

Last Update: **October 23, 2024****DOWA HOLDINGS CO., LTD.**

SEKIGUCHI Akira, Representative Director

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Securities code: 5714

<https://hd.dowa.co.jp/en/index.html>

The corporate governance of DOWA HOLDINGS CO., LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

The DOWA Group and its constituent companies meet a broad range of social needs, based on the Group’s Corporate Mission: “Contribute to creating an affluent, recycling-oriented society through our business activities worldwide.” As the Group contributes to society, strengthening corporate governance is one of its priorities, thus it is making Groupwide efforts to establish effective internal control systems that are appropriately composed and managed, based on the DOWA Group’s Corporate Mission, Vision, Values, and Code of Conduct.

The Company employs a holding company structure that enables it to have a deeper grasp of customer needs at the ground level of the market and enables swift decisions to be made with authority. This structure also allows us to separate our core businesses into subsidiaries, which in turn facilitates more flexible and bolder management in accordance with the characteristics of each core business, and to allocate management resources to Group companies in an optimal manner, thereby working to maximize corporate value by realizing the sustainable growth of the Group.

The Company has also established an Audit & Supervisory Board and appoints outside directors to ensure sound management.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company writes this Corporate Governance Report by reference to all Principles of the Corporate Governance Code revised as of June 1, 2021.

Disclosure Based on each Principle of the Corporate Governance Code

【Principle 1.4 Cross-Shareholdings】

The Company classifies shares held for business strategy purposes as investment shares held for purposes other than pure investment. At this juncture, the Company does not hold any investment shares for pure investment purposes held solely for the purpose of gaining trading profits or acquiring dividends.

The Company positions its cross-shareholdings as those that will enhance the Company’s corporate value to maintain and strengthen relationships with business partners and other parties and form a strong relationship of trust with the issuing company. For each stock, the Board of Directors makes a comprehensive judgment as to whether or not to continue to hold the stock based on whether or not it meets the original purpose of holding the stock and whether or not the benefits and risks associated with holding the stock are commensurate with the cost of capital. The Board of Directors periodically reviews the details of such

judgments. If it is determined that continuing to hold stock will not enhance corporate value, we will sell the shares in order, considering the impact on the market.

In fiscal 2023, the Board of Directors resolved at a meeting held on September 11, 2023 to sell all shares of one stock held by a Group company and executed the disposal by the end of the fiscal year. The Board of Directors, as per its yearly practice, also separately examined the pros and cons of continuing to hold all listed shares held by the Group at a meeting held on December 11, 2023. As a result, we have decided to continue to hold all shares except for the one stock, mentioned above, which was in the process of disposal in fiscal 2023.

【Principle 1.7 Related Party Transactions】

With respect to transactions with officers and major shareholders of the Company, and other related parties, the Board of Directors shall carefully examine the particulars of each transaction. If deemed a conflict-of-interest transaction, the Board shall, in accordance with laws and regulations and internal regulations for the Board of Directors, deliberate and determine the appropriateness of the transaction's terms and decision-making process in advance.

【Supplementary Principle 2.4.1: Ensuring diversity in the promotion of core human resources】

The Company is of the view that diverse human resources are indispensable in responding to the ever-changing business environment.

As targets relating to promoting the participation and advancement of women, the Company has set the ratio of new hires who are women (DOWA Holdings) at 30% (actual ratio in fiscal 2023: 27%) and the ratio of eligible male employees taking childcare leave at 100% (actual ratio in fiscal 2023: 73.7%), and as for targets for the employment of people with disabilities, the Group has set the ratio of employment of people with disabilities at 2.7% (Groupwide) by fiscal 2026 (actual ratio in fiscal 2023: 2.5%) and is working on initiatives to achieve them.

Moreover, the Company has established the Policy for Human Resources Development and is carrying out individual measures, such as offering position-based and field-based training.

Please refer to the Company website for details on our efforts to secure and develop diverse human resources. (<https://hd.dowa.co.jp/ja/csr/society.html>)

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

The Company has adopted a defined contribution pension plan as its corporate pension. It educates employees on the plan by explaining how the plan works and how to select investment products.

【Principle 3.1 Full Disclosure】

In accordance with laws and regulations, the Company appropriately discloses financial information, such as that regarding its financial position and financial performance, as well as non-financial information, such as that regarding management strategies and issues, risk, and governance. It also discloses other information not mandated by laws and regulations.

(i) The Company formulates and announces a medium-term plan to clarify its medium- to long-term management strategy. Please refer to the Company website for details on the medium-term plan.

(<https://hd.dowa.co.jp/en/ir/strategy/plan.html>)

(ii) The Company's basic views and basic policy on corporate governance are disclosed in "Basic Views" in section I-1 of this report.

(iii) The Company's system of remuneration for directors and Audit & Supervisory Board members has been designed with input from the Remuneration Committee, comprised mainly of outside directors and outside experts, and is based on objective factors such as the Group's consolidated performance, dividends paid to shareholders, and remuneration levels outside the Company.

For further details, please refer to "Policy on Determining Remuneration Amounts and Calculation Methods" in section II-1 of this report.

(iv) Director candidates are appointed in accordance with the following basic policy, in order to ensure appropriate and agile decision-making and supervision over the execution of the Company's business activities.

For inside directors, the Company appoints directors with excellent character and insight, and abundant skills and knowledge based on their experience working at the DOWA Group, regardless of individual attributes such as gender and nationality. For outside directors, the Company appoints persons who are able to proactively express their opinions and raise issues with an eye to reflecting diverse values and ideas into business operations. This is done by conducting prior interviews and exchanging opinions, taking into account factors such as their expertise and background.

In the event of misconduct, serious violation of laws and regulations, violation of the Articles of Incorporation, or any other reason that it is deemed difficult for a director to properly execute their duties, the Board of Directors shall deliberate and determine whether to dismiss the director in question, or submit a proposal for their dismissal at the General Meeting of Shareholders.

The Company's basic policy for appointing Audit & Supervisory Board member candidates is to strengthen and expand auditing activities. In appointing Audit & Supervisory Board member candidates, the Audit & Supervisory Board deliberates and exchanges opinions based on the candidate selection(s) made by the president and representative director, and, upon selecting a candidate, requests the president and representative director to submit a proposal for election at the General Meeting of Shareholders.

Based on the above policy, the president and representative director selects candidates for directors and Audit & Supervisory Board members, submits them to the Board of Directors, and, upon obtaining approval, submits an election proposal to the General Meeting of Shareholders.

(v) With regard to the nomination of candidates for directors and Audit & Supervisory Board members, the Company discloses their suitability for the position by providing information on their background and reasons for candidacy in reference documents for the General Meeting of Shareholders. Moreover, when proposing the dismissal of a director or Audit & Supervisory Board member at the General Meeting of Shareholders, the reasons for dismissal of said candidate shall be explained in the reference documents for the General Meeting of Shareholders.

【Supplementary Principle 3.1.3: Initiatives on sustainability, etc.】

With the aim of achieving sustainable growth and improving corporate value, the Company formulated and announced the Sustainability Basic Policy after resolution by the Board of Directors.

In April 2022, the Company established the Sustainability Committee, which supervises and gives instructions regarding policies and measures concerning climate change, digital transformation, and sustainability-related issues while also tracking the progress of these measures. Important matters are reported to the Board of Directors for supervision.

Under Midterm Plan 2024 (spanning fiscal 2022 to 2024), announced in May 2022, the Company has identified social issues that the DOWA Group must address (The DOWA Group's Materiality), and is focusing on measures to solve them. Measures to resolve these issues include investing in human capital and intellectual property.

With regard to "responding to climate change," in February 2022 the Company set greenhouse gas (GHG) emission reduction targets for fiscal 2030 and endorsed the TCFD recommendations. In May 2022, the Company published the DOWA Group TCFD Report, which evaluates the impact of climate change in accordance with the TCFD recommendations and summarizes the results. In May 2023, the Company also announced Initiatives for FY2030 and Roadmap for the Achievement of Carbon Neutrality by 2050.

Details and progress regarding the above measures are disclosed on the Company website.

- Sustainability Basic Policy

<https://hd.dowa.co.jp/ja/csr/sustainability/policy.html>

- Midterm plan

<https://hd.dowa.co.jp/en/ir/strategy/plan.html>

- Integrated Report (DOWA REPORT)

<https://hd.dowa.co.jp/en/ir/library/annual.html>

- TCFD REPORT

https://hd.dowa.co.jp/ja/csr/environment/climate-change/main/01/teaserItems1/00/linkList/0/link/DOWA_TCFD_report_2205.pdf

- Initiatives for the Achievement of Carbon Neutral Society - Initiatives for FY2030 and Roadmap for the Achievement of Carbon Neutrality by 2050 -

https://hd.dowa.co.jp/ja/csr/environment/climate-change/main/010/teaserItems1/01/linkList/0/link/DOWA_2050CN_roadmap_ja.pdf

【Supplementary Principle 4.1.1: Outline of scope of matters delegated to the management by the board】

The Company has established regulations for the Board of Directors and administrative authority, which serve to clarify the matters to be handled exclusively by the Board of Directors and the matters to be delegated to upper management. The Company has introduced an executive officer system for the purpose of expediting decision-making and improving management efficiency. In accordance with laws, regulations and internal regulations, the Company grants authority to executive officers for matters not related to important business execution that should be settled by the Board of Directors, taking into consideration the scope of the matter and other factors.

[Supplementary Principle 4.1.3: Succession Plan for the Chief Executive Officer]

The succession plan of the Company's Chief Executive Officer is being discussed appropriately by the Nominating Committee, a voluntary advisory committee, by taking into account the corporate philosophy and management strategies.

Specific candidates for the president's successor are selected from among directors and executive officers of the Company, officers of Group companies, and others by the president of the Company based on skills, qualifications, experience, etc. (including items enumerated in the Skill Matrix), after which the Nominating Committee (Chairperson: independent outside director SATO Kimio) is consulted and provides advice. Based on the discussions by the Nominating Committee, the proposed successor candidates are presented to the Board of Directors by the president and decided upon deliberation.

【Principle 4.9: Independence standards for independent directors】

In addition to the requirements for Outside Director under the Japan's Companies Act which prescribes the independence of Outside Director and the independence criteria prescribed by the financial instruments exchange, we believe that it is important that such person does not have any stake in us and is able to maintain his or her independent position when making various decisions.

Specifically, we determine that Outside Director and Outside Corporate Auditor are independent if they do not fall under any of the following after conducting reasonable investigation on them:

- (i) Person who executes business (i.e., executive director, executive officer, etc.) (hereinafter referred to as "Executing Person") in DOWA HOLDINGS CO., LTD. or subsidiary of DOWA HOLDINGS CO., LTD. (hereinafter referred to as the "Group");
- (ii) Person or organization who is main customer of the Group (i.e., amount of sales of the Group to such customer is no less than 2% of the Group's consolidated sales of immediately preceding business year) or Executing Person of such person or organization;
- (iii) Person or organization whose main customer is the Group (i.e., amount of sales of such person or organization to the Group is no less than 2% of consolidated sales of immediately preceding business year of such person or organization) or Executing Person of such person or organization;
- (iv) Main lender of the Group (i.e., amount of loan is no less than 2% of the Group's consolidated assets of immediately preceding business year) or Executing Person of such lender;
- (v) Expert (i.e., attorney, certified public accountant, consultant, etc.) who receives a large amount of compensation from the Group (i.e., no less than 10,000,000 yen in case of individual or no less than 2% of consolidated sales or total income of organization in case organization such as entity or committee) other than executive compensation in the immediately preceding business year;
- (vi) Accounting auditor of DOWA HOLDINGS CO., LTD. or certified public accountant who is affiliated with such audit corporation;
- (vii) Shareholder holding no less than 10% of voting rights in DOWA HOLDINGS CO., LTD. or Executing Person of such shareholder; or
- (viii) Relative who is second-degree relative or closer relative of any person falling under (i)-(vii) above.

【Supplementary Principle 4.10.1: Appropriate involvement and advice regarding consideration of nomination and compensation by the Nomination Committee and Remuneration Committee】

The Company has established a Nominating Committee and a Remuneration Committee, both of which are voluntary committees. The executive remuneration system is designed with the advice of the Remuneration Committee. It incorporates objective perspectives such as the Group's consolidated performance, the Company's stock price, and external compensation levels. In addition, the Nominating Committee has been established to obtain objective advice on particularly important matters, such as the selection and dismissal of senior management.

In principle, both committees are composed of at least six members. Majority of them are outside directors, and the outside director serves as the chairperson of both committees.

【Supplementary Principle 4.11.1: View on the appropriate balance between knowledge, experience, and skills of the board as a whole, and also on diversity and appropriate board size】

The Board of Directors consists of ten directors (including four outside directors), with eight male directors and two female directors (outside director). When appointing Board of Director candidates, emphasis is placed on individuals with excellent character and insight who are either well-accomplished in their work, are well versed in corporate management, or have a high level of expertise in their field. The appointment of candidates is determined upon deliberation by the Board of Directors.

As each director has their own primary duties, in order to be elected, not only must candidates possess the wide-ranging knowledge and skills needed as a director, but they must also possess the knowledge and experience needed to fulfill these primary duties. As such, directors are elected in a manner that ensures the Board of Directors is well balanced, without bias or overlaps in particular work or business experience. The Company has formulated and published a skills matrix that serves to outline these different areas of expertise. Also, one of the four independent outside directors has experience as a representative director of a company outside the Group.

【Supplementary Principle 4.11.2: Holding of concurrent positions by directors and auditors】

Regarding concurrent positions as officers of other companies, the Company believes that as concurrently serving as officers of other listed companies helps expand their knowledge, holding concurrent positions does not pose a problem as long as it does not interfere with their duties at the Company. The number of concurrent positions depends largely on the current status of the individual's work performance. The Company intends to respect their wishes, and also believes that they are currently appropriately fulfilling their roles and responsibilities as officers of the Company. Information on the concurrent positions held by individual officers is appropriately disclosed in business reports, reference documents for the General Meeting of Shareholders, and other documents.

【Supplementary Principle 4.11.3 Evaluation of the Effectiveness of the Board of Directors】

The Company conducts self-assessments and analyses of the effectiveness of its Board of Directors every year to improve its functioning and, ultimately, its corporate value. For self-assessment and analysis, the following methods were used with the advice of external organizations.

This year, the questionnaire was upgraded by eliminating high-scoring questions in the previous fiscal year, replacing them with questions focusing on concrete discussion points, and adding questions requiring free-form replies. The results were analyzed, discussed, and evaluated at the regular meeting of the Board of Directors held in June 2024.

• Overview of Effectiveness Assessment

Evaluation Period	Mar 2024
Target group	All directors and auditors who are members of the Board of Directors
Evaluation Method	Unsigned questionnaire method by an external organization

• Assessment Results

Positive Evaluation	<ul style="list-style-type: none">• Appropriate management of conflicts of interest• How sufficient time for the execution of duties was being secured• Appropriate composition of the Board of Directors (diversity)
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	<ul style="list-style-type: none"> • How the secretariat operates and provides materials 	
Status of Response to Challenges	<ul style="list-style-type: none"> • Reflection of outside directors' opinions in discussions 	→ Improvements were seen through increased opportunities for the exchange of opinions.
Identified in the Previous Effectiveness Evaluation	<ul style="list-style-type: none"> • Involvement of voluntary committees in determining remuneration • Support system for board members' activities 	→ These two issues continued to be identified as challenges.
New Challenges	<ul style="list-style-type: none"> • Formulation and operation of the succession plan • Dialogue with shareholders • Business portfolio of the Group as a whole 	

The Board of Directors will continue to work toward enhancing its functionality by giving thorough consideration and executing a response to the issues brought forth by this evaluation of its effectiveness.

【Supplementary Principle 4.14.2: Training policy for directors and auditors】

When outside directors and outside Audit & Supervisory Board members are newly elected, the Company provides tours of major business sites, etc., and also offers various business briefings, such as on its management strategy, business details, and operating structure. Similar opportunities are also provided as necessary during their terms of office. Moreover, the Company actively provides information about its business to directors and Audit & Supervisory Board members, and encourages officers to attend external training courses at the Company's expense.

【Principle 5.1: Policy for Constructive Dialogue with Shareholders】

The president and representative director, directors in charge of overseeing dialogue, and each department of DOWA Holdings work together to implement various measures aimed at promoting constructive dialogue with shareholders.

Officers and related departments shall, to a reasonable degree, respond to requests for interviews from shareholders aimed at carrying out constructive dialogue that contributes to sustainable growth and medium- to long-term enhancement of corporate value.

In order to promote constructive dialogue with shareholders, the Company strives to disclose information fairly through various forms of media, such as publishing its information disclosure system in the Corporate Governance Report and including messages from representative directors, director in charge of Accounting and Finance and outside directors in its Integrated Report (DOWA Report).

■ Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

The information is posted in the corporate strategy briefings materials on the Company's website.

<https://hd.dowa.co.jp/en/ir/library/annual.html>

■ Constructive Dialogue with Shareholders

The information is posted in the Integrated Report on the Company's website.

<https://hd.dowa.co.jp/en/ir/library/annual.htm>

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan ,Ltd.(trust account)	10,477,400	17.42
Custody Bank of Japan, Ltd. (trust account)	5,945,240	9.89
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	4,683,700	7.79
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	2,474,415	4.11
FUJITA KANKO INC.	1,877,000	3.12
NORTHERN TRUST CO.(AVFC) RE NON TREATY CLIENTS ACCOUNT	1,721,400	2.86
National Mutual Insurance Federation of Agricultural Cooperatives	1,700,100	2.83
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1,258,600	2.09
STATE STREET BANK AND TRUST COMPANY 5051001	1,215,961	2.02
Nippon Life Insurance Company	925,849	1.54

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	None
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Name of Parent Company, if applicable	None
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Supplementary Explanation

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3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Nonferrous Metals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but fewer than 100

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

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5. Other Special Circumstances which May have a Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of Incorporation	13
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
KOIZUMI Yoshiko	Lawyer												
SATO Kimio	From another company												
SHIBAYAMA Atsushi	Academic												
YAMAGUCHI Junko	From another company												

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)

- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
KOIZUMI Yoshiko	○	—	<p>As a lawyer, Ms. KOIZUMI Yoshiko has been deeply involved in corporate legal matters and overseas transactions for many years and has also been active as an executive officer and Chair of Women Business Lawyers Committee of the Inter-Pacific Bar Association.</p> <p>We judge that her knowledge and experience cultivated through such a wide range of activities can be expected to make a significant contribution to the promotion of our business, including compliance.</p> <p>As she is considered devoid of risk of conflict of interest with general shareholders, and he supervises management from an independent standpoint, she is designated an Independent Director.</p>
SATO Kimio	○	—	<p>Mr. SATO Kimio has demonstrated his skills at Nittetsu Mining Co., Ltd. in the sales sector for a number of years and served as Representative Director and President of Nittetsu Mining Co., Ltd. after serving in important positions.</p> <p>We judge that he can be expected to make a significant contribution by providing useful opinions and guidance on our future business operations based on his experience as a representative of the company outside the Group.</p> <p>As he is considered devoid of risk of conflict of interest with general shareholders, and he supervises management from an independent standpoint, he is designated an Independent Director.</p>
SHIBAYAMA Atsushi	○	—	<p>Mr. SHIBAYAMA Atsushi has continuously been studying international resource sciences including resources processing and recycling at Akita University. He also has extensive experience engaging in activities overseas</p>

			<p>including onsite study of local research laboratories and mines/smelters in resource-rich countries.</p> <p>We judge that he can be expected to make a significant contribution to the management of the Company by providing opinions and advice on the entire business of the Company, both domestic or overseas, including recycling and smelting, based on his career as described above.</p> <p>As he is considered devoid of risk of conflict of interest with general shareholders, and he supervises management from an independent standpoint, he is designated an Independent Director.</p>
YAMAGUCHI Junko	○		<p>Ms. YAMAGUCHI Junko served as Audit & Supervisory Board Member of NTT EAST-MINAMIKANTO CORPORATION and Outside Director of Nippon Soda Co., Ltd. after being active in various types of position at Nippon Telegraph and Telephone Corporation including HR, public relations and sales.</p> <p>We judge that we can expect her to realize further innovations by bringing in new set of values to the management of the Company through her opinions and advice based on her wide range of experience gained from various types of business, and we request for her election as an Outside Director of the Company.</p> <p>As she is considered devoid of risk of conflict of interest with general shareholders, and he supervises management from an independent standpoint, she is designated an Independent Director.</p>

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating Committee	6	0	2	4	4	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	6	0	2	4	4	0	Outside Director

Supplementary Explanation

The Company has established a Nominating Committee and a Remuneration Committee, both of which are voluntary committees. The executive remuneration system is designed with the advice of the Remuneration Committee. It incorporates objective perspectives such as the Group's consolidated performance, the Company's stock price, and external compensation levels. In addition, the Nominating Committee has been established to obtain objective advice on particularly important matters, such as the selection and dismissal of senior management.

In principle, both committees are composed of at least six members. Majority of them are outside directors, and the Board of Directors appoints the chairpersons of the committees. The committees meet several times a year.

The following shows the meetings of both committees and the attendance of each member in fiscal 2023.

	Position	Name	Nominating Committee (Attendance / Number of Meetings)	Remuneration Committee (Attendance / Number of Meetings)
Chairperson	Outside Director	SATO Kimio	100% (6/6)	100% (4/4)
	President and Representative Director	SEKIGUCHI Akira	100% (5/5)	100% (2/2)
	Director	KATAGIRI Atsushi	100% (5/5)	100% (2/2)
	Outside Director	KOIZUMI Yoshiko	100% (6/6)	100% (4/4)
	Outside Director	SHIBAYAMA Atsushi	100% (5/5)	100% (2/2)
	Outside Director	HOSODA Eiji*	100% (1/1)	100% (2/2)
	Outside Corporate Auditor	TAKEDA Jin*	100% (1/1)	100% (2/2)
	Outside Expert	OZAWA Tetsuo*	100% (1/1)	100% (2/2)

* HOSODA Eiji, TAKEDA Jin and OZAWA Tetsuo retired at the conclusion of the 120th General Meeting of Shareholders held on June 27, 2023.

* The percentages of attendance of SEKIGUCHI Akira, KATAGIRI Atsushi, and SHIBAYAMA Atsushi indicate those after their appointment as committee members on June 27, 2023.

【Committee Members】

SATO Kimio (Outside Director, Chairperson)

SEKIGUCHI Akira (President and Representative Director)

KATAGIRI Atsushi (Director)

KOIZUMI Yoshiko (Outside Director)

SHIBAYAMA Atsushi (Outside Director)

YAMAGUCHI Junko (Outside Director)

Items for Consideration of the Nominating Committee (convened 6 times in fiscal 2023)

- Changes in directors and new management structure
- Strengthening third-party disclosures
- Skill Matrix
- Independence Criteria for Outside Director and Outside Director and Outside Audit & Supervisory Board Member
- Succession Plan

Items for Consideration of the Remuneration Committee (held 4 times in fiscal 2023)

- Calculation of remuneration for directors and corporate auditors
- Appropriateness of the Company's remuneration for directors and corporate auditors compared to general officer remuneration levels
- Details of disclosure of the policy on determining remuneration for directors and corporate auditors

Audit and Supervisory Board Member*

*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Company's corporate auditors regularly exchange information with the accounting auditors and seek their opinions as necessary. In addition, they receive reports on the results of internal audits from the Internal Auditing Department on a case-by-case basis.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	4
Number of Independent Audit and Supervisory Board Members	4

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
FUKUZAWA Hajime	From another company							△						
OBA Koichiro	Lawyer													
KOMURO Shingo	From another company											○		
Tsutsumi Azusa	Certified Public Accountant													

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
FUKUZAWA Hajime	○	Although Mr. FUKUZAWA Hajime worked for Mizuho Financial Group, Inc., the holding company of Mizuho Bank, Ltd., a major client of the Company, and then for Asset Management One Co., Ltd., its affiliate, the Company has deemed him to have sufficient independence, as a considerable length of time has passed since him leaving this post in 2018.	Mr. FUKUZAWA Hajime has served as Managing Executive Officer of Hodogaya Chemical Co., Ltd. after serving in important positions at Mizuho Financial Group, Inc. We believe that he is suitable as Outside Audit & Supervisory Board Member of the Company because he is expected to conduct audits from various viewpoints based on his experience in which he participated in the management of finance sector and manufacturing sector which are two different sectors. As he is considered devoid of risk of conflict of interest with general shareholders, and he supervises management from an independent standpoint, he is designated an

			Independent Auditor.
OBA Koichiro	○		<p>Mr. OBA Koichiro had deep knowledge on compliance and governance due to his involvement in corporate legal affairs for many years as a lawyer. He also has experience as an outside director of other companies. We believe that he is suitable as an Outside Audit & Supervisory Board member because the ability to audit from the viewpoints of both law and management is very important in terms of business management of the Company.</p> <p>As he is considered devoid of risk of conflict of interest with general shareholders, and he supervises management from an independent standpoint, he is designated an Independent Auditor.</p>
KOMURO Shingo	○	<p>Mr. KOMURO Shingo is a full-time Audit & Supervisory Board member of Fujita Kanko Inc., while Mr. YAMADA Masao, the Company's Chairman, is an outside director of Fujita Kanko Inc.</p> <p>That said, while the Company and Fujita Kanko Inc. have a general business relationship, such as using each other's facilities, the transaction value is insignificant.</p> <p>The decisions to propose these persons as candidates at the General Meeting of Shareholders were made independently of each other. As a result, although he is an officer of both companies and the two companies hold shares in one another, in light of the insignificance of the transactions, the Company believes that Mr. KOMURO</p>	<p>As one of the measures to realize more effective corporate governance, we view that further strengthening of Audit & Supervisory Board is imperative. In particular, with respect to finance and accounting, it is necessary not only to check the accuracy of figures and compliance with laws and standards, etc., but also to conduct audit by taking into account the actual corporate practice and therefore, we view that it is urgent for the Company to appoint persons who are familiar with corporate practice and to strengthen the functions of Audit & Supervisory Board.</p> <p>Mr. KOMURO not only has a sufficient knowledge to fulfill the role of Audit & Supervisory Board member as required by the Company based on his experience in engaging in finance/accounting work for many years, but also has a wide range of experience in, among other things, business planning, working in overseas offices and being representative director of companies. Our understanding is that based on his knowledge which he gained through such experience, Mr. KOMURO is able to audit the Company from various aspects and is highly qualified as an Audit & Supervisory Board member. We would like to request for Mr. KOMURO's election as an Outside Audit & Supervisory Board member of the Company because we have determined that Mr. Komuro is someone who cannot</p>

		Shingo's independence will not be hindered, and that this has no impact on the decision to appoint him as an Audit & Supervisory Board member, either.	be replaced in terms of further strengthening the corporate governance of the Company and who can make a significant contribution to sustainable corporate management from an independent perspective hereafter. As he is considered devoid of risk of conflict of interest with general shareholders, and he supervises management from an independent standpoint, he is designated an Independent Auditor.
Tsutsumi Azusa	○		Ms. TSUTSUMI Azusa has been engaged in accounting, audit and accounting consulting at KPMG AZSA LLC for many years and has high level of expertise in finance/accounting and internal controls. We judge that based on such experience, we can expect her to further strengthen the governance and compliance of the Company by taking important roles especially in auditing from accounting perspective, and we request for her election as an Outside Audit & Supervisory Board member of the Company. As she is considered devoid of risk of conflict of interest with general shareholders, and she supervises management from an independent standpoint, she is designated an Independent Auditor.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	8
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members
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Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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Supplementary Explanation for Applicable Items
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The Company introduced a performance-linked remuneration scheme at the Annual General Meeting of Shareholders held in June 2006.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

Total remuneration paid for directors and Audit & Supervisory Board members

10 directors: ¥468 million

6 Audit & Supervisory Board members: ¥70 million

(including ¥90 million for outside officers)

Persons with a total consolidated remuneration of ¥100 million or higher are disclosed separately in the integrated report. The integrated report is also available for public inspection on the Company website.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

• Basic Policy

The system of remuneration for directors has been designed with input from the Remuneration Committee and is based on objective factors such as the Group's consolidated performance, the stock price of the Company, and remuneration levels outside the Company.

Remuneration comprises basic remuneration, which is a fixed amount; performance-based remuneration, which takes into account the Group's consolidated performance; and restricted stock remuneration. This system does not apply to outside directors, however, as they take on a supervisory role from an independent and objective perspective. Therefore, they are ineligible for any remuneration based on individual performance. The aforementioned Remuneration Committee is a voluntary committee that meets at least once a year, with the majority of its members coming from outside the Company as outside directors or outside experts.

• Policy for Determining Amounts for Individual Basic Remuneration

Basic remuneration for directors is fixed remuneration paid monthly according to each director's position and results. It is determined after a comprehensive examination that accounts for Company performance, remuneration levels at other companies, and employee salary levels.

• Policy for Determining the Contents and Calculation Method for Performance-Based Remuneration

Performance-based remuneration is provided as a monetary payment paid at a certain time every year. The amount paid as performance-based remuneration is determined by using ordinary income as a baseline, which is then adjusted to reflect individual

performance.

The purpose of using ordinary income as an indicator for calculating performance-based remuneration is to link company profits to remuneration and thereby motivate directors to contribute to business growth.

- Policy for Determining the Contents and Calculation Method for Restricted Stock Remuneration

Restricted stock remuneration shall be provided by granting monetary compensation claims to eligible directors based on a Board of Directors' resolution. The directors will then pay these claims to the Company as a contribution in kind to receive shares of the Company's common stock with restrictions on the transfer of these shares until retirement or resignation. The amount of each monetary compensation claim is determined according to the specific role of each director, and the amount to be paid per share is determined to be the closing share price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' meeting in which a resolution will be made on the issuance or disposal of shares.

The purpose of the restricted stock remuneration plan is to give eligible directors a medium- to long-term incentive to work toward the sustained improvement of the Company's corporate value and to give shareholders and these directors a shared sense of value.

- Policy for Determining the Ratio between Basic Remuneration, Performance-Based Remuneration, and Restricted Stock Remuneration

The Remuneration Committee examines the ratio between individual basic remuneration, performance-based remuneration, and restricted stock remuneration using companies of a similar scale as well as companies in related industries and with analogous business formats as benchmarks. The president and representative director then decides upon this ratio after giving proper consideration to the Remuneration Committee's findings.

- Determination of Remuneration for Individual Directors

The president and representative director is entrusted with determining remuneration for each director and does so after evaluating a director's achievements and performance. When exercising this authority, the president and representative director is to adhere to the process examined, reported, and determined by the Remuneration Committee, in order to ensure remuneration is in line with the restricted stock compensation plan and that remuneration levels are determined objectively and set at appropriate amounts.

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

The four outside directors collect information by attending important meetings, reading the necessary materials, holding meetings with other directors and employees, and other means. Two of the four outside Audit & Supervisory Board members are part-time members. Part-time outside Audit & Supervisory Board members come to the office two to three days a month to share information by holding meetings with other Audit & Supervisory Board members. Outside Audit & Supervisory Board members conduct on-site inspections and interviews of business sites and subsidiaries, etc., in the same way as other Audit & Supervisory Board members.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (<i>Sodanyaku, Komon</i> , etc.) After Retiring as Representative Director and President, etc.	0
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Other Related Matters

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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company is a company with an Audit & Supervisory Board. Moreover, the Company has adopted an executive officer system and a holding company structure that separates core businesses as subsidiaries in order to expedite decision-making and improve management efficiency.

In addition, the maximum number of Board members has been set at 13 and the term of office to one year to further improve the supervisory function of the Board of Directors and clarify management responsibilities.

As of the date of publication of this report, there are ten directors (including four outside directors). In principle, the Board of Directors meets once a month. There are seven executive officers (none of whom are also directors), with a Business Management Committee that meets once a month, in principle, to share information on the status of business execution among executive officers. There are four Audit & Supervisory Board members, all members are outside Audit & Supervisory Board members. Each Audit & Supervisory Board member audits the execution of directors' duties and reports the results to the Audit & Supervisory Board, which meets once a month in principle, ensuring audit effectiveness and efficiency.

The total remuneration to be paid to all directors and all Audit & Supervisory Board members is resolved at the General Meeting of Shareholders.

For further details, please refer to "Policy on Determining Remuneration Amounts and Calculation Methods" in section II-1 of this report.

3. Reasons for Adoption of Current Corporate Governance System

The Company is a company with an Audit & Supervisory Board. We believe this is an effective system that enables outside directors and the Audit & Supervisory Board to ensure the appropriateness of business operations from their respective perspectives.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	In principle, information is sent out three weeks prior to the date of the General Meeting of Shareholders.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company makes an effort to hold the General Meeting of Shareholders early, taking into consideration the amount of time needed to sufficiently examine shareholder proposals and to complete accounts settlement and other necessary work. As a result, the General Meeting of Shareholders is held on a date that avoids conflict with the shareholder meetings of other companies.
Electronic Exercise of Voting Rights	Shareholders have been able to exercise their voting rights electronically since the General Meeting of Shareholders held in June 2008.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the Electronic Voting Platform.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company strives to disclose information to overseas investors by posting English content on our website, on TDnet (Timely Disclosure Network) operated by the Tokyo Stock Exchange, and on the Electronic Voting Platform for institutional investors operated by ICJ, Inc.
Other	In addition to providing visuals for the General Meeting of Shareholders, after said meeting is concluded, the Company holds a shareholder reception to exchange of opinions with the shareholders and explain our products.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company's Disclosure Policy is available on our website. https://hd.dowa.co.jp/en/ir/disclosure_policy.html	
Regular Investor Briefings held for Individual Investors	Once a year, the Company holds a shareholder reception after the General Meeting of Shareholders is concluded, mainly for individual shareholders. It has also set up a page for individual investors on the Company website that introduces its history and business content in an easy-to-understand manner. https://hd.dowa.co.jp/en/about.html	Held
Regular Investor Briefings held for Analysts	The Company holds a teleconference on the day quarterly	Held

and Institutional Investors	financial results are announced to report and explain the details of these results. In addition to the teleconference, the Company also holds corporate strategy briefings at the time of results announcements for the second quarter and the full fiscal year. At these corporate strategy briefings, the president reports on and explains the progress with business strategies and sustainability measures. It also holds factory tours as appropriate.	
Regular Investor Briefings held for Overseas Investors	The Company's website contains news releases, timely disclosure materials, details on its medium-term plan, financial results reports and supplementary information, corporate strategy briefing materials, annual securities reports, and convocation notices for the General Meeting of Shareholders. https://hd.dowa.co.jp/en/ir/library.html https://hd.dowa.co.jp/en/ir/stock/shmeeting.html	Held
Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate Strategy Dept., Public Relations & Investor Relations Sec. is tasked with the management of the Company website, and has a dedicated member of staff in charge.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The DOWA Group's Corporate Mission, Vision, Values, and Code of Conduct stipulate the responsibilities the Company has to its stakeholders (including shareholders, customers, employees, suppliers, contractors and other partners, and local communities).
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Through its core businesses, including waste treatment, soil remediation, and resource recycling, and the provision of environmentally-friendly products, the Company is engaged in activities aimed at resolving social issues such as environmental and energy problems faced around the world. As specific guidelines for these activities, the Company has established the Sustainability Basic Policy, Environmental Basic Policy, Climate Change Policy, Biodiversity Policy, Safety and Health Policy, Human Rights Policy, CSR Procurement Policy, Responsible Minerals Procurement Policy, Policy for Human Resources Development, Policy on Harmony with Communities, Basic Policy on Internal Control, Risk Management Basic Policy, Anti-Corruption Policy, Quality Assurance Policy, and DX Basic Policy.

Since 2009, the Company has participated in United Nations Global Compact (UNGC), a voluntary corporate sustainability initiative advocated by the United Nations. It supports the Ten Principles of the UN Global Compact in the four fields of human rights, labor, environment, and anti-corruption listed in the UNGC and are working toward the sustainable development of society. The Company's CSR Procurement Policy and CSR Procurement Guideline reflect the principles of the UNGC, such as respect for human rights and the elimination of child labor.

Please refer to the Integrated Report published on the Company website for details.

Integrated Report: <https://hd.dowa.co.jp/en/ir/library/annual.html>

As a part of efforts to contribute to the local community, every year the Company holds the "Reforestation of Kosaka / Hometown tree-planting ceremony" in Akita Prefecture, to which it invites local residents and children to plant trees at the former mining site in the Kosaka District to restore vegetation in the area. As of fiscal 2022, which marks the 13th ceremony, the Company has planted around 200,000 trees.

Also, since fiscal 2017, local elementary school students have participated in the Company's event in which juvenile Ayu (sweetfish) are released back into the Yoneshiro River in Akita Prefecture.

Furthermore, from fiscal 2019, the Company became the main partner of DREAM SCHOOL, a project based on school visits conducted by the professional basketball team Akita Northern Happinets, where the team visits elementary schools in all 25 municipalities of Akita Prefecture that put in a request. By sponsoring this project, the Company supports the projects the team carries out in Akita Prefecture to contribute to the local community. Since fiscal 2022, as an SDGs partner of the Akita Northern Happinets, the Company has also been collecting small used home appliances at the team's home games with the aim of promoting the recycling of small used electronic devices, etc. ("small used home appliances"). At games sponsored by the Company, we have been placing special booths at the game venues and holding collection events so that more people can bring in and recycle their small used home appliances. Through this initiative, the Company is working to jump-start and promote the recycling of small used home appliances in the local community.

In Okayama Prefecture, the Company carries out the Lake Kojima Flower Corridor Project. So far, it has planted more than 6,000 Kawazu cherry trees.

The Company also conducts environmental conservation activities at its

	<p>business sites across Japan, such as carrying out cleaning up activities in the areas around its business sites and collecting illegally dumped waste.</p> <p>The Company plans to continue creating opportunities for activities that contribute to the local community in which local communities and businesses can take part in together.</p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>The Disclosure Policy stipulates that the Company will disclose information in a fair, timely, and appropriate manner to provide useful information to all stakeholders. More specifically, the Company will disclose information in accordance with the Companies Act, the Financial Instruments and Exchange Act and other relevant laws and regulations and in keeping with the Timely Disclosure Rules prescribed by the Tokyo Stock Exchange. The Company will also actively disclose information judged useful for deepening understanding of the Company even if the information is not covered by the Timely Disclosure Rules. Information will be disclosed via TDnet, news releases, and the Company's website.</p>
<p>Other</p>	<p>The Company implements measures for the following four priority areas with the aim of promoting the active participation and advancement of women.</p> <p>(1) increase the ratio of female employees</p> <ul style="list-style-type: none"> - Support for enhancing the recruitment of female students (Through interviews with female employees, the female students can get an idea of the active roles that they can play) - Strengthen public relations about the workstyles of female employees (production of videos and pamphlets) <p>(2) Establish a work environment that helps female employees balance work and childcare</p> <ul style="list-style-type: none"> - Establish a subsidy system that partially covers childcare costs - Expand the system that limits job transfers to areas outside of the current area (addition of marriage to conditions) - Hold information exchange meetings for female employees who balance childcare and work - Step up initiatives to increase the ratio of eligible male employees taking childcare leave <p>(3) Support for the empowerment of women</p> <ul style="list-style-type: none"> - Expand training for female employees <p>(4) Support for career development</p> <ul style="list-style-type: none"> - Create a community for female employees in Japan and overseas <p>Going forward, the Company will continue to accelerate initiatives to promote the further participation and advancement of women.</p>

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

Basic Policy on Internal Control System of the DOWA group

In accordance with the DOWA Group's Corporate Mission, Vision, Values, and Code of Conduct, the DOWA Holdings (the Company) and each Group company has made a collective effort to design and operate effective and efficient internal controls to contribute to society, maximize corporate value, and carry out the responsibilities of management entrusted to us by our shareholders. Meanwhile, with society placing increasing importance on compliance, as evidenced by the revision of laws and regulations of late, the Group also looks set to face even stronger compliance-related demands going forward. Against this backdrop, the Company adopted a holding company structure on October 1, 2006.

While holding company structure enables to raises the level of specialization of each business group and to speed up implementation of measures, it also carries the risk of internal control systems becoming localized and overall group governance being disrupted.

The Company and each Group company (the Group) shares its basic policy and systems on internal controls to reduce the risk, as well as allows each company to make the most of the originality of them on each specific activities, that will strive to achieve effective and efficient internal control along with holding company structure.

In operating the internal control system, the Company shall make efforts to continuously improve the system with adopting changes in business activities and the social environment, the entire DOWA group strongly proceeds with the design of this system.

1. Matters Related to Directors

(1) System to Ensure that Execution of the Duties by Directors and the Employees Complies with Laws and Regulations and the Articles of Incorporation

The directors and employees of the Group utilize the DOWA Group Corporate Mission, Vision, Values, and Code of Conduct to guide them in their day-to-day business activities.

The Company has separated the executive functions from the Board of Directors by appointing executive officers with the aim of strengthening the Board's supervisory functions.

The entire Group shall clarify the authority and responsibilities of each position by setting up company rules such as the Rules of the Board of Directors and the Administrative Authority Regulations, as well as ensure thorough compliance with laws and regulations, the Articles of Incorporation, and social norms through self-improvement and various training programs for directors and employees.

The Company will establish and operate systems that ensure the reliability of financial reporting across the Group.

The Group will take a systematic and resolute stance against anti-social forces, and will also cooperate with the police and other related organizations, as well as lawyers, as necessary.

The establishment of the DOWA Consultation Desk and the implementation of internal audits helps with the prevention and early detection of any fraud or misconduct in the Company or at Group companies, and accordingly we take appropriate

measures whenever the need should arise.

(2) System for the Storage and Management of Information Related to the Execution of Duties by Directors

The Company stores and manages information related to the execution of duties by directors in accordance with company regulations, such as regulations for information system management and intellectual property management.

With regard to documents, the minutes of Board of Directors' meetings are prepared and stored in accordance with the regulations for the Board of Directors, while Ringi (draft plans circulated to obtain approval) and other documents are prepared and stored in accordance with document management regulations and other company regulations, and documents are stored in ways to be visible properly depends on one's needs.

(3) Regulations and Other Systems Related to the Management of Risk of Loss

In order to identify and avoid risks, the Company's Board of Directors and other parties conduct rigorous examinations of when deciding important matters for the entire Group. The Company will also establish a communication system to enable cooperation among Group companies and improve emergency response capabilities. To this end, the Company will establish the necessary rules and guidelines, as well as provide various training programs.

Directors and executive officers receive reports on the status of business activities of each of the five operating companies and the operating subsidiaries belonging to these business groups at the monthly Business Management Committee meeting, to facilitate a timely response to changes in the business environment.

In the case of serious matters, the executive officer in charge takes direct command and reports updates to the Board of Directors' meetings in addition to the Business Management Committee meetings.

The Company conducts internal audits of the entire Group to identify and avoid risks, enabling it to take appropriate measures as necessary.

(4) System to Ensure Efficient Execution of Duties by Directors

The Company clarifies the authority and responsibilities of each position across the entire Group by setting up company rules such as the Rules of the Board of Directors and the Administrative Authority Regulations.

Depending on the degree of importance, management decisions for the Company and Group companies are either resolved by the Board of Directors of the Company or the respective Group company, or by approval through the use of Ringi. Particularly important matters are deliberated in advance by the Corporate Strategy Committee meetings and resolved by the Board of Directors of the Company.

The Company has separated the executive functions from the Board of Directors by appointing executive officers with the aim of strengthening the Board's supervisory functions and expediting decision-making.

Based on the management policies, the medium-term plan, and the annual budget, those are resolved by the Board of Directors of the Company, management resources are appropriately allocated to each of the five operating companies and the operating subsidiaries belonging to these business groups, followed by the corporate group which comprises the respective business groups conducts business activities.

Each operating company summarizes the status of monthly business activities in the form of a monthly financial statement, and reports this at the Company's Business Management Committee meeting held the following month.

The Board of Directors of the Company manage the progress made by each business group toward achieving the Group's management plan, and appropriately reflects this in the remuneration of directors and executive officers based on reports by the Remuneration Committee.

(5) System to Ensure Appropriate Business operation by the Corporate group, consisting of the Company, its Parent company, and Subsidiaries

The Company and its Group companies standardize the structure and items to be stipulated on major company regulations across the Group, that clarify the responsibilities, authorities, and authorization procedures of each position. These major company regulations include, but not limited to for the Board of Directors, administrative authority, accounting, document management, purchasing, and information system management.

When Group companies make important decisions, in addition to following internal procedures, operating company also needs to consult in advance with or obtain prior consent from the Company. As for the operating subsidiaries, prior consultation with or prior consent from the parent operating company (as well as prior consent from the Company for particularly important matters) are also needed before making the decision.

Each operating company summarizes the status of business activities of the business group it is responsible for in the form of a monthly financial statement, and reports this at the Business Management Committee meeting each month.

The Company established a technical support company responsible for improving the development and technological capabilities of the Company, its operating companies and operating subsidiaries, as well as a business support company responsible for enhancing the efficiency and transparency of back-office operations such as accounting, finance, materials, and systems. These support companies contribute to maintaining effective internal controls for the corporate group.

The Company also endeavors to enhance the effectiveness of internal control systems by sharing information through DOWA Net, holding training sessions for officers and employees of the Company and of Group companies, and conducting internal audits.

Through these measures, the Group will strive to ensure the appropriateness of its operations and improve efficiency.

2. Matters Related to Audit & Supervisory Board Members

(1) Matters regarding Employees when an Audit & Supervisory Board member requests the Appointment of Employees to Assist them in their Duties

When Audit & Supervisory Board members request the appointment of employees to assist them, the Company shall promptly assign employees with expertise in the duties of the Audit & Supervisory Board members.

(2) Matters related to the Independence from Directors of the Employees referred to in the Preceding item and Ensuring the Effectiveness of Instructions given to said employees

When appointing employees for assistance at the request of an Audit & Supervisory Board member, the opinions of Audit & Supervisory Board members shall be respected in regard to the selection and performance of said employee.

(3) System for Directors and Employees to Report to Audit & Supervisory Board members and Other systems for Reporting to

Audit & Supervisory Board members

The Company exchanges opinions with directors of the Company and Group companies by circulating Ringi documents and holding upper management meetings.

Directors and employees of the Company and Group companies shall promptly and appropriately report to Audit & Supervisory Board members when they discover an issue that may cause significant damage or a decline in credibility to the Company.

Furthermore, when the Company conducts internal audits of the Company or Group companies, the status of implementation and the results thereof shall be reported to Audit & Supervisory Board members.

(4) Systems to ensure that persons who report to Audit & Supervisory Board members are not treated unfairly due to submitting such reports

The Company and Group companies shall not treat persons who report to Audit & Supervisory Board members unfairly on the grounds of making such a report.

(5) Matters Concerning Expenses, etc., that arise from the Execution of Duties by Audit & Supervisory Board members

Expenses related to regular audits shall be budgeted while respecting the amount requested by Audit & Supervisory Board members. If expenses arise during the course of an audit, such expenses shall be paid promptly, unless deemed unnecessary for the execution of duties.

(6) Other Systems to Ensure the Effectiveness of Audits by Audit & Supervisory Board members

The Company shall cooperate in promoting a good audit environment for exchanging opinions with the Internal Audit Department and independent accounting auditors, exchanging opinions with directors, holding individual interviews with key employees, and conducting on-site inspections of the Company and Group companies.

1. Operational Status of Compliance and Risk Management Systems

The Company provides employees of the entire Group with education on compliance by way of in-house training and explanations through regular information distribution, and continues to make efforts to comply with laws and regulations and the Articles of Incorporation. The Company also continues to promote awareness of the Dowa Consultation Desk, its internal reporting system, to employees throughout the Group.

With regard to risk management, the Company has established regulations for earthquake countermeasures and for hedging, with the aim of preventing crises that may have a serious impact on its business operations and minimizing damage in the event a crisis should occur. For particularly important matters, the Corporate Strategy Dept., General Affairs & Legal Dept., Accounting Dept., Environment & Safety Dept., and other relevant departments gather and hold meetings to identify and avoid risks, and report to the Board of Directors as necessary upon the consultation and examination of countermeasures.

2. Operational Status Regarding Systems for Efficient Execution of Duties

The Company has introduced an executive officer system, with a Business Management Committee that meets once a month to make agile decisions on business execution.

The Board of Directors consists of ten directors, including four outside directors, and its meetings are also attended by four

Audit & Supervisory Board members, all members are outside Audit & Supervisory Board members. In fiscal 2023, the Board of Directors met 15 times, actively exchanging opinions during the deliberation of each proposal and supervision of business execution, etc. As in the previous year, the Company provided a questionnaire (self-evaluation) to all members of the Board of Directors and the Audit & Supervisory Board. The Board of Directors analyzed and evaluated the Board's effectiveness based on the responses. As a result, it was confirmed that the effectiveness of the Board of Directors was sufficiently ensured, including in terms of composition, operation, and matters for deliberation. In addition, outside directors and outside Audit & Supervisory Board members also contribute by meeting regularly to exchange opinions.

Information is also stored and managed appropriately, with the minutes for Board of Directors' meetings, Ringi documents, and other documents recorded and prepared in accordance with company regulations, such as regulations for the Board of Directors, information system management, and document handling.

3. Operational Status of the Group's Internal Controls

The Company shall, in accordance with the regulations for administrative authority, clarify matters for consultation and approval by the Company and matters to be reported to the Company, while respecting the autonomy of the business operations of each Group company. The Company supervises the execution of such duties, provides guidance to each Group company to establish an appropriate internal control system, and promotes the development and operation of said system.

The effectiveness of internal controls for the entire Group is confirmed by conducting internal audits of Group companies through audits by Audit & Supervisory Board members, legal audits, labor audits, and environmental and safety audits, among others.

By making efforts to strengthen the internal control systems of each Group company, the Company is also able to take appropriate action for internal controls related to financial reporting in accordance with the Financial Instruments and Exchange Act.

4. Operational Status of the Audit Structure of Audit & Supervisory Board Members

The Audit & Supervisory Board comprises four members, all members are outside Audit & Supervisory Board members. In fiscal 2023, the Audit & Supervisory Board met 15 times to receive reports on important matters related to audits, and discuss and make resolutions related thereto.

Audit & Supervisory Board members also hold regular meetings and conduct interviews with the president and representative director, directors, executive officers, department heads, and independent accounting auditors to exchange opinions on the status of compliance and internal controls.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

As put forth in the DOWA Group's Corporate Mission, Vision, Values, and Code of Conduct, which outline the vision of the DOWA Group, the entire Group considers eliminating misconduct by anti-social forces its social responsibility, and requires all officers and employees to remain vigilant and act accordingly. The Group also ensures that all officers and employees fully adhere to this code of conduct as well as applicable laws and regulations through training, particularly for new employees, and manuals, and monitors the status of compliance through internal audits. On the organizational front, the General Affairs & Legal Dept. is

designated as the department in charge of handling such incidents. The Company has established a system in which, in the event that an unreasonable request is received, the department receiving said request contacts the General Affairs & Legal Dept., and the relevant departments cooperate in responding to the request. If necessary, the Company takes a systematic approach by cooperating with external professional bodies such as the police and lawyers. The Company is also a member of the Tokubouren (Federation for Action to Prevent Organized Crime under the jurisdiction of the Tokyo Metropolitan Police Department), and as such collects information through the Tokubouren bulletin and Tokubouren news publications, and participates in Tokubouren workshops, block workshops, and regular block meetings. Through these efforts, the Company collects the latest information and deepens cooperation with the Tokubouren and neighboring companies.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

The Company has established the following Information and Time Rules as its basic policy on hostile takeover defense.

2. Other Matters Concerning the Corporate Governance System

Information and Time Rules

The Board of Directors of the Company recognizes that it is ultimately up to shareholders to decide whether or not to accept a purchase of the Company's shares (hereinafter, "large-scale purchase") that will allow an entity to hold at least 20% of the voting rights. In making such a decision, the Company believes that it is necessary for the party that intends to make a large-scale purchase (hereinafter, "large-scale purchaser") and the Board of Directors of the Company to each provide appropriate information and ensure sufficient time for consideration, taking into account the scale of the Company's business and the fields in which it operates. Based on this basic approach, when a large-scale purchase is recognized, the Board of Directors of the Company shall request that the large-scale purchaser provides the following information (hereinafter, "large-scale purchase information") to other shareholders and the Board of Directors.

- (1) The purpose and details of the large-scale purchase
- (2) The basis for calculating the tender offer price and information substantiating that the large-scale purchaser has sufficient funds to pay for the intended acquisition
- (3) The intended management policy and business plan for the Company after completion of the large-scale purchase
- (4) Information on other important matters that could affect shareholder value

After reviewing the large-scale purchase information, the Board of Directors of the Company shall publish its assessment and opinion on the large-scale purchase. In such cases, the Company will seek the opinions of a committee composed of third parties independent of the Board of Directors. Moreover, the Board of Directors will also constantly monitor the status of transactions and movements in the Company's shares, and establish an internal system that will enable a prompt and appropriate response in the event of a large-scale purchase.

END

The DOWA Group Corporate Governance Structure (As of June 26, 2024)

General Meeting of Shareholders

