

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

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

We have set a numerical target for the ratio of new female graduates hired (30% or more for career-track positions) and for mid-career hiring (30% by FY2025). In addition, as part of our efforts to create an internal environment to secure a diverse workforce, we are developing infrastructure for telecommuting and have established an "in-house university" to create a comfortable work environment and a system where employees can grow autonomously. As a result, the number and ratio of women, foreign nationals, and mid-career hires are increasing year by year.

Furthermore, we have set a target of 3.7% for the ratio of female employees in managerial positions by FY2025 and are working to form a population for promotion to core personnel. Our action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life is available on our website.

In the development of our human resources, we have adopted the keyword "Professional & Global." We are working to develop human resources with an expanded sense of humanity who can communicate with an understanding of the uniqueness and diversity of each of the world's regions. Specifically, we are promoting the development of human resources with management knowledge, business knowledge, language skills, and international perspectives by combining the acquisition of knowledge and language skills through systems that dispatch employees to MBA programs in Japan, language education institutions in and outside Japan, and overseas subsidiaries as trainees, with practical application in the workplace by assigning them to related positions after completion of the training program.

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." We also have a human resources strategy and are 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 Company discloses information on sustainability as appropriate through the "Sustainability" page (<https://www.hanwa.co.jp/en/csr/>) on its website.

With regard to the impact of climate change-related risk and profit opportunities on the Company's business activities and earnings, the Company is preparing an internal system to disclose information in accordance with the TCFD framework and gradually disclosing information as it is compiled.

Supplementary Principles 4.1.3

With regard to the personnel affairs of directors, the Company has established a Nomination Advisory Committee as an advisory organ of the Board of Directors. The Committee, which includes outside directors and an outside corporate auditor, 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 succession plan, clearly defined. However, since FY2003, the Company has had a qualitative review system for executive officers, including executive directors, and has presented the desirable management requirements as evaluation criteria. The results of evaluations of all executive officers have been accumulated. Through the accumulation of evaluations and feedback conducted every fiscal year, candidates who possess the appropriate qualities for the CEO will be selected. Considering the number of senior executives and other factors, the Company believes that it is at a level where the rationale for and the appropriateness of the selection of successor candidates can be shared within the Board of Directors.

Disclosure Based on the Principles 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 2024

The Company sold all shares of 29 issues and a portion of shares of 7 issues. As of the end of March 2024, the ratio of cross-shareholdings to consolidated net assets was 19.6%.

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, 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

We have set a numerical target for the ratio of new female graduates hired (30% or more for career-track positions) and for mid-career hiring (30% by FY2025). In addition, as part of our efforts to create an internal environment to secure a diverse workforce, we are developing infrastructure for telecommuting and have established an "in-house university" to create a comfortable work environment and a system where employees can grow autonomously. As a result, the number and ratio of women, foreign nationals, and mid-career hires are increasing year by year.

Furthermore, we have set a target of 3.7% for the ratio of female employees in managerial positions by FY2025 and are working to form a population for promotion to core personnel. Our action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life is available on our website.

In the development of our human resources, we have adopted the keyword "Professional & Global." We are working to develop human resources with an expanded sense of humanity who can communicate with an understanding of the uniqueness and diversity of each of the world's regions. Specifically, we are promoting the development of human resources with management knowledge, business knowledge, language skills, and international perspectives by combining the acquisition of knowledge and language skills through systems that dispatch employees to MBA programs in Japan, language education institutions in and outside Japan, and overseas subsidiaries as trainees, with practical application in the workplace by assigning them to related positions after completion of the training program.

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, the Company, as a user-oriented trading company which provides high value-added product distribution and proposal-based services which meet customer demands, pursues trading company logistics with distinction. The Company also has a policy of increasing its corporate value as well as fulfilling social responsibility with an emphasis on compliance through these activities. With regard to business strategies and business plans, the Company establishes a medium-term business plan every three years in principle and broadly discloses it.

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. The annual monetary remuneration decided at the General Shareholders Meeting held in June 2006 is within the total amount of 860 million yen. 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 76th General Shareholders Meeting held in June 2023. 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 this

remuneration, a summary of which is as follows.

The basic policy of the Company's remuneration system for Directors is to ensure that it functions sufficiently as an incentive for the sustainable enhancement of corporate value and that it is at an appropriate level based on the responsibilities of each position. Specifically, the remuneration system consists of basic remuneration, which is a monthly fixed amount 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 attitude toward medium- and long-term issues aimed at sustainable growth and the results of their efforts; performance-linked remuneration, which reflects the performance indicators for each fiscal year that the management team as a whole bears; and restricted stock compensation 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, the Remuneration Advisory Committee, the majority of whose members are outside directors and outside corporate auditors, plays a leading role in determining them, in accordance with the following procedures.

The Officers Evaluation Committee, chaired by the President and composed of members including outside directors and outside corporate auditors who serve as advisors, meets at least twice a year to conduct a comprehensive evaluation of basic remuneration based on an assessment of the commitment of directors and executive officers (excluding the President) and a qualitative evaluation of directors and executive officers. Based on the results of the comprehensive evaluation by the Officers Evaluation Committee, the Remuneration Advisory Committee, the majority of whose members are outside directors and outside corporate auditors, 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 director.

Restricted stock compensation is positioned as compensation for each management member'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.

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

To select internal directors, the Nomination Advisory Committee, which is chaired by an outside director and the majority of its members consist of outside directors and outside corporate auditors, 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 and draws up a draft to be approved by the Board of Directors.

With regard to internal corporate auditors, the Board of Directors selects persons deemed capable of executing the duties of corporate auditors 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 Board of Corporate Auditors.

To select outside directors and outside corporate auditors, 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 and outside corporate auditors 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 corporate auditors 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." We also have a human resources strategy and are 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 Company discloses information on sustainability as appropriate through the "Sustainability" page (<https://www.hanwa.co.jp/en/csr/>) on its website.

With regard to the impact of climate change-related risk and profit opportunities on the Company's business activities and earnings, the Company is preparing an internal system to disclose information in accordance with the TCFD framework and gradually disclosing information as it is complied.

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, we make use of articles referring to independence of outside officers stated in the Enforcement Rules for Securities Listing Regulations and the Guidelines for Listing Examination, etc., both established by the Tokyo Stock Exchange, on which the Company is listed. However, at a meeting of the Board of Directors held on September 26, 2017, the Company passed a resolution regarding "Independence Standards for Outside Officers" as follows.

"Independence Standards for Outside Officers"

When an outside officer (outside director and outside corporate auditor) 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 falls 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 officer if the person satisfies the requirements of an outside director or an outside corporate auditor 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 officer.

Supplementary Principles 4.10.1

With regard to 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, to ensure the independence and objectivity of the supervisory function of the Board of Directors. Specifically, an outside director serves as the chairperson of the Nomination Advisory Committee while the President serves as the chairperson of the Officers Evaluation Committee and the Remuneration Advisory Committee. In addition, the Officers Evaluation Committee, with the participation of independent outside directors and independent outside corporate auditors (collectively referred to as the "Independent Outside Officers." In addition, the Company has replaced the words "independent outside directors shall be the principal members" with "independent outside officers shall be the principal members" and "the majority of the members shall be independent outside directors" with "the majority of the members shall be independent outside officers" in these supplementary principles.), determines the individual evaluation of each director and executive officer based on evaluations of achievement levels for medium- to long-term management issues and qualitative evaluations, etc. Based on the results of these evaluations, the Nomination Advisory Committee and the Remuneration Advisory Committee, the majority of whose members are independent outside officers, consider appointment and remuneration proposals.

The Nomination Advisory Committee and the Remuneration Advisory Committee are mainly composed of independent outside officers to ensure independence from the management. The role of the Nomination Advisory Committee is to discuss the composition of the management team and directors (including candidates), and the role of the Remuneration Advisory Committee is to discuss the overall remuneration system for the management team and directors. Each committee has the authority to discuss matters stipulated in their respective committee regulations and to report to the Board of Directors the decisions made by the committee.

Supplementary Principles 4.11.1

Regarding the appointment of directors and corporate auditors, please refer to Principle 3-1 iv). The Company believes that the main skills required of each director and corporate auditor 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 and corporate auditor 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 eleven members, including four independent outside directors, three 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 corporate auditors 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., Outside Director of Riskmonster.com and Outside Corporate Auditor of Lotte Co., Ltd. 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 Corporate Auditor, concurrently serves as Outside Director of Aozora Bank, Ltd. and Sunshine City Corporation. 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 corporate auditors 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 and corporate auditors. 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 and outside corporate auditors 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 Planning Department is in charge of IR activities and promotes the activities in cooperation with the 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 future prospects. Going forward, the Company will aggressively strive for stronger ties with investors accordingly.

[Actions to implement management that is conscious of cost of capital and stock prices] [English disclosure available]

Regarding “Actions to implement management that is conscious of cost of capital and stock prices,” please refer to page 16 of the “Outline of Financial Results for the Fiscal Year ended March 31, 2024” released in May 2024.

[Dialogue with shareholders] [English disclosure available]

Regarding “Dialogue with shareholders,” please refer to page 17 of the “Outline of Financial Results for the Fiscal Year ended March 31, 2024” released in May 2024.

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>

2. Capital Structure

Foreign Shareholding Ratio

20% or more but less than 30%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,637,600	13.86
Hanwa Clients' Stock Investment Association	2,291,000	5.63
Custody Bank of Japan, Ltd. (Trust account)	2,103,900	5.17
JP Morgan Chase Bank 385632	1,738,076	4.28
Sumitomo Mitsui Banking Corporation	1,526,080	3.75
Hanwa Employees' Stock Investment Association	1,095,259	2.69
DFA Intl Small Cap Value Portfolio	625,600	1.54
State Street Bank And Trust Company 505223	616,892	1.52
The Bank of New York Mellon 140044	616,645	1.52
Nippon Steel Corporation	600,200	1.48

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
Name of Parent Company, if applicable	None

Supplementary Explanation	—
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3. 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) as of the End of the Previous Fiscal Year	1 trillion yen or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but to fewer than 100 companies

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

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

Not applicable.

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

1. Organizational Composition and Operation

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

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	11

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	
Ryuji Hori	From another company												
Kamezo Nakai	From another company												
Reiko Furukawa	From another company												
Chika Sato	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 of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Ryuji Hori	○	—	<p>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.</p> <p>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.</p>
Kamezo Nakai	○	—	<p>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</p>

			<p>Company's business execution from a practical and multilateral perspective especially in finance and investment.</p> <p>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.</p>
Reiko Furukawa	○	—	<p>She has profound insight supported by her many years of varied experience in business, management, audits, etc., at a large company for IT service providing. 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.</p> <p>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.</p>
Chika Sato	○	She was a business executive at NEC Corporation until March 2024.	<p>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.</p> <p>The Company has a transactional relationship with NEC Corporation, but the amount is less than 0.1% of the Company's annual consolidated sales. Given the scale and nature of the relationship, she has no special interest relationship with the Company, so we determined that there is no potential for conflicts of interest with regular shareholders.</p>

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

	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	9	0	3	4	0	2	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Advisory Committee	11	0	3	4	0	4	Inside Director

Supplementary Explanation

Regarding the appointment of officers, the Nomination Advisory Committee, which is chaired by an outside director and whose majority members consist of outside directors and outside corporate auditors, reviews 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 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 and outside corporate auditors, 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.

Audit and Supervisory Board Member*

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

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	5

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

The corporate auditors and the accounting auditor conduct regular audit reports, and exchange information as necessary, work to grasp one another's status of audit, and coordinate to enhance monitoring functions.

As the Company's internal auditing division, the Internal Audit Department gives reports as appropriate based on requests from the Board of Auditors and stays in constant coordination with the corporate auditors. In addition, the department conducts audit reports together with the accounting auditor, and exchanges information as necessary, grasps one another's status of audit, and coordinates to enhance monitoring functions.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

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
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 of the Company or a subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

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

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hideyuki Takahashi	○	He was a business executive at Mizuho Bank, Ltd. and Mizuho Financial Group, Inc. until June 2014.	<p>He has expertise in finance cultivated through his many years of business experience at a financial institution along with his considerable experience in management and audit. The Company believes that he can appropriately audit and supervise the Company's Board of Directors by leveraging his knowledge and experience.</p> <p>Mizuho Bank, Ltd. is a major business partner of the Company, but over 10 years have passed since he retired from the position of a business executive at the company. Considering this, we determined that there is no potential for conflicts of interest with regular shareholders.</p>
Naoya Sakurai	○	—	<p>He has extensive insight into corporate legal affairs, cultivated through his many years of business experience in the legal affairs division of a globally operating company, and the Company believes that he will utilize this knowledge in audits of the Company.</p> <p>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.</p>
Hisanori Kokuga	○	He was a business executive at Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Financial Group, Inc. until April 2018.	<p>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 believes that he can audit the Company's management from a global perspective.</p> <p>Sumitomo Mitsui Banking Corporation is a major business partner of the Company, but over six years have passed since he retired from the position of a business executive at the company. Considering this, we determined that there is no potential for conflicts of interest with regular shareholders.</p>

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	7
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

All outside officers who qualify to be independent officers are designated as such by the Company.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration System
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Supplementary Explanation for Applicable Items

Regarding executive remuneration and bonuses, we introduce 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 Directors’ Remuneration	Individual remuneration is not disclosed.
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Supplementary Explanation for Applicable Items

The limits of executive remuneration amounts are determined by resolution of the General Shareholders Meeting. In fiscal 2023, the content of director remuneration was as follows.

Total amount of director remuneration, including bonuses, was 625 million yen. Total amount of remuneration for outside directors included in the total amount of director remuneration was 55 million yen.

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

The Company has set the policy for determining the individual remuneration of directors (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 functions sufficiently as an incentive for the sustainable enhancement of corporate value and that it is at an appropriate level based on the responsibilities of each position. Specifically, the remuneration system consists of two types of monetary remuneration: basic remuneration, which is a monthly fixed amount of money 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 attitude toward medium- and long-term issues aimed at sustainable growth and the results of their efforts; and performance-linked remuneration, which is a money remuneration reflecting the performance indicators for each fiscal year that the management team as a whole bears, and restricted stock remuneration designed to provide incentives to increase corporate value over the medium to long term.

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 in the same scale of business, related industries, and business categories as the Company. The Board of Directors determines the individual remuneration of directors taking into consideration the report of the Remuneration Advisory Committee.

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

The Company appoints a person responsible for contact and adjustment for outside directors from the Secretarial Office, and for outside corporate auditors from the Corporate Planning Department, respectively, and takes necessary measures.

Statuses 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
Shuji Kita	Special counselor	Outside activities in the business world	Part-time, Remunerated	3/31/2011	3 years
Hironari Furukawa	Advisor	Outside activities in the business world	Full-time, Remunerated	3/31/2022	1 year (renewable)

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc.

2

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, or Full-time Corporate Auditor 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 audit and supervisory board. The Board of Auditors consists of five corporate auditors (three of whom are outside corporate auditors) that are appointed at the General Shareholders Meeting. They oversee and verify the Board of Directors, which makes decisions on management and supervises business, and the business execution of company organizations at and below the level of the Management Committee, which are operational organizations. The results are approved by the Board of Auditors and 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 11 directors (four 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 corporate auditors. 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 composed of members that also include outside directors and outside corporate auditors. The committee meets at least twice a year to evaluate the commitments set by each officer at the beginning of the fiscal year and to perform overall evaluations of each officer based on the results of qualitative reviews, and provides the 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 and outside corporate auditors, reviews 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 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 and outside corporate auditors, 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 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 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 outside directors and all corporate auditors, 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 monitors the Company's domestic and overseas sites, as well as Group companies in Japan and overseas, focusing on accounting, compliance, and internal controls. It reports to the Management Committee as necessary and reports regularly to the Board of Directors.

Regarding audits by corporate auditors, focus is placed on preventive audits to prevent scandals before they occur. Dialogue-based audits are conducted on the status of legal compliance, internal controls, risk management, and other matters. Corporate auditors attend meetings of the Board of Directors, Management Committee and other important meetings to oversee and audit the business execution of the management team. In addition, the Board of Auditors has the participation of outside auditors with extensive knowledge of corporate activities, and conducts accurate business audits while maintaining independence from top management. The Board of Auditors exchanges opinions as appropriate with the president and officers in charge of the Company's business divisions and presents corporate auditor opinions to the Board of 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

The Company develops business in a wide range of fields and is characterized by its high level of expertise as a “distribution specialist” in these respective fields. With this type of business, we believe that the governance system of a company with audit and supervisory board is more suitable. Under the system, with a firm recognition of the management responsibilities delegated by shareholders, internal directors, who thoroughly understand the operations of the Company, take the lead in deliberating and making decisions on important management matters through daily managerial decisions and the Board of Directors. They receive oversight and verification from corporate auditors including outside auditors.

However, to enhance the transparency of management decisions and remain accountable to shareholders and other stakeholders, we are making efforts to improve oversight functions for management based on an objective standpoint. These efforts include appointing outside directors and establishing advisory committees related to the appointment, remuneration, and evaluation of officers, which are participated by outside directors and outside auditors as committee members.

In addition, regarding the auditing function of corporate auditors as well, we consider that it is functioning effectively as corporate auditors attend Management Committee meetings and other important meetings, and they are provided with advance briefings on important proposals.

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 the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	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 Shareholders Meeting During Non-Peak Days	The 77th Ordinary General Shareholders Meeting was held on June 26, 2024.
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 Shareholders Meeting in English	Posted on the Company's website.
Other	The convocation notices 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 Planning Department TEL:+81-3-3544-2377	
Other	—	

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 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.
Other	—

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 Board of Directors meeting held on May 10, 2006, resolved 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's basic policy as of the time of the submission of this report is as described on our website at

https://www.hanwa.co.jp/ms/data/pdf/ir/20240527_4635.pdf (Japanese Only).

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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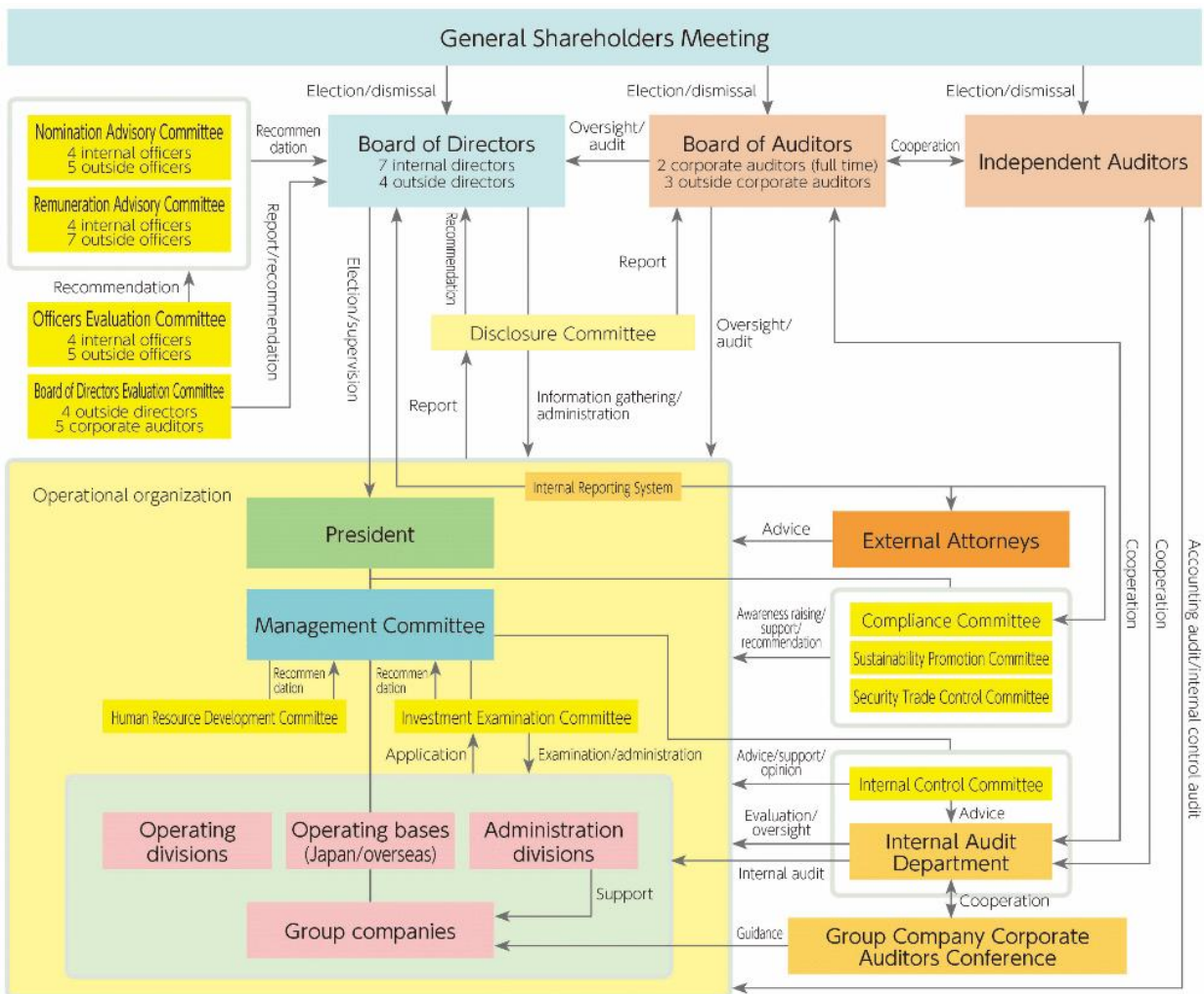
Supplementary Explanation for Applicable Items

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.

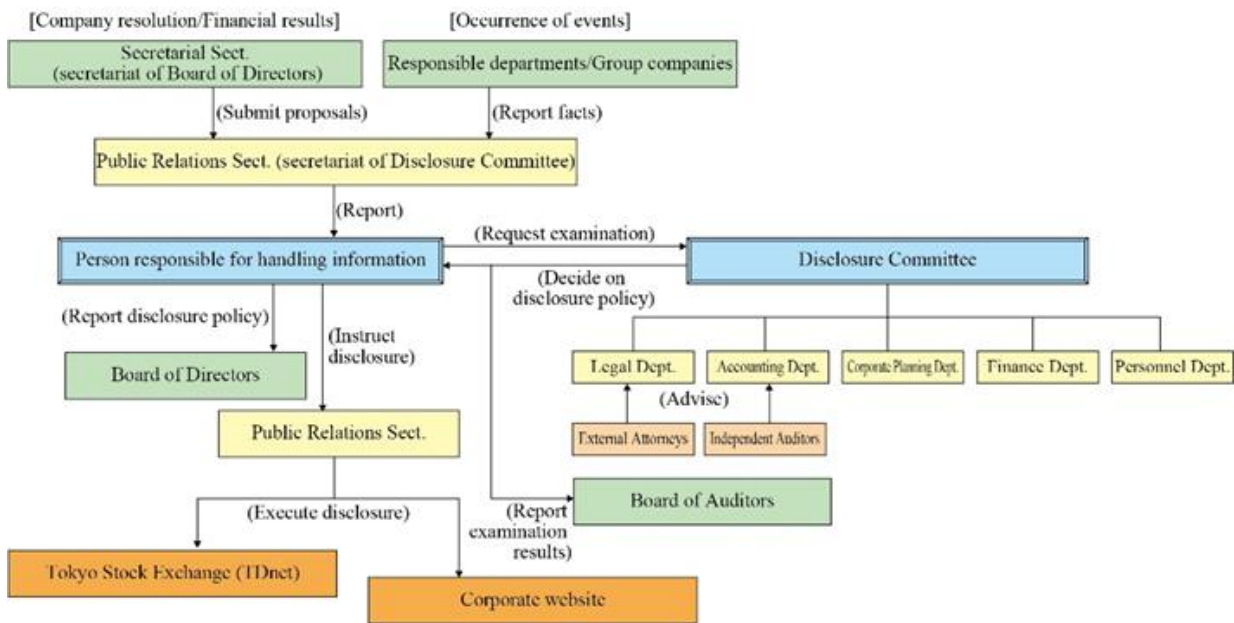
2. Other Matters Concerning the Corporate Governance System

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/Risk management	Human resources/ Labor affairs	IT/Digital
Yasumichi Kato	Director and Chairman	Male	●	●					
Yoichi Nakagawa	Representative Director and President	Male	●		●	●	●	●	
Yasuharu Kurata	Director and Senior Managing Executive Officer	Male	●	●	●				
Yasushi Hatanaka	Director and Senior Managing Executive Officer	Male	●	●	●				
Yoichi Sasayama	Director and Senior Managing Executive Officer	Male	●	●	●				
Ryuji Hori	Outside Director	Male	●	●			●	●	
Kamezo Nakai	Outside Director	Male	●	●		●	●	●	●
Reiko Furukawa	Outside Director	Female	●				●		●
Chika Sato	Outside Director	Female	●		●			●	
Keiji Matsubara	Director and Managing Executive Officer	Male	●	●	●				
Hisashi Honda	Director and Managing Executive Officer	Male	●	●		●		●	●
Hideo Kawanishi	Corporate Auditor (Full-time)	Male	●	●					
Yoshimasa Ikeda	Corporate Auditor (Full-time)	Male	●				●		●
Hideyuki Takahashi	Outside Corporate Auditor	Male	●			●	●		●
Naoya Sakurai	Outside Corporate Auditor	Male	●				●		
Hisanori Kokuga	Outside Corporate Auditor	Male	●	●	●	●		●	

Note: "Sales/Business Strategy" means the skills or experiences related to the Company's business.

END