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Hanwa Co., Ltd.

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

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

1. Basic Views

We aim to fulfill our social responsibilities as a good corporate citizen so that we can gain and retain the respect from stakeholders and be recognized as a valuable enterprise. We work to establish a high degree of transparency in management systems to ensure full legal and regulatory compliance and respect for social norms.

In addition, to coexist with the Earth and society and to develop sustainably, we have established the Sustainability Promotion Committee and promoted management initiatives with a focus on sustainability.

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

Supplementary Principles 2.4.1

At present, the Company has not set specific numerical targets related to the promotion of foreign nationals and mid-career hires to managerial positions.

This is because the Company’s recruitment of new graduates is focused mainly in Japan, and opportunities to hire foreign nationals are currently limited. Furthermore, when recruiting mid-career hires, we focus on their expertise and immediate work-readiness, and promotion to managerial positions is determined based on individual ability and aptitude. Therefore, it is difficult to set standardized targets.

Going forward, we will strive to create an environment in which all employees can maximize their abilities regardless of gender, nationality, or type of employment. We will promote employee development and promotion based on individual careers and growth opportunities, and consider the need for setting numerical targets as appropriate depending on the situation.

The Company has set a numerical target for the ratio of female new graduates hired for career positions (30%).

Supplementary Principles 4.1.3

With regard to the personnel affairs of directors, the Company has established a Nomination Advisory Committee, the majority of whose members are outside directors, as an advisory organ of the Board of Directors. The Committee examines and submits personnel proposals to the Board of Directors. Concerning successors of the CEO and other top executives, candidates will be narrowed down based on close examinations of the individual performance, characters, knowledge, and other factors of each director and executive officer.

The Company does not have a specific procedural plan, such as a succession plan, clearly defined. However, we began introducing a succession plan for executive officers, including executive directors, in FY2024 with a view to visualizing management candidates and development plans. The qualitative review system for executive officers, including executive directors, introduced in FY2003 presents the desirable management requirements as evaluation criteria. The results of evaluations of all executive officers have been accumulated. In addition to the evaluations and feedback collected each fiscal year, the Nomination Advisory Committee will deliberate on the executive officer succession plan and report its conclusions to the Board of Directors, thereby selecting candidates who meet the requirements for senior management positions. With regard to the development, the Company plans to further enhance the training system for officers and potential officers starting in FY2025. By carrying out the succession plan on an ongoing basis, we will formulate and implement successor plans.

Disclosure Based on each Principle of the Corporate Governance Code

The Company's policies and initiatives in response to all 83 items of general principles, principles and supplementary principles of the Corporate Governance Code are disclosed on our website as the *Principles for Responding to the Corporate Governance Code* (<https://www.hanwa.co.jp/en/company/governance.html>). Among these, disclosure items based on each principle of the Corporate Governance Code are as follows.

Principle 1.4

(1) Holding Policy

From the perspective of business partnerships, creating business opportunities, maintaining and strengthening business relationships, etc., the Company holds shares of business partners, etc., when it is considered to contribute to enhancing corporate value over the medium to long term.

(2) Verification and Reduction Policy

Each year, the Board of Directors and the Management Committee regularly and comprehensively examine the appropriateness of the holding of individual shares, taking into account factors such as investment returns from transactions and dividends, capital efficiency, and the purpose of holding. The Company promotes the sale of shares that are deemed to be inconsistent with the purpose of the holding.

(3) Criteria for Exercising Voting Rights

The Company has established the following screening criteria for exercising voting rights. For the stock issues that meet the criteria, the Company will scrutinize the details of the proposals and determine whether to vote for or against them.

- 1) a company whose value of shares are judged to be significantly impaired according to its stock price level and financial conditions
- 2) a company whose operating income, ordinary income, or net income was recorded as negative in its business results for the previous fiscal year
- 3) a company that caused a scandal with significant social impact, including violations of laws and regulations or anti-social acts
- 4) a company that submits a proposal that is likely to hinder the purpose of shareholding and significantly impair the value of shares, including any proposal on changes of control or substantial revisions of corporate organization

(4) Reduction Status for the Year Ended March 2025

The Company sold all shares of 14 companies and a portion of shares of 5 companies. As of the end of March 2025, the ratio of cross-shareholdings to consolidated net assets was 15.6%.

Principle 1.7

If the Company intends to engage in a transaction with a director of the Company or a company where a director of the Company holds office as a representative (related party transaction), the Company will conduct the related party transaction only after the Board of Directors deliberates on the transaction and gives approval.

With regard to transactions with major shareholders, significant financial transactions with Sumitomo Mitsui Banking Corporation and The Dai-ichi Life Insurance Company, Limited are conducted with approval from the Board of Directors. With regard to commercial transactions, the Company conducts them based on the Standards for Decision-making Authority established with approval from the Board of Directors according to the sizes of the transactions, and applies the same procedures to the Company's transactions with major shareholders such as Nippon Steel Corporation.

Supplementary Principles 2.4.1

At present, the Company has not set specific numerical targets related to the promotion of foreign nationals and mid-career hires to managerial positions.

This is because the Company's recruitment of new graduates is focused mainly in Japan, and opportunities to hire foreign nationals are currently limited. Furthermore, when recruiting mid-career hires, we focus on their expertise and immediate work-readiness, and promotion to managerial positions is determined based on individual ability and aptitude. Therefore, it is difficult to set standardized targets.

Going forward, we will strive to create an environment in which all employees can maximize their abilities regardless of gender, nationality, or type of employment. We will promote employee development and promotion based on individual careers and growth opportunities, and consider the need for setting numerical targets as appropriate depending on the situation.

The Company has set a numerical target for the ratio of female new graduates hired for career positions (30%).

Principle 2.6

The Company manages pension reserves through Pension Fund of Hanwa Co., Ltd. (hereinafter referred to as the Pension Fund). Although it is difficult to say that the Company sufficiently assigns personnel who are highly qualified and experienced in investment in pension funds due to our size and expertise, the Company has established a Pension Committee within the Company to ensure stable and efficient management of Pension Fund and its investments. The Pension Committee is composed mainly of officers and section managers in charge of the Personnel Department, Finance Department, and Accounting Department. The committee selects investment institutions to be entrusted, allocates premiums, and evaluates investment performance. The results are submitted to the Board of Directors,

Representatives of the Pension Fund, and the Chairman of the Board of Directors. Based on the report of the Pension Committee, the Pension Fund presents its investment policy to the investment management contractors, entrusts them to the fund, monitors the investment status of the fund to the contractors on a regular basis, and shares the investment results with the Pension Committee.

The selection of individual issues and the exercise of voting rights are left to the trustees, and the Company does not direct them directly. Therefore, the Company believes that there will be no conflict of interest between the pension beneficiaries and the Company.

Principle 3.1

i) Company objectives (e.g., business principles), business strategies and business plans;

The Company's Corporate Philosophy proclaims that by "Coping with changing times and markets quickly, Hanwa makes a great contribution to society by satisfying various needs of customers as a 'distribution specialist.'" Under this Corporate Philosophy, as a user-oriented trading company that provides high value-added product distribution and proposal-based services in response to customer needs, the Company pursues trading company logistics with distinction. The Company is committed to enhancing corporate value and fulfillment of its social responsibilities, emphasizing compliance in these activities. In principle, the Company formulates a medium-term management plan every three years and publicly discloses the plan.

ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;

We aim to fulfill our social responsibilities as a good corporate citizen so that we can gain and retain the respect from stakeholders and be recognized as a valuable enterprise. We work to establish a high degree of transparency in management systems to ensure full legal and regulatory compliance and respect for social norms.

In addition, to coexist with the Earth and society and to develop sustainably, we have established the Sustainability Promotion Committee and promoted management initiatives with a focus on sustainability.

iii) Board policies and procedures in determining the remuneration of the senior management and directors;

The Company has established a remuneration system consisting of monetary remuneration and compensation in the form of company stock (restricted stock compensation) for directors (excluding directors who are Audit and Supervisory Committee members). The annual monetary remuneration decided at the Ordinary General Shareholders Meeting held in June 2025 is within the total amount of 860 million yen (within 100 million yen for outside directors). The restricted stock compensation is within the total annual amount of 150 million yen (the maximum number of shares to be paid is 50,000 per year) decided at the Ordinary General Shareholders Meeting held in June 2025. The Board of Directors determines the specific amount of remuneration for each director. The Company has established a decision-making policy pertaining to the content of remuneration for each director (excluding directors who are Audit and Supervisory Committee members), a summary of which is as follows.

The Company has set a policy for determining the individual remuneration of directors who are not Audit and Supervisory Committee members (hereafter referred to as the "determination policy"). A summary of the policy is as follows.

The basic policy of the Company's remuneration system for directors is to ensure that it serves as an effective incentive for the sustainable enhancement of corporate value, and that the remuneration level is at an appropriate level based on the responsibilities of each position. Specifically, the remuneration system consists of the followings: basic remuneration, which is a fixed monthly payment determined based on the standard amount of remuneration for each position and taking into consideration the comprehensive evaluation of directors made by the Officers Evaluation Committee chaired by the President, with an emphasis on their commitment to medium- and long-term issues aimed at sustainable growth and the results of their efforts; and performance-linked remuneration, which is a monetary remuneration reflecting fiscal-year performance indicators applicable to the management team as a whole; and restricted stock remuneration designed to provide incentives to increase corporate value over the medium to long term. Outside directors, who are responsible for supervisory functions, are paid only basic remuneration in consideration of their duties.

In determining the ratio of remuneration by type, the Remuneration Advisory Committee considers the level of remuneration based on the benchmarks of companies in the same scale of business and related industries and business categories as the Company.

With regard to procedures for determining the individual compensation of the management members and directors (excluding directors who are Audit and Supervisory Committee members), the Remuneration Advisory Committee, the majority of whose members are outside directors, plays a leading role in determining them, in accordance with the following procedures.

The Officers Evaluation Committee, which is chaired by the President and whose majority members consist of outside directors, meets at least twice a year to conduct a comprehensive evaluation of basic remuneration based on an assessment of the level of commitment of executive directors and executive officers (excluding the Chairman, President, and outside directors) and a peer review process by all directors and executive officers. Based on the results, the Remuneration Advisory Committee, the majority of whose members are outside directors, prepares a proposal for basic remuneration and the Board of Directors makes a decision on the amount.

Performance-linked remuneration is determined by the Board of Directors after the Remuneration Advisory Committee examines the proposed calculation method for each fiscal year, with the aim of ensuring that the remuneration accurately reflects the achievements and responsibilities of each management member and executive

director.

Restricted stock compensation is positioned as compensation for each management member and executive director's responsibilities to shareholders in increasing corporate value in accordance with his or her position. With this in mind, the Board of Directors determines the specific number of shares to be paid (the amount of monetary compensation claims to be used to pay for the acquisition of shares) based on the Remuneration Advisory Committee's consideration of the level deemed appropriate for each position.

The amount of remuneration for each executive member of the management team other than directors (executive officers) is determined in accordance with the same system and procedures as those for executive members who also serve as directors.

The remuneration for directors who are Audit and Supervisory Committee members was determined through the discussion held by directors who are Audit and Supervisory Committee members to be within the total annual amount of 120 million yen as determined by the Ordinary General Shareholders Meeting held in June 2025.

iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors candidates;

To select internal directors (excluding directors who are Audit and Supervisory Committee members), the Nomination Advisory Committee, which is chaired by an outside director and the majority of its members consist of outside directors, reviews the directors of the following fiscal year based on their evaluation from directors and executive officers and the results of their performance evaluations of employees. A draft is then submitted to the Board of Directors where a proposal of the list of candidates is then forwarded to the Annual Shareholders Meeting. In addition, the Nomination Advisory Committee deliberates on the positions of directors (excluding directors who are Audit and Supervisory Committee members) and draws up a draft to be approved by the Board of Directors.

With regard to director who is full-time Audit and Supervisory Committee member, the Board of Directors selects persons deemed capable of executing the duties as candidates from among internal directors and executive officers, etc. in consideration of their fields of specialty, their careers, and other factors. A proposal list of candidates is then forwarded to the Annual Shareholders Meeting with prior consent from the Audit and Supervisory Committee.

To select outside directors, appropriate candidates are examined from all perspectives in consideration of the balance of their abilities and any excesses or deficiencies in the fields of specialty of the outside directors based on the fields of specialty of those retiring and of those remaining, and a proposal of the list of candidates is then prepared.

More specific criteria for the nomination of candidates for directors and the appointment and dismissal of senior management are currently under consideration, including the necessity of such criteria. Discussions will be held at the Nomination Advisory Committee in the future.

v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

Reasons for proposals for electing the senior management, directors and corporate auditors are stated in the Notice of Shareholders Meeting, together with brief career summaries. In the event that a senior executive is dismissed, the company will explain the background and the reason for the dismissal of the previous executive when disclosing the replacement.

Supplementary Principles 3.1.3

In the "Medium-Term Business Plan 2025", we have set "Sustainability Management" as one of our basic policies and are working on "business/investment strategies rooted in ESG and SDGs" as well as "strengthening the organizational structure to support sustainable growth."

The Company discloses information on sustainability as appropriate through the "Sustainability" page (<https://www.hanwa.co.jp/en/csr/>) on its website.

The Company also has a human resources strategy aimed at enhancing human capital and is working to create an environment in which a diverse workforce can work while growing sustainably, as well as promoting the introduction of systems that support each employee's ability to demonstrate his or her strengths and take on challenges. The specific efforts, indicators, targets, and results related to human capital are disclosed in the securities report.

Furthermore, the Company has expressed its support for the TCFD recommendations and utilizes the TCFD's framework to assess and identify the impact of climate change on the Company's business activities from the perspectives of risks and profit opportunities, the details of which are disclosed. With regard to climate change-related indicators and targets, greenhouse gas emissions have been set as an indicator, with medium- to long-term reduction targets set as "FY2030 Domestic Scope 1+2 34% reduction (compared to FY2021)" and "FY2050 Carbon neutrality." TCFD disclosures can be found on the "Dealing with Climate Change" page (<https://www.hanwa.co.jp/en/csr/environment/climate-change.html>) of the Company's website.

Supplementary Principles 4.1.1

The Company stipulates the decision-making authority of an organ according to the importance of decisions and monetary scale and other factors in the Regulation on the Board of Directors and the Standard for Submission to the Board of Directors, as well as the Regulations on the Management Committee and the Standard for Submission to the Management Committee, while prescribing the scope of operational delegation according to the positions of the executive officers, etc. in the Standard for Approval.

Principle 4.9

With regard to standards for judgment when electing independent outside directors, the Company established “Independence Standards for Outside Directors” as follows.

“Independence Standards for Outside Directors”

When an outside director of the Company does not fall under any of the following cases, he or she is judged independent from the Company.

1. A major shareholder of the Company (meaning a shareholder who holds either directly or indirectly 10% or more of the total voting rights of the Company at the end of the most recent fiscal year), or an executing person thereof.
2. A person belonging to or an executing person of a company of which the Company is a major shareholder (holding 10% or more of the total voting rights of the company at the end of the most recent fiscal year.)
3. A major business partner of the Company (whose annual transaction with the Company exceeds 2% of the consolidated net sales of the Company during the most recent fiscal year), or an executing person thereof.
4. A major lender to the Company (whose outstanding loans to the Company at the end of most recent fiscal year exceeds 2% of the consolidated total net assets of the Company), or an executing person thereof.
5. A representative or an employee who belongs to the audit corporation that is the accounting auditor of the Company.
6. A consultant, legal professional, certified public accountant, tax accountant, or other person providing a specialist service who received 10 million yen or more of monetary consideration or other properties per year from the Company other than officer remuneration in the most recent fiscal year (referring to a person belonging to the organization if the one who received the relevant property is an organization such as corporation and association.)
7. A person who received the annual total of 10 million yen or more of donations or aid funds from the Company in the most recent fiscal year (referring to an executing person who belongs to the organization if the one who received the relevant donations or aid funds is an organization such as corporation and association.)
8. A person who falls under any of 1 to 7 above in the past three years
9. A person whose close relative fall under any of 1 to 8 above.

(Note1.) An executing person refers to an executive director, executive officer, corporate officer, or staff executing business of an entity

(Note2.) A close relative means a relative within the second degree of kinship

Even if a person falls under any of the above criteria, such person maybe elected as a candidate for independent outside directors if the person satisfies the requirements of an outside director under the Companies Act, has specialization and experience necessary in view of the Company’s current situations and his/her knowledge and viewpoint are judged to be beneficial to the Company’s management, on the condition that the Company provides explanations to shareholders of the reasons of its judgement and the fact that the person satisfies the requirements of an independent outside directors.

Supplementary Principles 4.10.1

As an advisory organ for the evaluation, appointment, and remuneration of directors and executive officers, the Company has established three committees: the Officers Evaluation Committee, the Nomination Advisory Committee, and the Remuneration Advisory Committee. The majority of the members of each committee are outside directors, and the Nomination Advisory Committee is chaired by an outside director, which ensures the independence and objectivity of the supervisory function of the Board of Directors.

The Officers Evaluation Committee determines the comprehensive evaluation based on an assessment of the level of commitment of executive directors and executive officers (excluding the Chairman, President, and outside directors) and a peer review process by all directors and executive officers. Based on the results of this evaluation, the Nomination Advisory Committee discusses the proposed composition of the senior management and directors (including candidates), and the Remuneration Advisory Committee discusses the overall remuneration system for the senior management and directors (excluding directors who are Audit and Supervisory Committee members). Each committee has the authority to report the details of its decisions to the Board of Directors.

Supplementary Principles 4.11.1

Regarding the appointment of directors, please refer to Principle 3-1 iv. The Company believes that the main skills required of each director to ensure the effectiveness of the Board of Directors are “corporate management,” “sales/business strategy,” “overseas experience,” “finance/accounting,” “legal/risk management,” “human resources/labor affairs,” and “IT/digital.” The expertise possessed by each director is as shown in the skill matrix, and we appoint persons with each skill in a well-balanced manner.

The Board of Directors of the Company consists of fourteen members, including seven independent outside directors, all seven of whom have management experience at other companies.

The expertise held by each officer is listed in the skills matrix attached at the end of V-2. “Other Matters Concerning the Corporate Governance System” of this report.

Supplementary Principles 4.11.2

Currently, internal officers only hold concurrent positions as officers of the Company's group companies. The Company believes it is desirable for its directors and officers to focus their efforts on the Company. However, concurrent service as officers of other listed companies may broaden their knowledge and, in turn, have a positive impact on their managerial decisions at the Company. Therefore, the Company does not rule out concurrent positions unless they become excessive.

Ryuji Hori, Outside Director, concurrently serves as Representative Director and President of TMI Ventures Co., Ltd. and Outside Director of Riskmonster.com. Kamezo Nakai, Outside Director, concurrently serves as Outside Director of TAIHEI Engineering Co., Ltd. Reiko Furukawa, Outside Director, concurrently serves as External Member of the Board of NHK Spring Co., Ltd. Chika Sato, Outside Director, concurrently serves as Outside Director of Asahi Group Holdings, Ltd. Hideyuki Takahashi, Outside Director, concurrently serves as Outside Director of Aozora Bank, Ltd. and Sunshine City Corporation. The Company judges that these individuals have ensured adequate time and effort to properly fulfill their roles and responsibilities at the Company. There are no special transaction relations between the above companies and the Company.

Supplementary Principles 4.11.3

The effectiveness of the Board of Directors is not only confirmed on a daily basis by the Audit and Supervisory Committee through their attendance at Board of Directors meetings, hearings with business departments, and exchange of information with the Internal Audit Department, but the Company has also established a Board of Directors Evaluation Committee chaired by one of the outside directors. This committee introduces a mechanism to report evaluation results and make recommendations to the Board of Directors based on the results of a questionnaire survey of all directors. The outline of the most recent evaluation of the effectiveness of the Board of Directors is disclosed on "Corporate Governance" page (<https://www.hanwa.co.jp/en/company/governance.html>) of the Company's website and other media.

Supplementary Principles 4.14.2

Training for internal directors includes guidance when they assume their positions, internal study sessions on amendments to laws and regulations, etc., and encouragement to attend external training, etc., as necessary.

The Company provides outside directors with opportunities to attend monthly joint meetings of sales departments to enable them to understand the status of the Company's business operations. The Company also distributes Management Committee materials to outside directors to provide information on management decisions other than the agenda items submitted to the Board of Directors. In addition, the Company actively encourages outside directors to visit domestic and overseas group companies and investees, thereby providing the outside directors with opportunities to understand the Group's current situation.

With regard to the provision of further training opportunities and financial support for associated expenses, the Company examines the necessity therefor, cost-effectiveness, etc., and judges the adoption or rejection each time training is requested.

Principle 5.1

The Company has a structure in which the Corporate Management Office is in charge of IR activities and promotes the activities in cooperation with the Corporate Planning Department, Finance Department, Accounting Department, other administrative departments, and sales departments. The Company proactively conducts dialogue with investors and may approach investors to provide meetings, in addition to meetings requested by investors. The Company thinks of IR activities as opportunities to provide investors with materials that help them to deepen their understanding about the Company's actual business conditions and revenue structure and judge the Company's growth potential and prospects. Going forward, the Company will aggressively strive for stronger ties with investors accordingly.

[Dialogue with shareholders] [English disclosure available]

Regarding "Dialogue with shareholders," please refer to page 24 of the "Outline of Financial Results for the Fiscal Year ended March 31, 2025" released in May 2025.

The above explanatory materials are available on our website in the "IR Library". The URL is as follows: <https://www.hanwa.co.jp/en/ir/library/explain.html>

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

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	May 9, 2025

Explanation of Actions

Regarding “Actions to implement management that is conscious of cost of capital and stock price,” please refer to page 23 of the “Outline of Financial Results for the Fiscal Year ended March 31, 2025” released in May 2025. The URL is as follows: <https://www.hanwa.co.jp/en/ir/library/explain.html>

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%
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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)	5,510,500	13.65
Hanwa Clients' Stock Investment Association	2,374,800	5.88
Custody Bank of Japan, Ltd. (Trust account)	1,716,700	4.25
Sumitomo Mitsui Banking Corporation	1,526,080	3.78
JP Morgan Chase Bank 385632	1,192,300	2.95
Hanwa Employees' Stock Investment Association	1,112,959	2.76
DFA Intl Small Cap Value Portfolio	641,200	1.59
Nippon Steel Corporation	600,200	1.49
State Street Bank And Trust Company 505001	551,484	1.37
The Dai-ichi Life Insurance Company, Limited	522,600	1.29

Name of Controlling Shareholder, if applicable
(excluding Parent Companies)

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Name of Parent Company, if applicable

None

Supplementary Explanation

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Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Business Sector	Wholesale Trade
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	¥1 trillion or more
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

Not Applicable.

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 Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	25
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	14
Election of Outside Directors	Elected
Number of Outside Directors	7
Number of Independent Directors	7

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Ryuji Hori	From another company											
Kamezo Nakai	From another company											
Reiko Furukawa	From another company											
Chika Sato	From another company											
Hideyuki Takahashi	From another company					△						
Naoya Sakurai	From another company											
Hisanori Kokuga	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.)

a. Person who executes business for the Company or its subsidiary

b. Person who executes business for a non-executive director of the Company's parent company

c. Person who executes business for a fellow subsidiary

- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. 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/company auditor
- g. 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	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Ryuji Hori		○	—	He has expertise and extensive knowledge in legal affairs, cultivated through his many years of experience mainly in risk management at a general trading company, along with his experience as a university professor. The Company expects that he can provide advice on the Company's management decisions and supervision towards the Company's business execution from a general and multilateral perspective. There is no special interest relationship between Mr. Hori and the Company, so we determine that there is no potential for conflicts of interest with regular shareholders.
Kamezo Nakai		○	—	He has extensive knowledge and abundant experience cultivated through his many years of corporate management in the securities industry and real estate industry. The Company expects that he can provide advice on the Company's management decisions and supervision towards the Company's business execution from a practical and multilateral perspective especially in finance and investment. There is no special interest relationship between Mr. Nakai and the Company, so we determine that there is no potential for conflicts of interest with regular shareholders.
Reiko Furukawa		○	—	She has profound insight supported by her many years of varied experience in business, management, audits, etc., at a large IT company. The Company expects that she can provide advice on our management decisions and supervision towards the Company's business execution from a practical and objective perspective, especially in the areas of information systems and internal control. There is no special interest relationship between Ms. Furukawa and the Company, so we determine that there is no potential for conflicts of interest with regular shareholders.
Chika Sato		○	—	She has served as a manager of human resources divisions at Japanese companies and foreign capital companies for many years, and has profound insight and various experience regarding human resources measures. The Company expects that she can

				provide advice on our management decisions and supervision towards the Company's business execution from a practical and objective perspective, especially in the areas of global HR strategy and promoting diversity.
Hideyuki Takahashi	○	○	He was a business executive at Mizuho Bank, Ltd. and Mizuho Financial Group, Inc. until June 2014.	He has extensive expertise in banking and finance, cultivated through his many years of business experience at financial institutions, along with his abundant experience in corporate management and audit. The Company expects that he can utilize his knowledge and experience to audit and supervise management from an independent and objective perspective, as well as contribute to strengthening the monitoring function of the Board of Directors and enhancing the Company's corporate governance system. While Mizuho Bank, Ltd. is a major business partner of the Company, more than eleven years have passed since he retired from the position of a business executive at the bank. Therefore, the Company determines that there is no potential for conflicts of interest between him and regular shareholders.
Naoya Sakurai	○	○	—	He has extensive insight into corporate legal affairs, cultivated through his many years of business experience in the legal affairs division of a global company. The Company expects that he can utilize his insight to audit and supervise management from an independent and objective perspective, as well as contribute to strengthening the monitoring function of the Board of Directors and enhancing the Company's corporate governance system. There is no special interest relationship between Mr. Sakurai and the Company, so we determine that there is no potential for conflicts of interest with regular shareholders.
Hisanori Kokuga	○	○	He was a business executive at The Japan Research Institute, Limited until June 2024, and was business executive at Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Financial Group, Inc. until April 2018.	He has expertise and extensive knowledge cultivated through his many years of business experience at a financial institution, along with his considerable international experience. The Company expects that he can utilize his knowledge and experience to audit and supervise management from an independent and objective perspective, as well as contribute to strengthening the monitoring function of the Board of Directors and enhancing the Company's corporate governance system. Although the Company has a business relationship with Japan Research Institute, the transaction amount is less than 0.1% of the annual consolidated sales of the Company. In addition, while Sumitomo Mitsui Banking Corporation is a major business partner of the Company, more than seven years have passed since he retired from the position of a business executive at the bank. Therefore, the Company determines that there is no potential for conflicts of interest between him and regular shareholders.

Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

Several employees have been designated as an Audit and Supervisory Officer or assigned to the Audit and Supervisory Committee Support Office, which are dedicated executives or a dedicated organization responsible for assisting in the duties of the Audit and Supervisory Committee. In order to ensure the effectiveness of audits, Audit and Supervisory Officer and those assigned to the Audit and Supervisory Committee Support Office are independent from directors who are not Audit and Supervisory Committee members and are under the command of the Audit and Supervisory Committee. Furthermore, appointments and changes related to Audit and Supervisory Officer and those assigned to the Audit and Supervisory Committee Support Office require the consent of the Audit and Supervisory Committee, and the evaluations of them are conducted by the Audit and Supervisory Committee in order to ensure independence.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The Company has a system in which the Audit and Supervisory Committee (including Audit and Supervisory Officer and the Audit and Supervisory Committee Support Office, which assist in its duties), the accounting auditor, and the Company's Internal Audit Department coordinate closely through information exchange and discussion, which are done regularly and as necessary.

The Audit and Supervisory Committee receives explanations of audit plans, regular audit implementation status reports, etc. from the accounting auditor and exchanges information as necessary, works to grasp one another's status of audits, and coordinates to enhance monitoring functions.

The Internal Audit Department submits reports to the Audit and Supervisory Committee as appropriate and stays in constant coordination with the Audit and Supervisory Committee. In addition, the department conducts audit reports together with the accounting auditor and exchanges information as necessary to complement one another's audits. The two bodies coordinate to enhance the effectiveness of audits.

Voluntary Established Committee(s)

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
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	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination							
	Advisory Committee	11	0	4	7	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration							
	Advisory Committee	11	0	4	7	0	0	Inside Director

Supplementary Explanation

Regarding the appointment of directors, the Nomination Advisory Committee, which is chaired by an outside director and whose majority members consist of outside directors, reviews the composition of directors for the following fiscal year based on the evaluation of directors and the results of performance evaluations of employees. A draft is then submitted to the Board of Directors where a proposal of the list of candidates is then forwarded to the Ordinary General Shareholders Meeting.

Regarding executive remuneration, the Remuneration Advisory Committee, which is chaired by the President and whose majority members consist of outside directors, prepares a draft of the basic remuneration for the next fiscal year, after reviews based on the results of officer evaluation, and following a review of the proposed calculation rules for performance-linked remuneration each year and consideration of the content of non-monetary remuneration and the amount and number of non-monetary remuneration, the Board of Directors makes the final decision

Matters Concerning Independent Directors

Number of Independent Directors	7
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Other Matters Concerning Independent Directors
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All outside directors who qualify to be independent directors are designated as such by the Company.

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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Regarding executive remuneration and bonuses, the Company introduces a fixed salary, performance-linked salary and restricted stock compensation. The methods for determining remuneration amounts and other matters are provided below in "Director Remuneration," "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

Persons Eligible for Stock Options	—
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Supplementary Explanation for Applicable Items
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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors
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Supplementary Explanation for Applicable Items

The Company discloses the consolidated remuneration only for individuals whose total remuneration amount reaches 100 million yen or more.

The limits of executive remuneration amounts are determined by resolution of the General Shareholders Meeting. In fiscal 2024, the details of director remuneration was as follows.

Total amount of director remuneration, including bonuses, was 613 million yen. Total amount of remuneration for outside directors included in the total amount of director remuneration was 57 million yen.

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

The Company has set a policy for determining the individual remuneration of directors who are not Audit and Supervisory Committee members (hereafter referred to as the "determination policy"). A summary of the policy is as follows.

The basic policy of the Company's remuneration system for directors is to ensure that it serves as an effective incentive for the sustainable enhancement of corporate value, and that the remuneration level is at an appropriate level based on the responsibilities of each position. Specifically, the remuneration system consists of the followings: basic remuneration, which is a fixed monthly payment determined based on the standard amount of remuneration for each position and taking into consideration the comprehensive evaluation of directors made by the Officers Evaluation Committee chaired by the President, with an emphasis on their commitment to medium- and long-term issues aimed at sustainable growth and the results of their efforts; and performance-linked remuneration, which is a monetary remuneration reflecting fiscal-year performance indicators applicable to the management team as a whole; and restricted stock remuneration designed to provide incentives to increase corporate value over the medium to long term. Outside directors, who are responsible for supervisory functions, are paid only basic remuneration in consideration of their duties.

In determining the ratio of remuneration for executive directors by type, the Remuneration Advisory Committee reviews the ratio of basic remuneration, performance-linked remuneration, and non-monetary remuneration, in consideration of the level of remuneration based on the benchmarks of companies of similar size, related industries, and business categories. The Board of Directors determines the individual remuneration of directors taking into consideration the recommendations made by the Remuneration Advisory Committee.

Support System for Outside Directors

Secretariat staff provide support to Outside Directors who are not Audit and Supervisory Committee members, while an Audit and Supervisory Officer and personnel of the Audit and Supervisory Committee Support Office assist Outside Directors who are Audit and Supervisory Committee members. The Company ensures that necessary managerial information is communicated to them as appropriate.

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
Hironari Furukawa	Advisor	Outside activities in the business world	Full-time, Remunerated	March 31, 2022	1 year (renewable)

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)

1

After Retiring as Representative Director and President, etc.

Other Related Matters

By resolution of the Board of Directors, the Company may appoint a person who retired as a Representative Director as an Advisor, and appoint a person who retired as a Director, Executive Officer as a Counselor. The term of office is one year (can be extended) for Advisor and three years for Counselor. Duties are not specifically established; but such individuals may engage in outside activities at the request of the Company, but they do not participate at all in decision-making by the Company or its business execution.

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

The Company adopts the governance system of a company with an Audit and Supervisory Committee based on a resolution of the 78th Ordinary General Shareholders Meeting held on June 26, 2025. The Audit and Supervisory Committee consists of four directors who are Audit and Supervisory Committee members (three of whom are outside directors) appointed at the General Shareholders Meeting. The committee will conduct audits and other duties for the execution of duties by directors from the perspectives of legality and adequacy through interviews with executive directors, attendance at meetings of the Management Committee and other bodies by a full-time Audit and Supervisory Committee member, etc. The results approved by the Audit and Supervisory Committee will be reported to the General Shareholders Meeting.

Since April 2012, the Company has introduced an executive officer system to establish a system that enables more detail-oriented business operations and to promote quicker and more efficient decision-making.

The Board of Directors has 14 directors (seven of whom are outside directors) appointed by the General Shareholders Meeting. It meets once a month, in principle, to make decisions on matters stipulated by laws and regulations and in the Articles of Incorporation, draft plans for important management for the Group, and supervise business execution.

The Management Committee mainly consists of officers at the level of managing executive officer or above and full-time Audit and Supervisory Committee members. It meets twice a month, in principle, to submit important issues related to the management decisions of the Group to the Board of Directors as agenda items, and to promptly execute business in accordance with the management policy determined by the Board of Directors, as the highest body for business execution.

Regarding personnel matters and treatment for officers, the Company has introduced a three-committee system that consists of the Officers Evaluation Committee, Nomination Advisory Committee, and Remuneration Advisory Committee, and the following procedures have been adopted.

Regarding evaluations of officers, the Company has introduced mechanisms whereby decisions are made by the Officers Evaluation Committee, which is chaired by the President and whose majority members consist of outside directors. The committee will meet at least twice a year to perform a comprehensive evaluation based on an assessment of the level of commitment of executive directors (excluding the Chairman, President, and outside directors) and a peer review process by all directors and executive officers, and provide the overall evaluation results to the Nomination Advisory Committee and the Remuneration Advisory Committee.

Regarding the appointment of officers, the Nomination Advisory Committee, which is chaired by an outside director and whose majority members consist of outside directors, will review the composition of officers for the following fiscal year based on the evaluation of officers and the results of performance evaluations of employees. A draft will then be submitted to the Board of Directors where a proposal of the list of candidates will then be forwarded to the Ordinary General Shareholders Meeting.

Regarding executive remuneration (excluding that of directors who are Audit and Supervisory Committee members), the Remuneration Advisory Committee, which is chaired by the President and whose majority members consist of outside directors, prepares a draft of the basic remuneration for the next fiscal year, after reviews based on the results of officer evaluation, and the Board of Directors makes the final decision. In terms of executive bonuses, we use a system of performance-

linked salary for executive directors which specifically reflects the achievements and responsibilities of each executive. After the Remuneration Advisory Committee reviews a draft of calculation rules for the performance-linked salary for each fiscal year, the Board of Directors makes the final decision. In addition, restricted stock remuneration for executive directors is positioned as remuneration for the responsibility that each management team has to shareholders for enhancing corporate value. The Remuneration Advisory Committee reviews the appropriate level for each position, and the specific number of shares to be paid (the amount of monetary compensation claims to be applied to pay the acquisition price of the shares) is determined by the Board of Directors.

Regarding the evaluation of the effectiveness of the Board of Directors, we have introduced a system in which the Board of Directors Evaluation Committee, chaired by one of the outside directors and composed of all outside directors, plays a central role. The committee reports the results of its evaluation and makes proposals for improvement to the Board of Directors.

The Investment Examination Committee meets around twice a month, in principle. It conducts multifaceted analyses, including consistency with corporate management policy, project profitability, and risks regarding important investment and lending projects proposed by business divisions and Group companies, as well as transactions with the potential for special risk. It then submits its views as a committee to the Management Committee.

The Disclosure Committee meets as necessary to consider the importance of information related to facts that have been decided and facts that have arisen within the Group and determine the necessity of disclosure and consider the adequacy of the disclosed information. It has also formulated principles and basic policies related to legal disclosure and timely disclosure and developed related internal systems.

The Compliance Committee meets as necessary to build, maintain and manage the Group's compliance system overall, investigates individual cases as needed, considers response measures and formulates subsequent preventive measures.

The Security Trade Control Committee meets as necessary to promote legal compliance related to the Group's security trade, plan and draft a screening system and procedures, etc. related to export control, and manage and give instructions for such screening procedures.

The Internal Control Committee is held as necessary. Upon assignment from the Management Committee, it provides advice and support for the verification of evaluations of the effectiveness of the Group's internal controls conducted by the Internal Audit Department. It also gives its opinions in internal control reports, considers issues related to the Group's internal controls, and reports the results to the Management Committee.

Regarding internal audits, the Internal Audit Department will monitor the Company's domestic and overseas sites, as well as Group companies in Japan and overseas, focusing on accounting, compliance, and internal controls. It will report to the Representative Director and President and to the Management Committee as necessary, and report regularly to the Board of Directors and to the Audit and Supervisory Committee.

Regarding audits by the Audit and Supervisory Committee, focus will be placed on preventive audits to prevent scandals before they occur. Dialogue-based audits will be conducted on the status of legal compliance, internal controls, risk management, and other matters. The Audit and Supervisory Committee members will attend meetings of the Board of Directors, Management Committee, and other important meetings to audit and supervise the business execution of the management team. In addition, the Audit and Supervisory Committee will have the participation of outside Audit and Supervisory Committee members with extensive knowledge of corporate activities, and conduct accurate business audits while maintaining independence from directors who are not Audit and Supervisory Committee members. The Audit and Supervisory Committee will exchange opinions as appropriate with the President and officers in charge of the Company's business divisions and present opinions as the Audit and Supervisory Committee to the Board of Directors.

Specific measures for strengthening the function of the Audit and Supervisory Committee are described in "Cooperation among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Departments," "Election of Outside Directors," and "Support System for Outside Directors."

Regarding accounting audits, the Company has an auditing contract with KPMG AZSA LLC to conduct audits based on the Companies Act and on the Financial Instruments and Exchange Act.

3. Reasons for Adoption of Current Corporate Governance System

By a resolution of the 78th Ordinary General Shareholders Meeting held on June 26, 2025, the Company transitioned to a company with an Audit and Supervisory Committee. Since the Company's business spans a wide range of fields, authority will be delegated to executive directors who have a thorough understanding of their respective fields and the Company's operations. In addition, we are working to accelerate business execution with the advice and supervision of independent outside directors with high levels of expertise.

Furthermore, the Company is working to strengthen the supervisory function of the Board of Directors by having the Audit and Supervisory Committee members, who audit the execution of duties by directors from the perspectives of legality and adequacy, as members of the Board of Directors. We consider that the audit function and other functions of the Audit and Supervisory Committee are effective through interviews with executive directors, attendance at meetings of the Management Committee and other bodies by full-time Audit and Supervisory Committee members, etc.

In addition, while remaining accountable to shareholders and other stakeholders, we are strengthening oversight functions for management based on an objective standpoint by having the appointment and remuneration of officers be deliberated by advisory committees whose majority members consist of outside directors.

With the adoption of mechanisms for pre-screening managerial matters at the Investment Examination Committee, Compliance Committee and other committees, as well as the enhancement of these systems, we believe that a sufficiently effective governance system has been established.

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	After the Board of Directors meeting for the settlement of accounts, we aim to start the electronic provision of information as soon as possible, regardless of the legal start date for electronic provision. We also send out written convocation notices to shareholders with information on how to access the electronically provided information about three weeks prior to the date of the Ordinary General Shareholders Meeting.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The 78th Ordinary General Shareholders Meeting was held on June 26, 2025.
Electronic Exercise of Voting Rights	We use the Internet voting rights exercise website managed by Sumitomo Mitsui Trust Bank.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We use the platform for exercising voting right managed by ICJ, Inc. (Investor Communications Japan).
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Posted on the Company's website.
Other	The convocation notice for the General Shareholders Meeting is posted on the Company's website about four weeks prior to the date of the meeting.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Posted on the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefing is held once half a year for securities analysts and institutional investors, etc.	Held
Online Disclosure of IR Information	Summary of financial statements, annual reports, business reports, securities reports, briefing materials, notices of resolution of the General Shareholders Meeting, and other documents are posted on our website at https://www.hanwa.co.jp/en/ir/ .	
Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate Management Office TEL:+81-3-3544-2377	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Our Corporate Policy stipulates: “Improvement of ‘Hanwa’s Value’—We utilize management resources offered from various stakeholders effectively, and raise our corporate value steadily.”
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company obtained ISO 14001 certification for environmental management according to international standards in April 2000. With regard to business activities, in addition to its business development for the recycling of resources such as steel scrap, ferrous raw material, and wastepaper, the Company has realized effective measures for “reducing (curtailing waste), reusing (reusing waste) and recycling (recycling waste)” in its activities, including the biomass fuel/RPF business, the aluminum products regranulation recycling business, and its trade business approved by the relevant countries’ regulatory environmental authorities under the Basel Convention provisions governing procedures for the international transfer of metallic industrial waste, and plans to contribute to the formation of a recycling-oriented society. In addition, we have established the Sustainability Promotion Committee to promote measures related to sustainability that are necessary for sustained development. Further, as part of our social contribution activities, the Hanwa Scholarship Foundation was established in April 1957 to conduct scholarship programs for students. Please see our website and Integrated Report for more details.
Formulation of Policies, etc. on Provision of Information to Stakeholders	We have established the Disclosure Regulations for the purpose of stipulating policies for fair, timely and appropriate disclosure of the Company’s financial, social, and environmental information, promoting the understanding of the Company among all stakeholders, and contributing to its appropriate evaluation.

IV. Matters Concerning the Internal Control System

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

1. Basic views of Internal Control System

The Company is committed to using an effective corporate governance system to achieve sustained growth and other progress while reducing exposure to risks associated with achieving business goals. To accomplish this, we need to work on the establishment and operation of a system of internal controls for performing business activities properly and efficiently.

Our goal of internal control systems is to achieve (1) operational effectiveness and efficiency; (2) reliability in financial reporting; (3) strict compliance with laws and regulations in operating activities; and (4) appropriate preservation of assets.

2. Status of development of internal control systems

The Company has established a basic policy related to the construction of a system for ensuring the execution of duties by directors consistent with laws and regulations and the Articles of Incorporation and other systems for ensuring the appropriateness of business operations (hereinafter, internal control systems). The Company transitioned to a company with an Audit and Supervisory Committee as of June 26, 2025, based on a resolution to amend the Articles of Incorporation passed by the 78th Ordinary General Shareholders Meeting held on the same date. For this reason, said basic policy was resolved anew at the meeting of the Board of Directors held on June 26, 2025, after the transition to a company with an Audit and Supervisory Committee. The Company’s basic policy as of the time of the submission of this report is as described in “4. Corporate Governance (1) Overview of Corporate Governance ③ Other Matters Related to Corporate Governance” of the securities report.

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

1. Basic views to eliminating anti-social forces

We take a resolute stance against anti-social forces and groups that threaten the order and safety of civil society and staunchly break off all relations with them.

Further, for unreasonable demands and other forms of organized violence made by anti-social forces and groups, our basic principles are to not be intimidated, not give money and not use. We do not provide any benefit that goes by any name.

2. The status of development of systems for eliminating anti-social forces

Based on our basic approach for eliminating anti-social forces, the Hanwa Corporate Ethics Code of Conduct states, “We will be resolute in the face of anti-social forces and provide no benefit, etc. to them.” The basic approach is also stated in the Basic Policy on the Establishment and Operation of Internal Control Systems.

Regarding internal systems against anti-social forces, the General Affairs Dept. is the managing department and works to collect information on anti-social forces. It has built a relationship of trust with jurisdictional police stations, the Legal Affairs Bureau, and the Consumer Centers as a point of contact, and abides by their instructions. Moreover, we are affiliated with the Tokyo Metropolitan Police Department's Special Violence Prevention Task Force (*Tokubouren*) and Osaka Prefecture Corporate Defense Alliance Council, working to coordinate and share information with other companies and related groups and making efforts to eradicate anti-social forces. Regarding matters for which a legal response is necessary, we handle the situation appropriately in collaboration with the Legal Dept. and external attorneys.

To raise the awareness of employees, we set forth our basic approach to anti-social forces in the compliance manual posted internally by the Compliance Committee. We have also formulated a manual for handling special violence and work to instruct employees on how to handle specific demands made by anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

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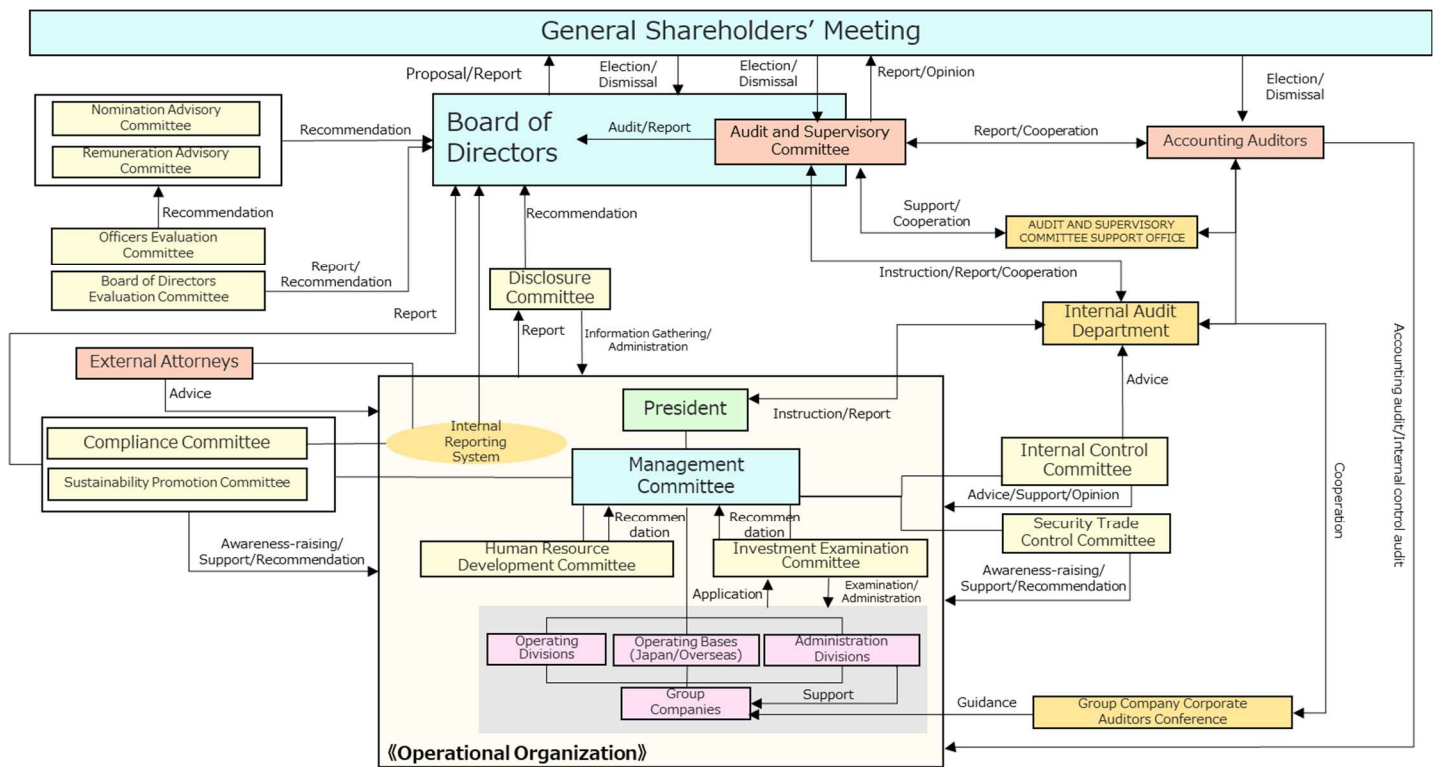
Supplementary Explanation for Applicable Items

The Company maintained the so-called takeover defense measures since its introduction in February 2007. However, we abolished the measures as of the close of the Ordinary General Shareholders Meeting on June 22, 2018.

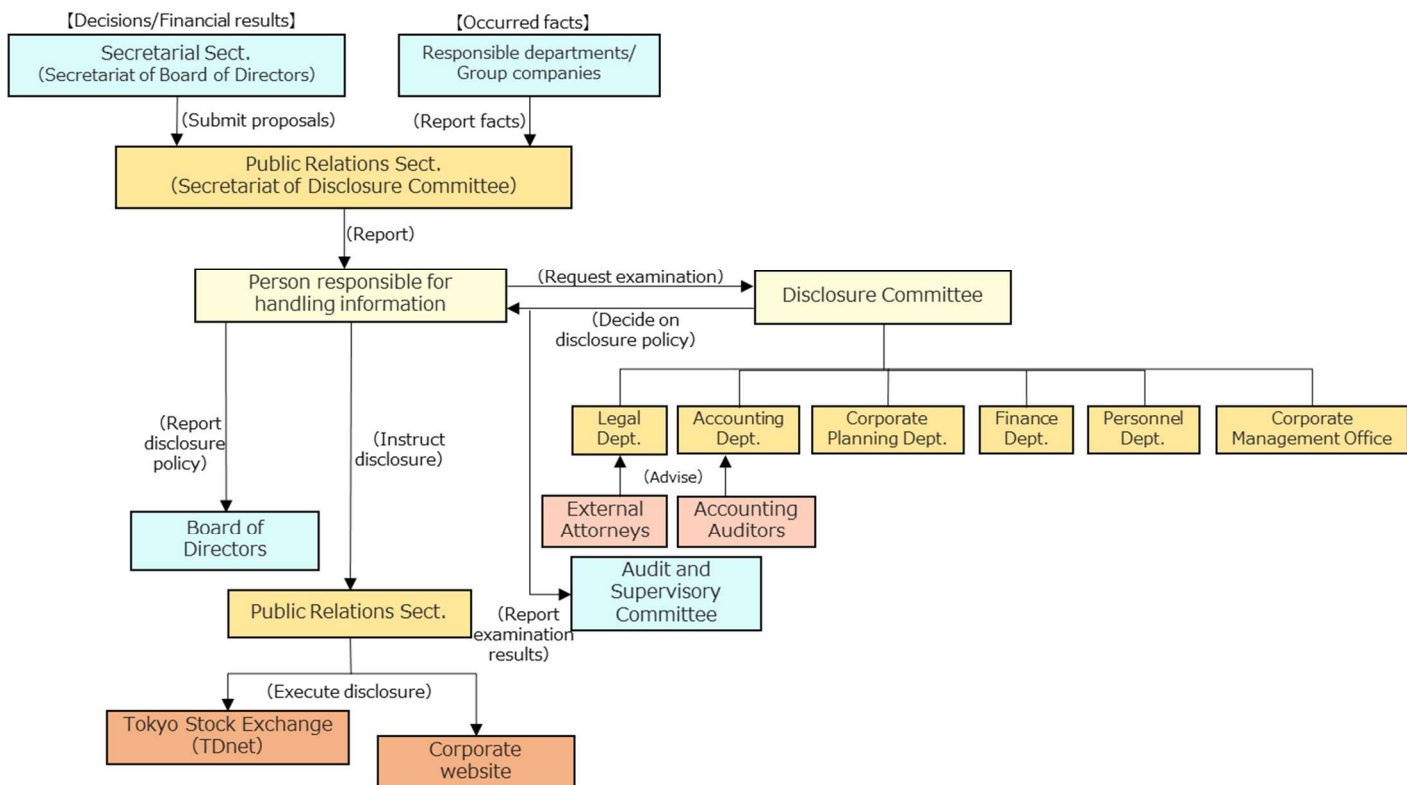
2. Other Matters Concerning the Corporate Governance System

Going forward, we will continue our consideration to build and enhance effective and fair corporate governance systems.

【Corporate Governance Structures】



【Timely Disclosure System】



【Skill Matrix】

Name	Position	Gender	Corporate management	Sales/ Business strategy	Overseas experience	Finance/ Accounting	Legal affairs /RM	HR/ Labor affairs	IT/ Digital
Yoichi Nakagawa	Representative Director and President	Male	●		●	●	●	●	
Hiromasa Yamamoto	Representative Director and Executive Vice President	Male	●	●	●				
Yasushi Hatanaka	Director and Executive Vice President	Male	●	●	●				
Yoichi Sasayama	Director and Senior Managing Executive Officer	Male	●	●	●				
Keiji Matsubara	Director and Senior Managing Executive Officer	Male	●	●	●				
Hisashi Honda	Director and Managing Executive Officer	Male	●	●		●		●	●
Ryuji Hori	Outside Director	Male	●	●			●	●	
Kamezo Nakai	Outside Director	Male	●	●		●	●	●	●
Reiko Furukawa	Outside Director	Female	●				●		●
Chika Sato	Outside Director	Female	●		●			●	
Hideo Kawanishi	Director, Audit and Supervisory Committee Member (Full-time)	Male	●	●					
Hideyuki Takahashi	Outside Director, Audit and Supervisory Committee Member	Male	●			●	●		●
Naoya Sakurai	Outside Director, Audit and Supervisory Committee Member	Male	●				●		
Hisanori Kokuga	Outside Director, Audit and Supervisory Committee Member	Male	●	●	●	●		●	

Note: “Sales/Business strategy” means the skills or experiences related to the Company’s business.

END