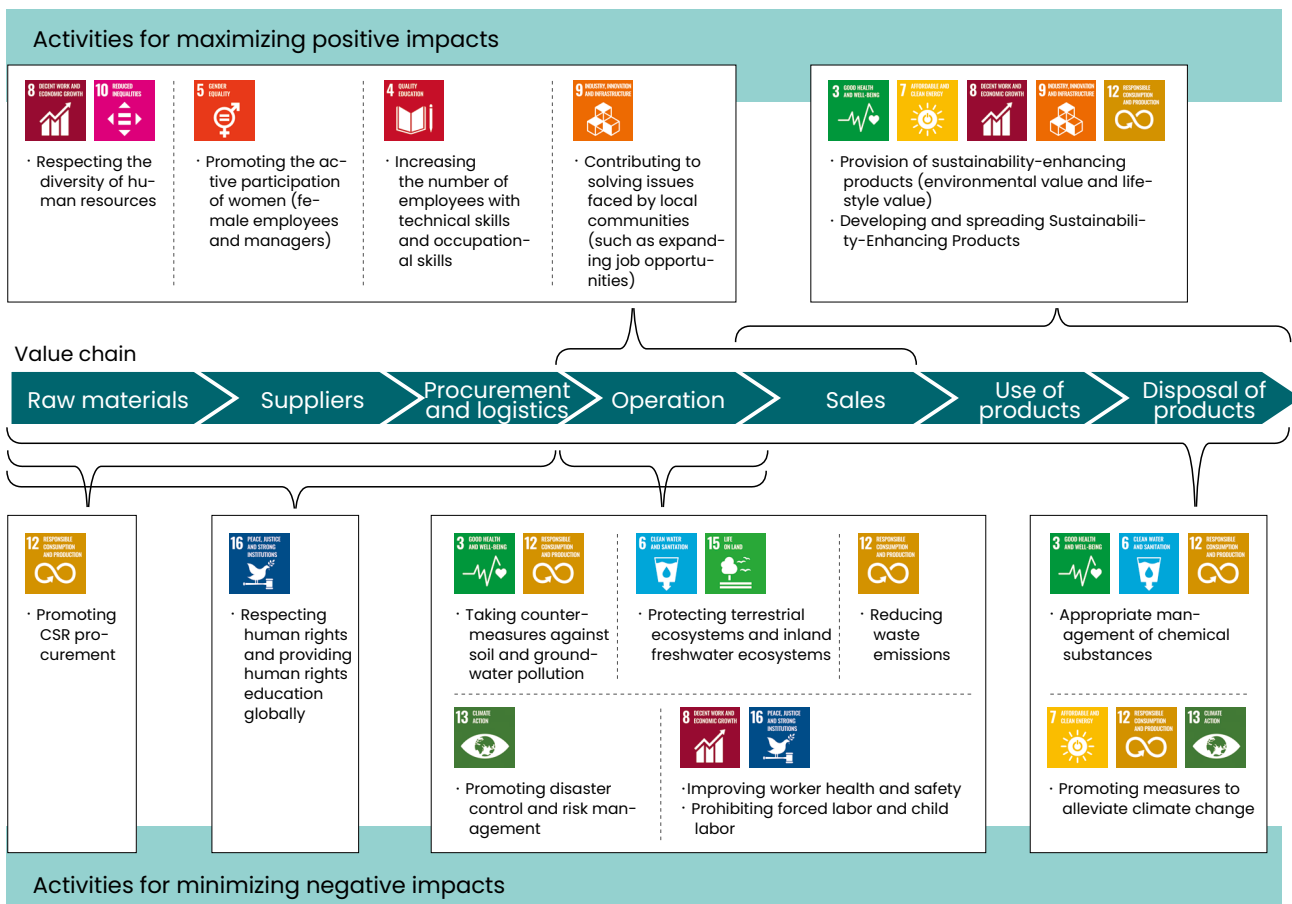
The Sustainable Development Goals (SDGs) are international goals for the period from 2016 to 2030. They are described in the Agenda 2030 for Sustainable Development that was adopted at the UN Sustainable Development Summit in September 2015. They are the shared goals of everyone on earth, including not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

Based on SDGs and targets, the artience Group has associated 12 of the SDGs that are closely related to its business activities with material issues and clarified how the Group will contribute to achieving the goals and targets.



Our relationships with SDGs in its value chain






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



SDGs Initiatives

Goals and targets of SDGs that are relevant to our materials issues

The artience Group is committed to contributing to society through its business operations under our Sustainability Charter. We are advancing our actions to address social issues while gaining a deeper understanding of the SDGs.

	Relevant SDGs goals	Our initiatives on targets of relevant SDGs
Material Issue 1		<p>3.4 We will promote the good health and welfare of consumers through the prevention and treatment of diseases with transdermal patches, along with the new medical and healthcare business.</p> <p>7.2 We will contribute to the expansion of renewable energy by developing and selling components that help improve the performance of solar cells.</p> <p>7.3 We will contribute to reducing consumption of oil resources and improving energy efficiency by developing and selling components for lithium ion batteries and other secondary batteries.</p> <p>9.4 We will improve sustainability by expanding environmentally friendly technologies and suggesting solutions.</p> <p>9.5 We will take on challenges to create innovative products, services, and new businesses that will contribute to improving the quality of life (QOL) of consumers.</p> <p>12.3 We will reduce food loss in the supply chain by providing a range of packaging materials.</p> <p>12.4 We will implement chemical substance management throughout the life cycle of products to ensure comprehensive quality control, thereby minimizing the impact on consumers' health and the environment.</p>
Material Issue 2		<p>3.9 We will manage harmful chemical substances and take action against soil and groundwater pollution to reduce the negative impact on consumers' health.</p> <p>6.3 We will contribute to improving water quality by reducing chemical substance emissions, recycling water, and ensuring appropriate water treatment.</p> <p>6.4 We will advance efficient use of water by reducing water consumption and improving the efficiency of water use.</p> <p>6.6 We will reduce the environmental impact of factory wastewater to protect water-related ecosystems.</p> <p>7.2 We will increase the ratio of renewable energy to all the energy we use by introducing facilities such as solar power generation facilities.</p> <p>7.3 We will strive to improve the energy efficiency of production by replacing equipment with energy-efficient versions, introducing cogeneration systems, and taking other measures.</p> <p>12.2 We will focus on the development of products made from biomass materials in our efforts to make efficient use of natural resources.</p> <p>12.4 We will quantify and reduce the environmental impact of our products in their life cycle by using Life Cycle Assessment (LCA).</p> <p>12.5 We will reduce waste emissions by promoting the 3Rs (reduce, reuse, and recycle.)</p> <p>13.1 We will strive to mitigate climate change by reducing CO₂ emissions with initiatives including the continuation of energy conservation activities, energy conservation investments, and production innovation.</p> <p>15.1 We will continue to undertake ecosystem surveys of company-owned forests and rivers to check the impact of our business activities on the terrestrial ecosystem and the inland freshwater ecosystem and focus on activities for preserving them.</p> <p>15.2 We will encourage sustainable forest management using FSC-certified paper, forest absorption credits in carbon-offsetting, and other measures.</p>
Material Issue 3		<p>12.7 We will promote sustainable procurement (CSR procurement) based on the Basic Policy on Procurement and the Standard for Selecting Suppliers.</p> <p>16.2 We will prohibit forced labor and child labor via our supply chain and ensure that we provide training on human rights including respect for human rights.</p>
Material Issue 4		<p>4.4 We will increase the number of employees with technological and vocational skills by establishing plants in emerging countries to create employment, providing support for production, and cultivating human resources proactively at each base.</p> <p>5.1 We will promote women's participation and advancement by providing training, including modules aimed at increasing the rate of hiring of female graduates and modules for promoting career awareness among female employees.</p> <p>5.5 We will increase the number of female officers and managers to promote women's participation in decision-making.</p> <p>5.b We will introduce hand cranes to heavy labor and ease, and take other measures to reduce the burden on female employees at our production sites.</p> <p>8.5 We will employ more people with disabilities and build an environment that enables their active participation.</p> <p>8.6 We will expand employment training opportunities in Japan and other countries through the "artience growth field" (Group-wide training and education system.)</p> <p>8.7 We will ensure that we prohibit forced labor and child labor at all sites, including overseas sites.</p> <p>8.8 We will promote a safe, secure work environment by encouraging activities for worker safety, operations security, and the prevention of workplace injuries in a Group-wide manner.</p>
Material Issue 5		<p>10.3 We will promote measures to ensure compliance and act appropriately by observing laws and regulations.</p> <p>16.5 We will not be involved in corruption or bribery in any country.</p>

Relationship with Stakeholders

In January 2024, we changed our company name and established the Brand Promise – a promise to customers and other stakeholders—of “Creating value that resonates with the senses and building a future where all people can live enriched lives.” In addition, in the “Active communication and information disclosure” section of our Sustainability Charter (revised in January 2024), we state that “We will disclose information about the Group in a fair and timely manner, and

work to improve transparency in management. We will also communicate actively with various stakeholders around us, and work to build and develop trusting relationships and coexist with society.”

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



Stakeholders	Our responsibilities	Major forms of dialogue
Customers	<ul style="list-style-type: none"> · Providing products and services that create value in terms of providing security and peace of mind · Enhancing customer satisfaction · Providing accurate, appropriate information about our products · Implementing appropriate management of customer data 	<ul style="list-style-type: none"> · Dissemination of information via website, social media and mailing list · Holding of trade shows and online events · Response to customers by customer relations office
Shareholders and investors	<ul style="list-style-type: none"> · Maintaining and enhancing our corporate value · Returning profits to shareholders in an appropriate manner · Implementing timely, appropriate disclosure of corporate information · Responding to the trend towards ESG investment 	<ul style="list-style-type: none"> · General Shareholders' Meeting (held once a year, in March) · Individual investor briefings (held once in FY2023 and twice in FY2024) · Financial results briefings (held twice in FY2023 and four times in FY2024) · One-to-one meetings (held approx. 100 times) · Information disclosures using IR tools (e.g. Integrated Report, Sustainability Data Book, and Newsletters to Shareholders) and website. · Response to SRI surveys
Employees	<ul style="list-style-type: none"> · Respecting human rights and diversity · Recruiting and cultivating human resources · Creating workplaces in which diverse human resources can thrive · Consideration for occupational safety and health 	<ul style="list-style-type: none"> · Distribution of information through internal newsletters and on the company intranet · Communication at each workplace · Labor-management council · Promotion of work-life balance and health and productivity management
Suppliers	<ul style="list-style-type: none"> · Engaging in fair, equitable transactions · Providing support for, and collaborating on, sustainable procurement 	<ul style="list-style-type: none"> · Communication through procurement activities · Factory inspections · Implementation and cooperation of questionnaire surveys and other surveys
Governments and industry groups	<ul style="list-style-type: none"> · Complying with regulatory requirements, administrative guidance, etc. · Fulfilling our duty to pay taxes · Collaborating on government policies aimed at addressing social problems 	<ul style="list-style-type: none"> · Participating in and collaborating on seminars and other events organized by government agencies · Participating in a variety of industry committees · Communication via industry organizations
Local communities	<ul style="list-style-type: none"> · Contributing to the development of local communities · Respecting local culture and customs · Preventing accidents and safeguarding the environment · Collaborating and partnering on efforts to solve environmental problems, etc. 	<ul style="list-style-type: none"> · Participating in activities hosted by local communities · Risk communication activities · Factory visits and presentations for local residents · Cooperating in special classes providing hands-on experience in the real world · Having dialogues · Social contribution activities
Global environment	<ul style="list-style-type: none"> · Action on climate change · Promoting energy-saving and recycling · Reducing the volume of waste emissions, and reducing chemical substance emissions · Safeguarding the aquatic environment and helping to conserve biodiversity 	<ul style="list-style-type: none"> · Joint studies with research institutions including universities · Provision of environmental education · Publishing of various reports and other documents · Responding to questionnaires related to the environment

External Recognition

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

MSCI Nihonkabu ESG Select Leaders Index

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

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Equity Women's Empowerment Index (WIN)

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



**FTSE Blossom
Japan Index**

FTSE Blossom Japan Index

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



**FTSE Blossom
Japan Sector
Relative Index**

FTSE Blossom Japan Sector Relative Index

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



S&P / JPX Carbon Efficient Index

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

2024



Sompo Sustainability Index

SOMPO Sustainability Index

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



EcoVadis Sustainability Rating Bronze status achieved

EcoVadis is a company which certifies sustainable supply chains. It evaluates companies' policies, measures, and performance in the four fields of the environment, labor & human rights, ethics, and sustainable procurement. The Bronze rating is awarded to companies ranked in the top 26% to 50% of approx. 100,000 evaluated companies.



2024 Health and Productivity Management Outstanding Organizations (White 500) certification

This is a recognition program run by the Ministry of Economy, Trade and Industry, under which the ministry certifies corporations taking excellent health and productivity management measures based on the initiatives for promoting good health advanced by the Nippon Kenko Kaigi. artience Co., Ltd. was recognized as one of the top 500 corporations (White 500) in the large enterprise category after a health and productivity management survey. The company has been recognized by this program for the eight consecutive years since 2017, when it was recognized for the first time.



Pride Index 2023 Gold Award

The Pride Index is an index formulated by work with Pride in 2016, to recognize initiatives in support of sexual minorities in the workplace. We have been certified as Gold in recognition of our efforts to promote diversity and increase understanding among employees such as by publishing in-house handbook "Understanding and Responding to LGBTQ+," supporting for "Business for Marriage Equality" which promotes marriage equality, sponsorship of "Rainbow Festa 2023" in Osaka.


* The inclusion of artience Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of artience Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

* FTSE Russell confirms that artience Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Environmental Management

Basic approach

Since business activities are dependent on natural resources, tackling climate change and other environmental problems is an essential task for companies. The artience Group has recognized environmental conservation as an important issue from an early stage, and has been working to reduce its environmental impact by establishing its Basic Policy on Environment (revised in January 2024.) In the Group's environmental management system, our Basic Policy on Environment is regarded as our environmental policies under ISO 14001, and we will thoroughly inform all employees, set objectives and targets for each, and make efforts for their realization.

 The Basic Policy on Environment is posted on our website under Sustainability > Environment > Environmental Management.

Promotion system

The President and Representative Director (Group CEO) is the chief executive officer of the sustainability promotion system and the chief executive officer for environmental management, including the Group's response to climate change. Environmental management is supervised by the Board of Directors through the President and Representative Director, and is promoted by the Chief Sustainability Officer (Chair of the Sustainability Committee) as the person in charge of practical matters.

The Sustainability Committee and its ESG Promotion Subcommittee formulate medium to long-term environmental plans and targets for the entire Group, check progress, carry out activities for each theme, and report to management at Sustainability Committee meetings and Sustainability Conference (group-wide meeting.)

In terms of daily activities toward achieving targets, the ESG Promotion Office of artience Co., Ltd. is a dedicated organization that supervises and manages activities for the entire Group, and works in cooperation with related departments to achieve the asv2050/2030 Sustainability Vision, looking ahead to 2050.

 [Page 8: Sustainability promotion system](#)

Targets

[Formulation of medium- to long-term targets looking ahead to 2050]

January 2022, We has also established the Sustainability Vision "asv2050/2030," with long-term practical targets for its sustainability activities. We have established this vision with a view to 2050, in order to respond to recent global trends regarding climate change, carbon neutrality and initiatives for the achievement of the SDGs, as well as the current social situation which requires that companies fulfill increasing demands for sustainability.

asv2050/2030 consists of asv2050, which indicates a direction to reach our ideal vision with 2050 as the target year, and asv2030, which sets various interim targets by backcasting toward 2030 as a milestone. The artience Group will strengthen its sustainability efforts, using the environmental targets in SIC-II and the asv2050/2030 medium- to long-term targets after that as guidance for sustainability activities. The Group aims to achieve carbon neutrality by 2050.

Environmental Management

■ Sustainability Vision asv2050/2030

	asv2030	asv2050
1. Providing products and services that realize a sustainable society	<ul style="list-style-type: none"> The percentage of sales from Sustainability-Enhancing Products will be 80% Increasing the number of products able to contribute to the reduction of CO₂ emissions throughout their lifecycle 	<ul style="list-style-type: none"> Making all products Sustainability-Enhancing Products Helping customers achieve decarbonization
2. Reducing the environmental impact of manufacturing	<ul style="list-style-type: none"> CO₂ emissions: 50,000 t in Japan (down 35% from the FY2020 level), 95,000 t (down 35% from the FY20230 BAU level) Amount of waste treated off-site (Japan): 6,450t (down 50% from the FY2020 level) Harmful chemical substance emissions (Japan): 91.9 t (down 30% from the FY2020 level) 	<ul style="list-style-type: none"> Achieving net zero CO₂ emissions from production activities and minimizing their environmental impact Minimizing waste generation Realizing sustainable water use
3. Building a foundation for trust	<ul style="list-style-type: none"> Sourcing raw materials in ways that are friendly to the environment and good for society Respecting the diversity of employees and co-existing in harmony with the natural environment and local communities Continually restructuring our governance system 	<ul style="list-style-type: none"> Continuing to reform and transform our supply chain, human resources, regional activities, and governance from the perspective of environmental and social contribution

■ Environmental goals of artience2027 (new medium-term management plan; FY2024 – 2026)

	KPIs and targets
1. Providing products and services that realize a sustainable society	Promoting Sustainability-Enhancing Products
2. Reducing the environmental impact of manufacturing	<ul style="list-style-type: none"> CO₂ emissions: 59,500 t in Japan (down 23% from the FY2020 level), 104,000 t (down 29% from the FY20230 BAU level) Amount of waste treated off-site (Japan): 8,400 t (down 35% from the FY2020 level) Chemical substance emissions (Japan): 105.0 t (down 20% from the FY2020 level) Specific energy consumption (overseas, major production bases): 165.0 L/t (down 3% from the FY2020 level)
3. Building a foundation for trust	Promotion of biodiversity: Conservation of forest and aquatic ecosystems through tree-planting, ecological surveys, strengthening of water management at production bases

■ Environmental goals of SIC-II (previous medium-term management plan; FY2021 – 2023)

	KPIs and targets
1. Reducing the environmental impact of manufacturing	<ul style="list-style-type: none"> CO₂ emissions (Japan): 67,500 t (down 12% from the FY2020 level) Amount of waste treated off-site (Japan): 10,500 t (down 19% from the FY2020 level) Chemical substance emissions (Japan): 118.2 t (down 10% from the FY2020 level) Specific energy consumption (overseas, major production bases): 165.0 L/t (down 3% from the FY2020 level)
2. Providing products and services that realize a sustainable society	Increasing the sales ratio of environmentally friendly products: 70.0% (up 4.0 percentage points from the FY2020 level)
3. Promoting coexistence with nature and community	Promotion of biodiversity: Conservation of forest and aquatic ecosystems through tree-planting, ecological surveys, strengthening of water management at production bases

Compliance with laws and regulations

No environmental accidents requiring an emergency response occurred in FY2023 at any business location of the artience Group in Japan or overseas. The Group received no administrative directives in Japan in connection with environmental laws and regulations. Outside Japan, we take appropriate response actions to redress deficiencies if we receive any instructions on them.

[link](#) Page 80–83: ESG Data Collection > Environmental Management

Environmentally Friendly Products / Utilization of Life Cycle Assessment

Basic approach

Based on the idea that reducing the environmental impact from products is important to environmental conservation, we formulated a Basic Environmental Policy (revised in January 2024.) We have long been striving to offer environmentally friendly products and services. To drive initiatives such as environmental conservation and sustainable procurement of raw materials, we utilize life cycle assessment (LCA) in manufacturing with a view to reducing our environmental impact throughout the product life cycle, including raw material procurement, production, use, disposal, and recycling of products.

We formulated the asv2050/2030 Sustainability Vision in January 2022. Under asv2050/2030, in addition to redefining conventional environmentally friendly products as environmental value (products) for creating a society in harmony with the environment and lifestyle value (products) for a comfortable, healthy, and safe society, we also define sustainability-enhancing products. We aim to solve various social and environmental problems through the promotion of sustainability-enhancing products as a goal and KPI for the new medium-term management plan.

[link](#) Page 6: Sustainability Vision asv2050/2030

Targets and achievements

Environmental goals of SIC-II (FY2021 - 2023)

The percentage of sales ratio of environmentally friendly products will be 70%

Environmental goals of artience2027 (FY2024 - 2026)

Promoting Sustainability-Enhancing Products

asv2050/2030

Providing products and services that realize a sustainable society Targets for 2030

The percentage of sales from Sustainability-Enhancing Products will be 80%

Increasing the number of products able to contribute to the reduction of CO₂ emissions throughout their lifecycle

Targets for 2050

Making all products Sustainability-Enhancing Products
Helping customers achieve decarbonization

[Achievements in 2023]

For FY2023, sales of environmentally friendly products reached 97.5 billion JPY, down 7.1% year on year. The percentage of sales from environmentally friendly products was 60.2%, down 2.2 percentage points year on year. The ratio of sales of environmentally friendly products dropped slightly following an increase in sales of all products. The percentage of sales from laminating adhesives and UV curable inks increased.

Changes in sales of environmentally friendly products and in environmentally friendly products' share of total product sales

	FY2019	FY2020	FY2021	FY2022	FY2023
Sales of environmentally friendly products (billion JPY)	95.1	94.9	97.0	105.0	97.5
Environmentally friendly products' share of total product sales (%)	62.6	66.0	64.4	62.4	60.2
Sales of Sustainability-Enhancing Products (billion JPY)	—	—	—	—	124.8
Sustainability-Enhancing Products' share of total product sales (%)	—	—	—	—	53.6

Scope of calculation:

① For environmentally friendly products, from FY2021 to FY2023, five companies in Japan, including core operating companies Toyocolor Co., Ltd., Toyochem Co., Ltd. and Toyo Ink Co., Ltd.) and affiliated companies (Toyo Visual Solutions Co., Ltd. and Toyo-Morton, Ltd.)

* For FY2018 to FY2020, six companies including Toyo ADL Corp. were in the scope of calculation. In FY2021, business merger took place to integrate Toyo ADL Corp. into Toyochem Co., Ltd.

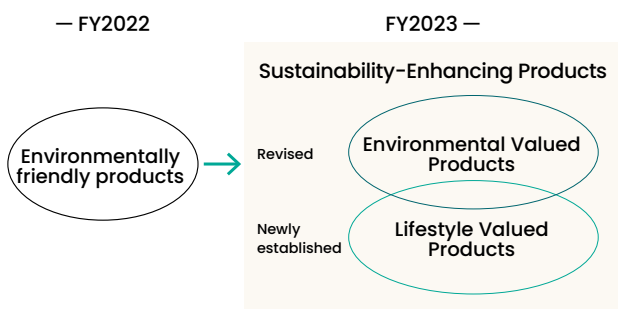
② For Sustainability-Enhancing Products, seven companies in Japan, including core operating companies (Toyocolor Co., Ltd., Toyochem Co., Ltd. and Toyo Ink Co., Ltd.) and affiliated companies (Toyo Visual Solutions Co., Ltd., Toyo-Morton, Ltd. and Matsui Chemical Co., Ltd.), and overseas affiliated companies (excluding some bases.)

In formulating asv2050/2030, in addition to environmental value, in FY2023 the artience Group added standards for lifestyle value to its existing definition for environmentally friendly products, and redefined them as sustainability-enhancing products.

In the past, environmental standards (such as not using hazardous chemical substances) were the main focus of environmentally friendly products. In the case of "environmental value," we have changed the standards and direction (decarbonization, resource recycling, and coexistence with nature) to be conscious of providing value to the entire supply chain, in order to contribute to the sustainability of the entire supply chain.

In terms of "lifestyle value," we have set standards and a direction that will enable us to contribute to society and make proposals by further enhancing fields such as digital-related materials for IoT and high-speed communications and sensor materials (safety in autonomous driving and comfort in living environments.)

Redefining environmentally friendly products to Sustainability-Enhancing Products



Environmentally Friendly Products / Utilization of Life Cycle Assessment

Utilization of Life Cycle Assessment

The Group is working to visualize environmental impact using Life Cycle Assessment (LCA), which is a method for quantitatively assessing the environmental impact of a product's life cycle, including raw material procurement, production, use, disposal, and recycling.

In response to growing calls for disclosure of greenhouse gas (GHG) emissions from Europe and other industries in recent years, and to provide the value of low-carbon and decarbonized products to solve climate change issues, we are working to establish a framework that includes the formulation of calculation rules and the development of systems for greenhouse gas emissions (carbon footprint, CFP) for each product.

Currently, we use average GHG emission factors that are publicly available, but will advance cooperation and collaboration with members of the supply chain to use actual emission factors, which will lead to the design, development, and provision of products with consideration for low carbon footprint.

Example initiatives

- Development of human resources with SuMPO LCA Expert qualifications
- Establishment of a CFP initiative system for each Product
- Appealing to customers about low-carbon value in the product development phase and business exploration (e.g., de-inking)

TOPICS

Driving further reduction of environmental impact by expanding the use of environmentally friendly pressure sensitive adhesives (hot-melt adhesives for roll labels)

Hot-melt adhesives for label rolls that are widely used for plastic bottled beverages ensure that the rolls can be easily removed and sorted because of the alkali release property of the adhesive in the state in which the label roll is on the plastic bottle. They help increase recycling efficiency. In addition, the thickness of label base material is reduced. And adhesives are partially applied for minimizing materials. These actions result in lower environment impacts (CO₂ emissions) than other label systems. With the aim of further expanding the use of roll labels, Toyochem Co., Ltd. is developing new products for hot beverage bottles in vending machines and proposing them for non-beverage containers such as daily necessities and seasonings. The company will continue to focus on initiatives aimed at contributing to a recycling-oriented society.

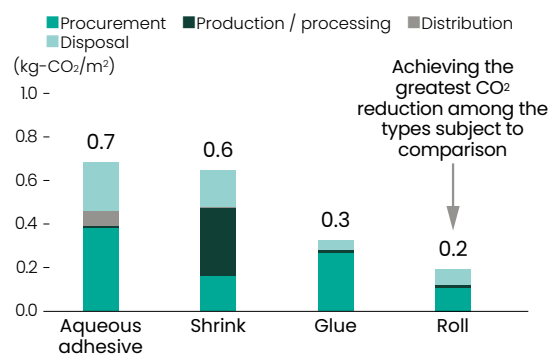


Mr. Miyazaki (left) and Mr. Suzuki (right) of Toyochem Co., Ltd.



Ms. Arai of Toyochem Co., Ltd.

CO₂ emissions per unit area by label type



* The figures are calculated independently by Toyochem and not verified by any third party.

Response to Climate Change

Basic approach

Climate change attributable to global warming arising from a worldwide increase in greenhouse gas (GHG) emissions is one of the most serious issues facing the world today. The artience Group understands that responding to climate change is a material management issue with a huge impact on business activities. In November 2020, we expressed support for the Task Force on Climate-related Financial Disclosures (TCFD.) Currently, we conduct activities for addressing climate change such as reducing CO₂ emissions towards carbon neutrality in 2050 in accordance with our Sustainability Vision asv2050/2030, which is the axis of the Group's sustainability strategy. We also disclose information in accordance with the TCFD recommendations.

Governance

The Sustainability Committee, which oversees the sustainability activities of the entire artience Group – including climate change – and promotes them across the organization, is supervised by the Board of Directors via the President and Representative Director. Important issues are discussed and resolved by the Group Management Committee, and then reported to the Board of Directors for approval.

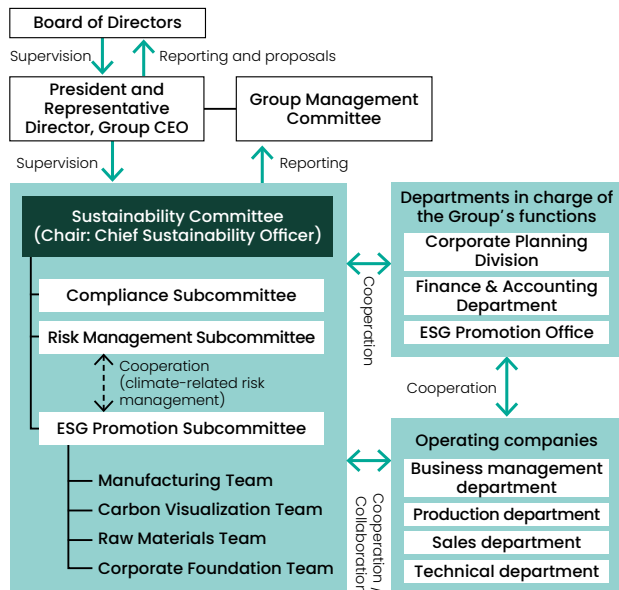
The President and Representative Director oversees the Sustainability Committee as the chief supervisor for the Group's response to climate change, taking ultimate responsibility for management decisions relating to the Group-wide sustainability activities, and appointing a Chief Sustainability Officer as the executive officer in charge of sustainability activities.

Subordinate to this committee, the ESG Promotion Subcommittee plans and implements specific activities relating to Group-wide sustainability, including the response to climate change. To increase the effectiveness of activities to address climate change, the ESG Promotion Office, established in July 2023, takes the initiative in practical processes such as information gathering on climate actions, identification, analysis and evaluation of risks and opportunities, the drafting of internal rules and information disclosure. It is stepping up systematic collaboration with the management team, the group function division, the corporate management divisions of operating companies and other stakeholders to incorporate these activities more deeply into management and business plans and to give shape and budgets to activities to meet climate-related goals.

Report on climate change to management (Board of Directors and Group Management Committee)

	Contents of report
June 2023	Report on the content of climate change information disclosures (second phase) based on the TCFD recommendations (published in Integrated Report 2023)
September 2023	Prepares decarbonization roadmaps at individual facilities and reports on progress of global CO ₂ emissions (Sustainability Conference)
February 2024	Reports on activities in FY2023 and explanations on the activity policy for FY2024 at the Sustainability Committee meeting

System for addressing climate change (FY2024)



Committees / organizations	Roles and activities in addressing climate change
Board of Directors	Approves and supervises all initiatives relating to climate change that have been resolved by the Group Management Committee.
Group Management Committee	Discusses and resolves important issues relating to addressing climate change and reports to the Board of Directors.
Sustainability Committee	Discusses specific policies, plans and measures to tackle climate change and reports them to the Board of Directors and to the Group Management Committee.
ESG Promotion Subcommittee	Drafts and formulates specific policies, plans and measures against climate change and carries out activities in collaboration with departments and subsidiaries. Holds regular monthly meetings. Manufacturing Team: Support for implementing measures to reduce GHG emissions at each production site, aggregation and sharing of information, cross-organizational planning. Carbon Visualization Team: Formulates rules, builds systems, and structures the organizational framework relating to visualization of CFP. Raw Materials Team: Works to build a sustainable supply chain and transition to low-carbon raw materials to reduce Scope 3 emissions. Corporate Foundation Team: Strategy development and disclosure practices for climate change information disclosure based on the TCFD recommendations.
Risk Management Subcommittee	Identifies, analyzes, and evaluates climate-related risks in the same way as other corporate risks, in cooperation with the ESG Promotion Subcommittee. Meetings are held twice a year.
Departments in charge of the Group's functions	Carries out practical work, such as the incorporation of climate actions into management plans, earmarking of budgets for them, legal actions, strengthening of human capital, and the distribution of information to insiders and outsiders.
ESG Promotion Office	Incorporates climate actions more intensively into management and business plans, develops specific activities for climate goals and appropriates budgets to these activities in collaboration with the management layer, the group function division and corporate management divisions of operating companies.
Operating companies	In collaboration with the ESG Promotion Subcommittee and the business divisions (corporate management, production, technical and sales) separately work to incorporate climate-related actions into business plans, carry out the actions, collaborate with raw material suppliers, change the production process, conduct marketing and sales promotion of low-carbon products and undertake research and development efforts for technologies aimed at decarbonization.

Response to Climate Change

Risk management

[Risk / opportunity management process]

The Group has established a group-wide risk management system centered on the Risk Management Subcommittee, which is a subordinate organization of the Sustainability Committee. We recognize that climate-related risks, like other corporate risks, are factors that affect the sustainable growth of a Group, and that taking appropriate strategic measures will lead not only to preventing the actualization of risks and the mitigation of their impact when they actualized, but also to opportunities such as increasing business earnings and improving the Group's reputation in the market. The ESG Promotion Subcommittee manages climate-related risks and opportunities in cooperation with the Risk Management Subcommittee, applying the same management process as for corporate risks in general.

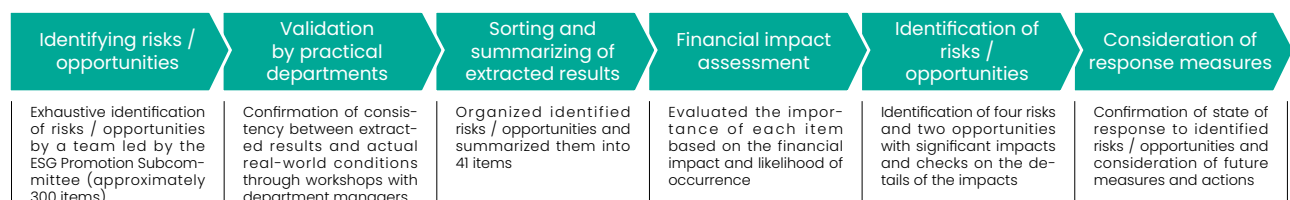
The ESG Promotion Subcommittee identifies and assesses climate-related risks and opportunities and reports them to the Group Management Committee and to the Board of Directors. It organizes a Sustainability Conference as a Group-wide meeting on an annual basis to provide not only the management layer and managers of divisions in group companies but also general employees with opportunities to hear discussions in a bid to share information and views in the Group. It also provides education and training related to climate change by means of e-learning and webinars to all employees to raise climate awareness,

to update them with the latest information and to develop their ability to perceive risks. Management layer and Group companies incorporate response measures and action plans based on these risks and opportunities into their management plans and business plans, and reflect them in specific measures.

[Process for identifying and assessing risks / opportunities (conducted from December 2021 to May 2022)]

Using a matrix of the categories of the risk and opportunity categories defined by the TCFD recommendations (Transition Risks: Policy and Legal, Technology, Markets, and Reputation; Physical Risks: Acute and Chronic; Opportunities: Resource Efficiency, Energy Sources, Products and Services, Markets, and Resilience) and the Group's value chain processes (procurement, production, logistics, sales, R&D, management, use, and disposal,) the ESG Promotion Subcommittee exhaustively extracted risks and opportunities associated with climate change. The validity of the extracted results (i.e. whether or not they are matched with the practical work and the on-the-spot situation) was confirmed through a workshop for department managers at each Group company (held in February 2022 with 34 participants.) The subcommittee then summarized the approximately 300 identified risks and opportunities into 41 items, and evaluated their impact on two axes: financial impact and likelihood of occurrence in accordance with two different climate change scenarios (1.5°C and 4°C.) In this way, we identified four key risks and two key opportunities that are considered especially important to the Group based on the evaluation results.

■ Process for identifying and assessing climate-related risks / opportunities



■ Risks / opportunities organized and summarized in the process of identifying risks / opportunities (partial list)

Transition risks	Policy and legal	<ul style="list-style-type: none"> Cost increases due to introduction of carbon taxes and soaring emissions trading prices Toughening and/or changing of environmental regulations on GHG emissions, etc., and their impact on production facilities
	Technology	<ul style="list-style-type: none"> Decline in the value of existing technologies accompanying the transition to a decarbonized society Increasing costs of investment in equipment, human resources development and R&D accompanying the transition to low-emission products
	Market	<ul style="list-style-type: none"> Decline in demand for packaging- and printing-related items, etc., accompanying the transition to a circular economy and decarbonization Rise in raw material and energy prices due to the use of non-fossil and recycled raw materials and compliance with regulations
	Reputation	<ul style="list-style-type: none"> Declining preference due to inability to demands from customer for reducing GHG emissions
Physical risks	Acute	<ul style="list-style-type: none"> Failure to fulfill supply responsibilities or loss of business opportunities due to supply chain disruptions as a result of climate-related disasters Damage to equipment and facilities caused by climate-related disasters, increased recovery costs and loss of business opportunities due to infrastructure stoppages
	Chronic	<ul style="list-style-type: none"> Increase in measures and relocation costs for bases located in flood and drought risk areas
Opportunities		<ul style="list-style-type: none"> Increase in sales due to growing customer demand for products that lead to energy conservation, reduction of GHG emissions and recycling of resources Capture of business opportunities due to market creation and growth for new climate-related businesses (carbon-neutral materials and products for combating infectious diseases)

Response to Climate Change

Strategy

[Basic policies and strategies]

The artience Group recognizes that the policies and measures taken by national and local governments in response to global climate change have a significant impact on market conditions, the procurement of raw materials and consumer preferences and may have a strong impact on business continuity and business performance in the future. We have set out the "Policy on Climate Change" (established in April 2022, revised in January 2024,) analyze these risks and opportunities, reflect them in our management plans and business plans, and engage in appropriate activities to address climate change.

WEB For the Policy on Climate Change, visit our website and click on [Sustainability > Environment > Response to Climate Change > Climate change information disclosure based on TCFD recommendations.]

[Scenario analysis]

The purpose of scenario-based analysis is to grasp and understand risks and opportunities that will arise from anticipated climate change and what kind of impact they will have on the Group, confirm the resilience of the Group's sustainable growth strategy in the expected future, and consider the need for further measures.

The Group carried out the scenario analysis on the four risks and the two opportunities it identified by referring two climate change scenarios. One is a 1.5°C scenario, which envisages a world in which various measures are taken to limit the average temperature rise to 1.5°C in comparison with pre-industrial levels. The other is a 4°C scenario, which envisages a world in which the impact of physical risks due to climate change increases with the existing policies and systems remaining in operation as they are.

Categories	Risks / opportunities	Financial impact / Expressivity		Periods of increased impact
		1.5° C scenario	4° C scenario	
Transition risks: Policy and legal, Market	Rising raw material and energy prices	Impact 3 / Expressivity 3	Impact 2 / Expressivity 3	Medium
Transition risks: Technology, Market, Reputation	Decline in demand for packaging- and printing-related items	Impact 3 / Expressivity 3	Impact 2 / Expressivity 2	Short
Transition risks: Policy and legal	Increased impact of carbon prices on costs	Impact 3 / Expressivity 3	Impact 2 / Expressivity 3	Short
Physical risks: Acute	Loss of business opportunities due to the intensification of climate-related disasters	Impact 2 / Expressivity 2	Impact 3 / Expressivity 3	Long
Opportunities: Energy source, Products and services	Increased sales of low-emission products	Impact 3 / Expressivity 3	Impact 2 / Expressivity 3	Short
Opportunities: Products and services, Market	Acquisition of business opportunities such as materials for combating extreme heat and infectious diseases	Impact 2 / Expressivity 3	Impact 3 / Expressivity 3	Long

Financial impact: 3=impact of several billion JPY or higher; 2=impact of around one billion JPY; 1=impact of less than one billion JPY
 Likelihood of occurrence: 3=already occurring at the present time, or almost certain to occur in the future; 2=relatively high likelihood of occurrence; 1=low likelihood of occurrence
 Period of increase in impact: Short-term = around 1 year (period of annual plan,) Medium-term = around 3 years (period of medium-term management plan,) Long-term = around 10 years (interim target year of asv2050/2030 = period up to FY2030)
 For our 1.5° C scenario, we refer to the IEA World Energy Outlook: Net Zero Emission by 2050 Scenario and IPCC: SSP1-1.9 scenario.
 For our 4° C scenario, we refer to IEA World Energy Outlook: Stated Policy Scenario and IPCC: SSP5-8.5 scenario.
 Scope of analysis: Existing businesses of the entire Group and new businesses anticipated at this time

Response to Climate Change

Metrics and targets

Since launching the "CO₂ Reduction Project" in FY2010, the artience Group has been striving to reduce CO₂ emissions from its production bases in Japan and overseas.

Our Sustainability Vision asv2050/2030 declares that the artience Group will reduce CO₂ emissions from its production activities and achieve carbon neutrality by 2050. In addition, it sets specific interim targets of reducing CO₂ emissions in Japan by 35% (50,000 t) from the FY2020 level and overseas by 35% (95,000 t) from the FY2030 BAU (business-as-usual) level until 2030.

Our measures to achieve these targets can be classified into three aspects: reducing energy consumption, shifting to low-carbon energy, and shifting to low-carbon power. In Japan, co-generation systems are in operation at many production bases. Our efforts will center on shifting to low-carbon energy, such as changing fuels for system into lower-carbon fuels and electrification of production facilities. Overseas, the electrification of production facilities is more advanced. There, we will focus on shifting to low-carbon energy, such as electric power generated from renewable energy.

Environmental goals of SIC-II (FY2021 - 2023)

CO₂ emissions (Japan): 67,500 t (down 12% from the FY2020 level)
 Specific energy consumption (overseas, major production bases): 165.0 L/t (down 3% from the FY2020 level)

Environmental goals of artience2027 (FY2024 - 2026)

CO₂ emissions: 59,500 t in Japan (down 23% from the FY2020 level),
 104,000 t (down 29% from the FY20230 BAU level)
 Specific energy consumption (overseas, major production bases): 165.0 L/t (down 3% from the FY2020 level)

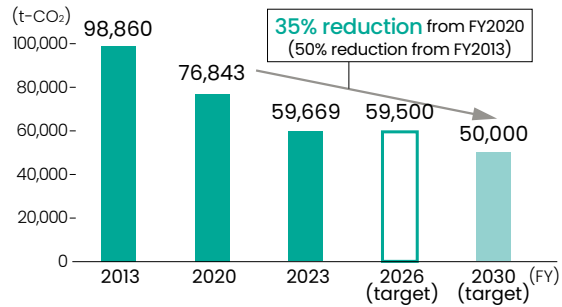
asv2050/2030

Reducing the environmental impact of manufacturing

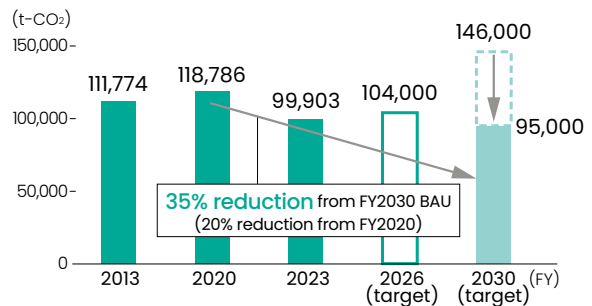
Targets for 2030 CO₂ emissions: 50,000 t in Japan (down 35% from the FY2020 level),
 95,000 t (down 35% from the FY20230 BAU level)

Targets for 2050 Achieving net zero CO₂ emissions from production activities and minimizing their environmental impact
Carbon neutrality in 2050

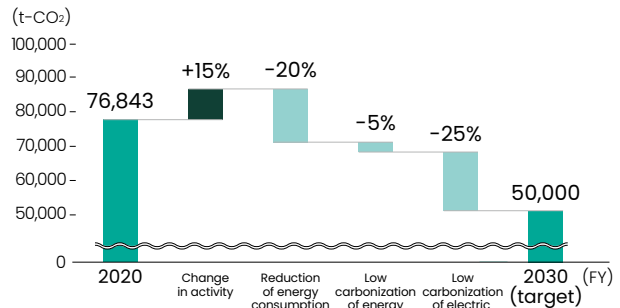
Changes in CO₂ emissions and targets (Japan)



Changes in CO₂ emissions and targets (overseas)



Major reduction measures and assumed reduction amount (Japan)



Direction and major measures towards reducing CO₂ emissions

Direction of measures	Major reduction measures
Reduction of energy consumption	<ul style="list-style-type: none"> Energy conservation (eliminating energy loss in processes) Production process reform from an energy-saving perspective
Low carbonization of energy	<ul style="list-style-type: none"> Electrification of production equipment (reducing direct emissions) Preparation and research for the use of LNG alternative fuels
Low carbonization of electric power	<ul style="list-style-type: none"> Introducing low-carbon power (reducing indirect emissions) Introducing renewable energy equipment

Response to Climate Change

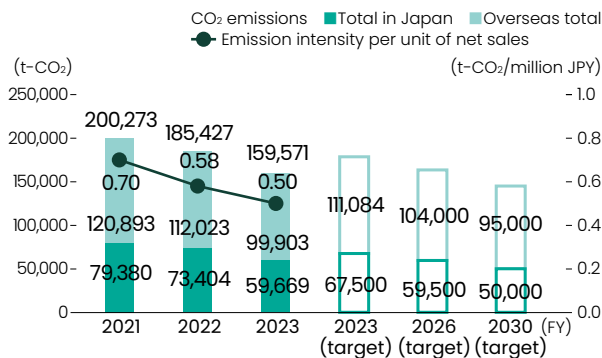
Achievements

[Achievements in FY2023]

CO₂ emissions

For FY2023, the whole of the artience Group emitted 159,571 t, down 13.9% year on year. The emissions were down year on year in Japan and overseas. That resulted from a decrease in production volume, change in items produced and efforts to cut CO₂ emissions.

Changes in CO₂ emissions and emission intensity per unit of net sales

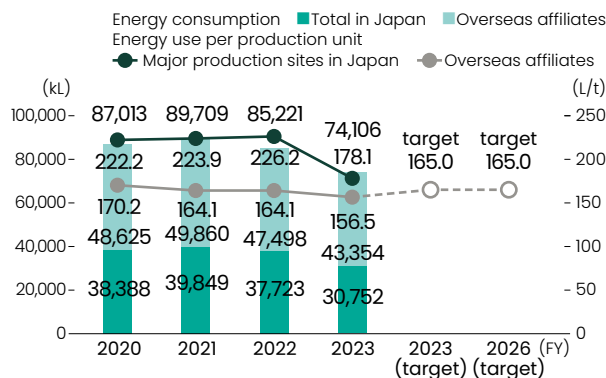


Scope of calculation: All bases in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.
 * For the electricity emission factor in Japan, we use the emission factor for each electric power company that is announced every year.
 * Overseas electricity emissions factors have been calculated using the emissions factors of individual countries from the Inventory Database for Environmental Analysis (IDEA).

Energy consumption

For FY2023, energy consumption in the whole artience Group reached 74,106 kL, down 13.0% year on year. The figures were lower both in Japan and overseas than in the previous fiscal year. This decrease in energy consumption reflects a fall in production volume. Meanwhile, energy use per production unit (energy consumed for producing one ton of product) was flat, due to a decline in operation rate.

Changes in energy consumption and specific energy consumption



Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

[link](#) Page 83-85: ESG Data Collection > Response to Climate Change

Initiatives

[Introduction of cogeneration system]

In the artience Group, the Fuji Factory of Toyocolor Co., Ltd., the Kawagoe Factory of Toyocolor Co., Ltd., and the Moriyama Factory of Toyo Visual Solutions Co., Ltd. introduced cogeneration systems with electricity generation capacity of 5,750 kW, 5,700 kW, and 400 kW, respectively. These systems enabled the factories to achieve efficient use of electric power and heat.

[Air leak reduction activities]

We are conducting air leak reduction activities to check whether air leaks are occurring in our production sites and factories using dedicated equipment to detect air leaks. By eliminating air leaks, it is possible to reduce wasted power generated by air compressors, etc., which leads to energy savings and reductions in CO₂ emissions.



An employee checking for air leaks

[Renewable energy initiatives]

Installation of solar power generation systems (power selling and self-consumption)

A solar power generation system with a capacity of 425 kW was introduced at the Moriyama Factory in December 2014, a 1,358 kW system was introduced at the Okayama Factory in January 2015, and a 1,000 kW system was introduced at the Tsukuba area in April 2016 for the purposes of reducing CO₂ emissions, increasing the energy self-efficiency rate, reinforcing the infrastructure, and other purposes.

With these systems, we launched electric power selling business under the feed-in tariff (FIT). We also installed small, 50kW class power generation systems in four locations — Saitama Factory, Kawagoe Factory, Fuji Factory, and Kawaguchi Center — in January 2015. The power generated from these systems is used at each location, which reduces the amount of power purchased at each and lessens peak power consumption in summer. Matsui Chemical Co., Ltd. has also introduced solar power generation equipment, and uses it as its own source of electric power.

We have introduced solar power generation facilities to multiple overseas bases. In January 2021, Toyo Ink India Pvt. Ltd. introduced solar power generation facilities supplying around 20% of the power consumed at the Gujarat Plant in order to transform it into a green factory with lower CO₂ emissions.

During FY2022, solar power generation facilities were introduced to Sam Young Ink & Paint Mfg. Co., Ltd. in the Republic of Korea, to Zhuhai Toyocolor Co., Ltd. in China, and to the Delhi Plant of Toyo Ink India Pvt. Ltd. in India.

Status of introduction of renewable energy (FY2023)

	Japan	Overseas
Power selling	3,300 thousand kWh	—
	1,549 t-CO ₂	—
Self-consumption	461 thousand kWh	4,150 thousand kWh
	199 t-CO ₂	3,098 t-CO ₂

Response to Climate Change

Shift to renewable energy

The artience Group is changing the power used in areas used as offices and the power used at production bases to renewable energy. In December 2021, Toyo Ink Co., Ltd. changed the power used at its Kansai Branch Office (Daibiru Honkan Bldg.) to renewable energy. In April 2022, artience Co., Ltd. changed the power used at its head office (Kyobashi Edogrand Bldg.) to renewable energy.

Toyo Visual Solutions Co., Ltd.'s Moriyama Factory and Toyo-Morton, Ltd.'s Saitama Plant also switched to renewable energy in 2022.

Reduction of CO₂ emissions through the purchase of certificates

Overseas, Toyo Printing Inks Inc. (Turkey) changed 50% of its power consumption in FY2021 to renewable energy. This change in power consumption can be converted into 32% of the CO₂ emissions of Toyo Printing Inks Inc. in FY2021.

Toyo Ink Brasil LTDA. has also reduced its CO₂ emissions (84.6 t) through the purchase of certificates.

[Climate change initiatives]

Participation in the Japan Climate Initiative

In March 2023, the artience Group joined the Japan Climate Initiative (JCI) in support of its activities for alleviating climate change. The JCI is a network that was established for activating information delivery and exchanging opinions among companies, local governments, non-governmental organizations (NGOs) and other entities actively tackling climate change. It currently has around 780 corporates, local governments and other members in Japan.



Participated in the GX League

In April 2024, artience Co., Ltd. joined the GX League, which was established based on the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry. GX League: an organization established as a forum for companies that aim to achieve sustainable growth in the present and future society to collaborate with companies, governments and academic organizations that are implementing similar initiatives taking on the challenge of GX with a view to becoming carbon neutral and enabling social change by 2050.

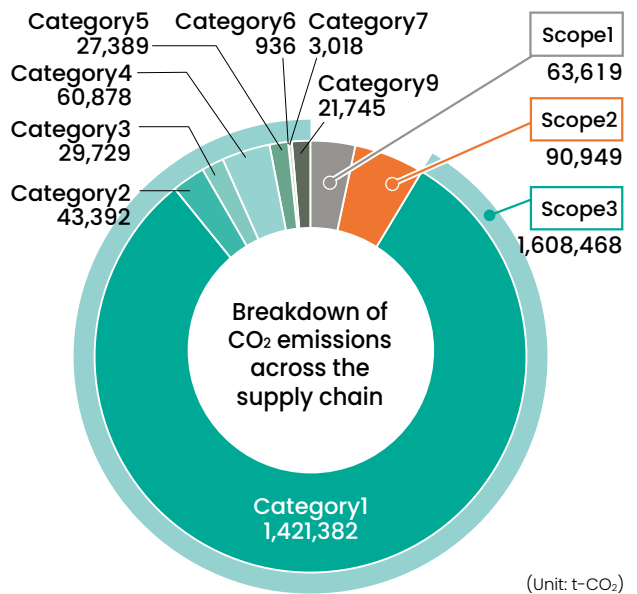


CO₂ emissions across the supply chain

We calculated CO₂ emissions associated with our business activities from the upstream to the downstream of our supply chain, in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain.

Regarding emissions in the upstream and downstream of our supply chain (Scope 3), 12 out of 15 categories shown in the Basic Guidelines were calculated. However, calculations of processing, use, and disposal of products sold (Categories 10, 11, and 12) were not made over the entire scope of calculations because the products are diverse and therefore it is difficult to identify the scenarios for such processing, use, and disposal of products sold. In FY2023, we enlarged the scope of calculation to include affiliates that used to be outside the scope. In the future, we will work to heighten the accuracy of calculation and seek collaboration with suppliers in CO₂ reduction, mainly through dialogues with them.

Breakdown of CO₂ emissions across the supply chain (FY2023)



* For details about the method and scope of calculation, see pages 84 to 85 in the ESG Data Collection.

Third-party verification of CO₂ emissions data (Japan)

artience Co., Ltd. has undergone third-party verification of its Scope 1 and 2 greenhouse gas (CO₂) emissions at all of its sites in Japan*.

* Details of target organizations are listed on page 84.

[link](#) Page 83-85: ESG Data Collection > Response to Climate Change

Water Resource Management

Basic approach

Based on our recognition that water resources constitute an important natural resource, we at the artience Group are striving to reduce water consumption and the amount of wastewater, alleviate the impact of wastewater on the environment and living organisms, and identify and reduce water-related risks that will affect our business continuity.

We formulated Sustainability Vision asv2050/2030 in January 2022 and set a long-term environmental target related to water use. To achieve the target, we will reduce water consumption by fully leveraging circulation cooling, reusing and recycling used water, and developing production processes that do not require water.

Targets and achievements

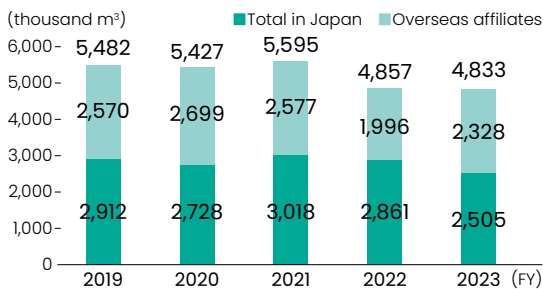
asv2050/2030

Reducing the environmental impact of manufacturing
Target for 2050 Realizing sustainable water use

[Achievements in FY2023]

At the artience Group, we have been striving to reduce water consumption through measures such as circulation cooling and reusing groundwater as process water (for reaction and washing) after using it as cooling water. In FY2023, total water consumption at the artience Group's production sites in Japan was 2,505 thousand m³ (decreased by 12.4% year on year) and 92.9% of the water was groundwater. Water consumption of our overseas affiliates was 2,328 thousand m³, an increase from the previous fiscal year.

Changes in water consumption



Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

[link](#) Page 86: ESG Data Collection > Water Resources Management

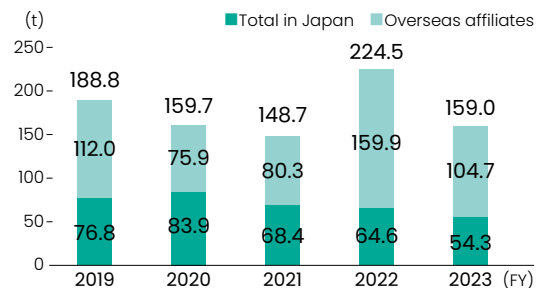
Initiatives

[Prevention of water pollution]

To measure indicators in wastewater that cause water pollution, TOC meters, COD meters, turbidity meters, and pH meters are placed appropriately in the wastewater paths of factories, and monitored remotely. For factories with a large COD burden, we have established voluntary standards that are stricter than the national and prefectural standards, and have notified the government and complied with them.

In FY2023, COD emissions in Japan were 54.3 t (down 15.9% from the previous year) and 104.7 t overseas (down 34.5% from the previous year.)

Changes in COD emissions



Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

Water Resource Management

Assessment of water risk and countermeasures

Water risk ranks alongside economic risk as one of the most important risks that business enterprises face. It can directly impact enterprise activities in a variety of different ways, including flooding, drought, water pollution, and restrictions on the water available for use.

The artience Group assesses quantitative risk, qualitative risk, regulatory risk, and reputation risk at the basin level using Aqueduct Water Risk Atlas 4.0, an assessment tool of the World Resources Institute.

No business sites in Japan have been assessed as having a high overall water risk or an extremely high overall water risk. However, seven business sites have been assessed as having a high quantitative risk. In Asian region other than Japan (Southeast Asia, India, China, Taiwan, and South Korea,) more than half of the business sites have been assessed as having a high or extremely high overall water risk, qualitative risk and

quantitative risk. The assessment shows that water stress risk is extremely high in Thailand and India, river flooding risk is extremely high in Vietnam, Indonesia and Myanmar, and coastal flooding risk is extremely high in South China. Qualitative risk is extremely high in Southeast Asia and India. The forecast for 2030 in the Aqueduct BAU (business as usual) scenario shows that water stress risk will worsen at 17 business sites and water demand risk will worsen at 24 business sites. In particular, water stress is evaluated as "predicted to worsen significantly" in Thailand and India.

At business sites that have a high flood risk, the artience Group takes the flood control measures (relocating electric equipment, using sandbags, clarifying procedures for cutting off power, etc.,) which are taken at Toyo Ink (Thailand) Co., Ltd., which has experienced massive flooding, and conducts flood drills regularly.

The Group will continue to take steps to use water effectively and reduce water consumption to mitigate water stress risk and water demand risk, which are expected to worsen.

Water risk assessment for each business site

(Number of business sites assessed as having a high risk or an extremely high risk)

Area	Number of locations	Overall water risk	Quantitative risk	Quantitative risk							Qualitative risk	Untreated wastewater	Regulatory and reputational risk
				Water stress	Water depletion	Seasonal fluctuations	Ground-water level decline	River flood risk	Coastal flood risk	Drought risk			
Japan	13	0	7	0	0	0	0	0	0	0	0	0	0
Asia (excluding Japan)	22	13	15	9	4	1	2	8	6	2	13	16	5
Europe	4	1	3	3	1	0	0	0	0	0	0	0	0
Americas	5	0	3	2	0	0	0	0	0	0	0	0	0
Total	44	14	28	14	5	1	2	8	6	2	13	16	5

Water risk forecasts for each business site in 2030

(Number of business sites where water risk will worsen in the BAU scenario)

Area	Number of locations	Water stress	Annual fluctuations	Seasonal fluctuations	Water supply	Water demand	Water depletion
Japan	13	0	0	0	0	7	0
Asia (excluding Japan)	22	11	3	2	6	14	4
Europe	4	3	0	0	1	1	1
Americas	5	3	1	0	0	2	0
Total	44	17	4	2	7	24	5

Water withdrawal and amount of wastewater in regions with water stress (FY2023)

Locations rated as high or extremely high	Water withdrawal (thousand m ³)	Ratio to total water withdrawal (%)	Amount of wastewater (thousand m ³)	Ratio to total amount of wastewater (%)
Locations rated as high or extremely high	153.2	3.17	9.6	0.25

Scope of aggregation: Bases in the Asian region (excluding Japan) that were rated as having high or extremely high water risk, among 44 business sites surveyed in Japan and overseas using Aqueduct 4.0.

Waste Management

Basic approach

The artience Group is a manufacturing company. We cannot avoid generating waste in our production activities. We focus on waste oil, waste plastic, and waste water, which account for about 80% of waste treated off-site* in Japan. Specifically, we take steps to minimize the amount of waste treated offsite through initiatives such as the development of production processes which are unlikely to generate waste, considering methods for treating waste, promoting the reuse and recycling of resources, and globally sharing knowledge about how to reduce waste.

* Amount of waste treated off-site: The amount of waste sold as valuables and the amount of waste that was generated at our business locations and discharged from the premises without being recycled or transferred outside our business locations to outsource its disposal to waste disposers.

Targets and achievements

Environmental goals of SIC-II (FY2021 - 2023)

Reduction of amount of waste treated off-site (Japan): 10,500 t (down 19% from the FY2020 level)

Environmental goals of artience2027 (FY2024 - 2026)

Amount of waste treated off-site (Japan): 8,400 t (down 35% from the FY2020 level)

asv2050/2030

Reducing the environmental impact of manufacturing Targets for 2030

Amount of waste treated off-site (Japan): 6,450 t (down 50% from the FY2020 level)

Targets for 2050 Minimizing waste generation

[Achievements in FY2023]

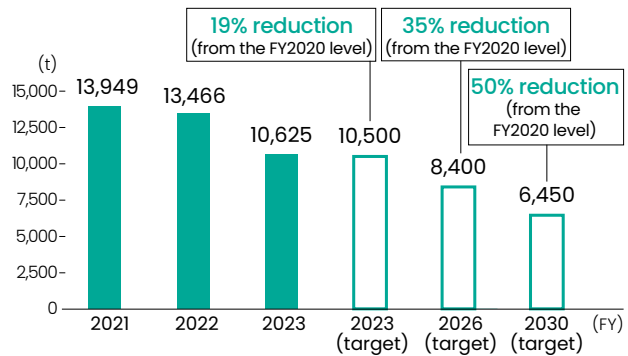
In FY2023, the amount of waste generated was 14,112 t in Japan (down 19.2% from FY2022) and 12,341 t overseas (down 14.4% from FY2022.) This groupwide decline in waste emissions resulted from production volume slowdown. External waste emissions in Japan were 10,625 t (down 21.1% from FY2022.) This reduction was achieved by active on-site treatment and reuse.

Going forward, we will continue to reduce emissions as much as possible by focusing on items that are frequently generated at our manufacturing sites, and continue considering wastewater treatment methods, aiming to reduce the amount of external waste emissions (in Japan) by 50% in comparison with FY2020, which is our target for 2030.

For the artience Group's operations in Japan as a whole, the final disposal ratio to the total volume of waste emissions was 0.15%, and zero emissions was achieved at all business locations.

[link](#) Page 88: ESG Data Collection > Waste Management

Changes in amount of waste treated off-site (Japan)



Scope of calculation: Major factories and plants in Japan and affiliates in Japan; For details about the organizations in the scope, see page 80.

* The data on affiliates in Japan for FY2022 include figures of the Kansai Branch Office (Neyagawa), the Kansai Branch Office (Toyama), the Chubu Branch Office (Kasugai), Toyo Ink Hokkaido Co., Ltd., Toyo Ink Chushikoku Co., Ltd. (Okayama), Toyo Ink Chushikoku Co., Ltd. (Takamatsu) and Toyo Ink Kyushu Co., Ltd. (Fukuoka.)

* In FY2023, Toyo Ink Co., Ltd. was consolidated and abolished as an organization, but the scope of aggregation remains unchanged from FY2022.

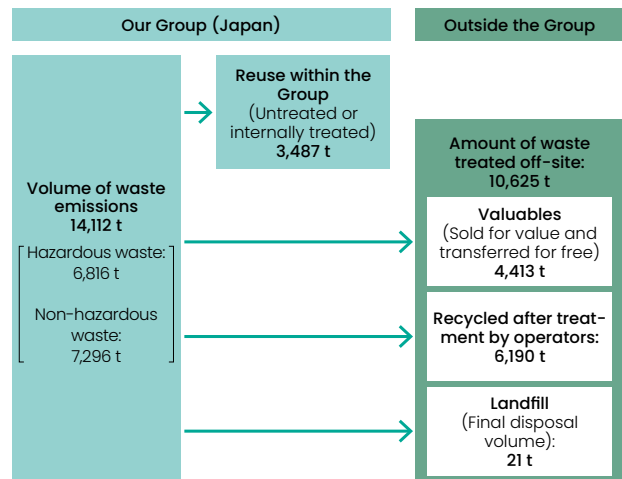
[link](#) Page 88: ESG Data Collection > Waste Management

Overview of waste

The artience Group counts the volume of industrial waste, which is treated by contracted operators in Japan, valuables, and waste prior to intermediate treatment for internal reuse and other purposes as the volume of waste emissions in accordance with the Manual for Formulation of Industrial Waste Treatment Plans by Business with High-Level Emissions published by the Ministry of the Environment.

We define the final disposal volume as the volume of waste prior to volume reduction, such as the incineration of waste for final disposal. We define zero emissions as the state in which the ratio of the final disposal volume to waste emissions, or the final disposal ratio, is 1% or less.

Overview of waste in Japan (FY2023)



Scope of calculation: Major factories and plants in Japan and affiliates in Japan; For details about the organizations in the scope, see page 80.

* In FY2023, Toyo Ink Co., Ltd. was consolidated and abolished as an organization, but the scope of aggregation remains unchanged from FY2022.

Waste Management

Initiatives

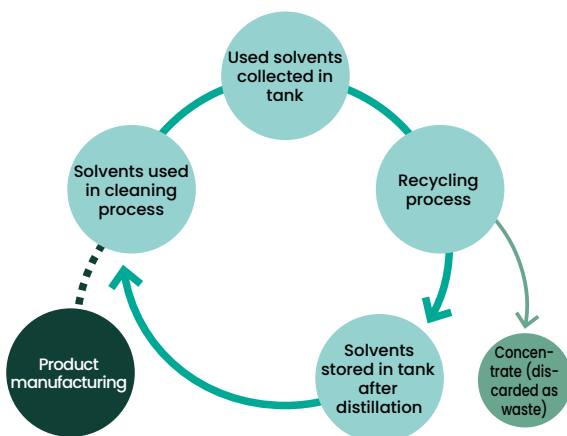
[Education on the proper management of waste]

The artience Group gives training on proper management of waste as part of the compliance training. In addition, we share information about waste treatment via our in-house system and clarified the criteria for selecting new industrial waste disposers to which we outsource the treatment in our efforts to reinforce our management system to avoid being involved in improper treatment.

In May 2023, we organized online briefings about waste management for all our facilities in Japan. The briefing session consisted of two parts, which were held three times each. The basic edition featured overall explanations on waste and the basics of the Act on Waste Management and Public Cleansing. The practical edition was designed to inform practical workers at individual sites of waste management procedures and internal rules. They were joined by a cumulative total of 380 personnel. Some of them commented that they help them learn the basics of the Act on Waste Management and Public Cleansing and that they were informative to the point of even covering practical matters.

[Reduction of waste solvents by introducing a solvent recycling system]

In June 2023, Toyo-Morton, Ltd. introduced a cleaning solvent recycling system at its Saitama Plant, reducing the amount of waste solvent generated in cleaning processes at its production facilities by 70% (in comparison with FY2022.) At the Toyo-Morton Saitama Plant, it was necessary to clean production equipment with solvents when switching between products, and the environmental impact of solvent waste after cleaning was an issue. The newly introduced cleaning solvent recycling system reduces waste by distilling and concentrating the used solvent, making it possible to reuse the solvent for cleaning after distillation.



[Plastic resource recycling]

Participating in the Saitama Prefectural Platform for Fostering Sustainable Use of Plastic Resources*

The Saitama Factory of Toyo Ink Co., Ltd. joined the Saitama Prefectural Platform for Fostering Sustainable Use of Plastic Resources in May 2023 in support of its activities for cutting plastic waste emissions and for encouraging circular use of plastic resources. This platform will organize lectures, workshops and exchange meetings on the circular use of plastic resources. A working group established by volunteer members will explore construction of a model for sustainable use of plastic waste.

* Established by the Saitama prefectural Government, the platform consists of business operators, municipal governments, consumer groups and other parties addressing circular use and the reduction of plastic resources for the purpose of controlling plastic waste emissions and fostering the circular use of plastic resources.

Solving the marine plastic litter issue participation in the Japan Clean Ocean Material Alliance

The Japan Clean Ocean Material Alliance was established in January 2019 under the leadership of the Ministry of Economy, Trade and Industry. The alliance is a public-private partnership for accelerating innovations to solve the marine plastic litter issue. artience Co., Ltd., representing our Group, participates in the alliance, identifying the latest technological trends, sharing information, and cooperating with other companies.

Participation in CEFLEX, which provides an international framework for solutions to the plastic waste issues

The artience Group participates in CEFLEX (Circular Economy for Flexible Packaging), established in 2017 as a consortium that works to create a circular economy in the field of flexible packaging in Europe. In its roadmap to creating a circular economy in the field of flexible packaging in Europe, CEFLEX aims to build an infrastructure by 2025 to collect, sort, and recycle used flexible packaging.



Recycling used plastics into new resources capital participation in R Plus Japan, Ltd.

To contribute to solving plastic issues to create a sustainable society, we have taken a stake in R Plus Japan, Ltd., a joint venture that started business in June 2020 and has been engaging in recycling used plastics.



Examples of initiatives through business

- November 28, 2023 news release: Signed a joint development agreement regarding plastic recycling with Aikawa Iron Works and Hagiwara Kogyo
- September 26, 2023 news release: Established technology to deink UV-curable inks printed on plastic
- September 12, 2023 news release: Exhibiting recycling system for film packaging at "JAPAN PACK 2023"

Waste Management

TOPICS

Initiatives to reduce industrial waste —Succeeded in making sludge valuable by introducing sludge volume reduction equipment—

Toyo FPP Co., Ltd. (Kawaguchi) is engaged in a business focused on the manufacture of cylinder plates and flexographic plates, and wastewater treatment is essential to the plate-making process. Sludge is generated in the wastewater treatment process at the site, but until now it had been necessary to treat it as industrial waste, and reducing costs was an issue.

At the same time, the asv2050/2030 Sustainability Vision calls for a 50% reduction in external waste emissions in Japan by 2030 (comparison with FY2020.)

As part of our activities to achieve this target, we considered reducing the volume of sludge generated by approximately 45 t per year. The introduction of a thermal storage drying system made it possible to reduce the total amount of industrial waste generated by Toyo FPP Co., Ltd. by approximately 20%. In addition to reducing transportation costs, it is also possible to recycle the metal components contained in the sludge as valuable materials by finding an appropriate material recycling destination.

As a result, the amount of industrial sludge generated in the wastewater treatment process is now virtually zero. Going forward, we will continue considering how to ensure stable wastewater treatment as production volume increases.



May 16, 2023: Consideration of optimization conditions after introduction

Pollution Prevention

Basic approach

The artience Group's business activities depend on the earth's resources. The Group considers addressing environmental issues, such as air pollution and soil contamination, to be important issues. To create a sustainable, circular society, we will take steps to reduce environmental impacts in manufacturing and strive to reduce emissions of pollutants.

Promotion system

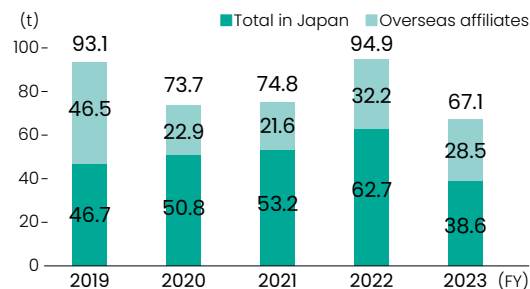
The ESG Promotion Office of artience Co., Ltd. takes the lead in reducing the environmental impact on the atmosphere and addressing soil and groundwater contamination, primarily at production bases but also at business sites in Japan and overseas, including those of affiliates.

Achievements

[Achievements in FY2023]

In Japan, the artience Group has been working on fuel conversion, introduction of cogeneration systems, appropriate management of fuel combustion conditions, and other measures to reduce air pollutants generated from boilers and other combustion equipment, such as nitrogen oxide (NOx,) sulfur oxide (SOx,) and particulates. Emissions of NOx, SOx, and soot and dust in Japan have been leveling off in recent years. Overseas representatives (affiliates) saw a decrease in NOx and soot and dust emissions, but a slight increase in SOx compared to the previous year. Going forward, we will continue working to reduce emissions.

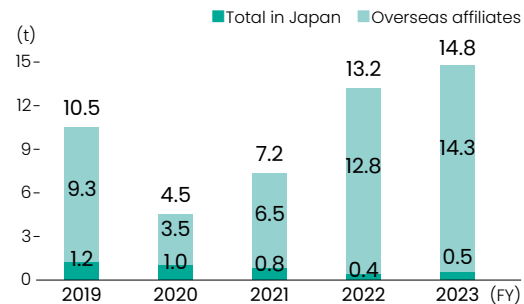
Changes in NOx emissions



Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

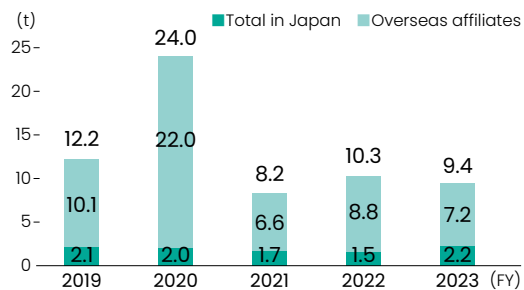
Changes in SOx emissions



Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

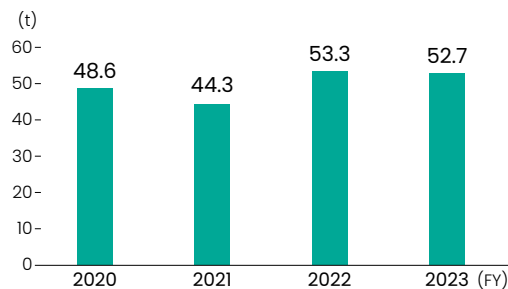
Changes in particulate emissions



Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

Changes in VOC emissions



Scope of calculation: Major factories and plants in Japan and affiliates in Japan; For details about the organizations in the scope, see page 80.

[link](#) Page 89: ESG Data Collection > Pollution Prevention

Pollution Prevention

Initiatives

[Countermeasures against soil and groundwater contamination]

The Advanced Materials Research Laboratory of former Toyo Ink SC Holdings Co. Ltd. (in Tsukuba-shi, Ibaraki Prefecture) was designated as standing in an Area for which Changes in Form or Nature Require Notification on September 12, 2022 as a result of the investigation pursuant to the Soil Contamination Countermeasures Act. In response, it excavated and removed contaminated soil. On December 22, 2022, the designation was lifted.

Toyo Ink (Thailand) Co., Ltd. falls under industries specified in a ministerial ordinance regarding soil and groundwater pollution within factory grounds, which was issued by Thailand's Ministry of Industry in October 2016. This required the company to implement regular monitoring of soil and groundwater on its premises. The company consistently analyzes the groundwater and soil and reports the result.

In China, the Law on Prevention and Control of Soil Pollution, which is a national law that sets forth regulations concerning prevention of soil pollution, came into effect in January 2019. In the artience Group, two Group companies — Tianjin Toyo Ink Co., Ltd. and Shanghai Toyo Ink Mfg. Co., Ltd. — were designated as "enterprises subject to intensive supervision and management related to soil contamination." In response, the companies are advancing initiatives including identification and control of soil contamination risks.



Excavation and removal of contaminated soil (former Advanced Materials Research Laboratory of Toyo Ink SC Holdings Co., Ltd.)

[Compliance with the Law for Controlling Fluorocarbon Emissions]

Pursuant to the Act for Rationalized Use and Proper Management of Fluorocarbons, the artience Group has selected managers and identified applicable equipment for each company. We conduct simplified inspections of the equipment and have them examined by vendors periodically in accordance with the law.

In addition, fluorocarbons that leaked from the artience Group sites in Japan amounted to 91.3 kg in FY2023, and there was no business establishment of the artience Group where the calculated leakage of fluorocarbons exceeded 1,000 t-CO₂, the amount that must be reported.

[Management of hazardous substances]

The artience Group holds polychlorinated biphenyl (PCB) waste from transformers, capacitors, fluorescent ballasts, and other devices for a long time at 12 business establishments in Japan, and notifies the government every year in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes. We have carried out appropriate treatment of PCB waste, and completed the treatment at 11 business locations. For the high concentration PCB waste (fluorescent ballasts) stored at the remaining 1 business location, we have drawn up a plan and take a series of steps accordingly. Its treatment has finished in March 2024.

Regarding PCB waste in storage, we locked the depository, performed regular inspections and otherwise implemented stringent management. There was no loss, wrong disposal, leakage, or similar incident.

Chemical Substance Management

Basic approach

In its Basic Policy on Environment (revised in January 2024) and Basic Policy on the Management of Chemical Substances (revised in May 2024), the artience Group states that, "In the development and provision of products and services, the Group aims to reduce environmental impact throughout the entire product / service life cycle, from raw material procurement to production, distribution, use, disposal, and recycling, and works to protect and restore the environment and give consideration to people's health and safety." To comply with these basic policies, we control chemical substances appropriately in each stage of the process, including product design, the purchase (and import) of raw materials, production, storage, transport, and disposal and make efforts to replace or reduce highly hazardous substances.

WEB The Basic Policy on Environment and Basic Policy on the Management of Chemical Substances are posted on our website under Sustainability > Environment > Environmental Management.

Promotion system

The Production Planning Office and the ESG Promotion Office of artience Co., Ltd. supervises and manages the environment, chemical substance management, and trade management for the entire Group. It also undertakes initiatives in compliance with laws and regulations and practices in each individual country.

Targets and achievements

Environmental goals of SIC-II (FY2021 - 2023)

Chemical substance emissions (Japan): 118.2 t (down 10% from the FY2020 level)

Environmental Goals of artience2027 (FY2024 - 2026)

Chemical substance emissions (Japan): 105.0 t (down 20% from the FY2020 level)

asv2050/2030

Reducing the environmental impact of manufacturing Targets for 2030

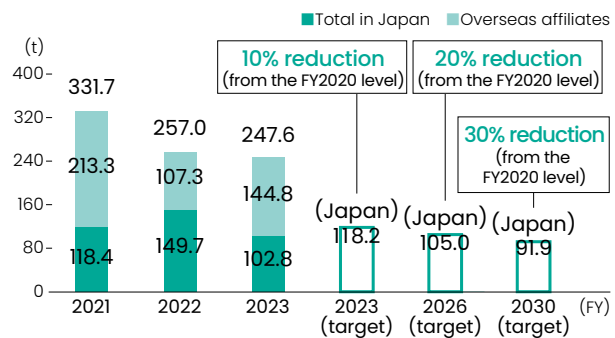
Chemical substance emissions (Japan): 91.9t (down 30% from the FY2020 level)

* The target for the amount of chemical substances released in Japan was revised due to a revision of the operation method of the aggregation system and a review of substances covered by PRTR in FY2023.

[Achievements in FY2023]

We calculated the emissions in FY2023 of chemical substances designated as Class I and listed under the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) and of substances designated by the Japan Chemical Industry Association. The amount of emissions was 102.8 t from the affiliates in Japan (down 31.3% year on year,) and 144.8 t from overseas affiliates (up 34.9% year on year.)

Changes in chemical substance emissions



Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

* Past figures have been recalculated retrospectively due to the revision of the operation method of the aggregation system and a review of substances covered by PRTR in FY2023.

[link](#) Page 89-91: ESG Data Collection > Chemical Substance Management

Chemical Substance Management

Initiatives

[Response to chemical substance management regulations]

The artience Group developed the Chemical Substance Management Rules, under which it advocates the appropriate management of chemical substances contained in raw materials and products in accordance with their management standards. We continue to reduce risks from chemical substances in accordance with the New Material Screening Regulations, which are screening criteria for newly adopted materials, and the Chemical Substance Risk Management Regulations.

The Chemical Substance Risk Management Regulations define chemical substances with a significant impact on humans and the environment, the manufacturing and use of which are prohibited or restricted by international treaties, laws and regulations in Japan and overseas as "artience Group (arg) Prohibited Chemical Substances." Accordingly, we monitor and control the inclusion of any such chemical substances in products. In addition, we assess the risks of chemical substances from the perspective of workers' exposure to them, hazards and other factors to determine chemical substances whose use should be reduced or replaced is encouraged as "arg Restricted Chemical Substances." We have harmonized the standards for the control of chemical substances used in products from design to completion throughout the artience Group.

[Risk assessment of chemical substances]

The artience Group implements risk assessment of chemical substances at all company locations in Japan where chemical substances are handled, including manufacturing facilities and R&D divisions, in accordance with the Occupational Safety and Health Act.

We implement and manage risk assessment under a system that facilitates risk assessment. The system was organized by assigning chemical substance managers in addition to the existing health and safety managers.

From 2021, certain substances are being added to the substances for which labeling and notification are required under the Industrial Safety and Health Act. As a result, we are required to conduct risk assessment for additional chemical substances. We will be conducting risk assessment for those substances one by one and will take safety and health measures as needed.

[Personnel development through in-house training courses]

The artience Group provides in-house seminars (which are given by internal and external lecturers) and distributes educational videos as part of in-house education for legal compliance and the provision of information to customers. The seminars and videos are about outlines and revisions of laws and regulations and safety and health measures that are related to participants' work. In FY2023, a total of 1,000 employees took these courses.

Biodiversity


Basic approach

The artience Group recognized the importance of biodiversity from an early stage, and has made it its policy to engage in nature conservation initiatives, including efforts to preserve biodiversity, and we have independently carried out activities such as local reforestation and river / lake cleanup.

Prior to the 10th Conference of the Parties to the Convention on Biological Diversity (COP 10) held in Nagoya, Aichi Prefecture, following the establishment of the Keidanren (Japanese Business Federation) Declaration of Biodiversity in March 2009, the artience Group organized and integrated the concepts and activities related to biodiversity so far and instituted the "Basic Policy on Biodiversity."

The Group is dependent on a large amount of natural capital, such as naturally derived raw materials and water resources, and recognizes that its production activities have an impact on ecosystems. In the midst of a biodiversity crisis, the Group revised its Policy on Biodiversity in January 2024, in order to contribute to the achievement of goals set forth in the Kunming-Montreal Global Biodiversity Framework, and the realization of nature-positive operations.

As a chemical manufacturer, we will work to conserve biodiversity through the sustainable use of biological resources, the reduction of chemical emissions, and the provision of products that contribute to sustainability.

 The Policy on Biodiversity is posted on our website under Sustainability > Environment > Biodiversity.

Promotion System

We are engaged in various initiatives within the environmental management system.

 [Page 16: Environmental Management](#)

Targets

Environmental goals of artience2027 (FY2024 - 2026)

Promotion of biodiversity: Conservation of forest and aquatic ecosystems through tree-planting, ecological surveys, strengthening of water management at production bases

* Continued from SIC-II (FY2021-23) targets (details provided on page 17)

LEAP approach based on the TNFD framework

In our biodiversity conservation activities, we have implemented the LEAP approach outlined in the TNFD framework to understand the Group's dependence on natural capital, its impact, and its risks and opportunities, and to formulate strategies. This time we evaluated the scope of direct operations, covering all of the Group's businesses.

[Understanding our dependence and impact on nature]

With the use of the biodiversity management and evaluation tool, called Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), we evaluated the artience Group's dependency and impacts on nature in the industrial subgroups of general chemistry and special chemicals. The evaluation has revealed that, while its dependency on natural assets is low overall, its use of water, its use of land eco-systems, its GHG emissions, non-GHG air pollutants, water contaminants, soil pollutants and solid waste have significant impacts on nature.

■ Results of evaluation with ENCORE (Factors impacting nature and levels of impacts)

Factors impacting nature	Sector: Materials Industrial Subgroup: General Chemistry	Sector: Materials Industrial Subgroup: Special Chemicals
Use of water	Very high	High
Use of land eco-systems	High	High
GHG emissions	N/A	High
Non-GHG air pollutants	Medium	High
Water contaminants	High	High
Soil pollutants	High	High
Solid waste	N/A	High

Biodiversity

[Risks and Opportunities]

The artience Group has identified points of contact with (input from and output into) nature in the business process from procurement of raw materials to disposal and recycling and the effects of the contact on biodiversity, including habitat deterioration, raw materials from forests and mountains near human habitats, invasion of native habitats by non-native species, exposure to chemical substances, and global warming and climate change, and has thereby identified clear risks to biodiversity.

In terms of opportunities, the asv2050/2030 Sustainability Vision sets the goals of increasing the net sales ratio of sustainability-enhancing products to 80% by 2030, reducing CO₂ emissions from a life cycle perspective, and making all products sustainability-enhancing products by 2050. We are expanding the range of products for which demand is expected to increase in the future.

Additionally, since natural environments vary greatly between locations and cannot be measured by a single indicator, TNFD recommends information disclosure with an emphasis on regional characteristics.

The Group assessed 44 business sites in Japan and overseas, and identified priority regions. Going forward, we will engage in risk management tailored to each region.

■ Biodiversity risk assessment items for business sites

Assessment items	Assessment tools	Indicators
Importance of biodiversity	WWF Biodiversity Risk Filter	Scape Physical Risk
Water stress	Aqueduct Water Risk Atlas 4.0	Baseline water stress
Significant potential dependencies and impacts	ENCORE Hotspots Terrestrial	Combined hotspots of natural capital depletion

■ Number of business sites rated as high or extremely high risk by region

	Importance of biodiversity		Water stress		Significant potential dependencies and impacts	
	High	Extremely high	High	Extremely high	High	Extremely high
Japan	0	0	0	0	0	0
Asia (excluding Japan)	5	0	4	5	3	0
Europe	0	0	1	2	0	0
Americas	0	0	2	0	0	0

[Strategy]

With regard to water environments in particular, one site in China and two sites in Thailand, India, and Europe have been assessed as being at extremely high-risk, and we will work to address water risks at these sites.

[Metrics and Targets]

Based on the concept behind the core indicators in the Guidelines for Planning and Monitoring Corporate Biodiversity Performance by the International Union for Conservation of Nature (IUCN) and the above findings on relations between business activities and biodiversity (risks and opportunities), we have tracked and managed progress in targets and KPIs for our past activities for cutting environmental impacts and others as biodiversity management indicators.

■ Biodiversity indicators and their changes

Biodiversity indicator	FY2021	FY2022	FY2023	Reference pages
Water consumption (thousand m ³)	5,595	4,857	4,833	26, 86
CO ₂ emissions (Japan) (t-CO ₂)	79,380	73,404	59,669	23, 24, 83
Specific energy consumption (overseas) (L/t)	164.1	164.1	156.5	23, 24, 83
VOC emissions (Japan) (t)	44.3	53.3	52.7	89
NOx emissions (t)	74.8	94.9	67.1	31, 89
SOx emissions (t)	7.2	13.2	14.8	31, 89
Particulate emissions (t)	8.2	10.3	9.4	31, 89
COD emissions (t)	148.7	224.5	159.0	26, 87
Amount of waste treated off-site (Japan) (t)	13,949	13,466	10,625	28, 88
Sales of sustainability-enhancing products*1 (billion JPY) (Sales ratio (%))	97.0 (64.4)	105.0 (62.4)	124.8 (53.6)	18

*1 Due to a review and revision of standards, as of FY2023, products that were previously referred to as environmentally friendly products until FY2022 will be referred to as sustainability-enhancing products.

Biodiversity

Participation in biodiversity organizations

The artience Group has endorsed the purposes of the Keidanren (Japan Business Federation) Declaration for Biodiversity and Guideline (revised in December 2023,) and has participated in the Keidanren Initiative for Biodiversity Conservation. Additionally, our Group is also a participant in the CLean Ocean Material Alliance (CLOMA,) which was established in January 2019 to address the marine plastic litter problem.

When the 30by30 Roadmap was formulated in April 2022, companies, municipalities, and other organizations voluntarily formed the 30by30 Alliance for Biodiversity. The Group declared its support for the Alliance in June 2022.



The logo of the 30by30 Alliance for Biodiversity

[Demonstrative test of simple monitoring]

One of the main measures under the 30by30 Roadmap is promoting the establishment, management, and conservation of OECM, and a system to certify OECM sites as "sites in harmony with nature" has been in place since FY2023. Under this certification system, a simple monitoring method is being developed that allows companies that own sites to act as administrators and continuously monitor sites. The Group is also cooperating with this effort, and on August 8 and 9, 2023, a two-day demonstrative test of simple monitoring focusing on common species of insects was conducted in a company-owned forest at Toyochem Co., Ltd.'s Kawagoe Factory.

In an effort led by PREC Institute, Inc., a research organization, and accompanied by representatives from the Ministry of the Environment (MOE), we conducted surveys in company-owned forests, including visual surveys, nighttime call surveys, and surveys using traps installed on the forest floor and trees. As a result, we were able to identify a large number of insects selected by the MOE as "insects found in favorable environments in urban green spaces," including beetles such as earth-boring dung beetles, *eusilpha japonica*, and *plethrophthalmus nigrocyaneus*, as well as cicadas such as *hyalessa maculaticollis* and *platypleura kaempferi*, oriental longheaded grasshoppers / locusts, and Japanese oakblue butterflies.

Based on these results, the MOE plans to publish guidelines for simple monitoring.



A visual survey in progress



Installing a trap on the forest floor

Major biodiversity conservation activities

[Ecosystem research and the preservation of valuable species in a company-owned forest (Kawagoe Factory, Toyochem Co., Ltd.)]

There is a strip of woodland running from the north-east to the southwest near the Kawagoe Factory, of Toyochem Co., Ltd. The woodland is a part of the Santome-shinden area, which was developed in the Genroku era of the Edo period (late 17th century.) The area has housing land, arable land, and a mixed forest. On the southwestern part of the site of the Kawagoe Factory, there is woodland (company-owned forest). In the south lies woodland, which surrounds our athletic fields. These woodlands are connected to woodlands around them and may play an important role in terms of biodiversity conservation in the area.

To learn about wildlife in the company-owned forest and the woodland around the athletic fields, we conducted two surveys primarily of plants and birds in December 2016 and June 2017. In the surveys, we have found 169 species of 68 families of plants, 24 species of 16 families of birds, and 3 species of 3 families of animals. Those species include the Riverstream orchid, a threatened species to be protected listed in Saitama Prefecture Red Data Book 2011 (plants,) and the Japanese green woodpecker and the bunting, threatened species listed in Saitama Prefecture Red Data Book 2018 (animals.)

Based on the finding, the Kawagoe Factory strives to protect the Riverstream orchid and conserve the ecosystem in the company-owned forest.



Birds survey



Cymbidium goeringii (Riverstream orchid)

[Environmental beautification activities on Lake Biwa Day (Moriyama Factory, Toyo Visual Solutions Co., Ltd.)]

In Shiga Prefecture, July 1st is designed as "Lake Biwa Day" under the Shiga Prefecture Basic Environmental Ordinance. It is a symbolic day when environmental protection activities, including cleanups of lakeside and riverside areas and roads across the prefecture, take place with a shared attachment to the lake. The Moriyama Factory of Toyo Visual Solutions Co., Ltd., which is located near Lake Biwa, has consistently taken part in environmental cleanup activities on Lake Biwa Day.

Ensuring Quality and Safety

Basic approach

The artience Group dependably implements quality assurance at all stages, from planning and R&D to sales and after-service, to provide products of guaranteed quality. New products and businesses are evaluated and verified according to our regulations before commercialization.

In addition, we have also implemented ISO 9001 standards for quality to enhance and strengthen quality assurance throughout the company. We produce products in the medical field, including transdermal patches, in accordance with the GMP (Good Manufacturing Practice,) Ministerial Ordinance on Standard for Manufacturing Control and Quality Control for Drugs and Quasi-drugs.

WEB The Basic Policy on Product Safety and Quality Assurance is posted on our website under Sustainability > Society > Ensuring Quality and Safety.

link Page 80: ESG Data Collection > Environmental Management
 · Acquisition status of ISO 9001 certification

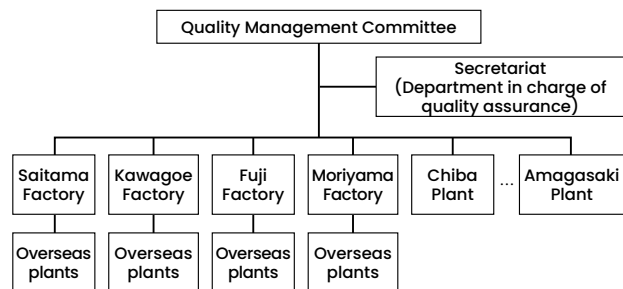
Promotion system

We work to establish quality assurance systems and improve the level of quality assurance at all production bases of the artience Group, with the leading by the Quality Management Committee. At the semi-annual meetings of the committee, strategies for quality assurance activities are shared by all production bases in Japan and overseas.

For the purpose of ensuring that customers can use the artience Group's products without concern, the Production Planning Office of artience Co., Ltd. organizes quality risk checkup meetings to check individual facilities from a third party's viewpoint and to create a corporate culture that deters quality misconduct.

In addition, in order to further improve quality, we are building the Quality Global Standard for production system to ensure that we supply products with the same high quality anywhere in the world, and deploying it to our production bases.

Quality management promotion system (FY2024)



Ensuring Quality and Safety

Initiatives

[Management and provision of product information]

At the artience Group, employees distribute SDSs (Safety Data Sheets). SDSs are provided also on "Sommelier," the Group's portal site for customer. We are building a system where we provide products information to customers more quickly and support them. In the event of a serious product-related incident, we have established a risk management system to ascertain the facts and identify the scope of impact in accordance with internal regulations, promptly report the situation to management and to the relevant authorities in accordance with laws and regulations, disclose information via our website, etc., and take prompt and appropriate measures.

The artience Group offers products from other companies in addition to our products, and we strive to manage and handle them in a way that ensures the safety of our customers.

■ Number of serious product accidents (Unit: cases)

	FY2021	FY2022	FY2023
Number of serious product accidents	0	0	0

[Providing product safety information and complying with laws and regulations globally]

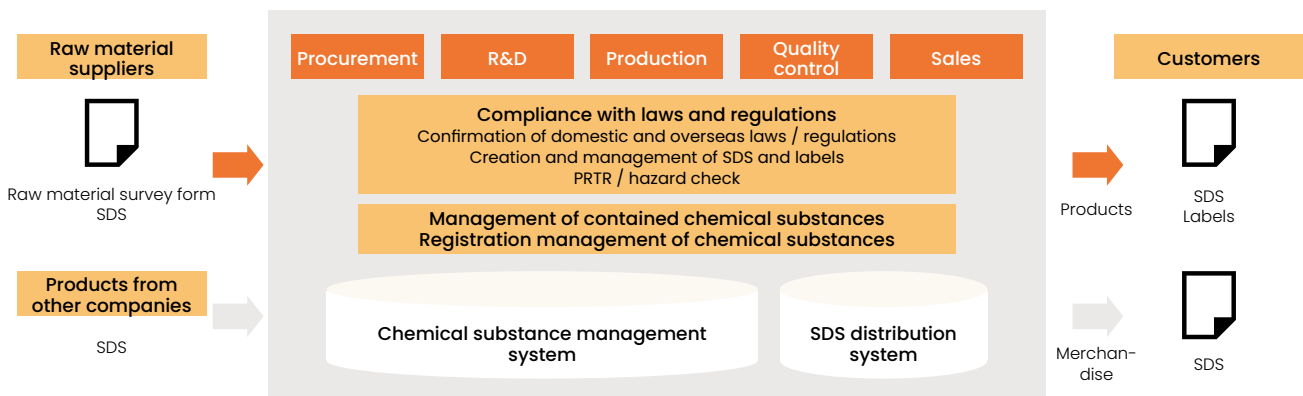
To provide product safety information globally to customers in different countries, the artience Group operates the Chemical Substance Management System that is a unique and has a SDS creation system that conforms to laws and regulations and languages used in countries to which the Group exports and can manage information on laws and regulations on chemical substances in different countries and regions. The Group companies in Japan and overseas operate this system and provide SDSs that comply with laws and regulations in different countries, and product labels that follow the GHS-compliant "Label Guidelines," thereby supporting customers' risk assessment.

In addition to complying with existing laws and regulations, in December 2023, we updated the specifications of our Chemical Substance Control System, with the aim of further strengthening care and consideration for environmental conservation and restoration and people's health, safety, and peace of mind. Through this change in specifications, we will seek to further improve labeling of hazard information, etc., in SDS and product labels for use Japan.

[Handling of product risk information]

The artience Group established procedures for handling product risk information in order to respond appropriately and quickly across the group to product risk. Production Planning Office of artience Co., Ltd. deal with product risk information matters and promote quality assurance activities in cooperation with the Group's core operating companies and affiliated companies.

■ Process flow of management and provision of product information



Pursuit of Customer Satisfaction (CS)

Basic approach

The artience Group believes that its customers are important stakeholders. In our Brand Promise, we pledge our commitment to "Creating value that resonates with the senses and building a future where all people can live enriched lives." We put product and service quality first, and aim to be a brand that will be chosen by customers and society. We actively listen to market opinions and respond sincerely to them to build trust- ing relationships.

Initiatives

[Communications with customers]

The Group has established a contact point on its web- site with forms in Japanese, English, and Chinese to respond to inquiries about products and services and corporate activities (including questions, opinions, and requests, etc.) According to their contents, inquiries received are forwarded to the relevant department. A system is in place to respond promptly, and correc- tive and recurrence prevention measures are taken for cases that need to be handled or resolved (including measures to protect personal information.)

PRTR information (amount of chemical substance emissions / transferred) and SDSs are provided on our customer portal site, "Sommelier."

In addition, we strive to enhance communication with our customers by sending direct mail to inform them of products, services, and events, and by exhibit- ing at trade expos both in Japan and overseas.

[Website renewal]

On January 1, 2024, in conjunction with the change of the company name, our website was renewed to make it easier for stakeholders to view details of the Group's activities.

In this renewal, to convey details of the Group's activities and initiatives to investors and other stake- holders in an easy-to-understand manner, sites that had been separated among operating companies and affiliated companies have been integrated into a single Group site, and the site's design and page structure have been significantly revised. On the Sus- tainability page, we have been working to enhance the information we disclose, and improve searchability.



Human Resource Management

Basic approach

The artience Group's Corporate Philosophy is *People-oriented management* (management with respect for human rights.) We respect the diverse values and career aspirations of our employees and strive for the development of human resources with a challenging spirit and the ability to produce work of a high quality. Also, we aim to create workplaces where diverse human resources can fully demonstrate their capabilities and have job satisfaction regardless of gender, nationality, age, and disabilities to take advantage of the Group's strengths to contribute to society.

To achieve management with respect for human rights, we have established a policy on human resources management, and are implementing various personnel measures throughout the Group.



The Basic Policy on Human Resources Management is posted on our website under Sustainability > Society > Human Resources Management.

Ideal form of human resources management

The artience Group's Corporate Philosophy is *People-oriented management*. People are the management resources that the Group considers to be of paramount importance. As a direction for human resource management, three pillars for employee growth have been defined. On the basis of these, diverse personnel in the Group address their respective missions to support the Group's value creation. We will ensure that every single staff member is able to display their potential to the fullest degree to achieve growth together with the Group with the aim of offering sustainable value.

Three pillars of human resources management (Established in 2015, revised in January 2024)

Fostering a culture that empowers diverse human resources

We will create a corporate culture in which diverse personnel can play an active role in the company based on the belief that we will be able to provide the world with new value by respecting the human rights of our employees who come from different backgrounds as well as their diverse values, views and ideas and by helping them fulfill their duties.

Building a system that allows independent career choices

We will build and implement a personnel development system based on the belief that as a corporation we bear a responsibility to hire personnel that are capable of designing their own careers and that are orientated toward growth and to continually provide them with opportunities to train and grow with a view toward the development of their careers.

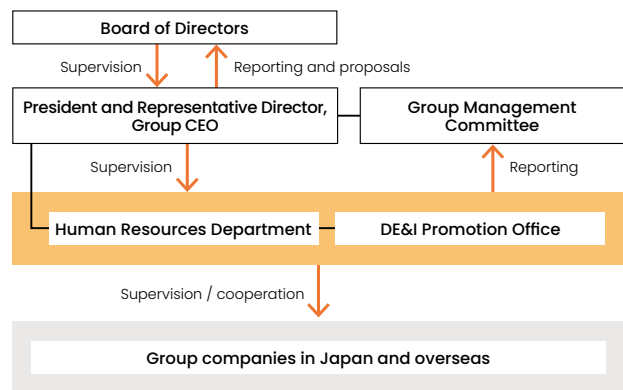
Creating a work environment where employees can work with peace of mind

We believe that workplace safety and health, labor management and evaluation and employee health and welfare are essential for employees to work with peace of mind and maximize their capabilities. Based on this, we will develop and continuously improve our workplace environment.

Promotion system

The Human Resources Department of artience Co., Ltd. takes the central role in driving a variety of initiatives for human resources strategies, including the planning and implementation of group-wide human resources policies, planning for human resource development and career development, planning and implementation of training, promotion of DE&I, and health and productivity management. In compliance with labor-related laws, regulations and practices in different regions and countries, we implement different measures for personnel development in collaboration with separate bases in Japan and overseas.

Human resource management promotion system (FY2024)



Human Resource Management

Employment and labor practices

[Risk management related to labor issues]

The artience Group (in Japan) disseminates information to employees to comply with the laws of labor relations and holds management councils where the labor union and the company discuss to improve ways of working.

As part of our risk assessments for overwork, for the purpose of controlling and monitoring work-related risks, we encourage employees to use their annual paid leave, and monitor working hours using a work management system. In addition, Safety and Health Committees — which meet monthly at each site in Japan — confirm and supervise the state of overwork and report it to upper management. There were no Labor Standards Act violations in Japan in FY2023.

[Dissemination of the labor standard policy]

Our policies for personnel and labor management raise three key-points: establishment of work rules, building labor-management relations, and compliance with laws and regulations and prevention of labor risks. Materials are posted on the Global Human Resources Network website, a site for standardization of management operations at Group companies, so that they are available for reference at all times. In Japan, we have set up a website for information on personnel affairs, covering areas such as regulations and programs for personnel affairs and welfare.

In Japan and overseas, Group companies carry out appropriate labor management and conveying policies in an effort to make sure that all employees understand them.

[Fair evaluation and treatment]

The artience Group respects and evaluates actions that contribute to its performance and results. The pay structure is simple. Pay consists mainly of a base salary and bonuses. The pay is complemented by benefits, which are paid in accordance with business practices in different countries. We are building a remuneration system where the Group's performance will reflect each employee's pay to pass on any gains in profit to the employees. We are reviewing the system through consultation with employee representatives (labor union members).

Our wage rules stipulate appropriate wages, allowances, and other conditions such as salaries to be paid on an ad hoc basis, in accordance with the labor laws and regulations of each country and region. Our Basic Policy on Human Resources Management also stipulates that labor management rules and systems shall be established in accordance with the laws, regulations, and labor practices of each country.

[Appropriate working hours]

We comply with laws and regulations related to working hours in different countries. We use work patterns according to conditions of employment and duties and manage working hours. If working hours increase temporarily, we conduct labor management within the legitimate, acceptable range that has been previously agreed upon between labor and management, considering employees' health and work-life balance as far as possible.

[Labor-management discussion]

Employee representatives (labor union members) and company representatives hold management councils at least twice a year and discuss issues that should be solved between labor and management. In addition to those meetings, labor-management consultations are held to discuss individual issues as needed. If changes in personnel systems are discussed, labor and management have as many opportunities to make proposals to each other and exchange opinions as possible. The administrative offices of both parties may hold meetings before the representatives meet.

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Human resources development

[Human resource rotation system]

The Human Resource Rotation System consists of development transfers, transfers based on self-assessments, in-house recruitment system, and overseas workshop programs. Under our system of development transfers, we help individual employees to build their careers through systematic transfers. For transfers based on self-assessments, we conduct an annual self-assessment survey and strive to carry out transfers based on employees' intentions. The in-house recruitment system is a program that allows employees to apply for their desired jobs. Several employees are successfully transferred each year under this program.

The overseas workshop programs are aimed at developing globally competitive human resources. Those who participate in the programs experience working for overseas Group companies as interns and acquire cross-cultural communication skills and the capability to adapt to overseas business. Although temporarily suspended due to the COVID-19 pandemic, recruitment resumed in FY2023, and 31 people took the course between FY2012 and FY2023. Since returning to Japan, many employees have gained further experience in departments related to overseas operations, and have since gone on to work in posts overseas.

■ Number of voluntary career development measures adopted (Unit: person)

	FY2021	FY2022	FY2023
In-house recruitment system / Career challenge system	8	11	12

[DX human resources]

To respond to changes in the environment and the market and drive business reforms from a future perspective, we are currently working to develop DX human resources with expertise in the field of digital transformation. In FY2022, we introduced Aidemy for all employees, and a total of 1,219 employees have since taken courses in IT literacy, AI, and machine learning curriculums. We also launched RPA training in FY2023, and 44 employees (160 in total as of August 2024) have participated, achieving results in improving operational efficiency. Going forward, we plan to conduct training in

Human Resource Management

the use of generative AI, including senior management, to improve the digital skills of every employee.

[Human resources development through "artience growth field"]

In 2007, we established Toyo Ink Academy with the aim of developing human resources and reforming our corporate culture, and have since been engaged in human resources and career development efforts. In 2024, we made a fresh start after renaming the school "artience growth field." We implement various training programs and personal development activities under the basic policies of increasing the skill level of human resources and fostering future executives, with four pillars of job-class-specific training programs, job-type-specific training programs, training programs for developing globally competitive human resources, and personal development. The total number of training days was 417, and the total number of employees who participated in training was 1,774 in FY2023.

Since FY2020, when the COVID-19 pandemic began, we expanded online training in an effort to provide education to a wider spectrum of staff members. We currently conduct online training in various formats (including face-to-face, online, and hybrid formats) depending on the purpose and content of each training unit.

	FY2021	FY2022	FY2023
Training costs per person (thousand JPY)	30	30	33
Number of participants in DX training and re-skilling (persons)	409	1,143	1,305

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[In-house commendation system]

We present the Group President Award to recognize business activities that produced excellent results every year. In FY2023, in recognition of results that have made a significant contribution to our business, such as in the development and commercialization of new products, as well as the future potential for business expansion, six awardees were chosen for the Group Special Award (1), the Group Social Contribution Award (1), the Excellence Award (1), the Toyochem President's Award (1), the Toyocolor President's Award (1), and the Toyo Ink President's Award. Out of them, one was awarded the Group President's Award (1) for particularly outstanding activities.

[Business Idea Competition]

The third Business Idea Competition was held in 2023. There were a total of 131 entries (127 entries in Japan and four entries overseas,) from which a Grand Prize winner (1) and four other prize winners (4) were selected.

The Business Idea Competition is intended to develop the ability to convert new ideas into tangible forms and foster a corporate culture where employees continue to take on challenges and make proposals.

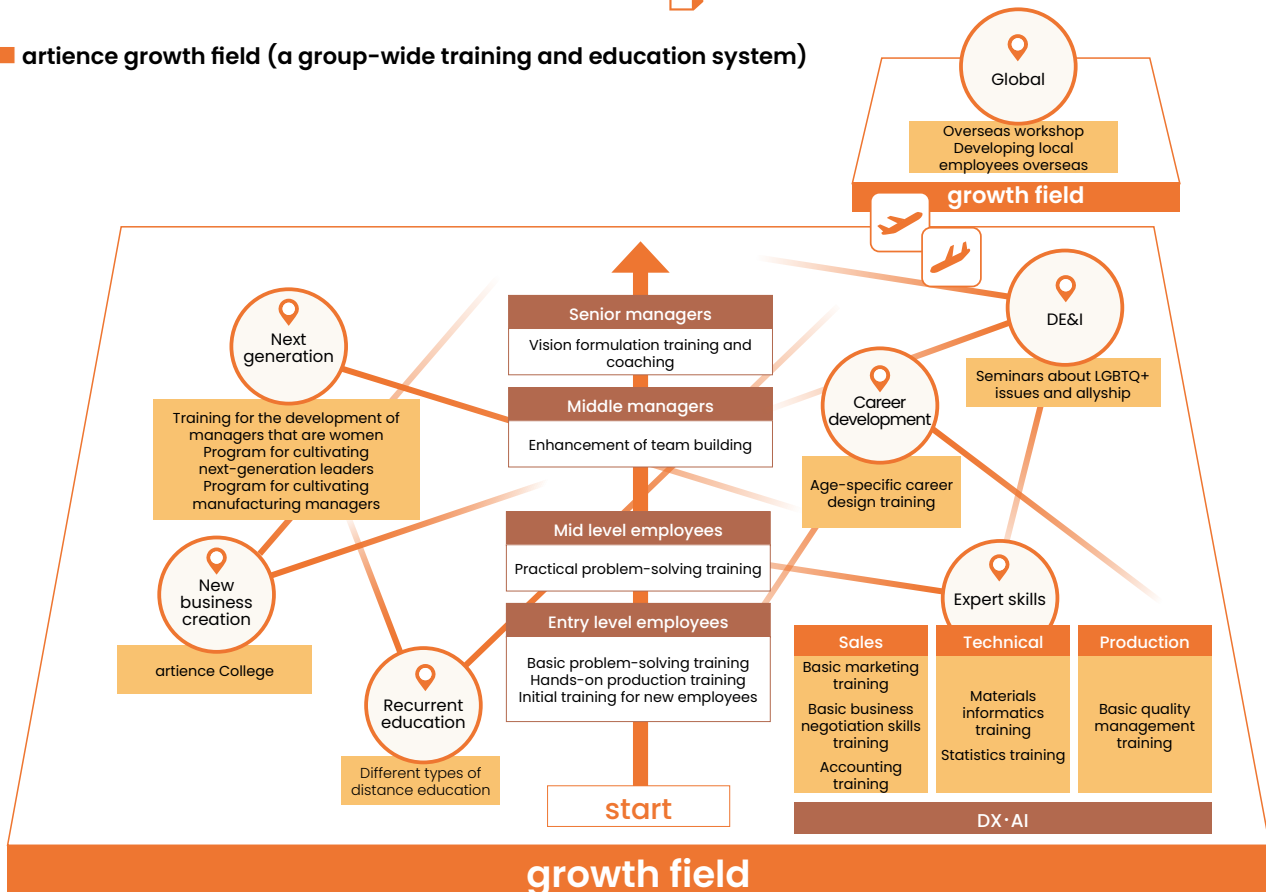
(Unit: cases)

	FY2021	FY2022	FY2023
Number of cases eligible for in-house commendation	4	2	6
Number of applications for Business Idea Competition*	122	63	131

* The competition was started in FY2021.

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artience growth field (a group-wide training and education system)



Promoting Diversity, Equity and Inclusion

Basic approach

Based on the "Respecting human rights and diversity throughout the supply chain" stated in the Sustainability Charter, the artience Group considers diversity, equity and inclusion to be one of its priorities. We strive to respect diverse values, thoughts, and ideas regardless of the employee's gender, nationality, age, and disabilities and aim to create workplaces where employees can have job satisfaction.

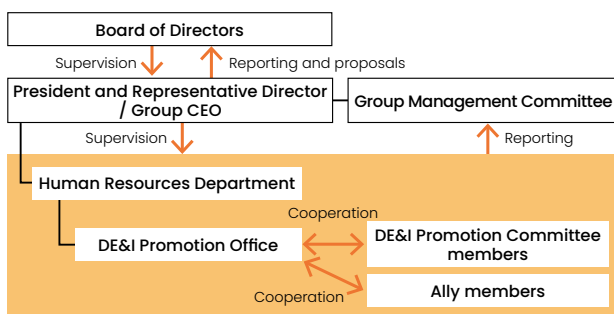
WEB The Sustainability Charter, Basic Policy on Human Resources Management, and DE&I (Diversity, Equity, and Inclusion) Promotion Policy are posted on our website under Sustainability > Society > Human Resources Management.

Promotion system

Stemming from activities led by the artience Group Human Resources Department, via a diversity promotion project in September 2021 operated by members from multiple departments, the D&I Promotion Office was established directly under the Group Human Resources Department in January 2023. In January 2024, the name of the office was changed to the DE&I Promotion Office, and activities are now being conducted with a greater emphasis on equity. We believe that the essence of DE&I is to eliminate structural (or institutional) discrimination. Based on this, we will consider systems and mechanisms that lead to the active participation of a diverse range of employees, plan and implement education and training, communicate information both inside and outside the company, and work to foster a corporate culture of diversity, equity, and inclusion, through the provision of necessary support as required on an individual basis (rather than a uniform approach.)

In addition, the DE&I Promotion Committee – which considers and implements DE&I promotion methods suitable for each site and conducts promotion activities (Promotion Month) – and LGBTQ+ Ally members (who agree with the Ally movement) also work in cooperation with the DE&I Promotion Office.

DE&I promotion system (FY2024)



Initiatives

[Promotion of women's participation and advancement]

In the SIC-II previous medium-term management

plan, we have set the target to increase the ratio of female managers in Japan from 4% in FY2020 to 8% in January 2024, and we were moving forward with initiatives. As of January 2024, the ratio of female employees in managerial positions (in Japan) is 5.5%.

In 2023, we interviewed female employees who are active in our company to coincide with International Women's Day on March 8. We interviewed them about their careers so far, the changes they feel as women's empowerment progresses, and their messages to women who are working to build their careers – and published them globally in an electronic in-house newsletter.

In August, we held a lunch meeting of young female employees working at head office with Dr. Tomoko Adachi, a female Outside Director. On the day of the meeting, we shared the status of activities to promote women's empowerment, and frankly exchanged opinions about the concerns and barriers that female employees themselves feel with regard to building their careers in the future.

In September, we held a seminar for executives and department heads to improve health literacy in relation to women's health within the Group, with the title Understanding Menopause and Menopausal Disorders and Supporting Women's Empowerment. Director Adachi, who is also Honorary Director of Aiiku Hospital, took to the stage and gave a lecture from a medical perspective. Female employees commented that they now had a deeper understanding of the menopause that they would have to face themselves, while male employees commented that they would like more people to hear the lecture, which contained knowledge that is useful both at work and at home.

In 2022, We introduced a team system for different levels in the organization. We will upgrade the management capabilities of the overall Group by creating opportunities for early management at small units.

Formulation of action plan promoting women's participation and advancement

- ① Increasing the female recruitment ratio to 30% or more
- ② Ensuring the annual paid leave acquisition rate as 60% or more

Social goals of SIC-II (FY2021 - 2023)

Continuing acquirement *Eruboshi* certification by promoting women's employment and active participation (Continuing 30% female recruitment ratio in Japan, and female manager ratio in Japan to be 8%)

	FY2019	FY2020	FY2021	FY2022	FY2023
Rate of hiring female graduates (Japan) *1	30	32	32	33	37
Rate of female managers (Japan) *2	3.6	3.9	4.5	4.5	5.5

*1 Rate of hiring female graduates joining the company each year in April.
*2 As of the following January of each fiscal year

Promoting Diversity, Equity and Inclusion

Eruboshi Company certification

artience Co., Ltd. is certified as an *Eruboshi* company under the Act on Promotion of Women's Participation and Advancement in the Workplace. The company was evaluated for its achievements recruitment, continuous employment, working hours, and diversity of career paths.



Gender wage gap initiatives

In Japan*, the Group applies a wage system according to the role (job) in which employees are engaged, and there is no difference in treatment due to gender differences in the same role. However, when the difference in wages between men and women was calculated after eliminating the effects of age, educational background, and years of service using statistical analysis methods, although no statistically significant difference was found for managerial employees, a difference of 85.6% was found for non-managerial employees (general employees.) In light of this situation, we are also analyzing the factors that cause this difference and implementing various measures.

* Scope of consolidated and non-consolidated subsidiaries

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Seminars on childcare leave for male employees

Since 2022, we have been promoting mandatory childcare leave for male employees. In September 2023, we held a seminar on male childcare leave inviting former TV presenter Hasen Kuniyama to help foster an atmosphere in the workplace where it is easy for male employees to take childcare leave, and to promote greater understanding among the generation of employees who are about to take childcare leave.

After a lecture based on Mr. Kuniyama's own actual experiences of childcare leave, a panel discussion was held with three employees who have taken childcare leave at our company, with a focus on their impressions and feelings of taking childcare leave, also facilitated by Mr. Kuniyama.

We are also working continuously to foster a corporate culture that encourages employees to take childcare leave, such as by posting messages from employees who have taken childcare leave on our internal portal site.

[Diversity education and awareness activities]

In FY2023, the first year of the establishment of the D&I Promotion Office, members of the Office visited sites around Japan to present details of the Group's diversity-related initiatives to date, and to hear about actual issues and the voices of employees at each site. This enabled DE&I Promotion Office members to hear first-hand opinions, such as issues unique to each site that had not been seen until now, and issues felt by employees while working, and became a stepping stone for promoting DE&I in cooperation with promotion committee members for each site in the future.

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Understanding and Responding to LGBTQ (SOGI)

In June 2022 we introduced a "partnership system," to provide internal systems and benefits relating to congratulations and condolences, childcare and nursing care, transfers / relocations and overseas assignments — which were previously applied only to legal spouses — to partners, expanding the scope of this definition to include common-law marriages and same-sex partners.

During Pride Month in June 2023, we distributed Group PowerPoint and web page templates with Pride specifications to employees, to help expand the circle of LGBTQ+ Allies. In October, we made significant revisions to our *Understanding and Responding to LGBTQ+ Issues* guidebook (released in 2020,) and released a new guidebook that summarizes basic knowledge on sexuality and LGBTQ+ issues to promote greater understanding of the LGBTQ+ community, as well as the Group's systems and initiatives.

In November 2023, in recognition of our ongoing efforts in support of the LGBTQ+ community, such as our sponsorship of Kansai Rainbow Pride, we were continuously certified with a Gold rating in the Pride index, an index that evaluates initiatives to support sexual minorities in the workplace.

work with Pride



[Creating a workplace where diverse employees can play active roles]

Promotion of active participation of people with disabilities

The artience Co., Ltd. regularly offer internship programs to those studying at special support schools in an effort to enable the long-term employment of people with disabilities. Since 2019, we have been supporting people with intellectual disabilities and other people with disabilities, handling mainly office support work, such as creating business cards, collecting and delivering mail, digitizing documents, data entry, and disinfecting common spaces such as conference rooms at the Clover Support Center, in the Group General Affairs Department's Jujo Center. In 2023, with a view to expanding workplaces for people with disabilities beyond the Jujo Center, we began accepting interns for the first time at our head office. In FY2023, the employment rate for people with disabilities in Japan was 2.74%.

In January 2024, we established Clover Biz Co., Ltd.* with the aim of creating a special subsidiary to further promote the employment of people with disabilities. In April, two of the interns we accepted in 2023 joined the company. Going forward, we will continue working to expand employment and create opportunities for diverse human resources to play active roles.

* The word "clover" in the name of the new company Clover Biz is based on the image of a four-leaf clover that carries happiness. The name was chosen at the suggestion of an employee when the support center was established.

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Promoting Diversity, Equity and Inclusion

Promoting senior employees' active participation

Aiming for each employee to continue to play their role in a society of working throughout their lives, we changed the mandatory retirement age from 63 to 65 for full-time employees in Japan in September 2018. To support their career development, we provide career education, which helps them continue to have job satisfaction, create work environments, taking their needs into consideration, and help them promote their health.

Promoting active roles for employees of foreign nationality

In Japan, we have 30 employees of nationalities other than Japanese. Using their language skills and global perspectives, they work actively in an array of positions.

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Consideration of local religions

The artience Group is expanding its operations worldwide while giving consideration to local religions. In the Islamic world, we are working to obtain halal certificates to offer packaging materials and other products that comply with the Islamic dietary laws. For Muslim employees, we provide prayer spaces called Musholla in plants and help them observe Ramadan, a month of fasting.

PT. Toyo Ink Indonesia has constructed a mosque as part of its welfare measures in respect for the local culture. The mosque is also open to employees of neighboring companies and to local residents.

TOPICS

Support for the Business for Marriage Equality campaign

In July 2023, the artience Group announced its support for Business for Marriage Equality, a campaign seeking equality in marriage, specifically the legalization of same-sex marriage, in Japan.

Business for Marriage Equality (bformarriage-equality.net) is a campaign to provide visibility to corporate support for equality in marriage, specifically the legalization of same-sex marriage. It is jointly run by Marriage For All Japan, Lawyers for LGBT & Allies Network, and Nijjiro Diversity.


*As of July 27, 2024, 533 companies and organizations had announced their support for equality in marriage, or the legalization of same-sex marriage.



Promoting a Healthy Work-Life Balance

Basic approach

The artience Group's strong drive for growth requires the creation of an environment where every single employee can display their potential and continue to work actively. We aim to provide employees with workplaces where they are able to work actively and have job satisfaction. Respecting their diverse values and career goals, we will carry out workstyle reforms that lead to enhanced productivity, innovation and healthier work-life balances.

 The Basic Policy on Human Resources Management is posted on our website under Sustainability > Society > Human Resources Management.

Promotion system

The Human Resources Department of artience Co., Ltd. takes a leading role in offering a better life-work balance through appropriate labor management throughout the entire Group, support for striking a balance between work and childcare and nursing care, and promotion of diverse work styles. Overseas, we undertake initiatives in complying with laws and regulations and practices in each individual country.

Initiatives

[Main measures to promote work-life balance]

In 2021, based on our basic welfare philosophy of supporting each and every employee so that they can work with peace of mind and live fulfilling lives, we established four pillars of welfare programs to support the life stages required by each generation, to respond to rapid changes in society and the diversification of lifestyles and individual preferences.

The four pillars of welfare

- Health
Support for long-term, energetic, healthy work
- Diversity
Expanding options that lead to the happiness of diverse employees and their families
- New normal
Supporting work-life balance in the new normal era
- Engagement
Improving our image as an attractive company that is chosen by employees

Examples of initiatives in line with the four pillars of welfare include (1) measures to promote diverse work styles in cafeteria plans, and (2) development of systems to support a balance between work and private life.

The artience Group (in Japan) offers financial support for nursing beds, childcare, purchase of desks, chairs, and PC peripherals for working at home, and purchase of health equipment for health promotion in the "Cafeteria Plan," one of the welfare systems. We also hold seminars on health and nursing care (including fitness seminars that employees can view and participate in on the Web) and provide information to help employees strike a balance between nursing care and work and stay healthy.

In terms of systems to support the balance between work and private life, we have established a system that gives consideration for employees involved in childcare and nursing care. We introduced a remote working program in 2021, aiming to improve labor productivity, create innovation and enhance the work-life balance. Through this, we are promoting new ways of working, including working from home, flexible working hours, and commuting outside of rush hours depending on duties, alongside business reforms.

Systems for support for work-life balance (in Japan)

<Support for achieving a balance between work and childcare or caregiving>

- Childcare and nursing care leave
- Shorter working hours for childcare and nursing care
- Use of cumulative paid leave for childcare
- Child nursing care leave
- Nursing care leave
- Flexible working hours for childcare and nursing care (The hours from 10 a.m. to 3 p.m. are core time. Total working hours in a month are managed.)

<Support for balancing flexible work styles>

- Remote work (working from home)
- Half-day leave system (Employees may take a half day (first half or second half of the day) off. Twice half day off are treated as once annual paid leave.)
- Re-employment of former employees

Promoting a Healthy Work-Life Balance

Childcare support

In August 2023, the artience Co., Ltd. obtained "Platinum Kurumin" certification, and in November, the core operating companies of the artience Group – Toyocolor Co., Ltd., Toyochem Co., Ltd. and Toyo Ink Co., Ltd. obtained "Kurumin" certification. We introduced the Childcare Leave Interview Sheet, an initiative to support the development of the next generation. This sheet includes questions about handovers and considerations for people's physical condition. Intended for use as a tool for communicating with superiors, the goal of this sheet is to enable employees to begin leave and return to work smoothly.

In October 2022, we revised the conventional guidebook and the interview sheet in accordance with the amendment to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members. In addition, the entire Group is working intensively to encourage male employees to take childcare leave for at least 10 days in principle. We will strive to instill a culture of naturally taking childcare leave for a certain length of time after the spouse gives birth. We will make sure that this opportunity will inspire employees to review their day-to-day work and to create a workplace with mutual support, aiming to open the way for diverse work styles throughout the Group.



"Kurumin" logomark

Use of programs related to childcare support

	FY2021	FY2022	FY2023
Ratio of female employees returning to work after childcare leave (%)	100	100	100
Ratio of taking childcare leave (%)	Female: 100 Male: 25.8	Female: 100 Male: 92.7	Female: 100 Male: 100
Shorter working hours for childcare (number of users)	41	36	34

* Employees who belong to artience Co., Ltd.

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VOICE

Voice of a male employee who took childcare leave

I took childcare leave for around five months, from the first month after the birth of our first child. After taking childcare leave, I began to work with a greater sense of balance, in order to enrich both my family and work life. In particular, I think I have become much more conscious of taking a planned approach than I was before taking childcare leave.

Taking childcare leave make it possible for me to closely observe my child growing up during the first few months after birth, and also enabled me to feel firsthand how difficult it is to raise children – which gave me a greater sense of care and compassion around the home and deepened my bond with my family.



Employee at Toyochem Co., Ltd.

Comment from partner

By working together through trial and error, we were able to match our level of eagerness toward childcare. It was good because we were able to share our worries and our feelings of joy with each other each time.

Nursing care support

Amid changes in the social environment, such as an aging population with fewer children and a shift to nuclear families, more and more employees are facing the need to provide nursing care. The Toyo Ink Group is positively accelerating the creation of workplace environments where a balance between work and nursing care can both be achieved in Japan. We adopt a freely selectable program called the "Cafeteria Plan" to provide employees with financial support for purchasing and renting nursing care items and for enjoying commissioned nursing care support services. We also hold seminars on health and nursing care in an effort to create an environment where employees can work with peace of mind.



Support for balancing work and nursing care

* The action plan and actions related to support for childcare and nursing care are stated on the *Ryoritsu Shien no Hiroba* website (for publishing action plans by general business operators) run by the Ministry of Health, Labour and Welfare. Companies taking positive actions on women's participation and advancement are included in the *Josei no Katsuyaku Suishin Kigyō* database (a database of companies working for women's advancement) operated by the same ministry.

Promoting a Healthy Work-Life Balance

[Promotion of appropriate labor management]

The artience Group is improving the work environment so that employees can achieve results while also emphasizing on a work-life balance. We strive to manage working hours appropriately by reducing overtime hours using a work management system, which needs to be approved by a supervisor every day, monitoring entrance/exit records using gate passes to eliminate unpaid overtime work, and holding councils with the labor union under the Labor Standards Act.

There were no labor standards violations due to overwork in FY2023. To prevent harm to health caused by overwork, we encourage departments who have employees working excessive overtime to improve their operations and request such employees to consult with industrial physicians as needed. We will continue to take steps to make improvements.

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[Streamlining operations through the application of DX]

The Group is driving digital transformation (DX) as a management strategy, and has identified DX and maximum utilization of SAP as part of Basic Policies (3) Transformation of the management foundation under its artience2027 medium-term management plan. Under this plan, we aim to improve productivity and create value through the use of digital technologies and AI.

In 2021, we established the DX Promotion Group within the Information Systems Department of artience Co., Ltd., as a dedicated DX promotion organization. The DX Promotion Group selects themes that should be prioritized, deploys cross-organizational activities, and advances initiatives while verifying their effectiveness.

Example initiatives

① Improving operational efficiency through the use of DX

We are engaged in the Group-wide activities to improve operational efficiency through the use of digital technologies, such as business automation and paperless operation (digitization of business forms), and have achieved results in reducing costs, time taken, and paper usage. In FY2024, we will continue to focus on improving efficiency through business automation, and will drive business transformation by establishing digital points of contact with business partners and customers.

② Increased sophistication of business management through the construction of data collection infrastructure and data utilization

The aim of the Group's DX activities is to make maximum effective use of important internal and external data and the latest IT, and link this to transformation and value creation in an increasingly complex business environment. To make prompt decisions at a high level, we are working toward sustainable growth and risk avoidance for the Group based on 1) data collection and infrastructure development, 2) creating data visualization mechanisms, 3) simulations and AI predictions, and 4) action taken based on predictions. By uti-

lizing and linking a range of external resources, we are conducting trials to build infrastructure for data-driven management using the latest AI technologies.

③ Improving IT literacy and training DX human resources

Digitally oriented human resources are indispensable for driving DX, but the skills and expertise required differ at each level and for each issue to be solved. We are therefore working together with the Global Human Resources Department to strengthen and develop DX human resources, by developing specialized human resources in areas such as RPA, generative AI, machine learning, and data analysis, etc., while at the same time raising the level of IT literacy for all employees.

TOPICS

Streamlining operations through the introduction of automated guided Evs

In August 2023, Saitama Factory of Toyo Ink Co., Ltd. launched the Automated Guided EV Introduction Project, to transport materials and products on site using unmanned EVs. The project aims to improve the productivity of logistics operations by transforming on-site conveyance processes — from manufacture to shipment — through the introduction of IoT technologies, transporting raw materials and products more quickly and efficiently than by conventional manual work methods, and automating repetitive tasks.

From October 2023, we started actual operation of automated guided EVs, conveying products back and forth between Zones A and B in the Factory.



Transport by an automated guided EV

[Activating employee communication]

Utilization of "Incentive Plus"

The artience Group companies in Japan launched the Incentive Plus*, aimed at encouraging communication between colleagues and forging a sense of unity during the situation where workstyles suited to the new normal created by the COVID-19 pandemic were being promoted. Using this tool, employees exchange messages of appreciation and encouragement every day together with points called "tips." This stimulates internal communication and develops a culture of sharing actions with one another.

* Incentive Plus: A communication tool for exchanging warm-hearted messages between employees in a closed environment and enabling users to win prizes in exchange for points they have gained.

Health and Productivity Management

Basic approach

The artience Group believes that each employee is an important asset to the company and it is important to develop an environment which enables our employees to fully exercise their abilities, based on our corporate philosophy of *People-oriented management*. For this, we are building a workplace environment capable of ensuring the good health of our employees through initiatives for their health such as promoting good health, preventing diseases, protecting the mental health, etc.

WEB The Basic Policy on Health and Productivity Management is posted on our website under Sustainability > Society > Health and Productivity Management.

Activity policy and strategy for health and productivity management

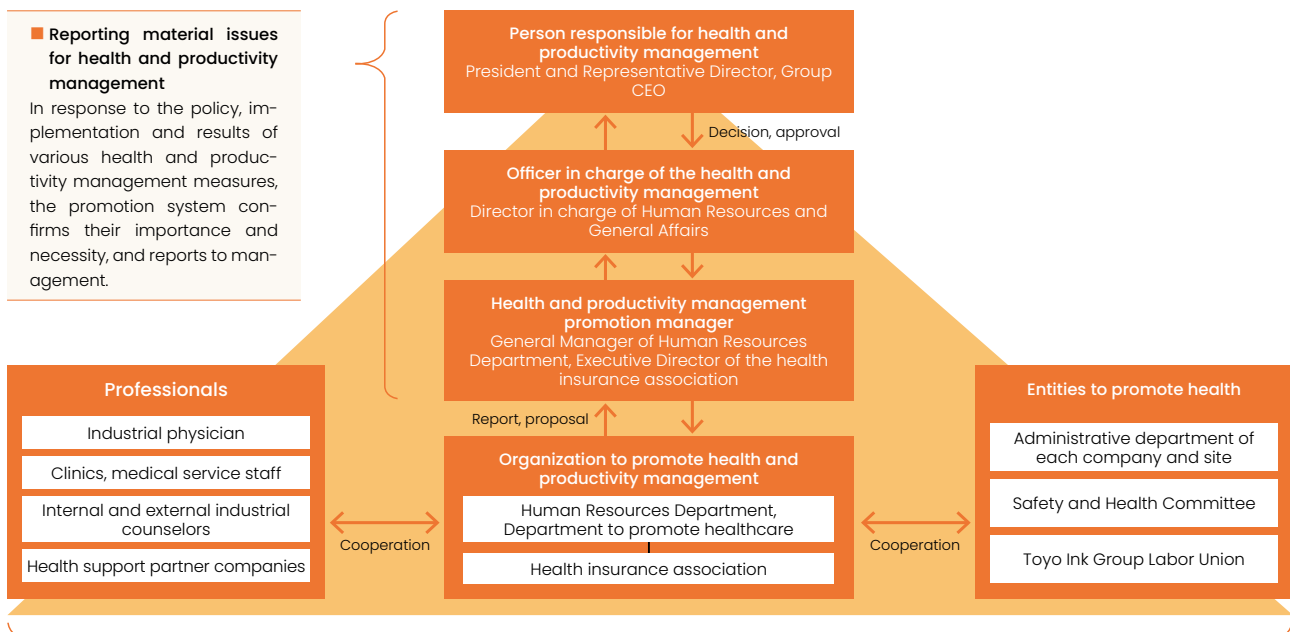
To promote health and productivity management, we have defined the health management issues that we want to solve as "improving corporate value through the development of an environment in which each and every employee can maximize their abilities." We are working to achieve this while monitoring various indicators in three key directions: support for the development of an environment where employee can work healthily, support for personal health improvement (cost subsidies,) and support for the prevention of mental disorders. We will also support the health of our employees by identifying health and productivity management that will lead to the resolution of management issues, creating and utilizing a health management strategy map that incorporates measures and specific initiatives to solve them, while implementing a PDCA cycle.

WEB The Health and Productivity Management Strategy Map is shown on page 46 of the Sustainability Data Book 2023.

Promotion system

The artience Group systematically promotes health and productivity management through the following system.

Organization to promote health and productivity management



Reporting material issues for health and productivity management

In response to the policy, implementation and results of various health and productivity management measures, the promotion system confirms their importance and necessity, and reports to management.

Strengthening cooperation with the health insurance association

Cooperate with the health insurance association in a timely manner and discuss issues (medical checkups, implementation of health promotion initiatives, etc.)

Implementing health and productivity management initiatives and holding training sessions

Each business site appoints Health and Productivity Management Leaders and Healthcare Promotion Committee Members, implements health and productivity management initiatives in cooperation with professionals, and holds training sessions regularly in cooperation with professionals.

Active discussion between labor and management about health and productivity management and the benefit system

Labor and management discuss health and productivity management linked to the benefit system to create better workplace environments for employees.

Capacity building in the system to promote health and productivity management

Help increase qualified internal counselors and health supervisors

link For occupational safety and health, see Occupational Safety and Health, Process Safety and Disaster Prevention on pages 53 to 55.

Health and Productivity Management

Targets and achievements

Targets and achievements of health and productivity management

Index	Achievement in 2021	Achievement in 2022	Achievement in 2023	Targets		Statistical figure (in Japan)	
				2025	2030		
Lifestyle-related diseases	Obesity risk Ratio of employees with a BMI figure of 25 or more	27.8%	28.2%	27.5%	22.3%	21.3%	26.3%* ¹
	Risk of hypertension Ratio of employees with a systolic blood pressure of 140 mmHg or more or a diastolic blood pressure of 90 mmHg or higher	11.1%	9.6%	9.9%	10.1%	9.7%	17.9%* ²
	Risk of diabetes Ratio of employees with a fasting blood sugar level of 110 mg/dL or higher or a HbA1c of 6.0% or more	11.3%	11.2%	11.7%	9.5%	9.1%	12.1%* ²
	Risk of hyperlipidemia Ratio of employees with natural fat of 200 mg/dL or more, a HDL cholesterol level of 39 mg/dL or less or an LDL cholesterol level of 140 mg/dL or more	30.8%	30.2%	30.3%	35.0%	31.0%	33.3%* ²
	Ratio of family members (dependents aged 35 or older) undergoing specific health checkups	81.2%	81.9%	80.0%	88.0%	95.0%	43.1%* ³
Cancer	Ratio of employees undergoing gynecologic cancer checkups (regarding breast cancer and uterine cancer)	79.5%	81.9%	83.5%	80.0%	82.5%	Breast cancer: 47.4% Uterine cancer: 43.7%* ⁴
Work-life balance	Average number of days of paid leave taken in a year	11.5 days	12.5 days	13.8 days	13.0 days	14.0 days	11.3 days* ⁵

* After the targets were set, two changes occurred: First, the average age of employees rose due to the extension of the retirement age, and second, lifestyles changed dramatically due to the COVID-19 pandemic. In light of that, we are planning to set new targets and implement new measures tailored to the current situation.

*¹ FY2018 National Health and Nutrition Survey by the Ministry of Health, Labour and Welfare

*² FY2020 Regular Medical Checkup Results Report by the Ministry of Health, Labour and Welfare

*³ The Status of Implementation of Specific Health Checkups and Specific Health Guidance in FY2020 [Summary] by the Ministry of Health, Labour and Welfare

*⁴ Overview of FY2019 Basic Survey of National Health Life by the Ministry of Health, Labour and Welfare

*⁵ Overview of FY2021 General Survey on Working Conditions by the Ministry of Health, Labour and Welfare

Rate of participation in health promotion activities / Rate of receiving health examinations or vaccinations

	FY2021	FY2022	FY2023
Rate of receiving health examinations (%)	100	100	100
Health examinations for dependents (%)	81.2	81.9	80.0
Rate of conducting stress checks (%)	92.5	90.9	92.3
Influenza vaccinations (%)	60	64	59

[Internal health survey results]

We have been conducting questionnaire-based employee surveys since FY2022, for the purposes of understanding the current state of employee health, presenteeism* and engagement, and clarifying the relationship between them.

* A state in which employees work with reduced capacity and productivity in carrying out their duties because of illness, injury or other condition

Indicators	FY2022 results	FY2023 results
Ratio of productivity impairment due to presenteeism* ¹	11.7	10.5
Details of presenteeism* ²	1.Sleep problems (16.1%) 2.Backache (12.3%) 3.Stiff shoulders (11.3%)	1.Sleep problems (11.5%) 2.Backache (10.1%) 3.Stiff shoulders (7.9%)
Ratio of employees with high work engagement* ³	63.7%	60.7%
Ratio of employees who are highly satisfied with health measures	87.6%	-

* The survey was conducted with 3,037 persons in FY2022 (of whom 2,226 responded) and 2,989 persons in FY2023 (of whom 2,063 responded.)

*¹ Presenteeism refers to the state in which employees work with reduced capacity and productivity in carrying out their duties because of illness, injury or other condition. On the basis of the questions in the WHO-HPQ, the ratio of productivity impairment due to health problems was independently identified. The figure was calculated using synthetic indicators from the findings of the aforementioned process.

*² Ratios of employees answering specific factors to the respondents to the internal survey

*³ Calculated from the ratios of positive responses to the three indicators specified below in the internal survey in FY2023: (1) Would you recommend the company to your friends and acquaintances? (48.6%)(2) Do you have strong motivation towards work? (65.8%)(3) Are you happy with your job? (67.8%)

Health and Productivity Management

Initiatives

[Regular health checks]

The periodic health checkups that we conduct every year are more detailed and thorough than those stipulated by law. The percentage of employees receiving health checks is 100% every year.

To prevent the aggravation of diseases, we collaborate with the TOPPAN Group Health Insurance Society – of which artience Group is a member – to continuously inform employees and their families and raise their awareness about the importance of hospital visits and treatment.

For employees who are at high risk, we provide continuous health guidance through our in-house clinics.

[Health measures by business site]

In response to the health checkup results reports issued by each business site, we appoint a dedicated health promoter at each site and implement measures to match health conditions and work styles at each site.

We held 24 seminars in FY2021, 24 in FY2022, and 18 in FY2023, including seminars on topics such as stretching, improving back pain, and quitting smoking, and events relating to dental diagnosis and women's health support.

[Improving the selectable welfare program]

The selectable welfare program (Cafeteria Plan) offers a full range of health-related options.

A variety of options are available, including subsidies for sports expenses (such as fitness, swimming, and golf), vaccination costs, medical check expenses, smoking cessation expenses, expenses not covered by insurance, differences in bed costs when hospitalized, and purchase of healthy foods.

[Mental health measures]

- Stress checks: Stress checks are conducted at all business sites in Japan, including those with fewer than 50 employees. The percentage of employees undergoing checks was 92.5% in FY2021, 90.9% in FY2022, and 92.3% in FY2023.
- Self-management: We offer self-care learning through e-learning for new employees.
- In-house counselor system: This is a system in which professional counselors from both inside and outside the company visit consultation rooms at business sites to consult with employees about their concerns. Consultation rooms operate as independent institutions.

In addition to the above, we have also established multiple consultation contact points, including line care, health consultations by industrial health staff, and consultation services outside the workplace established by the health insurance society.

[Forest therapy]

Forest therapy is therapeutic "forest bathing" (spending time in a forest,) backed by scientific evidence. The aim is to maintain and improve mental and physical health and prevent disease while enjoying the forest environment.

It is recommended by the TOPPAN Group Health Insurance Society, of which artience is a member, and we also utilize it in training new employees.



Forest therapy conducted as part of training for new employees

[Promoting measures to help quit smoking]

We are engaged in a variety of initiatives to help employees quit smoking, including holding a Quit Smoking Day, smoking cessation expense subsidies as part of the selectable welfare program, and support for treatment to quit smoking treatment at on-site clinics.

The smoking rate among employees was 26.9% in FY2021, 25.6% in FY2022, and 22.0% in FY2023.

[Initiatives to control infectious diseases]

As a measure against infectious diseases, influenza vaccinations are conducted in-house at major business sites every year. There are various advantages, such as being able to receive medical examinations during working hours. The percentage of employees undergoing vaccinations was 60.0% in FY2021, 64.0% in FY2022, and 59.0% in FY2023.

In FY2021 and FY2022, we conducted workplace vaccinations for COVID-19 at head office for those wishing to be vaccinated.

[Smart Meal certification]

We have received Smart Meal* certification – a certification system for healthy meals and eating environments – for employee cafeterias at some of our business sites.

Eight out of our 13 cafeterias throughout Japan have obtained certification (mainly our head office and major manufacturing sites,) and are supporting the health of our employees with nutritionally balanced meals.

* The Consortium for Healthy Meal and Food Environment – which consists of several academic societies – operates the system, and screens and certifies sites.

Certified as Health and Productivity Management Organization

In 2024, the Group has also been certified by the Ministry of Economy, Trade and Industry (METI) for the eighth consecutive year as a Certified Health & Productivity Management Organization (Large Enterprise Category / White 500) – an enterprise that engages in business management



with consideration for the health of its employees. The Large Enterprise Category / White 500 consists of the top 500 large-scale enterprises (based on the results of a survey under the Certified Health & Productivity Management Organizations Recognition Program) engaging in particularly outstanding health and productivity management activities, based on initiatives implemented to address local health-related issues and activities led by the Nippon Kenko Kaigi to improve health. The program recognizes enterprises that practice excellent health and productivity management in cooperation with insurers.

Occupational Safety and Health, Process Safety and Disaster Prevention

Basic approach

In the Basic Policy on Occupational Safety and Health (revised in January 2024), the artience Group states that it will “endeavor to engage in safe operation, safety and disaster prevention, and hygiene management based on the assumption of compliance with laws and regulations and respect for international norms” to “sustainably improve occupational safety and health in the workplace.” We are taking safety measures for buildings and facilities in line with this policy. The Group has also built an occupational safety and health management system in line with the content of the business activities at each of its business locations, and actively conducts safety activities based on risk management, in order to maintain compliance with its Basic Policy on Occupational Health and Safety – the basis for safety – at a high level.

WEB The Basic Policy on Occupational Safety and Health is posted on our website under Sustainability > Society > Occupational Safety and Health, Process Safety and Disaster Prevention.

Promotion system

The Production Planning Office of artience Co., Ltd. conducts the audits regarding the prevention of occupational disaster/accidents in the entire Group, the risk assessments, and the accident investigations / confirmations. The section has the function of promotion to prevent, or prevent the recurrence of, industrial accidents and accidents related to processes for safety and disaster prevention. It disseminates important information on occupational safety and health through safety network meetings in Japan and overseas and gives instructions about proper actions to take globally in the entire Group.

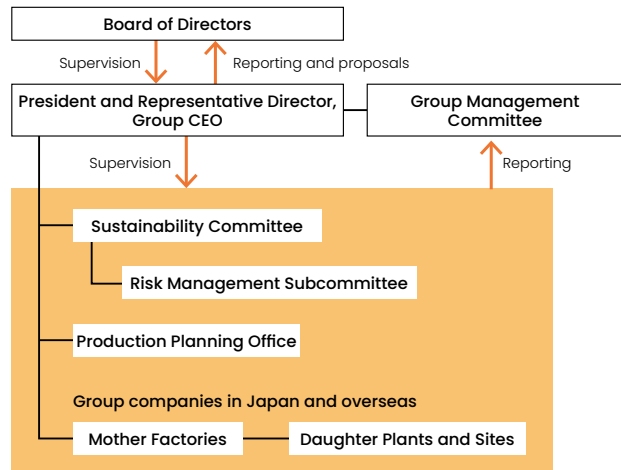
Furthermore, in order to prevent occupational accidents and process safety and disaster prevention accidents from occurring and reoccurring, we regularly hold “Repeated Safety Training.” Every month, we distribute the “Calendar for Reviewing Past Accidents” in Japan and overseas, summarizing occupational accidents and process safety and disaster prevention accidents that have occurred within the Group in the past. Through sharing and discussing about the safety measures taken following past accidents, thereby raising safety awareness and improving safety skills throughout the Group.

In responding to natural disasters such as large-scale earthquakes, fires, and accidents, we work together with the Risk Management Subcommittee to consider measures to prevent disasters and accidents and minimize damage when they do occur, and to develop our emergency contact network.

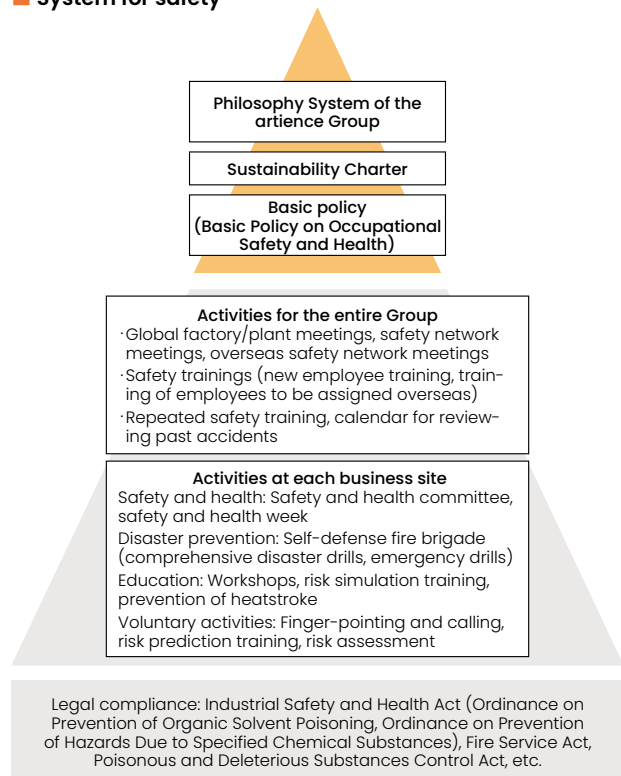
We regularly hold management councils, where the labor union and the company discuss issues, to improve work styles, including safety and health. In addition, the safety and health committee meetings are held at each business site every month. The committee consists of persons in charge, managers and

members of the labor union. At the meetings, they report and discuss occupational safety and health issues including accidents/disasters. The minutes committee meetings are also posted on our internal intranet and shared with employees.

Organizational structure for occupational safety and health (FY2024)



System for safety



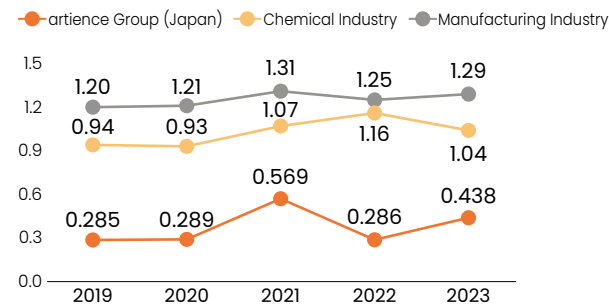
Occupational Safety and Health, Process Safety and Disaster Prevention

Initiatives

[Changes in the frequency rate and the severity rate for lost-workday injuries]

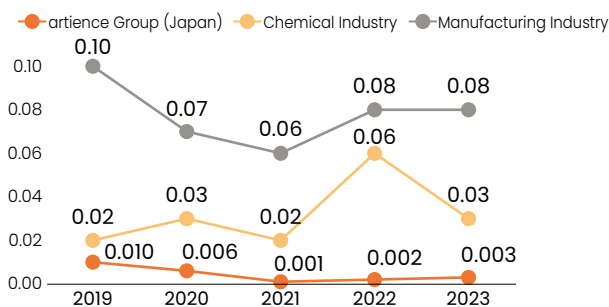
In the artience Group (in Japan), the number of lost-workday injuries increased by one from 2022, and the frequency rate of lost-workday injuries rose. The number of lost days increased by 13, and the lost-workday-injury severity rate rose. The frequency rate of lost-workday injuries stood at 0.438, and the lost-workday-injury severity rate came to 0.003. Those figures were lower than the entire manufacturing industry and chemicals industry. The artience Group works to make clear causes of accidents and injuries, including lost-workday injuries, and measures to take in response to them to prevent recurrence.

Changes in the lost-workday injury frequency rate*1



*1 Lost-workday injury frequency rate: Number of lost-workday injuries or fatalities per million work hours, which indicates the frequency of lost-workday injuries. The outside data are cited from the Ministry of Health, Labour and Welfare's Summary on Industrial Accidents (surveys of business establishments) issued in 2022.

Changes in the Lost-workday injury severity rate*2



*2 Lost-workday injury severity rate: Number of lost-workday per thousand work hours, which indicates the severity of accidents. The outside data are cited from the Ministry of Health, Labour and Welfare's Summary on Industrial Accidents (surveys of business establishments) issued in 2022.

Number of workplace injuries (Unit: cases)

	2019	2020	2021	2022	2023
artience Group (in companies* in Japan)	2	2	4	2	3

* Companies: employees working at all the business establishments of the Group based in Japan (including contract employees, part-time employees and dispatched employees)

[Hazard identification, risk assessment, and incident investigation]

1. Hazard identification and risk assessment

At the artience Group, the safety management department confirms the status of basic safety activities, including activities to prevent workplace injuries and the implementation of measures, at each business site. If there are any inadequacies, the section requests business sites to make improvements.

Each site of the artience Group conducts risk assessment, including risk prediction and reports of near-miss cases, before work. Employees conduct pointing and calling to reduce risk when working. If any potential risk is found at any site, it will be reported to managers, who in turn will give feedback on actions and improvements to the site.

2. Survey of workplace injuries

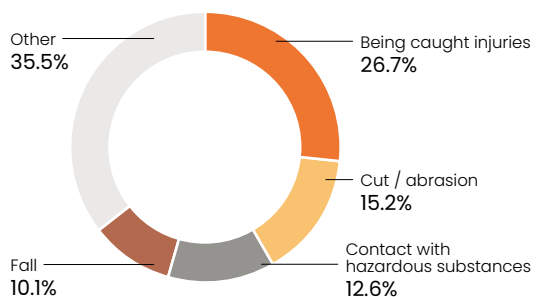
When workplace injuries occur, the sites will be investigated and meetings for actions will be held. The facts and the circumstances behind the injuries will be made clear, and the cause will be investigated. We will then hammer out and implement measures. Accidents are made known in the entire Group promptly through an accident information management system to facilitate creation of recurrence prevention measures.

3. Actions to reduce prioritized risks

We have analyzed the types of workplace injuries at the artience Group and have found that being caught injuries were the most frequent, followed by cuts and abrasions, contact with hazardous substances, and falls. Being caught injuries, and contact with hazardous substances (particularly those causing eye injuries) can cause serious injuries, and the artience Group has defined them as high-risk accidents and is focusing on dealing with them. To prevent those workplace injuries, we have created a working group consisting of members selected at each site. The working group is working to hammer out measures related to employees and facilities to prevent workplace injuries and formulate rules. Through the activities of the working group, we are working to cultivate members who will promote safety. In this way, we are improving the level of safety throughout the artience Group.

Breakdown of workplace injuries by type

Data in Japan and overseas from 1997 to 2023 (including minor injuries)



Occupational Safety and Health, Process Safety and Disaster Prevention

[Training for occupational safety and health]

The artience Group provides repeated safety training to have employees acquire knowledge to avoid serious accidents. The repeated safety training is e-learning given to individual employees. Each employee can take safety lessons when they like. They view safety videos created internally and answer questions or quizzes about safety.

We also provide opportunities to have a simulated experience, "VR Risk Simulation Training," to employees. This training features close-to-reality VR risk simulations in which trainees experience a simulated workplace injuries and accidents at production sites and other situations that are difficult to reproduce (hazardous events such as fires, falls, and pinch-point injuries.) These simulations are combined with related lectures. We provide opportunities to have a "VR Risk Simulation Training" also to employees overseas to raise their crisis awareness and crisis management level.



VR Risk Simulation Training

[Network meetings in Japan and overseas]

The artience Group holds safety network meetings every year. In FY2023, these meetings were held in May and October at our sites in Japan, and introduced safety rules, new rules on chemical substances and examples of low-frequency work, while carrying out on-site checks. Overseas meetings included mutual safety checks involving safety managers in China, South Korea and in the English-speaking region (at all 27 locations) regarding the prevention of being caught injuries, and action against static electricity and electrical fire. We will continue to hold safety network meetings at locations in Japan and overseas to share safety information in the Group and improve the safety level.

[Initiatives for safety and disaster prevention]

Fire and accidents caused by production facilities could harm the health and safety of employees working at the sites and residents living nearby. The artience Group takes steps to prevent accidents and disasters at each operation site in Japan and overseas and conducts emergency drills at each operation site to minimize damage if any accident or disaster occurs.

No serious fire or accidents involving loss of life in FY2023.

[link](#) Page 95: ESG Data Collection > Occupational Safety and Health, Process Safety and Disaster Prevention

■ Number of participants in company-wide safety training (FY2023)

(Unit: persons)

Type of training		Theme	Number of participants
Repeated safety training	e-learning	Prevention of fall-type accidents	2,104
Repeated safety training	e-learning	Infrequent work	2,101
Safety training for new hires	on-line training	Things to do for safety	57
Training for overseas assignees	on-line training	Overseas safety	20
VR Risk Simulation	Simulation	Pinch-point injuries, falls, the forklift	512

Respect for Human Rights

Basic approach

In accordance with the corporate philosophy of *People-oriented management*, the artience Group has established rules on respect for human rights and compliance with the labor laws of each country and engages in business activities with consideration for the local culture and values of each region, aiming to create a corporate culture that enables the development and active participation of diverse human resources.

Frameworks such as the OECD Guidelines for Multinational Enterprises, the California Transparency in Supply Chains Act, and the UK Modern Slavery Act 2015 require companies to fulfill their social responsibilities covering their supply chains. We therefore focus on initiatives in consideration of human rights, labor, the environment, and other factors by including our supply chains in the scope of our social responsibilities.

In addition, based on our belief that negative impacts of our business activities on human rights should be identified and reduced, in March 2023, we established the "Basic Policy on Respect for Human Rights" (revised in January 2024.)

Human rights policy

The Group has a global business presence with approximately 60 Group companies operating in around 20 countries and regions around the world. With the globalization of business, supply chains are expanding and becoming more complex, and companies are required to fulfill their social responsibilities, including their supply chains.

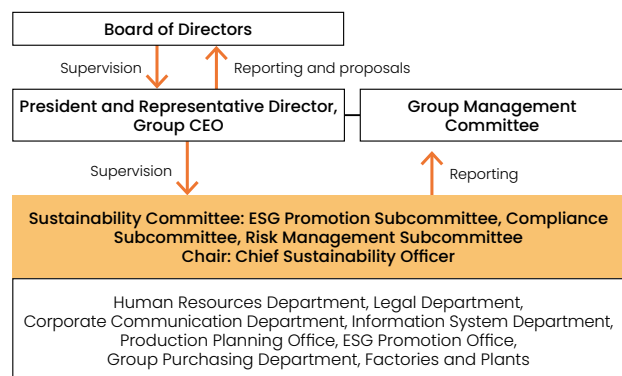
In our efforts to respect human rights throughout the supply chain as a company that operates globally, we communicate our "Basic Policy on Respect for Human Rights," as well as our "Basic Policy on Procurement" (revised in January 2024) and "Sustainable Supply Chain Guidelines" (revised in January 2024) to our overseas group companies and suppliers.

WEB The Basic Policy on Respect for Human Rights is posted on our website under Sustainability > Society > Respect for Human Rights. The Basic Policy on Procurement and the Sustainable Supply Chain Guidelines are posted on our website under Sustainability > Society > Supply Chain Management.

Promotion system

In the artience Group, the Human Resources Department is responsible for regulations and policies on human rights. The Compliance Committee takes a leading role in addressing human rights issues and providing human rights education by each subject. The Risk Management Subcommittee, exhaustively and comprehensively manages and checks the human rights risks of the entire Group under the operating officer in charge of risk management (the head of the Risk Management Subcommittee.)

■ Respecting human rights related system (FY2024)



Respect for Human Rights

Human rights due diligence

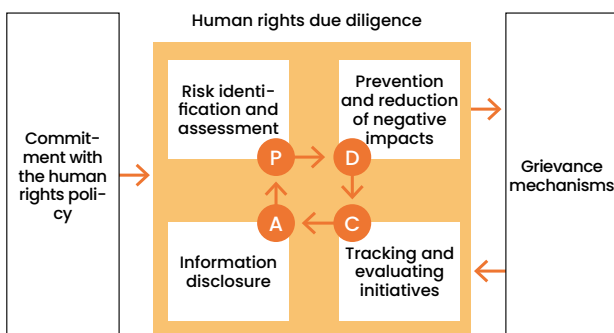
Businesses and their supply chains are required to fulfill their social responsibility. We therefore focus on initiatives in consideration of human rights, labor, the environment, and other factors by including our supply chains in the scope of our social responsibilities. Based on the idea that it is necessary to understand and reduce the negative impacts of business activities on human rights, we associate those human rights risks that can be assumed with specific departments on a subject-by-subject basis to carry out activities to control them.

The Human Resources Department and the General Affairs Department (Legal Group) play a central role in conducting training, education and awareness-raising activities regarding respect for human rights and labor practices inside the artience Group, collaborating with relevant departments in an effort to ensure sound workplace environments.

To our supply chains, we distribute the Sustainable Supply Chain Guidelines and carry out surveys on CSR procurement. The Guidelines provide for statutory compliance, respect for international norms, respect for human rights, fair labor conditions and environment, reduction of environmental impacts, corruption control and other matters. In so doing, we are monitoring suppliers' human rights and other sustainability activities.

When the artience Group's business activities are directly or indirectly involved in the infringement of human rights or negatively impact human rights, the Group will swiftly endeavor to correct them through dialogue and appropriate procedures.

Human rights due diligence processes



Overview of human rights initiatives

Policies
 Basic Policy on Respect for Human Rights
 Basic Policy on Procurement, Policy on Promoting DE&I
 Sustainable Supply Chain Guidelines

System for promoting respect for human rights

Sustainability Committee: ESG Promotion Subcommittee, Compliance Subcommittee, Risk Management Subcommittee
 Chair: Chief Sustainability Officer

Human Resource Department, Legal Group of General Affairs Department, Corporate Communication Department, Information System Department, Production Planning Office, ESG Promotion Office	Purchasing Department, Factories and Plants
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P ↑↓ Risk identification, assessment, and reporting

P ↑↓ Purchasing Department, Factories and Plants

All Group employees in Japan and overseas	Supply chain
Training / education, and awareness-raising activities	Supplier selection survey (new suppliers) CSR procurement survey (self-assessment survey) Promotion of ethical logistics ("White Logistics") Utilization of external evaluations (EcoVadis)

Grievance mechanisms (complaint handling)
 We have established internal and external compliance offices as points of contact for reporting compliance issues, including human rights violations. We have also established an inquiry desk (also with English and Chinese language support) on our website to respond to external reports.

D **Prevention and reduction of negative impacts**
 Initiatives under our system for promoting respect for human rights

C **Tracking and evaluating initiatives**
 Board of Directors, Group Management Committee, Sustainability Committee, Sustainability Conference

A **Information disclosure**
 Integrated Reports, Sustainability Data Book, website

Respect for Human Rights

Latent human rights risks involved in business activities

(□: Japan, ■: Overseas)

Latent human rights risks	Activities in the artience Group <input type="checkbox"/> ■ Discrimination <input type="checkbox"/> ■ Harassment <input type="checkbox"/> ■ Working environment <input type="checkbox"/> ■ Leakage of personal information	Supply chain <input type="checkbox"/> ■ Discrimination <input type="checkbox"/> ■ Harassment <input type="checkbox"/> ■ Working environment <input type="checkbox"/> ■ Forced labor <input type="checkbox"/> ■ Child labor <input type="checkbox"/> ■ Conflict minerals <input type="checkbox"/> ■ Leakage of personal information <input type="checkbox"/> ■ Anti-corruption <input type="checkbox"/> ■ Insufficient product safety assurance <input type="checkbox"/> ■ Human rights violations at the stage of product use <input type="checkbox"/> ■ Product use for military purposes	Local communities <input type="checkbox"/> ■ Environmental pollution
Major initiatives	<ul style="list-style-type: none"> · Training, education and awareness raising activities (such as training for new employees, training before overseas assignment, compliance meetings at individual sites, and internal surveys) · Construction of the DE&I promotion structure · Information security measures (construction of a business continuity planning (BCP) structure for systems) · Information security measures (such as IT literacy tests and information security investigations) 	<ul style="list-style-type: none"> · CSR procurement (study on the Standard for Selecting Suppliers and CSR procurement surveys) · Response to CSR investigations and surveys · Information security measures (construction of a BCP structure for systems) · Promotion of ethical logistics ("white logistics") · Utilization of external evaluations (EcoVadis) · Management and offering of quality information 	<ul style="list-style-type: none"> · Risk communication activities · Participation in environmental conservation activities · Participation in locally organized activities and organization of dialogues · Information disclosures (through Integrated Reports, Sustainability Data Books and the website)
	Internal compliance office and external compliance office (law firm)	Contact for inquiries	Contact for inquiries

Human rights education and awareness-raising activities

The artience Group has stated its basic stance on human rights in Basic Policy on Respect for Human Rights. Our internal training programs such as training for new employees and training before overseas assignment include human rights matters. Our compliance training that we hold every year, such as compliance meetings at individual sites and the Compliance Improvement Month, focuses on human rights issues that are considered important. We thus continue awareness-raising activities.

In line with the global expansion of our business, since FY2013 we have been introducing human rights education into our training for overseas assignments. We give lectures about the risk of violating human rights when working overseas including actual cases. At the same time, we provide education about personnel management, including respect for local cultures and customs and harmony with local communities, which are necessary when working with foreign nationals. In FY2023, 20 employees received human rights education in training before working overseas.

[link](#) Page 93: ESG Data Collection > Promoting Diversity, Equity and Inclusion

Establishing respect for human rights

At the artience Group, we believe it important to take initiatives to ensure that the human rights of our employees and a wide range of our stakeholders are respected. The Basic Policy on Respect for Human Rights expressly states the prohibition of any form of "prohibition of child labor and forced labor," "elimination of discrimination and harassment," "respect for freedom of association, the right to collective bargaining and privacy," "consideration of occupational safety and health, working hours and wages," and "promoting responsible procurement." To raise awareness of these guidelines, we actively undertake internal activities such as holding compliance meetings in each site. We also distribute a booklet showing a collection of specific model cases of compliance (revised on April 1, 2020) and use it for internal trainings related to human rights issues.

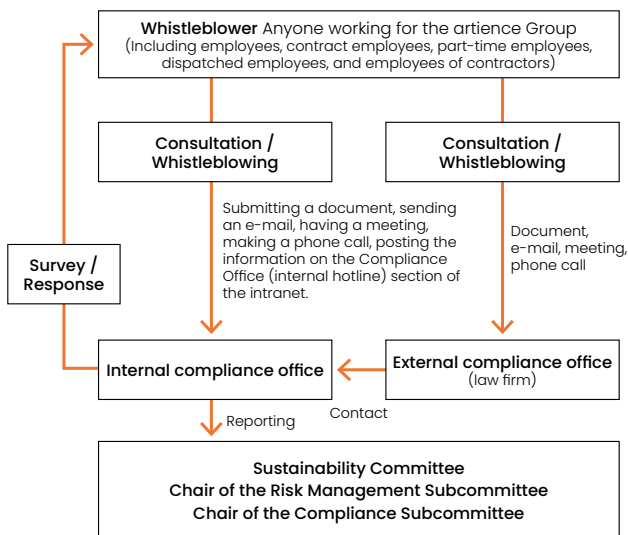
We have established the "Basic Policy on Procurement" (revised in January 2024) and the "Sustainable Supply Chain Guidelines." These policy and guidelines include provisions for following local laws in supply chains, regarding prohibitions on child labor, forced labor and discrimination, the right to act collectively, compliance with the minimum wage and statutory working hours, ensuring industrial safety and health for employees and offering a proper working environment.

Respect for Human Rights

Office providing consultations on human rights violations

We established internal and external compliance offices to provide consultations on compliance, including human rights violations. We also have a contact point for inquiries on our website (Japanese, English, and Simplified Chinese,) where we respond to whistleblowing from external parties. We conduct fact-finding surveys in response to whistleblowing and take prompt countermeasures if a problem is likely to occur. Every possible measure is taken to protect whistleblowers and keep their identities confidential.

In FY2023, there was no whistleblowing that led to serious risks of human rights violations.



Preventing harassment

We revised the Rules for Preventing Harassment in June 2022 under the revised Whistleblower Protection Act, which came into effect on June 1, 2022. The Rules for Preventing Harassment show specific prohibited acts, based on which we will promote the correct understanding of respect for human rights and the creation of an environment that accepts the diversity of employees following the Corporate Philosophy of *People-oriented Management*, and take initiatives to prevent human rights infringements.

We provide anti-harassment training to all managerial employees in the artience Group (in Japan). It increased their understanding of harassment and prompted them to review their own behaviors. In our compliance activities for all employees, we provide anti-harassment education that utilizes a booklet showing a collection of model cases of compliance. The Group endeavors to prevent harassment in all situations.

Acts of harassment that are prohibited under the "Rules for Preventing Harassment"

- Sexual harassment
- Power harassment
- Maternity and paternity harassment
- Care harassment
- Harassment related to sexual orientation and gender identity

Respect for workers' rights

The artience Group respects fundamental labor rights, including employees' right to organize and the right to collective bargaining. We comply with laws overseas in consideration of the characteristics of each region.

The artience Group companies in Japan provide regular opportunities for management teams and labor union representatives to discuss each other to respect workers' freedom of association and collective bargaining rights. We discuss management policies, working conditions and other subjects to develop sound and favorable labor-management relationships. Senior management and labor union members hold councils twice or more a year and exchange views about overall management.

Child labor, forced labor

The artience Group has set forth rules on respect for human rights, including the prohibition of child labor and forced labor, in its Basic Policy on Respect for Human Rights and makes the rules known to the Group companies overseas by providing training to employees assigned overseas and applying guidelines to Group companies overseas.


In addition, we established the Basic Policy on Procurement (revised in January 2024) and the Sustainable Supply Chain Guidelines. Not only will we work to comply with these rules, to achieve compliance throughout the whole supply chain, we are asking our suppliers for understanding and observance.

Supply Chain Management

Basic approach

The artience Group has been developing its business globally, with about 60 companies in over 20 countries and regions around the world. This global expansion has made the Group's supply chains more complex. Companies has required to fulfill their social responsibilities covering their supply chains. The Group therefore focus on initiatives in consideration of human rights, labor, the environment, and other factors by including our supply chains in the scope of our social responsibilities.

Specifically, we established the Raw Materials Purchasing Regulations in June 1990 (revised in January 2024) and are promoting CSR procurement based on our Basic Policy on Procurement (established in April 2005 and revised in January 2024.) With the aim of raising the level of CSR of each supplier and improving sustainability in the upstream portion of our supply chain, we have established the Sustainable Supply Chain Guidelines (established in October 2022 and revised in January 2024.) The basic policy and guidelines are based on our basic stance of complying with and respecting the laws and regulations of the countries and regions in which the Group operates, international codes of conduct by the United Nations, the ILO, and OECD, etc., and industry standards such as RBA and AIAG. They cover a wide range of sustainability issues, including human rights, labor practices, health and safety, the environment, product safety, compliance, and information security. The policy and guidelines have been prepared in Japanese, English, and Chinese (Simplified) language versions, and made available to Group companies and suppliers both in Japan and overseas.

 The Basic Policy on Procurement and Sustainable Supply Chain Guidelines are posted on our website under Sustainability > Society > Supply Chain Management.

Promotion system

The Group Purchasing Department of artience Co. Ltd. plays a central role in taking actions for suppliers and engages in CSR procurement activities based on the Basic Policy on Procurement and the Sustainable Supply Chain Guidelines.

It delivers reports on risks related to CSR procurement regularly at the Risk Management Subcommittee for information sharing purposes. It endeavors to prevent risks from materializing and to reduce such risks.

Promotion of CSR procurement

To this end, we implement measures for (1) distributing our Basic Policy on Procurement and Sustainable Supply Chain Guidelines, (2) investigations and audits against suppliers and remedial activities for them, and (3) deepening the level of understanding among employees. We also carry out activities to make the Procurement Principles known to overseas sites.

Since FY2021 we have been preparing for full-scale procurement due diligence, and since FY2022 we have been sequentially conducting sustainability surveys of domestic suppliers and feeding the results of our analyses back into our procurement activities.

The Group itself is also working to improve the sustainability of the entire supply chain together with customers by checking efforts to ensure respect for human rights in procurement activities, conducting supply chain sustainability assessments through EcoVadis, and responding to CSR procurement questionnaires from customers.

[CSR procurement survey]

Since FY2022, as part of our CSR procurement survey, we have been conducting questionnaire surveys to confirm the agreement of suppliers in Japan with the Sustainable Supply Chain Guidelines, and to confirm the state of CSR initiatives.

The confirmation of agreement with the Guidelines requires the submission of a signed confirmation form with five levels of agreement, and the guideline agreement rate is defined as the percentage of suppliers with Agreement Level 3 (those who already comply with a CSR code of conduct established by their company or an industry association, or agree to comply with the Guidelines.) The questionnaire was conducted using the GCNJ (Global Compact Network Japan) CSR Procurement Self-Assessment Questionnaire v1.1. The CSR procurement rate is defined as the percentage of suppliers who scored 75/100 or higher overall in the questionnaire. Since business size and transaction amount with the Group vary from supplier to supplier, calculations were based on transaction value rather than the number of companies. The guideline agreement rate and the CSR procurement rate are used as KPIs to indicate the Group's level of CSR procurement performance. They are continuously monitored (surveyed every three years for existing suppliers and surveyed at the time of contracting for new suppliers,) and results are fed back into our improvement activities.

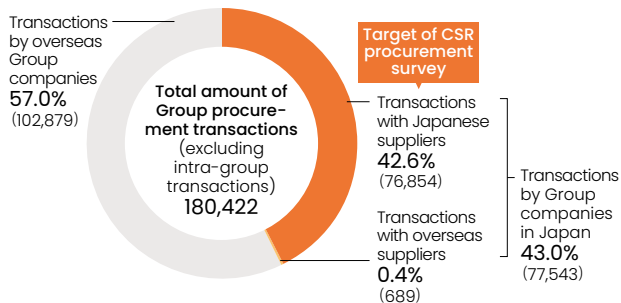
In FY2023, we surveyed of a total of 522 suppliers (transaction value of 76,854 million JPY = 42.6% of the Group's total transaction amount), including 274 suppliers under the authority of the Group Purchasing Department, which were the subject of the previous year's survey, and suppliers under the authority of production sites in Japan. As a result, the guideline agreement rate was found to be 76.7% (379 suppliers) and the CSR procurement rate was found to be 71.1% (274 suppliers.) We are also working to improve our level of CSR performance by designating suppliers with large transaction amounts and insufficient CSR performance levels (transaction value of 100 million JPY or more, total score of less than 60/100 points in questionnaires) as "suppliers requiring care." In FY2023, we identified 12 companies as suppliers requiring care, and held discussions with one of them.

Going forward, we will expand our survey activities to include suppliers that engage in transactions with overseas Group subsidiaries and work to promote sustainability in the global supply chain, in particular, to improve respect for human rights.

Supply Chain Management

Scope of the CSR procurement survey (FY2023)

(Unit: million JPY)



	Number of companies (company)	Transaction amount ratio (%)
Suppliers surveyed	522	—
Suppliers who have submitted consent confirmation	397	91.4
Among them, companies that have expressed agreement with the guidelines (Guideline consent rate)	379	76.7
Answer the questionnaire	392	91.3
Among them, companies with a score of 75/100 or more (CSR procurement rate)	274	71.1

* As of March 2024

[Dealing with new suppliers]

We evaluate potential suppliers based on the Standard for Selecting Suppliers in article 6 of Basic Policy on Procurement, and do not deal with any suppliers that do not meet a certain standard. We start to deal with suppliers that meet a certain standard on the assumption that they accept our Basic Policy and Sustainable Supply Chain Guidelines. We also regularly reassess suppliers to reduce procurement risk.

[Response to conflict minerals and avoidance of complicity in human rights violations in procurement]

We are engaged in initiatives to eliminate the use of conflict minerals (gold, tin, tantalum, and tungsten), that are mined, refined, and processed by illegitimate means that involve human rights violations in conflict-affected areas and other high-risk areas, which may become a source of funding for groups and forces complicit in the mining, refining and processing of such minerals. We have checked whether each raw material that we have procured directly or indirectly included any conflict minerals or not and have taken appropriate steps when we found and confirmed any use of conflict minerals. We will continue to investigate and check newly adopted raw materials, and also strengthen our measures to prevent the use of minerals from regions of conflict. We are also making some efforts to inform suppliers regarding cobalt and mica, which have been designated as "extended conflict minerals," through our Sustainable Supply Chain Guidelines, and by conducting questionnaire surveys. With regard to possible violations of the United States Uyghur Forced Labor Prevention Act (UFLPA,) we have confirmed that the list of primary suppliers from which our purchasing

department directly purchases raw materials does not include companies on the UFLPA Entity List. Going forward, we will continue to survey, check, and respond to these responsible procurement activities.

[Sustainability rating by EcoVadis]

EcoVadis is an international organization engaging in rating of supply chain sustainability. artience Co., Ltd. was awarded a bronze medal (total score 52/100) in the 2023 sustainability evaluation.

Initiatives for solving logistics issues

In 2020, artience Co., Ltd. announced its voluntary action declaration in support for the White Logistics Movement launched by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries. As one initiative in support of this movement, we will work to improve and relocate relay bases to optimize delivery and receiving. With the understanding and cooperation of our customers, we will also work together as a united supply chain to reduce the burden on logistics operators, and strive to maintain and improve logistics, which is an important part of social infrastructure, by easing delivery lead times, shortening waiting times at delivery destinations, and reducing the workload of incidental operations.

WEB The details of our participation in the White Logistics Movement are posted on our website under Sustainability > Society > Supply Chain Management.

TOPICS

Revision of the Partnership Building Declaration

On May 27, 2024, artience Co., Ltd. revised its Partnership Building Declaration. The original Partnership Building Declaration was announced on October 31, 2022. This revision is based on the Guidelines for Price Negotiations to Appropriately Pass Through Labor Costs (issued by the Cabinet Secretariat and the Fair Trade Commission in November 2023.) In terms of the content of the revision, the following wording has been used in the declaration.

"We will not make unreasonable demands for cost reductions. We will hold discussions with subcontractors at least once a year when determining transaction considerations, and strive to ensure full discussions with subcontractors to enable them to improve their working conditions, including their appropriate profits."

Going forward, we will continue to engage in dialogues and collaboration with our suppliers, with the aim of achieving further mutual prosperity.




Social Contribution Activities

Basic approach

In its Sustainability Charter, the artience Group emphasizes creating and providing value to customers and consumers through products and services as a manufacturer, coexisting with society, gaining the trust of stakeholders, and fulfilling its responsibilities as a corporate citizen.

Based on our philosophy of contributing to society through our business as a good corporate citizen and fostering a corporate culture that values social contribution, we provide education for the next generation, such as social experience classes and factory tours to stimulate students' interest in chemistry; environmental conservation through tree planting and community cleanup activities; and community contribution through cooperation and support for local communities and activities aimed at solving problems with residents and local communities. By continuing to work in these three areas, we seek to fulfill our social responsibilities as a member of the communities in which we conduct our corporate activities and achieve coexistence and co-prosperity.

 The Sustainability Charter is posted on our website under Sustainability > Society > Social Contribution Activities.

Promotion system

At individual sites, their general affairs and administrative departments play a leading role in carrying out the activities. In Japan, we launched a volunteer leave system for supporting employees' voluntary activities.

Before making donations to non-profit organizations (NPOs), non-governmental organizations (NGOs) and disaster relief activities, we make reasonable decisions in accordance with our internal rules.

Initiatives

[Introduction of a volunteer leave system]

The artience Group (in Japan) introduced a volunteer leave system in July 2021 so that employees can actively participate in volunteer activities. In addition to supporting activities outside the Group, leveraging the expertise that we have developed in our business, we encourage employees to get involved in volunteer activities and support their activities. We thereby foster a corporate culture where social contribution activities are emphasized. An employee took volunteer leave in FY2023.

[Collection and recycling of used clear folders]

The artience Group (Kyobashi Head Office, Jujo Center, and Saitama Factory) joined the ASKUL Resource Circulation Platform* in FY2022 for the purpose of cutting plastic waste and making circular use of plastic resources. It then embarked on activities of collecting and recycling used clear folders. In FY2023, we collected 41.05 kg of clear folders at Saitama Factory, and 22.4kg at Kyobashi Head Office and Jujo Center.

Conventionally, aged and disused clear folders were actually discarded. Collection paves the way for recycling into resources. Collected clear folders are recycled into raw materials for new plastic products such as clear folders, ballpoint pens and accessory boxes. We will continue to expand reduce-reuse-recycle practices in business activities across the Group in an effort to make effective use of limited resources and to reduce our environmental footprint.

* ASKUL resource circulation platform (Japanese)
<https://www.askul.co.jp/kaisya/shigen/>

Major activities in FY2023

Type	Activities
Education for the next generation	<ul style="list-style-type: none"> Sponsorship for the Scrum Japan Program, an initiative for spreading and cultivating rugby (artience Co., Ltd.) artience sponsored the Try with Children Environment Festival, an event held at an elementary school in Chuo-ku, Tokyo, where children can learn about the environment through hands-on experiences (artience Co., Ltd.) Saitama Factory and Seishin Factory held a summer open company for technical students to learn through work experience (42 participants in total) (artience Co., Ltd.) Donation and contribution according to the CSR program launched in FY2021 for donating to research institutions and offering computers and other learning equipment, bookshelves, chairs and other supplies for use by schoolchildren to local schools (Toyo Ink India Pvt. Ltd.)
Environmental conservation	<ul style="list-style-type: none"> Continued to participate in environmental beautification activities on July 1 (Lake Biwa Day) (Moriyama Factory of Toyo Visual Solutions Co., Ltd.) Continued to participate in environmental beautification activities, Nakanoshima West Cleanup Activities (Kansai Branch Office, Toyo Ink Co., Ltd.) Participation in activities of collecting and recycling used clear folders (Kyobashi Head Office, Jujo Center and Saitama Factory of Toyo Ink Co., Ltd.) Tree-planting activities on the premises on World Environment Day (June 5) (Toyo Ink India Pvt. Ltd.) On March 29, Toyo Ink (Philippines) and other companies in the same industrial park conducted a joint beach cleanup in the Las Piñas-Parañaque Critical Habitat and Ecotourism Area (LPPCHEA.) Aiming to raise awareness of the importance of keeping coastlines clean and free of trash, the participants collected trash with a total weight of 449kg (Toyo Ink (Philippines) Co., Inc.)
Contribution to local communities	<ul style="list-style-type: none"> Sales of crops at direct sales places and promotions in collaboration with local tourism associations and communities in agribusiness (Toyo B-Net Co., Ltd.) Donation of disinfecting alcohol and other items to neighboring kindergartens (artience Co., Ltd.) Donation of used stamps and Bell-marks to the local Council of Social Welfare, and donation of foods to the children's cafeterias (artience Co., Ltd.) Cooperation in employees' blood donation activities on plant premises (Toyo Ink (Philippines) Co., Inc. and Toyo Ink India Pvt. Ltd.)
Others (supporting / donations, etc.)	<ul style="list-style-type: none"> Continued donation to the Chuo-ku-no-Mori forest conservation project run by the Chuo City Government in Tokyo as a measure against global warming Donation of research grants to universities and organizations for the purpose of supporting research We donated relief supplies such as 400 winter vests and 100 blankets, and 10 million JPY in relief funds through the Japanese Red Cross Society to support earthquake-stricken areas in southeastern Turkey.

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)

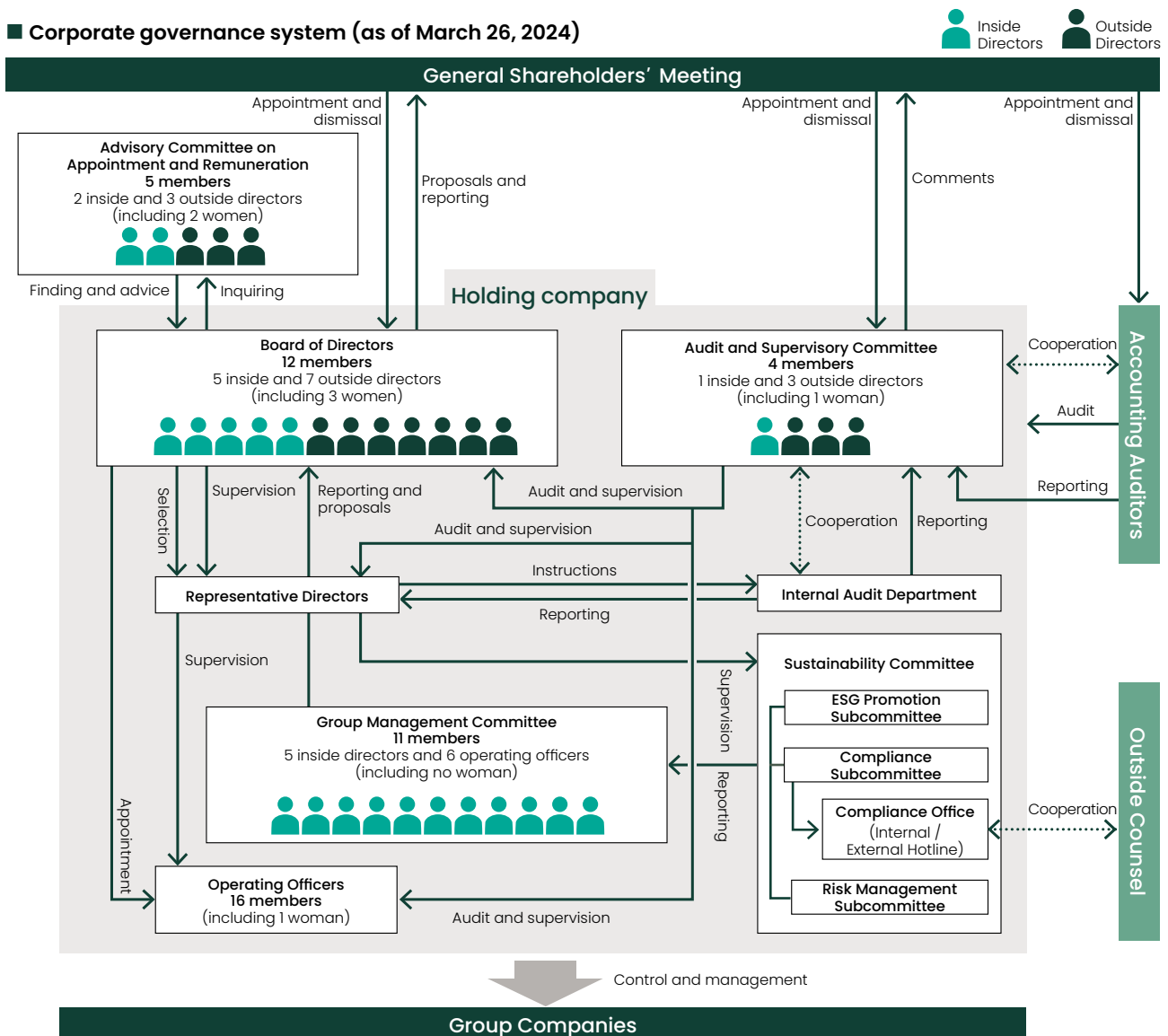
We will address individual corporate governance issues in accordance with the basic policy regarding corporate governance in an effort to establish proper corporate governance.

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 (oneyear 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 meeting.

 The Basic Policy on Corporate Governance and details of our corporate governance initiatives are posted on our website under Sustainability > Governance > Corporate Governance.

Corporate governance system (as of March 26, 2024)



Corporate Governance

Major Organizational Units and Meeting Bodies and their Roles

Organizational unit / meeting body	Members	Roles	Meeting held in FY2023
Board of Directors Term for directors who are not Audit and Supervisory Committee members: 1 year Term for directors who are Audit and Supervisory Committee members: 2 years	Chair: President and Representative Director Members: Twelve members (three of whom are women); eight 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.)	In addition to meeting every month as a key organizational body making decisions regarding the overall management of the Group, the Board also meets on an extraordinary basis as necessary, making decisions on legal matters and important management matters and overseeing the state of execution of business.	17 times
Audit and Supervisory Committee Term for Audit and Supervisory Committee members: 2 years	Members: Four Audit and Supervisory Committee members (including three external members and three independent members)	The Audit and Supervisory Committee cooperates with the Internal Audit Department and accounting auditor and audits the legality and appropriateness of directors' execution of their duties. It gives reports with the Internal Audit Department—the Group's internal auditing division—at regular meetings of the Audit & Supervisor Committee and holds information exchange meetings as appropriate. The committee reports audit results to accounting auditors and holds information exchange meetings as appropriate.	13 times
Group Management Committee	Members: Directors, Audit and Supervisory Committee members, operating officers who supervise or are responsible for key management functions, presidents of core operating companies	The Group Management Committee makes important decisions on the execution of business as a consultative and decision-making body subordinate to the Board of Directors. Because the Group Management Committee mainly examines the Group's business strategies, business-related issues, and business results, its meetings are always attended by Chief R&D Officer, General Manager of Finance & Accounting Department and General Manager of Human Resources Department who do not attend the Board of Directors' meetings, and the representative directors of the Group's core operating companies, Toyocolor Co., Ltd., Toyochem Co., Ltd. and Toyo Ink Co., Ltd.	26 times
Advisory Committee on Appointment and Remuneration	Chair: Outside Director Members: Two inside directors and three outside directors	It discusses director candidates and their remuneration. The committee, the majority of which consists of outside directors, advises the Board of Directors on the appointment and remuneration of officers, thereby further enhancing transparency and objectivity in the process of determining the appointment and remuneration of directors. Beginning in FY2024, it holds four meetings a year to closely discuss successor plans and other matters.	once
Sustainability Committee	Chair: Chief Sustainability Officer (Director) Secretariat: ESG Promotion Office / Corporate Communication Department	The Sustainability Committee discusses policies, strategies, plans and measures regarding sustainability for the Group. It reports the progress of sustainability activities to the management and seeks the approval of the Group Management Committee and the Board of Directors approval of important matters.	twice
ESG Promotion Subcommittee	Chair: General Manager of ESG Promotion Office Secretariat: ESG Promotion Office	It carries out specific measures to disclose information in compliance with the TCFD recommendations, addresses climate change, reviews material issues, discusses new material issues and draws up measures to address the material issues.	13 times
Compliance Subcommittee	Chair: General Manager of Human Resource Department Secretariat: Legal Group, General Affairs Department	It discusses policies, plans and measures related to compliance for the Group. It works to advance the groupwide ethics and compliance system. It plans and implements education to enhance compliance and awareness-raising activities through having a compliance month and using the Group's intranet.	twice
Risk Management Subcommittee	Chair: General Manager of General Affairs Department Secretariat: General Affairs Group, General Affairs Department	It discusses policies, strategies, plans and measures regarding risk management for the Group and performs groupwide risk reviews to analyze and evaluate risks and report its findings to the management. It reports material risks to the Group Management Committee and to the Board of Directors. When any risk of great urgency materializes, it sets up an emergency headquarters and leads and controls emergency measures.	twice

Corporate Governance

Skill matrix of the Board of Directors

We define the areas where we expect the individual directors to provide helpful supervision and advice regarding management issues. We also make sure that

the Board of Directors is composed of diverse directors with abundant experience and expert knowledge to enable proper deliberation and supervise the execution of business.

■ Composition and the activities of the main meeting bodies, expertise and careers of the members (skill matrix)

Name and position	Age	Gender	Nationality	Attendance rate at meetings*1			Main expertise and careers*4							
				Board of Directors	Audit & Supervisory Committee	Advisory Committee on Appointment and Remuneration	Corporate Management	Technical / R&D Production	Sales Marketing	Global	Finance / Accounting	Human Resources / DE&I	ESG Compliance Risk Management	
Katsumi Kitagawa Chairman and Representative Director	70	Male	Japan	○ 100% (17/17)		○ 100% (1/1)	○	○	○					
Satoru Takashima President and Representative Director, Group CEO	63	Male	Japan	● 100% (17/17)		○ 100% (1/1)	○		○	○				
Hiroyuki Hamada Senior Managing Director in charge of Corporate Departments	65	Male	Japan	○ 100% (17/17)					○	○	○		○	
Shingo Kaneko Outside Director	73	Male	Japan	○ 100% (17/17)			○		○					
Chise Onodera Independent Outside Director	58	Female	Japan	○ 100% (17/17)		○ 100% (1/1)							○	
Tomoko Adachi Independent Outside Director	70	Female	Japan	○ 100% (13/13) *2			○	○					○	
Yoshinobu Fujimoto Independent Outside Director	58	Male	Japan	○ *3						○			○	
Tetsuaki Sato Director in charge of Quality Assurance, Production, Environment, Sustainability, Purchasing and Logistics	63	Male	Japan	○ 100% (13/13) *2				○					○	
Masayuki Kano Director, Audit and Supervisory Committee member (full-time)	61	Male	Japan	○ *3	● *3								○	○
Yutaka Yokoi Leading Independent Outside Director, Audit and Supervisory Committee member	69	Male	Japan	○ 100% (17/17)	○ 100% (13/13)	● 100% (1/1)				○			○	
Keiko Kimura Independent Outside Director, Audit and Supervisory Committee member	64	Female	Japan	○ 100% (17/17)	○ 100% (13/13)	○ 100% (1/1)							○	○
Minoru Matsumoto Independent Outside Director, Audit and Supervisory Committee member	67	Male	Japan	○ 94% (16/17)	○ 100% (13/13)						○		○	

*1 Attendance rate in 2023 *2 Appointed on March 23, 2023 *3 Appointed on March 26, 2024 *4 The above matrix does not show all the expertise or careers of each director.

●: Chair person ○: Member

As of March 26, 2024

	Job experience and expected roles	Period of service as director Number of the Company's shares owned
	Since becoming president and representative director in 2011, he has been leading strongly, executing business and supervising the overall management of the Company and doing the same for the Group as a whole. It is expected that he will continue to fulfill his duties as a director of the Company, supervising the management of the Company as a whole and increasing the Group's corporate value.	18 years 9 months 51,913 shares
	After working mainly in the corporate planning division and holding important posts within major affiliates in Japan and overseas, he was appointed president and representative director in 2020. He has since been leading strongly, executing business and supervising the overall management of the Company. Since 2022, he has been executing business and supervising the Group as a whole as the Group CEO. It is expected that he will continue to fulfill his duties as a director of the Company, supervising the management of the Company as a whole and increasing the Group's corporate value.	10 years 9 months 33,488 shares
	After holding key positions mainly in the Corporate Administration division and at overseas representatives, since assuming the position of Director in 2016, he has supervised the management of the Company and executed business with a high level of competence and expertise relating to corporate strategy. He is expected to properly fulfill his duties as a director of the Company and use his knowledge in the relevant areas to supervise the management of the Company.	7 years 9 months 8,623 shares
	After his long service as a director at TOPPAN Holdings Inc., he was appointed President and Representative Director of the company in June 2010. He has an abundance of experience and broad-ranging insights in corporate management and various other areas. As an expert in business administration familiar with the industry, he has, since his appointment as a director of the Company in 2020, been giving advice and guidance on the management of the Company as a whole from an objective point of view in consideration of business circumstances surrounding the Group. It is expected that he will continue to give helpful advice and opinions regarding the Group's management based on his experience and knowledge.	4 years 4,300 shares
	She has advanced and specialized knowledge in the Insurance Act and the Companies Act and outstanding insight as a legal scholar. She has been supervising the management of the Company from an objective and neutral point of view since she was appointed auditor of the Company in 2019 and director in 2021. It is expected that she will continue to fulfill her duty to supervise the management of the Company from an impartial standpoint leveraging her experience and knowledge.	3 years 2,600 shares
	In addition to her experience in hospital management, she has served as a member of various national and administrative / local government councils and committees relating to women's empowerment, and has a high level of knowledge and expertise in the areas of pharmaceuticals, health management, and diversity and inclusion. It is expected that she will continue to fulfill her duty to supervise the management of the Company from an impartial position and from an objective and neutral viewpoint based on her experience and knowledge.	1 year 1,100 shares
	He is a certified lawyer with advanced expertise and extensive knowledge particularly in M&A agreements and overseas transactions. It is expected that he will give advice regarding the management of the Company based on his career background and knowledge and impartially and properly supervise the execution of business from an objective and neutral point of view.	Newly appointed 0 share
	After gaining experience in the engineering division, he held important positions in the production and production management divisions. Since he became a director of the Company in 2023, he has been executing business leveraging his outstanding capabilities and expertise in the areas of engineering, production and production management. He has also been supervising the management of the Company. He is expected to properly fulfill his duties as a director of the Company and use his knowledge in the relevant areas to supervise the management of the Company.	1 years 11,732 shares
	He mainly held important positions in the personnel affairs division and in the general affairs division. Since becoming an operating officer, he has been performing his duties the areas of personnel strategies, corporate governance, risk management and other areas leveraging his advanced skills and expertise. He is familiar with the management operations of the Group as a whole. It is expected that he will appropriately audit and supervise the Company's execution of business leveraging his experience and knowledge.	Newly appointed 11,298 shares
	He has held important positions in the Ministry of Foreign Affairs for many years and possesses an international perspective cultivated through diplomacy and wide-ranging insight into world affairs. The Company appointed him to be an outside director in 2021 and an outside director also serving as an Audit & Supervisory Committee member in 2022. He has since been supervising the management of the Company from an objective and neutral viewpoint. It is expected that she will continue to fulfill her duty to supervise the management of the Company from an impartial standpoint leveraging her experience and knowledge.	3 years 2,200 shares
	She is a certified lawyer with advanced knowledge and extensive insight particularly regarding labor law and personnel and labor affairs. The Company appointed her to be an outside director in 2016 and an outside director also serving as an Audit & Supervisory Committee member in 2022. She has since been supervising the management of the Company from an objective and neutral standpoint. It is expected that she will continue to fulfill her duty to supervise the management of the Company from an impartial standpoint leveraging her experience and knowledge.	7 years 9 months 1,900 shares
	As a certified public accountant, he has extensive experience in accounting audits and considerable knowledge in finance and accounting. The Company appointed him to be an outside director in 2021 and an outside director also serving as an Audit & Supervisory Committee member in 2022. He has since been supervising the management of the Company from an objective and neutral viewpoint. It is expected that he will continue to fulfill his duty to supervise management from an impartial standpoint utilizing his experience and knowledge.	2 years 0 share

Corporate Governance

■ Details of each skill and reason for selection

Section	Reason for selection	
Matters relating to the base and growth of the company	Corporate Management	Formulating and implementing a sustainable growth strategy in the medium to long term requires comprehensive judgment in corporate management, and experience in business management and / or organizational management were selected as necessary knowledge and skills, with no bias toward individual expertise.
	Technical / R&D Production	Sound knowledge and experience in the fields of technology, research and development, quality, and production were selected as necessary knowledge and skills to further advance and develop the technologies the Group has developed and bring about various innovations.
	Sales Marketing	Extensive knowledge and experience in sales and marketing were selected as necessary knowledge and skills to steadily increase sales and profits in the market and continue to achieve growth in the medium to long term.
	Global	A wide range of insights and experience relating to overseas management experience, overseas lifestyles and culture, business environments, geopolitics, and regional strategies were selected as necessary knowledge and skills in view of the Group's global business presence.
Matters that ensure the company's growth	Finance / Accounting	Solid knowledge and experience enabling accurate financial reporting, building a solid financial base, making growth investments to sustainably increase corporate value, and strengthening shareholder returns were selected as key knowledge and skills to maximize corporate value through the efficient management of the Company's capital.
	Human Resources / DE&I	Human resources are the most important management resource for the Company, and experience, insight, and expertise in the field of human resources (including HR development and DE&I) were selected as necessary knowledge and skills for securing diverse human resources to support the Group's value creation.
	ESG Compliance Risk Management	A wide range of experience, insights, and expertise in ESG, compliance, and risk management were selected as key knowledge and skills to implement sustainable management, achieve the asv2050/2030 sustainability vision, and solve social issues indicated by the Group's material issues.

Criteria for assessing independence of outside directors

We elect outside directors in accordance with the "Standards Concerning the Independence of Outside Officers" to ensure their independence.

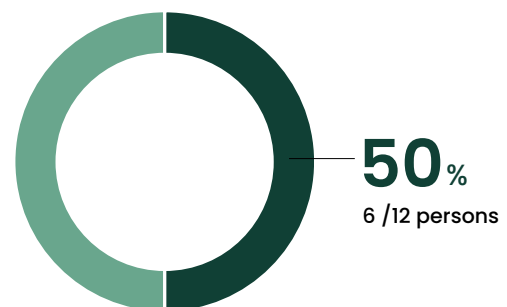
* The details of the "Standards Concerning the Independence of Outside Officers" are stated in securities reports and corporate governance reports.

WEB To read the Corporate Governance Reports, visit our website and click on [Investor Relations > IR archives > Corporate Governance Report.]

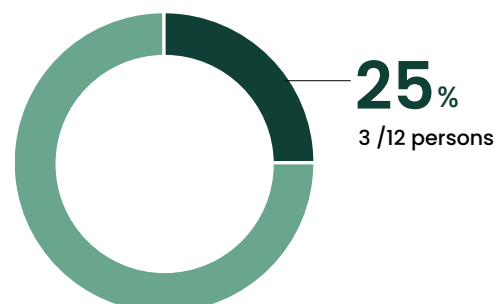
Diversity of Directors

We select the members of our Board of Directors in consideration of diversity and expertise. We pay attention to their knowledge and experience in different areas of business management, to the achievement of gender equality and to other aspects to ensure diversity. The Board must be composed of directors with a wide variety of advanced skills. At least one third of its members must be independent outside directors that meet the standards we have determined for the independence of outside officers.

■ Percentage of independent outside directors



■ Percentage of female directors



Corporate Governance

Evaluation of the effectiveness of the Board of Directors

To ensure that corporate governance functions correctly, we conduct a questionnaire-based survey of our Directors to analyze and evaluate the effectiveness of the Board of Directors as a whole, and work to improve it based on the issues identified. In 2024, we

conducted a survey with the involvement and advice of an external organization. The Board of Directors then deliberated and made its final evaluation based on the results of the survey.

■ Outline of evaluation of effectiveness

Implementation process



[Target participants]

All Board members: 11 members—seven directors who are not Audit and Supervisory Committee members (of whom three are outside directors) and four directors who are Audit and Supervisory Committee members (of whom three are outside directors.)

[Evaluation method]

Anonymous questionnaire

[Survey period]

Survey response period: From January 12, 2024 to January 25

[Survey question items]

- General state of the Board of Directors
- Composition of the Board of Directors
- Operation of the Board of Directors
- Discussions at the Board of Directors
- The Board of Directors' monitoring function
- Exercising functions of Outside Directors (including Audit and Supervisory Committee members)
- Support system for directors (including Audit and Supervisory Committee Members)
- Training
- Dialogues with shareholders (investors)
- Subjects' own actions
- Summary

[Initiatives implemented in 2023]

The evaluation of effectiveness conducted in January 2023 pointed out training opportunities for officers, feedback to the Board of Directors on the status of dialogues with shareholders, and the operation of the Advisory Committee on Appointment and Remuneration. In response, in 2023, the Board of Directors confirmed the training curriculum for officers and submitted a proposal for an IR activity report. It also reviewed the frequency of meetings of the Advisory Committee on Appointment and Remuneration starting in FY2024.

[Evaluation results and issues]

- Generally positive evaluations were received, such that necessary discussions were taking place in line with the proposal, and we recognized that the effectiveness of the Board of Directors as a whole was generally ensured. Improvements were also confirmed in the matters pointed out in the evaluation of effectiveness in 2023. Issues that did not produce results in a single fiscal year were designated as con-

tinuing issues.

- In 2024, the composition of the Board of Directors was newly pointed out.
- We will work to make these improvements during FY2024, and verify the state of response to these issues in the next questionnaire survey to be conducted the following year.

Facilitating animated discussion by the Board of Directors

Documents regarding agendas are distributed to Board of Directors meeting participants in advance to facilitate spirited discussion.

The main topics discussed and deliberated at the Board of Directors meetings in FY2023 include, in addition to statutory resolutions, matters required by the Corporate Governance Code (evaluation of the effectiveness of the Board of Directors, verification of the economic rationality of cross-shareholdings, analysis of results of voting rights executed at the General Meeting of Shareholders,) revisions to Our Principles (action guidelines) and sustainability-related policies due to the change of philosophy system and trade name, the Medium-Term Management Plan artience 2027, annual plans, initiatives to improve capital efficiency and large-scale investments and loans.

Training of directors and operating officers

Regular training is provided to directors and operating officers with the goal of enabling them to improve their knowledge. In FY2023, we organized governance training (for newly appointed operating officers and those newly assigned to management positions at overseas locations,) training for understanding menopause and climacteric symptoms to increase people's understanding of promoting women's participation and advancement in the workplace (for directors, operating officers and heads of departments) and training on insider trading regulations (for officers to whom stock compensation is paid and outside directors.)

Corporate Governance

Succession planning plan for chief executive officers, etc.

In our successor development plan, which included CEO positions, we have positioned the Future Discussion Task Force and Training for Next-Generation Leaders programs, as systems to train future management candidates. We implement training and other programs in accordance with the human resource development plan and report the state of activities to the Board of Directors through the Advisory Committee on Nomination and Remuneration as appropriate.

Appointment and dismissal of senior management and nomination of director candidates

When a candidate for Director is nominated, the Chairman, President and Director in charge of personnel affairs select candidates by comprehensive judgement based on the Group's director nomination standards. The result of the selection is discussed by the Advisory Committee on Nomination and Remuneration, before a final decision is reached through deliberation and a resolution at a meeting of the Board of Directors. Candidates for Directors who are Audit & Supervisory Committee members are determined by deliberation and resolution of the Board of Directors after the consent of the Audit & Supervisory Committee has been obtained with regard to the submission of a motion for selection to the shareholder's meeting.

The dismissal of senior management members is advised by the Advisory Committee, pursuant to the dismissal criteria stipulated in the Disciplinary Regulations for Directors.

The criteria for nominating candidates for CEO and Director positions are described in the Corporate Governance Report.

Supporting System for Outside Directors

In order to deepen their understanding of the Group's management strategies and the content and status of the Group's business activities, outside directors are given opportunities to learn about the Company at Sustainability Conference (held once a year) and training for officers and managers as well as at the time of their appointment (by visiting business sites and receiving explanations from officers in charge.)

There is a structure in place to enable outside directors to keep up to date with the Company's operations by distributing materials relating to issues submitted for discussion by the Board of Directors to outside directors in advance and creating opportunities to explain them. Important matters from Management Committee meetings, including meetings of the Board of Directors, are communicated to outside directors by enabling them to view important documents and receive reports given at Board of Directors meetings, regardless of whether or not they attended the relevant meeting.

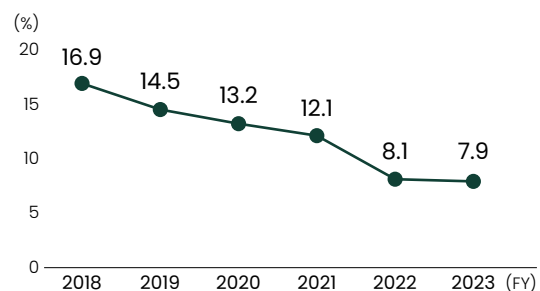
Approach to cross-shareholdings

Regarding cross-shareholdings, their economic viability is examined at meetings of the Board of Directors each year. Benefits from holding the shares, status of transaction, and other elements are examined on a stock-by-stock basis in comparison with the capital cost. Where it is deemed to be inappropriate to hold shares in a particular company, the number of shares we own will be reduced, taking into consideration the conditions of the said company and market trends.

To achieve the goals of the medium-term management plan, the Board of Directors resolved, at a meeting in August 2024, that when selling individual stocks contributes to improving the capital efficiency of the Group as a whole, even when the significance of holding individual stocks is not judged to have diminished, we will still proceed with selling them after careful dialogue with the issuing company.

Voting rights in relation to cross-shareholdings for listed shares are exercised in an appropriate manner on a case-by-case basis, taking into account whether or not the relevant proposal will help enhance the corporate value of the issuing company over the medium to long term, whether or not it will contribute to the profits of all shareholders, including us, and the qualitative and overall impact it will have on the Group in terms of their management and businesses. Where an issuing company has special circumstances, such as significant damage to its corporate value or a serious violation of laws, regulations, or other rules, or where there is a concern that an issuing company may damage the corporate value of us as its shareholder, we will determine the actions to be taken carefully by collecting sufficient information through dialogue with the issuing company and other means.

Ratio of the amount of cross-shareholdings to net assets



About information subject to timely disclosure

The General Affairs Department and Finance & Accounting Department of artience Co., Ltd. work with relevant departments to disclose information in a timely and continuous manner. We also actively disclose information that may affect investors' decisions, even when it is not required by the Financial Instruments and Exchange Act or the disclosure rules stipulated by stock exchanges.



Our Disclosure Policy (Policy on Information Disclosure) is posted on our website under Investor Relations > Stock / shareholder information > Management Information.

Corporate Governance

Remuneration system for officers

We understand that the remuneration system for officers is an important matter in corporate governance. We have established a system based on the following basic policy, operated from an objective perspective by the Advisory Committee on Appointment and Remuneration.

Policies on the remuneration of officers

1. Remuneration should be at a level that reflects economic conditions and corporate performance.
2. It should be at a level that enables the Company to attract and retain talent to increase its corporate value.
3. The remuneration system should embody the Company's Corporate Policy, reflect its medium- and long-term management strategies and strongly inspire sustainable growth.
4. Remuneration should adopt the performance-linked system and inspire the achievement of the disclosed performance forecasts.
5. It should be designed to be fair and rational from a perspective of accountability to the stakeholders. It should be determined through an appropriate process that increases fairness and transparency.

Process for determining remuneration for officers

In each business year, delegated directors submitted a draft proposal for remuneration for directors, and the Advisory Committee on Nomination and Remuneration then deliberates and reports on the evaluation process and evaluation results, and this is followed by a resolution of the Board of Directors.

[Overview of Officer Remuneration]

From the perspective of ensuring transparency and focusing on performance, remuneration for directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee) consists of basic compensation, performance-linked compensation, and transfer-restricted stock compensation. At the Annual General Meeting of Shareholders held on March 23, 2022, it was resolved that the total

amount of remuneration, etc. for directors (excluding Directors who are Audit & Supervisory Committee Members) shall be within 500 million JPY annually (up to 100 million JPY of which shall be paid to outside directors,) and that the total amount of remuneration for directors who are Audit & Supervisory Committee Members shall be within 100 million JPY annually. The aggregate amount of monetary compensation claims to be provided as transfer-restricted stock compensation to directors (excluding directors who are Audit & Supervisory Committee Members and outside directors) is set at up to 100 million JPY annually, outside the framework of the maximum of 500 million JPY annually for monetary compensation.

- Basic remuneration is fixed monetary remuneration paid monthly, based on a director's post.
- Performance-based compensation is designed to reflect the evaluation of consolidated financial results and takes the form of monthly compensation paid as a short-term incentive. Only directors who are not Audit and Supervisory Committee members are eligible to receive this compensation.
- Transfer-restricted stock-based compensation is a longterm incentive paid to inside directors who are not Audit and Supervisory Committee members, with the aims of sharing the benefits and risks of fluctuations in share prices with shareholders, improving the Company's results over the medium to long term based on a healthy entrepreneurship, and increasing directors' enthusiasm for and contribution to enhancing corporate value.

The percentage ratios of each constituent element of compensation (standard amount when 100% of the targets for performance-linked compensation are achieved) are designed as follows: 65% basic compensation, 35% performance-linked compensation and 5% transfer-restricted stock-based compensation.

Remuneration for outside directors who are members of the Audit and Supervisory Committee is limited to only basic compensation up to a maximum amount of 100 million JPY per year, in light of their duties and roles of supervising and auditing the execution of business.

■ Total amounts of remuneration, etc. by directors (FY2023)

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-linked compensation)	Transfer-restricted stock-based compensation	
Directors (Excluding Directors who are members of the Audit & Supervisory Committee) outside directors	267 (29)	187 (29)	73 (-)	6 (-)	9 (4)
Directors (Audit and Supervisory Committee member) outside directors	54 (30)	54 (30)	-	-	4 (3)
Total outside directors	321 (59)	241 (59)	73 (-)	6 (-)	13 in total (7 in total)

* The number of people and the amounts of compensation above include the two directors who resigned at the closing of the Annual General Meeting of Shareholders held on March 23, 2023.

Risk Management

Basic approach

The artience Group advances initiatives based on our understanding 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 line with the change of the name of the Company and the Company's philosophy in January 2024, we reorganized our policies and guidelines related to sustainability and established the Basic Policy on Risk Management and the Basic Policy on Development of Internal Control System.

Related Policies

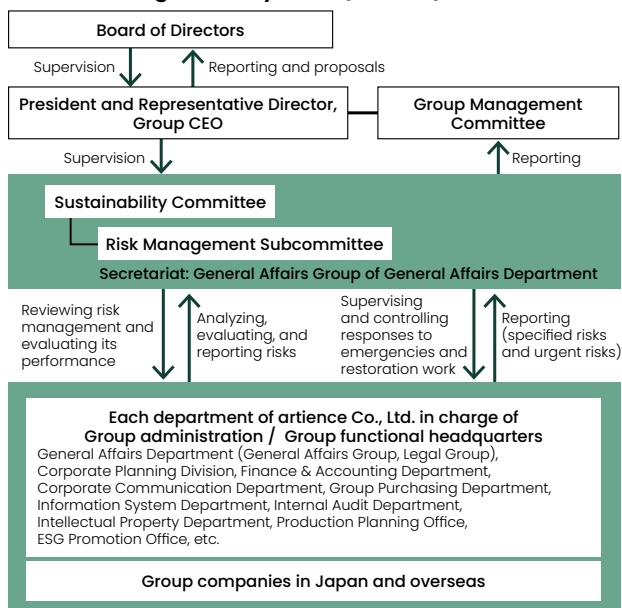
- Basic Policy on Risk Management (revised on January 1, 2024)
- Basic Policy on Development of Internal Control System (revised on January 1, 2024)
- Risk management action policy

WEB For information about the Basic Policy on Risk Management, the Basic policy on Development of Internal Control System, and the risk Management action policy, visit our website and click on [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 chair of the Risk Management Subcommittee.) Each company and department of the Group are working to identify risks that are hidden in the changes in the social environment and in day-to-day operations to assess and study them, prevent risks from materializing and carry out measures to reduce risk-related damage.

Risk management system (FY2024)

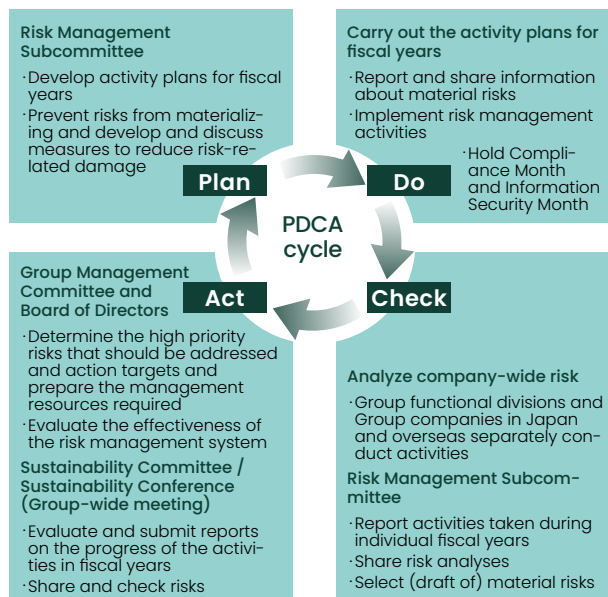


* Excerpts and additions from P.8 Sustainability promotion system (FY2024)

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 Groupwide 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 Process

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



WEB For information about the implemented risk management activities, visit our website and click on [Sustainability > Governance > Risk Management.]

Major activities in FY2023

In FY2023, we reviewed our risk assessment method and checked important risks throughout the Group, and considered and shared information on issues such as (1) reaffirming business continuity planning (BCP) initiatives at manufacturing sites, (2) core system problems and cyber risks, and (3) intellectual property, contract, and legal risks, as well as harassment.

Education and awareness-raising activities included (1) safe driving training sessions for sales employees at all sites in Japan, and (2) safety education on chemical injuries and low-frequency work using e-learning at production sites, including temporary and part-time employees (held twice in total, with approximately 2,000 participants each time.)

WEB Risk assessment methods and risk maps for company-wide material risks are described in our securities reports.

Risk Management

Typical business risks and our response

Representative risks that management recognizes could have a significant impact on the financial position, operating results and cash flows of the Group

are as follows. (This is not an exhaustive list.) In FY2023, there was no new risk of a significant adverse impact on the Group.

Category	Typical risks concerning the entire Group	Examples of our response to risks
① Risks related to overseas operations	<ul style="list-style-type: none"> Changes in laws and regulations, and changes in tax systems that could have adverse effects The adverse effect of inadequate social common capital on corporate activities Unfavorable political factors Social turmoil caused by terrorism, war, or infectious disease Unexpected rapid change in the work environment 	<ul style="list-style-type: none"> Expanding business in worldwide and improving the balance of business fields, aiming to build an earnings structure that is unlikely to be affected by economic trends or other risks in individual countries Establishing supply chain management that enables a flexible response to risk
② Risks related to system fault, information leakage, loss, and damage	<ul style="list-style-type: none"> Suspension of operations due to system failure Occurrence of the leak, loss, or damage of information due to a computer virus or security breach 	<ul style="list-style-type: none"> Ensuring that important systems to be redundant, securing backups of these systems and establishing a computer security incident response team (CSIRT) system Enhancing the information management system and training staff to reduce human risks
③ Risks related to quality and product liability	<ul style="list-style-type: none"> Accidents or complaints caused by the quality of products The 2024 Problems in Logistics 	<ul style="list-style-type: none"> Ensuring compliance with legal regulations related to quality and safety and carrying out activities to strengthen quality assurance Participating in "White Logistics" (initiatives aimed at creating a healthy and safe working environment in the logistics industry) and cooperating with other companies to improve logistics
④ Risks related to natural disasters and epidemics	<ul style="list-style-type: none"> Difficulties in procuring raw materials, hindrance to production activities, stagnation of global consumer activities and stagnation of logistics functions in the supply chain, etc., due to natural disasters, such as major earthquakes, heavy rains and epidemics in Japan and other countries 	<ul style="list-style-type: none"> Creating manuals tailored to specific risks and providing regular training to tackle them Establishing a disaster control system and systems for complementary production in Japan and overseas, through business continuity management (BCM)
⑤ Risks related to the sourcing of raw materials	<ul style="list-style-type: none"> The increase of prices and supply shortages due to the fluctuation of market conditions, natural disasters, accidents, government policies, and other issues Compensation for damages due to the delayed or suspended supply of raw materials from suppliers and the resulting failure to supply products to customers 	<ul style="list-style-type: none"> Sourcing raw materials for appropriate prices by increasing and accuracy of market price and demand forecast Securing stocks of raw materials according to their characteristics by sourcing them from a wide range of suppliers
⑥ Risks related to exchange rate fluctuations	<ul style="list-style-type: none"> Dramatic fluctuations in exchange rates 	<ul style="list-style-type: none"> Taking steps to reduce exchange rate fluctuation risks, including exchange forward contracts and the balancing of foreign currency receivables and payables
⑦ Risks related to general legal restrictions	<ul style="list-style-type: none"> Changes to legal restrictions in Japan and overseas and the resulting changes in markets Litigation or other legal procedures that seriously affect the Group's businesses, including litigation related to environmental issues, product liability, and patent infringement 	<ul style="list-style-type: none"> Collecting information about legal restrictions in Japan and overseas and taking measures to address them Review of compliance-related policies and implementation of measures by the Compliance Subcommittee, a committee dedicated to compliance matters Managing the overall Group with internal control system and improving the effectiveness of the management
⑧ Risks of environmental burdens	<ul style="list-style-type: none"> Changes to environmental laws and regulations in Japan and overseas and the resulting changes in markets Increased expenses caused by delays in taking measures to reduce environmental impact Additional investment and changes on business portfolio in response to social environmental requirements (such as the shift away from plastics and the carbon neutrality, etc.) 	<ul style="list-style-type: none"> Advancing environmental measures (including the reduction of CO₂ emissions, the development of VOC-free products, and the recycling of materials including chemical recycling) by reviewing manufacturing processes in the long-term management plan Strengthening the management of chemicals and systematizing management
⑨ Risks related to climate changes	<ul style="list-style-type: none"> Changes to climate change-related laws and regulations in Japan and other countries and the resulting changes in markets Increase in costs due to delays in responding to social demands, such as the reduction of CO₂ emissions 	<ul style="list-style-type: none"> Disclosures based on the TCFD (Task Force on Climate-related Financial Disclosures) recommendations, and promoting measures to address climate change
⑩ Risks related to common debt collection	<ul style="list-style-type: none"> Difficulty in collecting of trade receivables and other claims due to the worsening of customers' financial conditions 	<ul style="list-style-type: none"> Regular review of customers' credit risk Implementing measures to protect receivables and strengthening credit management
⑪ Risks relating to impairment losses on non-current assets	<ul style="list-style-type: none"> Impairment losses on non-current assets due to changes in economic conditions, etc. 	<ul style="list-style-type: none"> Having discussions in the Group Management Committee and the Board of Directors on investment plans including the amount that is planned to be invested
⑫ Risks related to human resource	<ul style="list-style-type: none"> Labor shortage due to changes in social environment 	<ul style="list-style-type: none"> Carrying out workstyle reforms and other measures Implementing DX and other measures to streamline operations
⑬ Risks related human rights	<ul style="list-style-type: none"> Impairment of social trust and suspension of transactions due to human rights issues Lawsuits and conflicts due to human rights issues 	<ul style="list-style-type: none"> Conducting human rights training and activities to raise awareness of human rights Carrying out efforts to address human rights issues in the supply chain

* Details of business risks are shown in the securities reports.

Risk Management

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 > Governance > Risk Management.]

[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 to the President and Representative Director and the Audit & Supervisory Committee, and shares information with outside directors, operating officers, and department heads who are not Audit & Supervisory Committee members. 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.

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 cyber attacks, to prevent risk materialization and minimize the effects of incidents if they occur. The artience Group has established the Information Protection Management Regulations and Information System Management Regulations and has implemented technological and physical preventive measures using information technology. The Group works to maintain and enhance appropriate information management and information security.

Policies on Information Security Activities in FY2023

Further raising the level of cyber incident response and information security measures by ensuring the feasibility of artience-CSIRT* / information security office system, based on the premise of diverse work styles such as remote work and data utilization

- Strengthening the information security system and driving information security with the establishment of CSIRT
- Continuing education for employees to achieve both data utilization and information security
- Improving awareness of information security measures at overseas companies
- Strengthening technical and physical defense measures by restructuring system BCP measures

[Promotion system]

The Information System Department of artience Co., Ltd. takes a leading role in initiatives in information security and addressing risk cooperating with the General Affairs Department, Legal 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 Information System Disaster Response Guidelines and 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.

[Major activities in FY2023]

In 2023, We are working to improve information security awareness by offering a range of education and conducting awareness-raising activities. They include the Information Security Months (in September and October) in the overall Group including its overseas sites, alerts and information distribution on data security with the use of our internal portal, education for new employees and training for representatives at overseas affiliates, a fact-finding survey on information security, and an IT literacy test. We also conduct

Risk Management

targeted e-mail drills every year to combat information security risks caused by cyberattacks, which leads to improvements in the information security awareness of each and every employee (conducted on September 20 and October 11 in FY2023). For important systems, we have taken measures to ensure redundancy and backups.

[Information security incidents]

In FY2023, there was no occurrence of a material information security incident, such as leaks of personal information.

[Protection of personal information]

The artience Group recognizes the importance of protecting personal information, and making efforts to properly handle and protect personal information while complying with laws and regulations regarding the handling of personal information. In addition to enacting the "Privacy Policy," we established "Personal Information Management Regulations" and appointed personal information managers to each department. A personal information ledger is used to properly manage information as part of our efforts to maintain customer confidence. We are also proceeding with initiatives based on the laws and regulations of each country, such as compliance with the EU General Data Protection Regulation (GDPR) that came into effect in the EU in May 2018.

WEB Our Privacy Policy (Policy on Personal Information Protection) is posted on our website under Sustainability > Related policies and guidelines.

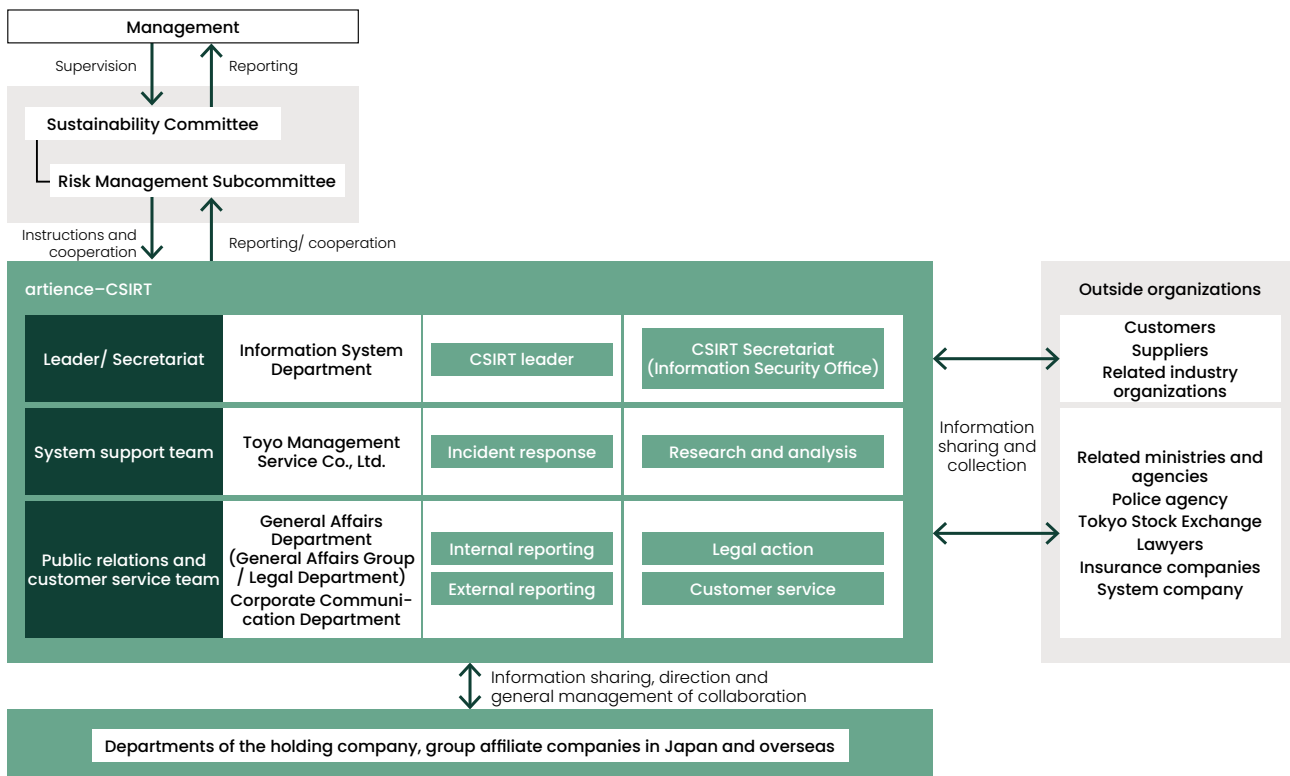
[Cyber security measures]

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 (FY2024)



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.

Basic policy on disaster countermeasures

- 1.Ensuring the safety of personnel (ensuring the safety of employees and visitors)
- 2.Preservation of assets (mitigation of damage to company assets such as buildings, equipment, products, and important documents)
- 3.Secondary disaster prevention (prevention of collapses of buildings, structures, and hazardous materials, etc., and prevention of secondary disasters such as fires)
- 4.Contribution to surrounding communities (participation in relief activities of local residents and actions in coordination with surrounding communities)
- 5.Business continuity (early-stage restoration of head office and site functions to ensure business continuity)

[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 and priority mobile phones for disaster are in place for prompt reporting.

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 73 to 74.

[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 anal-

ysis, 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, 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 68 to 73 in Integrated Report 2024.

 For an assessment of water risk and countermeasures, see page 27.

[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.

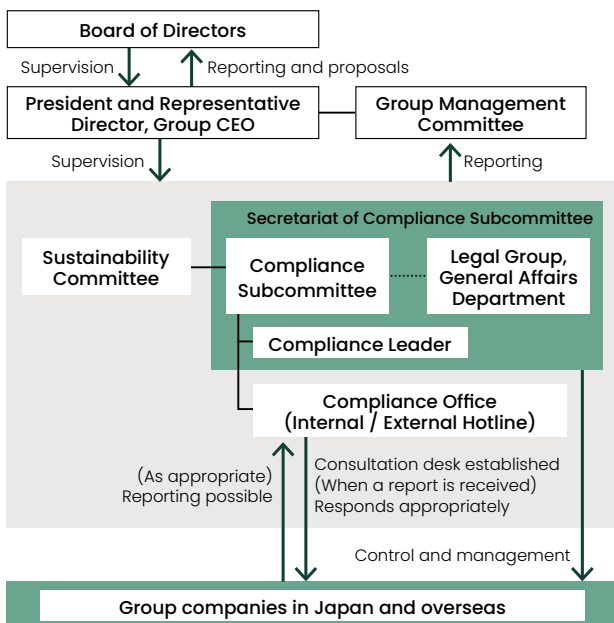
When the Company changed its name and philosophy in January 2024, we reorganized our policies and guidelines regarding sustainability and revised them to clarify the Group's position and the actions it would take in consideration of the change of society. We traditionally used the Code of Business Ethics as an explanatory document in our compliance activities. We have reorganized and revised it into the "Code of Ethical Conduct."

WEB For information about our Basic Policy on Compliance and Compliance Activity Policy for FY2023, please visit our website and click on [Sustainability > Governance > Compliance.] Our policies can be read in the [Sustainability > Related policies and guidelines] section of our website.

Compliance 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 (FY2024)

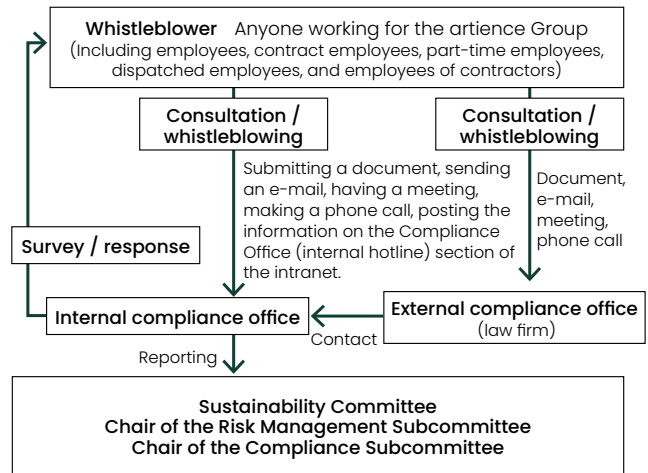


* Excerpts and additions from P.8 Sustainability promotion system (FY2024)

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 consultations with the Compliance Office in FY2023, no issues were reported that could lead to serious risks.

Whistleblowing system



Major activities in FY2023

- Compliance meetings in each site (from March to June)
We held meetings at numerous locations in Japan (3,386 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 (3,479 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
<Programs tailored to each grade / level and job function>
Compliance seminar for new employees (held once a year)

Compliance

Advance training for overseas assignments (held twice a year)

〈Theme-based programs〉

Antimonopoly Act seminar (11 sessions, 408 participants)

Subcontracting Act seminar (16 sessions, 272 participants)

Examples of themes regularly covered in training

- Anti-monopoly Act
- Unfair Competition Prevention Act
- Fraudulent inspections
- Act on the Protection of Personal Information
- Whistleblower Protection Act
- Bribery
- Harassments (power harassment, sexual harassment, etc.)
- Subcontract Act
- Portrait rights
- Insider trading

•Compliance auditing, with the goal of creating an organization with integrity

In FY2023, we conducted a questionnaire — based on Q&A previously published by the Japan Fair Trade Commission — to check whether transactions are being conducted in compliance with the Subcontract Act, at all Group companies which engage in transactions subject to the Subcontract Act. As a result, we found no illegal transactions.

•Response to overseas legal risks

We also established external 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]

The artience Group has a policy of unequivocally prohibiting corruption and bribery. We have 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*.

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.

* The Code of Ethical Conduct and related policies and guidelines are posted on our website, and are available in Japanese, English, and Chinese.

 The Policy on Anti-Corruption and the Code of Ethical Conduct are posted on our website under Sustainability > Related policies and guidelines.

[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 group-wide scale. Our internal rules are the responsibility of the Legal Group of General Affairs Department, artience Co. Ltd.

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.

[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 (in Japanese, English, and Chinese,) 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.


 For the Whistleblowing System, see page 76.

[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.

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 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 understand and redress adverse impacts of our supply chain on the environment and society.

 The Sustainable Supply Chain Guidelines are posted on our website under Sustainability > Society > Supply Chain Management.

[Violations]

In FY2023, there were no violations related to corruption or bribery, or disciplinary actions against employees (including dismissals) or fines or penalties related to violations.

Compliance

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 FY2023.

[Compliance with 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.


 [Page 96: ESG Data Collection > Compliance](#)

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.

 Our Tax Policy is posted on our website under Sustainability > Governance > Tax Affairs.

Tax governance

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.

■ Tax data

	FY2021	FY2022	FY2023
Corporate taxes, etc. (consolidated)	3,450 million JPY	2,968 million JPY	3,042 million JPY

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.

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.

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.

■ Number of patents held*

Japan	2,169 patents
Overseas	962 patents

■ Number of registered trademarks held*

Japan	504 items
Overseas	1,151 items

* As of December 31, 2023

Environmental

Scope of collection of environmental data

The organizations specified below are subject to collection of different data.

[Major factories and plants in Japan]

- Toyocolor Co., Ltd. Fuji Factory, Mobara Plant, Okayama Plant
- Toyochem Co., Ltd. Kawagoe Factory, Kobe Plant (formerly Seishin Plant), Amagasaki Plant, Chitose Plant and Chiba Plant
- Toyo Ink Co., Ltd. Saitama Factory
- Toyo Visual Solutions Co., Ltd. Moriyama Factory

* In FY2023, there were four factories and six plants (Mobara Plant was closed down on July 1, 2023 as a result of production integration, so after the shut-down, there are four factories and five plants.)

* Data for FY2021 to FY2022 cover the four factories and the six plants mentioned above.

* Data for FY2018 to FY2020 cover four factories and four plants. The Chitose Plant and the Chiba Plant are not included.

* As of April 1, 2024, the name of Seishin Plant has been changed to Kobe Plant.

[Affiliates in Japan]

- Toyo-Morton, Ltd., Toyo FPP Co., Ltd., and Matsui Chemicals, Co., Ltd.

* The data for FY2021 to FY2023 cover the three companies mentioned above. They were major production affiliates in Japan.

* The data for FY2018 to FY2020 cover Toyo-Morton, Ltd., Toyo ADL Corp., and Matsui Chemicals, Co., Ltd. They were major production affiliates in Japan.

[All business bases in Japan]

All bases in Japan, where the holding company and consolidated subsidiaries (a total of 17 companies) and one equity-method affiliate (Logi Co-Net Corp.) are located

[Principal overseas production affiliates]

Fifteen factories and eight plants certified with the ISO 14001 among the overseas affiliates (i.e. PT. Toyo Ink Indonesia, Toyoink India Pvt. Ltd., Toyo Ink America, LLC*, Hanil TOYO Co., Ltd., Toyo Ink Brasil Ltda., Chengdu Toyo Ink Co., Ltd., and Toyo Ink Europe N.V.)

* For the business sites certified with ISO 14001, see the list on the right.

Of 38 manufacturing locations, ISO 14001 certification has been achieved at 27 (71%) locations. In Japan, the certification has been achieved at 92% of manufacturing locations.

Of 38 manufacturing locations, ISO 9001 certification has been achieved at 34 (89%) locations. In Japan, the certification has been achieved at 79% of manufacturing locations.

Environmental Management

■ Acquisition status of ISO certification (As of December 31, 2023)

Japan	ISO 14001	ISO 9001
【Toyocolor Co., Ltd.】		
●Fuji Factory	○	○
●Okayama Plant	○	○
●Kawagoe Branch Office	○	○
【Toyochem Co., Ltd.】		
●Kawagoe Factory	○	○
●Kobe Plant	○	○
●Amagasaki Plant*	○	
●Chiba Plant	○	○
【Toyo Ink Co., Ltd.】		
●Saitama Factory	○	○
【Affiliates companies】		
●Toyo FPP Co., Ltd.	○	○
●Toyo Visual Solutions Co., Ltd.	○	○
●Toyo-Morton, Ltd.	○	○
●Matsui Chemical Co., Ltd.	○	○

Overseas	ISO 14001	ISO 9001
●TIPPS Pte. Ltd. (Singapore)	○	○
●Toyochem Specialty Chemical Sdn. Bhd. (Malaysia)	○	○
●Toyo Ink (Thailand) Co., Ltd. (Thailand)	○	○
●Toyo Ink (Philippines) Co., Inc. (Philippines)	○	○
●PT. Toyo Ink Indonesia (Indonesia)		○
●Toyo Ink Vietnam Co., Ltd. (Vietnam)	○	○
●Toyo Ink Compounds Vietnam Co., Ltd. (Vietnam)	○	○
●Toyo Ink India Pvt. Ltd. (India)		○
●Tianjin Toyo Ink Co., Ltd. (China)	○	○
●Shanghai Toyo Ink Mfg. Co., Ltd. (China)	○	○
●Jiangmen Toyo Ink Co., Ltd. (China)	○	○
●Zhuhai Toyocolor Co., Ltd. (China)	○	○
●Chengdu Toyo Ink Co., Ltd. (China)		○
●Toyo Advanced Science Taiwan Co., Ltd. (Taiwan)	○	○
●Hanil TOYO Co., Ltd. (South Korea)		○
●Sam Young Ink & Paint Mfg. Co., Ltd. (South Korea)	○	○
●Toyo Ink Europe N.V. (Belgium)		○
●Toyo Ink Europe Specialty Chemicals S.A.S (France)	○	○
●Toyo Matbaa Mürekkepleri Sanayi ve Ticaret A.Ş. (Turkey)	○	○
●Toyo Ink Hungary Kft. (Hungary)		○
●Toyo Ink America, LLC (USA)		○*2
●LioChem, Inc. (USA)	○	○
●Toyo Ink Mexico, S.A. de C.V. (Mexico)		○

● : Manufacturing ○ : Certification has been achieved.

*1 Amagasaki Plant has obtained GMP (Good Manufacturing Practice) certification for manufacturing control and quality control for drugs and quasi-drugs.

*2 Only the Texas Plant has achieved ISO 9001 certification.

Environmental

Material balance

By grasping the overall picture of material balance and clarifying the effectiveness of our environmental conservation activities, we will further reduce the environmental impact.

INPUT

		FY2021	FY2022	FY2023
Raw materials	Solvents, resins, pigments, etc. (t)	168,356	161,313	150,701
	Chemical substances* ¹ amount handled (t)	51,011	44,468	54,101
Supplementary materials	Drums, five-gallon drums, etc. (t)	8,255	7,502	7,244
Energy	Electricity (million kWh)	5,073	4,895	4,312
	Heavy fuel oil A (kL)	508.9	330.2	306.3
	LPG (t)	36.3	26.8	29.5
	Municipal gas (thousand m ³)	20,178	18,844	18,179
Water	Water supplied (thousand m ³)	160	140	140
	Industrial-use water (thousand m ³)	0	0	0
	Groundwater (thousand m ³)	2,820	2,680	2,320
	Total (thousand m ³)	2,990	2,830	2,470

OUTPUT

		FY2021	FY2022	FY2023
Volume of products (t)		165,467	153,953	158,626
CO ₂ (t-CO ₂)		71,533	66,030	53,241
Chemical substances* ² (t)		117.2	149.3	100.7
Wastewater (thousand m ³)		2,302	2,235	2,018
Environmental pollutant	SOx (t)	0.8	0.4	0.5
	NOx (t)	53.1	62.6	38.4
	Particulates (t)	1.7	1.5	2.2
	COD (t)	68.4	64.6	54.3
Waste	Volume of emissions (t)	15,984	15,408	11,918
	Final disposal volume (t)	0	0	0

Scope of calculation: Major factories and plants in Japan; For details about the organizations in the scope, see page 80.

* Past figures for chemical substances have been recalculated retrospectively due to the revision of the operation method of the aggregation system and a review of substances covered by PRTR in FY2023.

* The major factories and plants are responsible for approximately 91.9% of energy consumption of all our production bases in Japan.

*¹ The chemicals described here refer to Class I designated chemical substances listed under the PRTR Act and substances designated by the Japan Chemical Industry Association.

Environmental

Environmental accounting

The artience Group began to calculate its environmental costs based on guidelines from the Environmental Agency (Ministry of the Environment) in FY1999, which it positions as the first year of environmental accounting. Since then, we have been evaluating our environmental activities by continuing to check required costs for these activities and their effects.

■ Environmental cost

(Unit: million JPY)

Category	Main measures implemented	FY2022		FY2023	
		Investments	Costs	Investments	Costs
Business area costs		175	1,686	241	1,207
Pollution prevention	Pollution prevention related investment and maintenance and management expenses	80	586	85	567
Global environment protection	Global environment protection related investment and maintenance and management expenses	64	636	103	217
Resource recycling	Waste processing and recycling related investment and maintenance and management expenses	30	463	53	423
Upstream and downstream costs	Product recycling and product container recycling expenses	114	216	0	227
Management activity costs	Environmental management expenses, and environmental advertising, environmental education and other activity expenses	0	397	8	431
R&D costs		1,421	4,066	1,697	5,194
Product development	Environmentally friendly product development related personnel costs, maintenance costs and investment in experimental equipment	1,381	3,086	1,584	3,851
Technology development	Environmentally friendly technology development related personnel costs, maintenance costs and investment in experimental equipment	40	980	113	1,343
Social activity costs	Support for global environment activities and donations to environmental organizations	0	1	0	309
Environmental damage response costs	Soil pollution remediation expenses	699	19	0	19
Total		2,410	6,385	1,946	7,387

Period covered by the data: January 1, 2023 – December 31, 2023

Scope of calculation: Major factories and plants in Japan and affiliates in Japan; For details about the organizations in the scope, see page 80.

* The total amount of R&D expenditure during this period (consolidated): 9,111 million JPY

■ Direct quantitative effects of environmental preservation (within business area)

Description	Index indicating the effect of environmental protection			
	Category	FY2022	FY2023	Effect*
Effects related to resources used in operations	Total energy used (crude-oil equivalent: thousand kl)	37.7	30.8	7.7
	Volume of water resources used (thousand m ³)	2,861	2,505	413
	Volume of PRTR- and JCIA-designated chemicals handled (thousand t)	48.3	64.9	-15.6
Effects related to environmental burden and waste from business activity emissions	CO ₂ emissions (thousand t-CO ₂)	70.2	57.0	14.6
	Emissions of PRTR- and JCIA-designated substances (t)	149.2	100.7	51.5
	Volume of wastewater (thousand m ³)	2,261	2,049	257
	Volume of waste emissions (thousand t)	17.5	14.1	3.7
	Final disposal volume (t)	3.1	21.2	-18.0
	SOx emissions (t)	0.4	0.5	-0.1
	NOx emissions (t)	62.7	38.6	25.3
	Particulates emissions (t)	1.5	2.2	-0.6
	COD emissions (t)	64.6	54.3	11.6

Scope of calculation: Major factories and plants in Japan and affiliates in Japan; For details about the organizations in the scope, see page 80.

* Direct quantitative effects of environmental protection activities are calculated by comparing data for the year with data for the previous fiscal year, with adjustments for production quantity.

* Effect = Environmental burden for previous fiscal period × (Production quantity for current fiscal period / Production quantity for previous fiscal period) – Environmental burden for current fiscal period.

Environmental

■ Economic effects

(Unit: million JPY)

Category	Data aggregation definitions and scope, etc. for each item	FY2022	FY2023
1 Sales of valuable resources	Revenue from sale of used containers, etc.	25	13
2 Energy conservation	Monetary value of the effects from energysaving activities at individual business locations	86	52
3 Resource conservation	Effects derived from the reduction in raw materials used due to higher recovery rates, etc.	320	223
4 Recycling of containers, etc.	Effects derived from product container reuse and adoption of reusable tanks	51	51
5 Reduction waste disposal costs	Reduced expenditure due to reduction in the amount of waste generated	41	5
Total		523	345
Environmental business	Total earnings from products registered as "environmentally friendly products" *1	259*2	1,242*2

Scope of calculation: Major factories and plants in Japan and affiliates in Japan; For details about the organizations in the scope, see page 80.

*1 Sales of environmentally friendly products multiplied by the operating margin.

*2 The sale of electricity from in-house solar power generation equipment is included.

Response to Climate Change

■ CO₂ emissions / CO₂ emissions per unit of sales

		FY2019	FY2020	FY2021	FY2022	FY2023
CO ₂ emissions (t-CO ₂)	Total in Japan	82,736	76,843	79,380	73,404	59,669
	Group total	121,344	118,786	120,893	112,023	99,903
	Asia, China and Eastern Asia	102,193	102,134	101,970	94,850	83,431
	Europe	9,518	8,793	9,753	7,308	6,148
	Americas	9,633	7,859	9,169	9,865	10,324
	Group total	204,080	195,629	200,273	185,427	159,571
CO ₂ emissions per unit of sales (t-CO ₂ /million JPY)		0.73	0.76	0.70	0.58	0.50

Scope of calculation: All bases in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

* For the electricity emission factor in Japan, we use the emission factor for each electric power company that is announced every year.

* Overseas electricity emissions factors have been calculated using the emissions factors of individual countries from the Inventory Database for Environmental Analysis (IDEA).

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

■ Energy consumption / energy use per production unit

		FY2019	FY2020	FY2021	FY2022	FY2023
Energy consumption (kl)	Total in Japan	40,374	38,388	39,849	37,723	30,752
	Major factories and plants in Japan	36,800	35,023	37,056	34,830	28,258
	Affiliates in Japan	3,574	3,365	2,793	2,893	2,494
	Overseas affiliates	50,124	48,625	49,860	47,498	43,354
	Group total	90,498	87,013	89,709	85,221	74,106
Energy use per production unit (L/t)	Major factories and plants in Japan	218.0	222.2	223.9	226.2	178.1
	Overseas affiliates	170.9	170.2	164.1	164.1	156.5

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing; For details about the organizations in the scope, see page 80.

Environmental

■ Scope 1 to 3 emissions

(Unit: t-CO₂)

Item	FY2021	FY2022	FY2023
Scope1 (direct emissions)	48,300	51,027	63,619
Heavy fuel oil A	1,379	994	958
Municipal gas	46,272	43,574	55,175
LPG	109	99	356
Scope2 (indirect emissions from energy sources)	23,960	27,934	90,949
Scope3 (other indirect emissions)	595,797	868,211	1,608,468
Category 1: Purchased goods and services	518,434	766,535	1,421,382
Category 2: Capital goods	19,075	21,823	43,392
Category 3: Fuel and energy related activities not included in Scope 1 or 2	14,908	16,507	29,729
Category 4: Transportation and delivery (upstream)	23,181	36,454	60,878
Category 5: Waste generated in operations	12,374	16,458	27,389
Category 6: Business travel	191	552	936
Category 7: Employee commuting	946	1,565	3,018
Category 8: Leased assets (upstream)	0	160	0
Category 9: Transportation and delivery (downstream)	6,688	8,157	21,745
Category 10: Processing of sold products	—	—	—
Category 11: Use of sold products	—	—	—
Category 12: End-of-life treatment of sold products	—	—	—
Category 13: Leased assets (downstream)	0	0	0
Category 14: Franchise	0	0	0
Category 15: Investments	0	0	0
Total	668,057	947,172	1,763,036
Scope1+Scope2	72,260	78,961	154,568

Scope of calculation: In FY2023, we expanded the scope of calculation by adding overseas bases to the FY2022 scope of calculation (Scope 1 and 2 cover 90% of the artience Group's net sales base, and Scope 3 covers 70%.) For details of the method of calculation and the increase portion, see page 85.

* The scope of calculation in FY2021 was 15 sites, including major domestic factories, plants, and offices of the Group's core operating companies.

* In FY2022, the scope of calculation was expanded by adding non-production bases to major domestic factories, plants, and offices of core operating companies (Scope 1 and 2 for all sites in Japan, and Scope 3 for Category 3, Category 6, and Category 7 for all sites in Japan.) As a result, figures for FY2022 are massively higher than figures for previous fiscal years (increase: 268,290t-CO₂.) Details are provided on pages 76 and 77 of the Sustainability Data Book 2023.

■ Third-party verification of CO₂ emissions data (Japan)

artience Co., Ltd. has undergone third-party verification of its Scope 1 and 2 greenhouse gas (CO₂) emissions at all of its sites in Japan.

Targets of verification	Scope of verification	Verification figures
1	Scope1	42,946 t-CO ₂
2	Scope2	21,196 t-CO ₂ *2

*1 The period from January 1, 2023 through December 31, 2023.

*2 Market standard

Environmental

■ Scopes 1, 2 and 3 emissions calculation method

Item		Calculation method	Applicable to more organizations from 2023 onwards	Emissions increase due to the expansion of the scope of calculation [t-CO ₂]
Scope1 (direct emissions)		Calculated direct emissions from stationary combustion of fuels (heavy fuel oil A, municipal gas, LPG, etc.) in business activities. The emissions unit value set out in Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain of the Ministry of the Environment were used.	Overseas sites	20,673
Scope2 (indirect emissions from energy sources)		Calculated indirect emissions originating from electricity purchased in business activities. The latest emission factors for each electric power company published under the Act on Promotion of Global Warming Countermeasures were used.	Overseas sites	69,753
Scope 3 (other indirect emissions)	Category 1: Purchased goods and services	Calculated emissions by multiplying the cost of raw materials purchased, the cost of merchandise purchased, supplies expense, and the cost of auxiliary materials purchased by the emissions intensity for each item. For items related to consumables and services, the applicable emission factor on the value basis was used for calculation. * Emissions intensity used: IDEA3.3, the input-output table, and global environmental impact intensity	Overseas sites	580,980
	Category 2: Capital goods	Calculated emissions by multiplying capital expenditure (excluding environmental costs) by an emissions intensity (2.73 t-CO ₂ e/million JPY).	Overseas sites	24,460
	Category 3: Fuel and energy related activities not included in Scope 1 or 2	Calculated emissions by multiplying electricity consumption and heat consumption by the emissions intensity. (Emissions intensity used: The Database of Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations throughout the Supply Chain (Ver. 3.4))	Overseas sites	14,440
	Category 4: Transportation and delivery (upstream)	Calculated emissions using the volumes of raw materials purchased, merchandise purchased, and auxiliary materials and a transportation scenario: a transport of 500 km using a tanker truck or 10-ton truck (a loading ratio of 50%). * Emissions intensity used: IDEA3.3 Calculated CO ₂ emissions associated with the transportation and distribution of our products and merchandise based on regular reports from specified consignors under the Act on Rationalizing Energy Use. Emissions in the scope of specified consignors not subject to reporting were calculated from the value concerning emissions understood by the company's system with the use of the emission intensity and in consideration of the period of storage in external warehouses. Emissions intensity used: Fuel method, improved ton-kilometer method, conventional ton-kilometer method and the input-output table	Overseas sites	31,160
	Category 5: Waste generated in operations	Classified industrial waste by type of waste and by stage of the disposal process (transportation, incineration, and landfill) and calculated emissions by multiplying the amount of industrial waste in each classification by the emissions intensity for each stage. Emissions from sewerage were calculated from the value for the volume of use. * Emissions intensity used: IDEA3.3 and the input-output table	Overseas sites	15,100
	Category 6: Business travel	Calculated emissions by multiplying the number of employees by the emissions intensity (0.130 t-CO ₂ per person per year).	Overseas sites	450
	Category 7: Employee commuting	Classified employees by type of workplace and by location of workplace and calculated emissions by multiplying the number of employees in each classification by the number of business days and by the emissions intensity for each classification. * Emissions intensity used: emissions intensities per employee per business day by type of workplace and by location of workplace set out in the Database of Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations throughout the Supply Chain (Ver. 3.4)	Overseas sites	1,520
	Category 8: Leased assets (upstream)	Emissions are deemed to be zero because emissions are included in emissions at our business sites (Scopes 1 and 2).	-	-
	Category 9: Transportation and delivery (downstream)	Assumed transportation from a processing company to a retailer and calculated emissions using a transportation scenario: a transport of 100 km using a 4-ton truck (average loading ratio). * Emissions intensity used: IDEA3.3	-	-
	Category 10: Processing of sold products	Do not calculate emissions because there are a wide variety of products and it is difficult to create a scenario about the processing of sold products.	-	-
	Category 11: Use of sold products	Do not calculate emissions because there are a wide variety of products and it is difficult to create a scenario about the use of sold products.	-	-
	Category 12: End-of-life treatment of sold products	Do not calculate emissions because there are a wide variety of products and it is difficult to create a scenario about the end-of-life treatment of sold products.	-	-
	Category 13: Leased assets (downstream)	Emissions are deemed to be zero because we have no applicable leased assets.	-	-
	Category 14: Franchise	Emissions are deemed to be zero because we have no franchises.	-	-
	Category 15: Investments	Emissions are deemed to be zero because we do not engage in investment business activities directly.	-	-

* For the scope of calculation, see page 84.

Environmental

Water Resources Management

Water consumption

(Unit: thousand m³)

	FY2019	FY2020	FY2021	FY2022	FY2023
Total in Japan	2,912	2,728	3,018	2,861	2,505
Major factories and plants in Japan	2,869	2,689	2,986	2,831	2,470
Affiliates in Japan	43	39	32	30	35
Overseas affiliates	2,570	2,699	2,577	1,996	2,328
Group total	5,482	5,427	5,595	4,857	4,833

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

Water withdrawal by source

(Unit: thousand m³)

	FY2019	FY2020	FY2021	FY2022	FY2023
Japan					
Water supplied	186	174	185	172	173
Industrial-use water	6	7	5	4	5
Groundwater	2,720	2,547	2,827	2,685	2,326
Other (rainwater, seawater, river and others)	0	0	0	0	0
Total	2,912	2,728	3,018	2,861	2,505
Overseas					
Water supplied	1,151	1,307	635	1,188	1,862
Industrial-use water	614	81	1,273	116	29
Groundwater	732	578	664	692	437
Other (rainwater, seawater, river and others)	0	0	0	0	0
Total	2,570	2,699	2,577	1,996	2,328

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

Amount of wastewater

(Unit: thousand m³)

	FY2019	FY2020	FY2021	FY2022	FY2023
Total in Japan	2,699	2,727	2,319	2,261	2,049
Major factories and plants in Japan	2,660	2,702	2,302	2,235	2,018
Affiliates in Japan	39	25	17	26	31
Overseas affiliates	1,582	1,472	1,704	1,606	1,769
Group total	4,281	4,199	4,023	3,867	3,818

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

* Figures for FY2022 for major domestic factories and plants have been corrected due to errors in aggregation.

Breakdown of volume of wastewater by destination

(Unit: thousand m³)

	FY2022	FY2023
Japan		
Sewerage networks	1,706	1,568
River	550	476
Sea	5	4
Groundwater	0	0
Total	2,261	2,049
Overseas		
Sewerage networks	1,605	1,287
River	1	482
Sea	0	0
Groundwater	0	0
Total	1,606	1,769

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

Environmental

Water intake and consumption in regions with water stress (FY2023)

	Water withdrawal (Unit: thousand m ³)	Ratio to total water intake / consumption (%)	Amount of wastewater (Unit: thousand m ³)	Ratio to total amount of wastewater (%)
Number of business sites assessed as having a high risk or an extremely high risk	153.2	3.17	9.6	0.25

Scope of aggregation: Bases in the Asian region (excluding Japan) that were rated as having high or extremely high water risk, among 44 business sites surveyed in Japan and overseas using Aqueduct 4.0 (Details shown on page 27.)

COD emissions

(Unit: t)

	FY2019	FY2020	FY2021	FY2022	FY2023
Total in Japan	76.8	83.9	68.4	64.6	54.3
Major factories and plants in Japan	76.8	83.9	68.4	64.6	54.3
Affiliates in Japan	0.0	0.0	0.0	0.0	0.0
Overseas affiliates	112.0	75.9	80.3	159.9	104.7
Group total	188.8	159.7	148.7	224.5	159.0

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

Total nitrogen emissions

(Unit: t)

	FY2022	FY2023
Total in Japan	0.7	0.1
Major factories and plants in Japan	0.7	0.1
Affiliates in Japan	0.0	0.0
Overseas affiliates	22.0	12.4
Group total	22.7	12.5

Scope of aggregation: Japan: Toyocolor Co., Ltd. Fuji Factory and Okayama Plant, Toyochem Co., Ltd. Kawagoe Factory and Amagasaki Plant, Toyo Ink Co., Ltd. Saitama Factory, Toyo Visual Solutions Co., Ltd. Moriyama Factory, Toyo-Morton, Ltd., Matsui Chemical Co., Ltd. (covers 97% of the wastewater in Japan.)

Major overseas affiliates engaging in manufacturing. For details about the organizations in the scope, see page 80.

Total phosphorous emissions

(Unit: t)

	FY2022	FY2023
Total in Japan	0.1	0.1
Major factories and plants in Japan	0.1	0.1
Affiliates in Japan	0.0	0.0
Overseas affiliates	0.2	0.2
Group total	0.3	0.3

Scope of aggregation: Japan: Toyocolor Co., Ltd. Fuji Factory and Okayama Plant, Toyochem Co., Ltd. Kawagoe Factory and Amagasaki Plant, Toyo Ink Co., Ltd. Saitama Factory, Toyo Visual Solutions Co., Ltd. Moriyama Factory, Toyo-Morton, Ltd., Matsui Chemical Co., Ltd. (covers 97% of the wastewater in Japan.)

Major overseas affiliates engaging in manufacturing. For details about the organizations in the scope, see page 80.

State of compliance with laws and regulations

(Unit: case)

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of violations of water-related standards and laws and regulations (Japan)	0	0	0	0	0

Environmental

Waste Management

■ Volume of waste emissions / volume of industrial waste emissions / amount of waste treated off-site / final disposal volume

(Unit: t)

		FY2019	FY2020	FY2021	FY2022	FY2023
Volume of waste emissions	Total in Japan	18,026	16,432	18,053	17,456	14,112
	Major factories and plants in Japan	15,805	14,354	15,984	15,408	11,918
	Affiliates in Japan	2,221	2,078	2,068	2,047	2,194
	Overseas affiliates	14,840	13,817	15,999	14,410	12,341
	Group total	32,867	30,249	34,052	31,866	26,453
Volume of industrial waste emissions	Total in Japan	7,138	7,572	8,956	7,865	5,869
	Major factories and plants in Japan	6,459	6,763	8,337	7,345	5,230
	Affiliates in Japan	679	809	619	520	638
Amount of waste treated off-site	Total in Japan	14,505	12,900	13,949	13,466	10,625
	Major factories and plants in Japan	12,333	11,075	12,154	11,774	8,745
	Affiliates in Japan	2,173	1,825	1,796	1,692	1,880
Final disposal volume	Total in Japan	6.4	6.5	4.7	3.1	21.2
	Major factories and plants in Japan	0.4	0.1	0	0	0
	Affiliates in Japan	6.0	6.4	4.7	3.1	21.2
Recycling	Total in Japan	18,020	16,426	18,048	17,453	14,091
Recycling rate(%)	Total in Japan	100.0	100.0	100.0	100.0	99.8

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

* The data on affiliates in Japan for FY2022 include figures of the Kansai Branch Office (Neyagawa), the Kansai Branch Office (Toyama), the Chubu Branch Office (Kasugai), Toyo Ink Hokkaido Co., Ltd., Toyo Ink Chushikoku Co., Ltd. (Okayama), Toyo Ink Chushikoku Co., Ltd. (Takamatsu) and Toyo Ink Kyushu Co., Ltd. (Fukuoka).

* In FY2023, Toyo Ink Co., Ltd. was consolidated and abolished as an organization, but the scope of aggregation remains unchanged from FY2022.

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

■ Volume of hazardous / non-hazardous waste emissions

(Unit: t)

		FY2020	FY2021	FY2022	FY2023
Hazardous waste	Valuables	1,187	996	1,118	1,186
	Reuse within the Group	3,532	3,940	3,983	3,487
	Recycling at recyclers	2,714	2,957	2,827	2,143
	Landfill	0	0	0	0
	Total	7,433	7,892	7,927	6,816
Non-hazardous waste	Valuables	2,963	3,695	3,901	3,227
	Reuse within the Group	0	4	6	0
	Recycling at recyclers	6,021	6,457	5,618	4,048
	Landfill	6	3	3	21
	Total	8,990	10,159	9,528	7,296

Scope of calculation: Major factories and plants in Japan, affiliates in Japan (100% covered); For details about the organizations in the scope, see page 80.

* The data on affiliates in Japan for FY2022 include figures of the Kansai Branch Office (Neyagawa), the Kansai Branch Office (Toyama), the Chubu Branch Office (Kasugai), Toyo Ink Hokkaido Co., Ltd., Toyo Ink Chushikoku Co., Ltd. (Okayama), Toyo Ink Chushikoku Co., Ltd. (Takamatsu) and Toyo Ink Kyushu Co., Ltd. (Fukuoka).

* In FY2023, Toyo Ink Co., Ltd. was consolidated and abolished as an organization, but the scope of aggregation remains unchanged from FY2022.

* Hazardous waste: specially controlled industrial waste (waste oil, PCB, waste acid, waste alkali)

Environmental

Pollution Prevention

■ NOx emissions

(Unit: t)

	FY2019	FY2020	FY2021	FY2022	FY2023
Total in Japan	46.7	50.8	53.2	62.7	38.6
Major factories and plants in Japan	45.6	49.9	53.1	62.6	38.4
Affiliates in Japan	1.0	0.9	0.2	0.2	0.2
Overseas affiliates	46.5	22.9	21.6	32.2	28.5
Group total	93.1	73.7	74.8	94.9	67.1

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

■ SOx emissions

(Unit: t)

	FY2019	FY2020	FY2021	FY2022	FY2023
Total in Japan	1.2	1.0	0.8	0.4	0.5
Major factories and plants in Japan	1.2	1.0	0.8	0.4	0.5
Affiliates in Japan	0	0	0	0	0
Overseas affiliates	9.3	3.5	6.5	12.8	14.3
Group total	10.5	4.5	7.2	13.2	14.8

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

■ Particulate emissions

(Unit: t)

	FY2019	FY2020	FY2021	FY2022	FY2023
Total in Japan	2.1	2.0	1.7	1.5	2.2
Major factories and plants in Japan	2.0	1.9	1.7	1.5	2.2
Affiliates in Japan	0.1	0.1	0.0	0.0	0.0
Overseas affiliates	10.1	22.0	6.6	8.8	7.2
Group total	12.2	24.0	8.2	10.3	9.4

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

■ VOC emissions

(Unit: t)

	FY2020	FY2021	FY2022	FY2023
Total in Japan	48.6	44.3	53.3	52.7
Major factories and plants in Japan	47.9	44.0	53.2	52.4
Affiliates in Japan	0.6	0.4	0.1	0.3

Scope of calculation: Major factories and plants in Japan, affiliates in Japan (100% covered); For details about the organizations in the scope, see page 80.

Chemical Substance Management

■ Chemical substance emissions

(Unit: t)

	FY2019	FY2020	FY2021	FY2022	FY2023
Total in Japan	134.5	131.3	118.4	149.7	102.8
Major factories and plants in Japan	132.6	129.5	117.2	149.3	100.7
Affiliates in Japan	2.0	1.8	1.1	0.4	2.1
Overseas affiliates	183.8	316.7	213.3	107.3	144.8
Group total	318.3	448.0	331.7	257.0	247.6

Scope of calculation: Major factories and plants in Japan, affiliates in Japan and major overseas affiliates engaging in manufacturing (covers 100% in Japan and approx. 91% overseas); For details about the organizations in the scope, see page 80.

* Past figures have been recalculated retrospectively due to the revision of the operation method of the aggregation system and a review of substances covered by PRTR in FY2023.

* Past figures have been recalculated retrospectively, given that overseas affiliates adopted a new calculation method in FY2020.

Environmental

■ Emissions and transfers of PRTR-designated chemicals (FY2023)

(Unit: kg)

PRTR substance name	Ordinance designation number*1	Amount emitted			Amount transferred	
		Atmo-sphere	Public waters	Soil	Sewerage	Waste materials
acrylamide	2	0	0	0	0	0
ethyl acrylate	3	35	0	0	0	44
acrylic acid and its water-soluble salts	4	16	0	0	0	14
2-(dimethylamino)ethyl acrylate	5	0	0	0	0	44
n-butyl acrylate	7	1,850	0	0	0	8,180
methyl acrylate	8	24	0	0	0	0
2-aminoethanol	20	0	0	0	0	0
antimony and its compounds	31	0	0	0	0	1,305
3-isocyanatomethyl-3,5,5-trimethylcyclohexyl isocyanate	34	120	0	0	0	550
4,4'-isopropylidenediphenol	37	0	0	0	0	25,000
ethylbenzene	53	23,340	0	0	0	54,330
ethylene glycol monoethyl ether	57	110	0	0	0	46
p-alkylphenol (alkyl C=8)	74	0	0	0	0	17,000
xylene	80	23,352	0	0	0	54,407
cresol	86	7	0	0	0	0
chromium and chromium(III) compounds	87	0	0	0	0	1,103
chromium(VI) compounds	88	0	0	0	0	0
cobalt and its compounds	132	0	0	0	0	239
2-ethoxyethyl acetate	133	180	0	0	0	630
vinyl acetate	134	29	0	0	0	29
2,6-di-tert-butyl-4-cresol	207	0	0	0	0	190
N,N-dimethylformamide	232	0	0	0	0	0
styrene	240	40	0	0	0	120
Alkanol (C=10)	257	0	0	0	0	0
terephthalic acid	270	0	0	0	0	6,000
dimethyl terephthalate	271	0	0	0	0	0
copper salts (water-soluble, except complex salts)	272	0	0	0	0	0
tolylene diisocyanate	298	0	0	0	0	3,300
toluene	300	4,990	0	0	0	26,600
naphthalene	302	0	0	0	0	130
nickel compounds	309	0	0	0	0	382
alkylphenol (alkyl C=9)	320	0	0	0	0	1,200
vanadium compounds	321	0	0	0	0	35
phenol	349	7	0	0	0	29
bis(2-ethylhexyl)phthalate	355	0	0	0	0	22
hexamethylene diisocyanate	391	0	0	0	0	290
n-hexane	392	57	0	0	0	230
water-soluble salts of peroxodisulfuric acid	395	0	0	0	0	15
1,2,4-benzenetricarboxylic 1,2-anhydride	401	0	0	0	0	66
poly(oxyethylene)alkyl ether(alkyl C=12-15)	407	0	0	0	0	74
sodium poly(oxyethylene) dodecyl ether sulfate	409	0	0	0	0	130
formaldehyde	411	41	0	0	0	0
manganese and its compounds	412	0	0	0	0	98
phthalic anhydride	413	0	0	0	0	0
methacrylic acid	415	21	0	0	0	98
methyl methacrylate	420	181	0	0	0	743
methylenebis(4,1-phenylene) diisocyanate	448	0	0	0	0	0
molybdenum and its compounds	453	0	0	0	0	0

Environmental

■ Emissions and transfers of PRTR-designated chemicals (FY2023)

(Unit: kg)

PRTR substance name	Ordinance designation number*1	Amount emitted			Amount transferred	
		Atmo-sphere	Public waters	Soil	Sewerage	Waste materials
tri-n-butyl phosphate	462	0	0	0	0	0
2-ethylhexyl acrylate	564	0	0	0	0	41,500
Polycondensation product of adipic acid, (N-(2-aminoethyl)ethane-1,2-diamine or N,N'-bis(2-aminoethyl)ethane-1,2-diamine), and 2-(chloromethyl)oxirane	566	0	0	0	0	7,700
acetylacetone	568	47	0	0	0	220
alkane-1-amine (alkane structure is linear, alkane C=8, 10, 12, 14, 16, 18 and these mixtures), (z)-octadeca-9-en-1-amine, and (9Z, 12Z)-octadeca-9,12-dien-1-amine and these mixtures	576	88	0	0	0	2,300
oxirane polyadducts of alkane-1-amine (alkane structure is linear, alkane C=8,10,12,14,16,18 and these mixtures), oxirane polyadducts of (Z)-octadeca-9,12-dien-1-amine, and mixtures of oxirane polyadducts of (9Z,12Z)-octadeca-9,12-dien-1-amine	577	0	0	0	0	490
alpha-alkyl-omega-hydroxypoly(oxyethane-1,2-diyl) (alkyl C=16 to 18 and these mixtures, and its number-average molecular weight < 1,000), and alpha-alkenyl-omega-hydroxypoly(oxyethane-1,2-diyl) (alkenyl C=16 to 18 and these mixtures, and its number-average molecular weight < 1,000), and these mixtures	578	0	0	0	0	0
alpha-(isocyanatobenzyl)-omega-(isocyanatophenyl)poly[(isocyanatophenylene)methylene]	585	0	0	0	0	67
ethylene glycol monobutyl ether	594	334	0	0	0	1,630
diethanolamine	626	0	0	0	0	0
diethylene glycol monobutyl ether	627	0	0	0	0	32,000
cyclohexane	629	0	0	0	0	0
organic tin compounds (excluding bis(tributyltin) oxide)	664	0	0	0	0	0
trimethylbenzene	691	258	0	0	0	1,136
trimethoxy-[3-(oxiran-2-ylmethoxy) propyl] silane	693	231	0	0	0	1,120
bis(2,2,6,6-tetramethyl-4-piperidyl) sebacate	705	0	0	0	0	120
tert-butyl 2-ethylperoxyhexanoate	712	0	0	0	0	2,039
2-tert-butoxyethanol	720	1,100	0	0	0	5,400
hexane dihydrazide	727	0	0	0	0	0
heptane	731	5	0	0	0	26
methyl isobutyl ketone	737	180	0	0	0	530
n-methyl-2-pyrrolidone	746	0	0	0	0	0

Scope of calculation: Major factories and plants in Japan; For details about the organizations in the scope, see page 80.

* In FY2023, we revised the operation method of the aggregation system and reviewed substances covered by PRTR.

*1 The control number of Class I Designated Chemical Substances

Social

Human Resource Management

■ Number of employees

			FY2021	FY2022	FY2023
Number of employees (employees)	artience	male	306	304	288
		female	96	99	100
Total		402	403	388	
Toyo Ink	male	579	585	673	
	female	73	75	88	
	Total	652	660	761	
Toyochem	male	486	493	513	
	female	73	73	82	
	Total	559	566	595	
Toyocolor	male	445	426	424	
	female	56	58	56	
	Total	501	484	480	
Affiliates in Japan (consolidated)*	male	786	768	608	
	female	177	183	162	
	Total	963	951	770	
Overseas affiliates (consolidated)	male	—	3,754	3,792	
	female	—	1,112	1,050	
	Total	4,810	4,866	4,842	
Group total	male	—	6,330	6,298	
	female	—	1,600	1,538	
	Total	7,887	7,930	7,836	

Aggregation scope: Global (consolidated)

* Consolidated subsidiaries in Japan excluding Toyo Ink Co., Ltd., Toyochem Co., Ltd., and Toyocolor Co., Ltd.

■ Employees by business area

			FY2021	FY2022	FY2023
Number of employees (employees)	Japan	male	2,602	2,576	2,506
		female	475	488	488
		Total	3,077	3,064	2,994
China	male	—	1,220	1,171	
	female	—	344	321	
	Total	1,579	1,564	1,492	
Asia	male	—	1,790	1,791	
	female	—	467	491	
	Total	2,251	2,257	2,282	
Americas	male	—	303	385	
	female	—	161	95	
	Total	440	464	480	
Europe and Africa	male	—	441	445	
	female	—	140	143	
	Total	540	581	588	

Aggregation scope: Global (consolidated)

■ Number of new hires / Average years of service / Rate of regular employees

			FY2021	FY2022	FY2023
Number of new hires (employees)	Number of new graduate hires	Male	40	32	37
		Female	19	17	20
		Total	59	49	57
	Number of mid-career hires	Male	41	49	28
		Female	7	10	2
		Total	48	59	30
Total	Male	81	81	65	
	Female	26	27	22	
	Total	107	108	87	
Average years of service (years)	Male	19.2	19.3	18.9	
	Female	14.6	14.9	14.2	
	Total	18.4	18.6	18.1	
Rate of regular employees (%)			82.1	81.3	81.6

Aggregation scope: Subsidiaries in Japan (consolidated and non-consolidated)

■ Number of employees by age group, average age

		FY2021	FY2022	FY2023
Number of employees (employees)	Ages 18 to 29	395	380	378
	Ages 30 to 39	709	704	654
	Ages 40 to 49	837	796	777
	Ages 50 to 59	994	1,002	965
	Ages 60 to 64	275	309	326
	Ages 65 and above	13	17	24
Average age (years old)	Male	45.3	45.6	46.0
	Female	41.7	41.9	41.9
	Total	44.7	45.0	45.3

Aggregation scope: Subsidiaries in Japan (consolidated and non-consolidated)

■ Annual turnover and reasons for leaving the Group

		FY2021	FY2022	FY2023
Annual turnover* (%)		2.01	2.84	3.71
Reasons for leaving the Group (employees)	Company circumstances	0	0	0
	Personal circumstances	45	58	83
	Mandatory retirement age	3	0	9
	Leave period expired	1	6	1
	Reemployment period expired	12	16	7
	Total	61	80	100

Aggregation scope: Japan (Employees who belong to artience Co., Ltd.)

* The annual turnover indicates the percentage of retirees who left the Group due to personal circumstances or who have expired the leave period per the number of all subject employees.

Social

Human resources development

■ List of training programs

Job-class-specific training programs	
<Next-generation leader and manager training>	
Training aimed at developing human resources who will play core roles in management and helping them to acquire management skills such as vision, problem identification, and thinking skills necessary for leaders	
<ul style="list-style-type: none"> · Training for new officers · Program to cultivate next-generation leaders · Team management training · Basic seminar for managerial employees 	
<Skills development training>	
Training aimed at helping employees to acquire the ability to think toward achieving goals	
<ul style="list-style-type: none"> · Practical program for solving issues · Basic program for problem solving 	
<Career development training>	
Training aimed at helping employees acquire the skills and vision necessary for each age group, and training for the development of female leaders	
<ul style="list-style-type: none"> · Career development training for senior employees · Training for on-the-job trainers · Career design training for employees in their fourth year · Follow-up training for employees in their first year · Introductory training for new employees · Dispatching female employees outside the Group · Career training for female employees 	
Job-type-specific training programs	
Training aimed at helping employees acquire the skills necessary for each job type, such as business negotiation skills for sales employees, basic statistical and experimental design training for technical / engineering employees, and QC method training for production employees	
<ul style="list-style-type: none"> · Program for improving business negotiation skills · Basic QC training · Intellectual property program · Training on design of experiments · MI hands-on training 	
Training programs for developing overseas human resources and for overseas national staff	
Overseas workshops for employees who aspire to grow into global human resources, and training to help employees to acquire the skills necessary before starting work at an overseas subsidiary	
<ul style="list-style-type: none"> · Overseas workshop programs · Overseas assignment training · Seminars on the environment and safety 	
e-learning	
<ul style="list-style-type: none"> · Chemical substance and trade control course · DX education (Aidemy) · Kaizen-based (for production employees) 	
Self-development	
<ul style="list-style-type: none"> · GLOBIS Unlimited · JMOOC 	

■ Training costs per employee / in-house recruitment

		FY2021	FY2022	FY2023
Training costs per employee*1	Investment amount (thousand JPY / employee)	30	30	33
In-house recruitment system / Career challenge system (employees)*2	Number of voluntary career development programs adopted	8	11	12
Number of cases eligible for in-house commendation (cases)		4	2	6
Number of applications for Business Idea Competition (cases)*3		122	63	131

*1 Aggregation scope: artience Co., Ltd., Toyo Ink Co., Ltd., Toyochem Co., Ltd., Toyocolor Co., Ltd., and Toyo Visual Solutions Co., Ltd.

*2 Aggregation scope: Subsidiaries in Japan (consolidated and non-consolidated)

*3 Scope of calculation: Global (consolidated) In the business idea contest, teams composed of multiple employees deliver presentations on their activities on subjects they have determined.

Promoting diversity, equity and inclusion

■ Employee diversity

		FY2021	FY2022	FY2023
Rate of female managers (%)*1		4.5	4.5	5.5
Rate of hiring female graduates (%)*2		32.7	32.5	37.0
Number of foreign employees (employees)		27	28	30
Employment of people with disabilities	Number of employees (employees)	42	42	43
	Employment rate (%)	2.56	2.60	2.74
	Average years of service (years)	15.8	15.6	16.9

Aggregation scope: Japan (Employees who belong to artience Co., Ltd.)

*1 As of the following January of each fiscal year

*2 Rate of hiring female graduates joining the company each year in April.

■ Wage Gap between Male and Female

		FY2022	FY2023
Regular employees (%)		76.0	77.3
Non-regular employees (%)		65.1	39.8
All employees (%)		75.5	77.1

Aggregation scope: Subsidiaries in Japan (consolidated and non-consolidated)

* The wage gap between men and women is calculated by dividing the annual average wage for women by the annual average wage for men. Trainings

■ Trainings

		FY2021	FY2022	FY2023
Human rights / harassment training (employees)	Training for new employees	59	49	57
	Overseas assignment training	24	20	20
	Training for managers	86	97	76
	Compliance training	Meetings in each site: 3,456 Improvement Month: 3,740	Meetings in each site: 3,663 Improvement Month: 3,896	Meetings in each site: 3,386 Improvement Month: 3,479
Number of participants in diversity training (employees)*1		—	Total 146	Total 146
Number of ally supporters (employees)*1		—	94	115

Aggregation scope: Subsidiaries in Japan (consolidated and non-consolidated)

*1 Implemented from FY2022

Social

Promoting a Healthy Work-Life Balance

		FY2021	FY2022	FY2023	
Childcare leave	Ratio of employees taking childcare leave, etc. (%)	Male	25.8	92.7	100.0
		Female	100	100	100
	Ratio of employees returning to work after childcare leave (%)	Male	100	100	100
		Female	100	100	100
		Total	100	100	100
Number of employees working shorter hours for childcare (employees)		41	36	34	
Working hours	Total working hours (hr)	1,753	1,723	1,755	
	Average overtime hours (hr/month)	7.6	7.2	7.9	
	Ratio of paid leave taken (%)	57.6	64.0	69.2	
	Average number of days of annual paid leave taken (days)	11.1	12.3	13.3	
	Average number of days of total paid leave taken ^{*1}	15.2	16.7	16.8	
	Ratio of half-day leave taken (%)	69.0	73.7	78.4	
	Rate of use of the selectable welfare program (%)	71.5	85.8	83.2	

Aggregation scope: Japan (Employees who belong to artience Co., Ltd.)

*1 Total paid leave = annual paid leave + nursing care leave + special leave + accumulated leave

Health and Productivity Management

	FY2021	FY2022	FY2023
Rate of receiving health examinations (%)	100	100	100
Health examinations for dependents (%) [*]	82	82	80
Rate of conducting stress checks (%)	93	91	92
Ratio of influenza vaccinations (%)	60	64	59
Number of COVID-19 vaccinations in workplaces	5,600	1,922	Not implemented

Aggregation scope: Japan (Employees who belong to artience Co., Ltd.)

* As of the end of December of each year

Social

Occupational Safety and Health, Process Safety and Disaster Prevention

■ Lost-workday injuries / fatal accidents

			FY2021	FY2022	FY2023
Lost-workday injuries	Number of occurrences (cases)* ¹	Our Group	4	2	3
		Partner companies	2	1	2
Fatal accidents	Number of occurrences (cases)* ¹		0	0	0
		Number of deaths (employees)			
Lost-workday injuries	Frequency rate* ²	Our Group	0.569	0.286	0.438
		Partner companies	—	—	2.744
	Severity rate* ³	Our Group	0.001	0.002	0.003
		Partner companies	—	—	0.056
Work-related diseases and poor physical condition	Number of disease outbreaks (cases)	Our Group and partner companies	0	0	0
	Number of deaths (employees)	Our Group and partner companies	0	0	0

Scope of calculation: Japan Our Group: employees working at all of the business establishments of the Group based in Japan (including contract employees, part-time employees and dispatched employees)

Partner companies: employees of those companies engaged in commissioned services in all business sites of the Group in Japan (including those without capital relationships) which provide data for the Group's companies and implement safety management as the Group's companies do (The total number of employees from partner companies was 481 in 2021, 424 in 2022, and 381 employees in 2023.)

Calculation period: From January to December each year

1 Number of injuries/accidents: Cases where workers suffer diseases, injuries or death arising from their work activities while on duty (wherein diseases or injuries refer to lost-workday for one day or more or non-lost-workday injuries that cause a loss of part of the body or functions, excluding tardive work-related diseases(), food poisoning and infectious diseases). Injuries, illnesses or death arising from commuting accidents are excluded.

* Slow-onset: Illnesses that develop slowly, not acutely due to an accident or disaster. They include pneumoconiosis, lead poisoning, and vibration disorder. (Excerpted from the *Manual for Entering FY2020 Survey Sheet for Survey on Industrial Accidents* by the Ministry of Health, Labour and Welfare)

*2 Lost-workday injury frequency rate: Number of workers suffering or death per million actual working hours in cumulative total, which indicates the frequency of occurrence of lost-workday injuries

*3 Lost-workday injury severity rate: Number of lost-workdays per thousand actual working hours in cumulative total, which indicates severity of lost-workday injuries

■ Number of violations of labor standards-related laws and regulation

	FY2021	FY2022	FY2023
Number of violations of labor standards-related laws and regulations (cases)	0	0	0

Aggregation scope: Subsidiaries in Japan (consolidated and non-consolidated)

Social Contribution Activities

■ Number of employees taking volunteer leave

	FY2021	FY2022	FY2023
Number of employees taking volunteer leave*	4	3	1

Aggregation scope: Japan (Employees who belong to artience Co., Ltd.)

* The system implemented from July 2021

Governance

Corporate Governance

■ Members of major meeting bodies related to corporate governance

			FY2020	FY2021	FY2022	FY2023	FY2024
Composition of the Board of Directors	Gender (persons)	Male	10	8	9	8	9
		Female	1	2	2	3	3
		Percentage of female directors (%)	9.1	20.0	18.2	27.3	25.0
	Total (persons)		11	10	11	11	12
	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)		3	4	5	5	6	
Composition of the Group Management Committee	Gender (persons)	Male	11	9	11	11	11
		Female	0	0	0	0	0
	Total (persons)		11	9	11	11	11
Composition of Operating Officers	Gender (persons)	Male	25	23	24	23	15
		Female	1	0	0	0	1
	Total (persons)		26	23	24	23	16

* Members after the annual general meeting of shareholders; except for FY2024, for which the figure is as of March 26, 2024

■ Total amounts of remuneration, etc. by directors and Audit and Supervisory Board members (FY2023)

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-linked compensation)	Transfer-restricted stock-based compensation	
Directors (Excluding Directors who are members of the Audit & Supervisory Committee) (outside directors)	267 (29)	187 (29)	73 (-)	6 (-)	9 (4)
Directors (Audit and Supervisory Committee member) (outside directors)	54 (30)	54 (30)	-	-	4 (3)
Total (outside directors)	321 (59)	241 (59)	73 (-)	6 (-)	Total 13 (Total 7)

* The number of people and the amounts of compensation above include the two directors who resigned at the closing of the Annual General Meeting of Shareholders held on March 23, 2023.

Risk Management

	FY2021	FY2022	FY2023
Serious incidents related to information security (cases)	0	0	0

Compliance

	FY2021	FY2022	FY2023
Serious compliance violations (cases)	0	0	0
Violations related to corruption (cases)	0	0	0
Fines relating to corruption (JPY)	0	0	0

GRI Content Index

[Statement of use]	The artience Group has reported the information cited in this GRI content index for the period [January 1, 2023 to December 31, 2023] with reference to the GRI Standards.
[GRI used]	GRI1: Foundation 2021

■ GRI2: General Disclosures 2021

GRI Standards		References		
		Sustainability Data Book 2024		Other materials
		Page	Item	Item
The organization and its reporting practices				
2-1	Organizational details	103-104	Group Corporate Profile	
2-2	Entities included in the organization's sustainability reporting	80 103-104	Scope of collection of environmental data Group Corporate Profile	Annual Securities Report Integrated Report 2024
2-3	Reporting period, frequency and contact point	3	About the Sustainability Data Book 2024	
2-4	Restatements of information	10-11 33-34 80-96	Material issues and progress of our activities Chemical Substance Management ESG Data Collection	
2-5	External assurance	25 84	Third-party verification of CO ₂ emissions data (Japan) ESG Data Collection	
Activities and workers				
2-6	Activities, value chain and other business relationships	12 60-61 103-104	Our relationships with SDGs in its value chain Supply Chain Management Group Corporate Profile	Annual Securities Report Integrated Report 2024
2-7	Employees	92	ESG Data Collection	
2-8	Workers who are not employees	92	ESG Data Collection	
Governance				
2-9	Governance structure and composition	63-67	Corporate Governance	Corporate Governance Report Annual Securities Report
2-10	Nomination and selection of the highest governance body	65-67	Corporate Governance	Corporate Governance Report Integrated Report 2024
2-11	Chair of the highest governance body	64	Corporate Governance	Corporate Governance Report Integrated Report 2024
2-12	Role of the highest governance body in overseeing the management of impacts	8-9 63-64	Sustainability Management Corporate Governance	Integrated Report 2024
2-13	Delegation of responsibility for managing impacts	8-9 63-64	Sustainability Management Corporate Governance	Integrated Report 2024
2-14	Role of the highest governance body in sustainability reporting	8-9	Sustainability Management	Integrated Report 2024
2-15	Conflicts of interest		—	Corporate Governance Report Annual Securities Report
2-16	Communication of critical concerns	71-72 76	Risk Management Compliance	
2-17	Collective knowledge of highest governance body	69	Corporate Governance	Integrated Report 2024
2-18	Evaluation of the performance of the highest governance body	70	Corporate Governance	Corporate Governance Report Integrated Report 2024
2-19	Remuneration policies	70	Corporate Governance	Corporate Governance Report Integrated Report 2024
2-20	Process to determine remuneration	70	Corporate Governance	Corporate Governance Report Integrated Report 2024

GRI Content Index

GRI Standards		References		
		Sustainability Data Book 2024		Other materials
		Page	Item	Item
2-21	Annual total compensation ratio			—
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	5	Top Message	Integrated Report 2024
2-23	Policy commitments	8 16 56 63	Sustainability Management Environmental Management Respect for Human Rights Corporate Governance	Integrated Report 2024 Related policies and guidelines https://www.artiencegroup.com/en/corporate/sustainability/policies/index.html
2-24	Embedding policy commitments	2-79	Sustainability Data Book 2024	
2-25	Processes to remediate negative impacts	56-59 60-61 76-78	Respect for Human Rights Promotion of CSR procurement Compliance	
2-26	Mechanisms for seeking advice and raising concerns	59 76	Office providing consultations on human rights violations Whistleblowing system	
2-27	Compliance with laws and regulations	76-78 96	Compliance ESG Data Collection	
2-28	Membership associations	25 29 37	Climate change initiatives Plastic resource recycling Participation in biodiversity organizations KEIDANREN (Japan Business Federation), Japan Chemical Industry Association, Japan Printing Ink Makers Association, Japan Dyestuff and Industrial Chemicals Association, Japan Packaging Institute	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	14	Relationship with Stakeholders	Integrated Report 2024
2-30	Collective bargaining agreements			—

■ GRI3: Material Topics 2021

GRI Standards		References		
		Sustainability Data Book 2024		Other materials
		Page	Item	Item
Disclosures on material topics				
3-1	Process to determine material topics	9	Material issues	
3-2	List of material topics	10-11	Material issues and progress of our activities	
3-3	Management of material topics	8-9 10-11	Sustainability Management Material issues and progress of our activities	

GRI Content Index

Topic-specific Standards

■ Economic

GRI Standards		References		
		Sustainability Data Book 2024		Other materials
		Page	Item	Item
GRI201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	104	Numerical Information	Annual Securities Report Integrated Report 2024
201-2	Financial implications and other risks and opportunities due to climate change	20-22	Response to Climate Change	Integrated Report 2024
201-3	Defined benefit plan obligations and other retirement plans		—	Annual Securities Report
201-4	Financial assistance received from government		—	
GRI202: Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		—	
202-2	Proportion of senior management hired from the local community		—	
GRI203: Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported	62	Social Contribution Activities	
203-2	Significant indirect economic impacts		—	
GRI204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers		—	
GRI205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	77	Prevention of corruption and bribery	
205-2	Communication and training about anti-corruption policies and procedures	77	Prevention of corruption and bribery	
205-3	Confirmed incidents of corruption and actions taken	96	ESG Data Collection	
GRI206: Anti-competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	78	Fair trade	
GRI207: Tax 2019				
207-1	Approach to tax	79	Tax Affairs	
207-2	Tax governance, control, and risk management	71 79	Risk Management Tax Affairs	
207-3	Stakeholder engagement and management of concerns related to tax	79	Tax Affairs	
207-4	Country-by-country reporting		—	

■ Environmental

GRI Standards		References		
		Sustainability Data Book 2024		Other materials
		Page	Item	Item
GRI301: Materials 2016				
301-1	Materials used by weight or volume	81	ESG Data Collection	
301-2	Recycled input materials used		—	
301-3	Reclaimed products and their packaging materials		—	
GRI302: Energy 2016				
302-1	Energy consumption within the organization	24 83	Achievements in FY2023 ESG Data Collection	
302-2	Energy consumption outside of the organization	25	CO ₂ emissions across the supply chain	
302-3	Energy intensity	24 83	Achievements in FY2023 ESG Data Collection	
302-4	Reduction of energy consumption	24-25	Initiatives	

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GRI Standards		References		
		Sustainability Data Book 2024		Other materials
		Page	Item	Item
302-5	Reductions in energy requirements of products and services	18-19	Environmentally Friendly Products / Utilization of Life Cycle Assessment	Environmental solutions https://www.artiencegroup.com/en/products/solution/package/index.html
GRI 303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	26-27	Water Resource Management	
303-2	Management of water discharge-related impacts	26-27	Water Resource Management	
303-3	Water withdrawal	26-27 86-87	Water Resource Management ESG Data Collection	
303-4	Water discharge	26-27 86-87	Water Resource Management ESG Data Collection	
303-5	Water consumption	26-27 86-87	Water Resource Management ESG Data Collection	
GRI304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	35-37	Biodiversity	
304-2	Significant impacts of activities, products, and services on biodiversity	35-37	Biodiversity	
304-3	Habitats protected or restored	35-37	Biodiversity	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	35-37	Biodiversity	
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	24-25 83-84	Response to Climate Change ESG Data Collection	
305-2	Energy indirect (Scope 2) GHG emissions	24-25 83-84	Response to Climate Change ESG Data Collection	
305-3	Other indirect (Scope 3) GHG emissions	25 83-84	CO ₂ emissions across the supply chain ESG Data Collection	
305-4	GHG emissions intensity	24 83	Achievements in FY2023 ESG Data Collection	
305-5	Reduction of GHG emissions	20-25	Response to Climate Change	
305-6	Emissions of ozone-depleting substances (ODS)	32	Compliance with the Law for Controlling Fluorocarbon Emissions	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	31-32 89	Pollution Prevention ESG Data Collection	
GRI306: Waste 2020				
306-1	Waste generation and significant waste-related impacts	28-30	Waste Management	
306-2	Management of significant waste-related impacts	28-30	Waste Management	
306-3	Waste generated	28-30 88	Waste Management ESG Data Collection	
306-4	Waste diverted from disposal	28-30 88	Waste Management ESG Data Collection	
306-5	Waste directed to disposal	28-30 88	Waste Management ESG Data Collection	
GRI308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	60-61	Supply Chain Management	
308-2	Negative environmental impacts in the supply chain and actions taken	60-61	Supply Chain Management	

GRI Content Index

Social

GRI Standards		References		
		Sustainability Data Book 2024		Other materials
		Page	Item	Item
GRI401: Employment 2016				
401-1	New employee hires and employee turnover	92	ESG Data Collection	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	47-48	Promoting a Healthy Work-Life Balance	Recruiting https://www.artiencegroup.com/ja/recruit/
401-3	Parental leave	48	Childcare support	Childcare Support https://www.artiencegroup.com/en/corporate/sustainability/social/work-life-balance/
GRI402: Labor / Management Relations 2016				
402-1	Minimum notice periods regarding operational changes			—
GRI403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	53	Occupational Safety and Health, Process Safety and Disaster Prevention	
403-2	Hazard identification, risk assessment, and incident investigation	54	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	50-52 54	Health and Productivity Management Hazard identification, risk assessment, and incident investigation	
403-4	Worker participation, consultation, and communication on occupational health and safety	55	Occupational Safety and Health, Process Safety and Disaster Prevention	
403-5	Worker training on occupational health and safety	55	Training for occupational safety and health	
403-6	Promotion of worker health	50-52	Health and Productivity Management	Health and Productivity Management https://www.artiencegroup.com/en/corporate/sustainability/social/health-management/
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61	Initiatives for solving logistics issues	Sustainable Supply Chain Guidelines https://www.artiencegroup.com/ja/corporate/sustainability/pdf/ss_guidelines.pdf
403-8	Workers covered by an occupational health and safety management system	53	Basic approach	Basic Policy on Occupational Safety and Health https://www.artiencegroup.com/en/corporate/sustainability/social/safety-management/#qa_1_1
403-9	Work-related injuries	54 95	Changes in the frequency rate and the severity rate for lost-workday injuries ESG Data Collection	
403-10	Work-related ill health	54 95	Changes in the frequency rate and the severity rate for lost-workday injuries ESG Data Collection	
GRI404: Training and Education 2016				
404-1	Average hours of training per year per employee			—
404-2	Programs for upgrading employee skills and transition assistance programs	42-43	Human resources development	

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GRI Standards		References		
		Sustainability Data Book 2024		Other materials
		Page	Item	Item
404-3	Percentage of employees receiving regular performance and career development reviews	42-43	Human resources development	
GRI405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	96	ESG Data Collection	Corporate Governance Report
405-2	Ratio of basic salary and remuneration of women to men	45 93	Gender wage gap initiatives ESG Data Collection	Annual Securities Report
GRI406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	59	Respect for Human Rights	
GRI407: Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	59	Respect for workers' rights	
GRI408: Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	59	Child labor, forced labor	
GRI409: Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	59	Child labor, forced labor	
GRI410: Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures		—	
GRI411: Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples		Not applicable	
GRI413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	62	Social Contribution Activities	
413-2	Operations with significant actual and potential negative impacts on local communities		—	
GRI414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	60-61	Supply Chain Management	
414-2	Negative social impacts in the supply chain and actions taken		—	
GRI415: Public Policy 2016				
415-1	Political contributions		Not applicable	
GRI416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	38-39	Ensuring Quality and Safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not applicable	
GRI417: Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	38-39	Ensuring Quality and Safety	
417-2	Incidents of non-compliance concerning product and service information and labeling		Not applicable	
417-3	Incidents of non-compliance concerning marketing communications		Not applicable	
GRI418: Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	74 96	Information Security ESG Data Collection	

Legend of "References (Title)": —: No data, Not applicable: There are no applicable disclosures.

Group Corporate Profile (As of December 31, 2023)

artience CO., Ltd.

Head Office	: 2-1, Kyobashi 2-chome, Chuo-ku, Tokyo 104-8377 JAPAN	Capital	: 31,733,496,860 JPY
Founded	: January 1896	Number of Affiliates	: 13 in Japan, 49 overseas (56 consolidated subsidiaries and 6 equity-method affiliates)
Established	: January 15, 1907	Number of Employees	: 388 employees (Non-consolidated,) 7,836 employees (Consolidated)
Representative	: Katsumi Kitagawa, Chairman and Representative Director Satoru Takashima, President and Representative Director, Group CEO	Website	: https://www.artiencegroup.com/en/

Company List of artience Group

Holding Company
artience Co., Ltd.

Consolidated Subsidiaries

Japan*1

Toyocolor Co., Ltd.
Toyochem Co., Ltd.
Toyo Ink Co., Ltd.
Toyo Visual Solutions Co., Ltd.
Toyo-Morton, Ltd.
Matsui Chemical Co., Ltd.
Toyo FPP Co., Ltd.
Toyo B-Net Co., Ltd.
Toyo Ink Engineering Co., Ltd.
Toyo Management Service Co., Ltd.

Asia

TIPPS Pte. Ltd.
Toyochem Specialty Chemical Sdn. Bhd.
Toyo Ink (Thailand) Co., Ltd.
Thai Eurocoat Ltd.
Toyo Ink (Philippines) Co., Inc.
TIP LH Corp.
Toyo Ink Compounds Corp.
PT. Toyo Ink Indonesia
PT. Toyo Ink Trading Indonesia
Toyo Ink Middle East Fze.
Toyo Ink Vietnam Co., Ltd.
Toyo Ink Compounds Vietnam Co., Ltd.
Toyo Ink India Pvt. Ltd.
Toyo Ink Arets India Pvt. Ltd.
Toyo Ink Myanmar Co., Ltd.*2
Tianjin Toyo Ink Co., Ltd.
Shanghai Toyo Ink Mfg. Co., Ltd.
Toyo Ink Asia Ltd.
Shenzhen Toyo Ink Co., Ltd.
Jiangmen Toyo Ink Co., Ltd.
Zhuhai Toyocolor Co., Ltd.
Jiangsu Toyo Shenlanhua Pigment Co., Ltd.
Chengdu Toyo Ink Co., Ltd.
Sichuan Toyo Ink Mfg. Co., Ltd.
Toyo Ink Far East Ltd.
Dong Da Li Chemical Co., Ltd.
Toyo Advanced Science Taiwan Co., Ltd.
Toyo Ink Korea Co., Ltd.
Hanil TOYO Co., Ltd.
Sam Young Ink & Paint Mfg. Co., Ltd.

The Americas

Toyo Ink International Corp.
Toyo Ink America, LLC
LioChem Inc.
LioChem e-Materials LLC
Toyo Ink Brasil Ltda.
Toyo Ink Mexico S.A. de C.V.

Europe and Africa

Toyo Ink Europe International N.V.
Toyo Ink Europe N.V.
Toyo Ink Europe UK Ltd.
Toyo Ink Europe Deutschland GmbH
Toyo Ink Europe Specialty Chemicals S.A.S
Toyo Ink Europe France S.A.S
UAB "Toyo Ink Europe Baltica"
Toyo Ink Hungary Kft.
Toyo Matbaa Mürekkepleri Sanayi ve Ticaret A.Ş.
Toyo Ink North Africa S.A.R.L. AU

Equity-Method Affiliates

Japan

Nippon Polymer Industries Co., Ltd.
MAVERIQ Partners Inc.*3
Logi Co-Net Corp.

Asia

Sumika Polymer Compounds (Thailand) Co., Ltd.
Heubach Toyo Colour Pvt. Ltd.
Zhuhai Sumika Polymer Compounds Co., Ltd.

*1 Clover Biz Co., Ltd. was established on January 4, 2024.

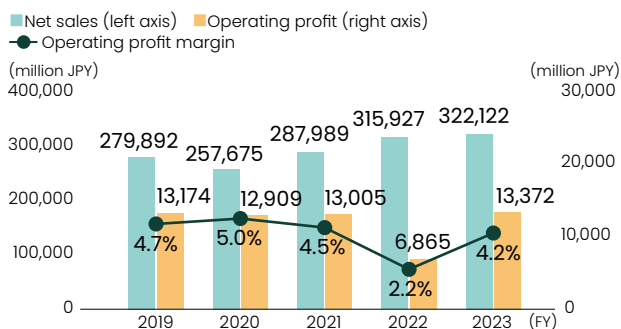
*2 All shares of Toyo Ink Myanmar Co., Ltd. were sold to an outside company on March 15, 2024.

*3 All shares of MAVERIQ Partners Inc. were sold to an outside company on May 14, 2024.

Group Corporate Profile

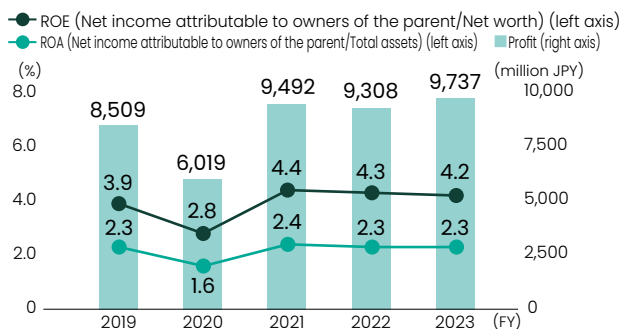
Numerical Information

Net sales, operating profit, operating profit margin



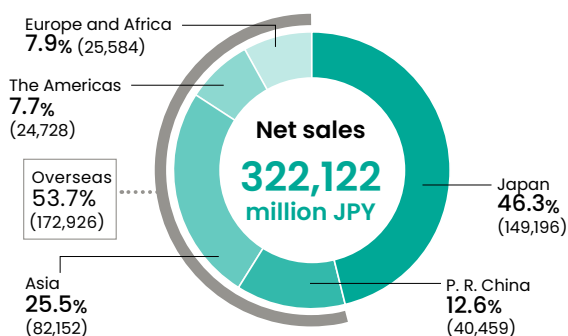
To address the soaring prices of raw materials, we reduced costs, revised prices and structurally reformed to achieve an increase in sales and profit. The operating margin also rallied, even though performance was sluggish in the electronic-related business and in the color filter materials business.

ROE, ROA, profit

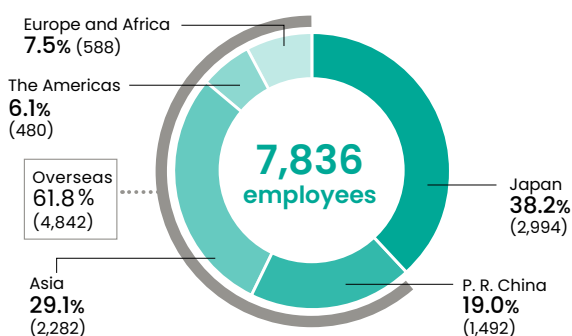


Profit attributable to owners of parent stayed almost flat from the previous fiscal year which included a massive gain on sale of investment securities. Consequently, both ROE and ROA stayed flat.

Net sales by business area (million JPY)



Employees by business area (employees)



Business Segments

The business activities of the artience Group are divided into four segments, the Colorants and Functional Materials Business, the Polymers and Coatings Business, the Packaging Materials Business, and the Printing and Information Business.

[Colorants and Functional Materials Business]

By merging colorant design and dispersion technology, we develop functional materials in a variety of fields, including Color Resist Inks for displays and sensors, conductive carbon nanotube dispersions for cathode materials of lithium-ion batteries, and more.

[Polymers and Coatings Business]

Drawing on our strengths in integrated production from raw materials to end-products by way of our polymer design technologies and coating technologies, we provide cutting-edge products in the electronics, semiconductor, and medical sector. In addition, we also focus on development of environmentally friendly products.

[Packaging Materials Business]

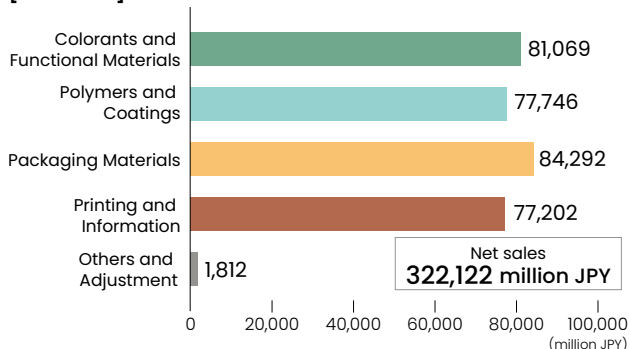
We offer a variety of environmentally friendly products, such as water-based, solvent-free, and biomass items, as well as promoting recycling. We do our part to achieve a more sustainable society by enriching people's lives with our products while ensuring their safety and at the same time by caring for the natural environment.

[Printing and Information Business]

The artience Group has been engaged in the printing ink business since its very beginning, and the sector is an important one in support of information infrastructure. By applying the technologies we have developed over many years in the business, we continue to challenge ourselves to new possibilities in printing, such as the development of functional inks for use in electronics.

Net sales and operating profit by business segment

[Net sales]



[Operating profit]

