

DOWA
DOWA HOLDINGS CO.,LTD.
<http://www.dowa.co.jp>

Towards the Realization of a Resource-Recycling Society —————

CSR REPORT 2015

DOWA



*This report uses forest-certified paper and eco-friendly soy ink 

DOWA's CSR

The DOWA group conducts business based on the corporate philosophy of “Through our deploying business on our earth, we seek to contribute to a high standard of living and the emergence of a resource-recycling society.”



Contents

DOWA's CSR		DOWA's Initiatives on each CSR field	
▨ Editorial Line	01	▨ Governance	17
CSR Management		▨ Safety	23
▨ Message from the Management	03	▨ Environment	27
▨ About DOWA group	05	▨ Society	35
▨ DOWA's contribution to social issues through our business	07	Voice from Stakeholders	
▨ Overseas businesses of DOWA group	09	▨ Questionnaire Results	45
▨ Special Issue: Expansion of overseas business and CSR	11	▨ Opinion of a Third Party	46
▨ CSR Policy and Plan	15		

▨ Editorial Line

DOWA group is committed to conducting business based on the CSR activities, considering the future of our earth and society to contribute to resolving social problems through business activities. We are also promoting a variety of CSR activities to increase transparency of our business and gain trust from our stakeholders.

Our company has 5 operating companies having different business activities, and thus facing a wide range of CSR related issues. We have been promoting effective CSR, with primary CSR activities centered on our operating companies and subsidiaries. DOWA CSR Report reports the CSR philosophy and the major business activities of the DOWA group of the year in an easy-to-understand way to all stakeholders. At the same time, each and every employee deeply would be able to understand our CSR and also can play a role in promoting the CSR activities.

Through this report, we hope to rouse your interest in our corporate philosophy and our initiatives for the future.

(1) Areas covered in this report

■ Target organizations

DOWA Holdings and subsidiaries (both in Japan and other countries) that are included in our consolidated accounting are selected in these reports. Data on some of our efforts are only associated to DOWA Holdings and other major companies of the group.

From the FY2015 edition, we have added HIGHTEMP FURNACES LTD. and DOWA METALS & MINING (Thailand) Co., Ltd. as overseas subsidiaries.

■ Target areas to report

The report consists of four areas of DOWA's CSR policies: Governance, Safety, Environment, and Society. It covers each of these policies, current implementation status of its major issues and the activities by the above-mentioned organizations.

■ Target audience

This report is intended for our customers, stockholders, investors, clients, local communities, researchers, students, employees, rating & evaluation agencies,

governmental agencies, NGO's, NPO's and all stakeholders of the DOWA group's business activities.

■ Target period

The report mainly covers activities conducted from April 1, 2014 until March 31, 2015 (Fiscal year of 2014), partially including the past background and previous activities to provide more accurate information.

■ Reference guidelines

The UN Global Compact (UN GC)
ISO 26000

Environmental Reporting Guidelines 2012 by Ministry of the Environment (Government of Japan)

(2) Publishing of a web version

This report highlights and reports CSR activities of the DOWA group, focusing on some important points, to provide an overview of those activities in an easy-to-understand way. For more details, visit our website .

Check our website for detailed information about the topics marked. If mistakes

are found after publication of the CSR report, they will be reported on our website with errata notes.

(3) Basic information

■ Publication Date October 2015

■ Due Publication Date of the Next Report October 2016

■ Responsible Department CSR Department, DOWA Holdings, Co., Ltd.

■ URL

<http://www.dowa.co.jp> (in Japanese)

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Message from the Management



We will contribute to resolving problems of global society through further overseas expansion and development into growth markets.

President and representative director,
DOWA Holdings, Co., Ltd.
Masao Yamada

山田 政雄

Contributing to Resolving Problems of Global Society through Five Core Businesses

Promote Business Activities While Responding to Changes with Agility

We at DOWA group have been consistently providing the products and services to support the society since our establishment in 1884, with the corporate philosophy of "Create a rich life and contribute to the building of a resource recycling society through business activities". Started from the mining and smelting industry, we have come to expand our existing five core businesses, namely, environment and recycling, smelting, electronic materials, metal processing and heat treatment, while responding to various changes of the times, such as the environmental, economic and social issues.

Today, long after entering the global era, the business environment in which we operate is changing at an unprecedented pace. Yet because we have overcome those issues of the time for over 130 years, we are confident that we can surely demonstrate our strength furthermore. Leveraging our years of experience, we will continue to promote business activities that support the global society, while responding with agility to capture the changes.

Foster "Diverse global human resources" responsible for growth

The new medium-term plan which started from this fiscal year, mentions three pillars: "Further expansion of overseas operations", "Business expansion into growth markets and related fields", and "Continued strengthening of business competitiveness, based on the fundamental policy of Continuous growth. While steady accumulation of priority measures in each business sector is indispensable in these efforts, development and expansion of "human resources" which are the bearer of such measures is also indispensable. Especially, we are strengthening our efforts with an eye to the medium-to-long-term, such as expansion of overseas training and global employment of younger employees, and opportunities for the staff of overseas companies to visit and train in Japan, with the aim of fostering "Diverse global human resources" responsible for achieving further expansion of overseas businesses. Needless to say, human

resources form the basis of all our corporate activities, and we at DOWA group will continue to focus even further so that diverse human resources can demonstrate their abilities to the fullest.

Stronger CSR initiatives in the supply chain of global market

CSR initiatives in the supply chain in the global markets have been gaining increasing importance. DOWA group has created and published new "DOWA group CSR Procurement Guidelines" in FY2014, based on CSR procurement policy that was formulated in light of the universal principles of the United Nations Global Compact. These guidelines aim to continue to promote CSR management with mutual cooperation, by including items that involve all the suppliers as well as DOWA group, from the viewpoint of CSR. As a member that constitutes the global market, we will continue to strengthen the CSR throughout the supply chain, along with these guidelines.

Through our five core businesses, we at DOWA group will continue to resolve various social issues on global scale that need to be addressed promptly, such as measures to prevent global warming and issues related to resources and energy, while cooperating with various stakeholders such as suppliers, various national governments, and local communities.

In addition to conveying at large the various internal and external CSR initiatives of DOWA group, this CSR report also aims that each and every employee their daily work anew and gives a thought once again to CSR involving their own work. Please send us your frank opinions, so that the continued growth of DOWA group further contributes to the resolution of global social issues.

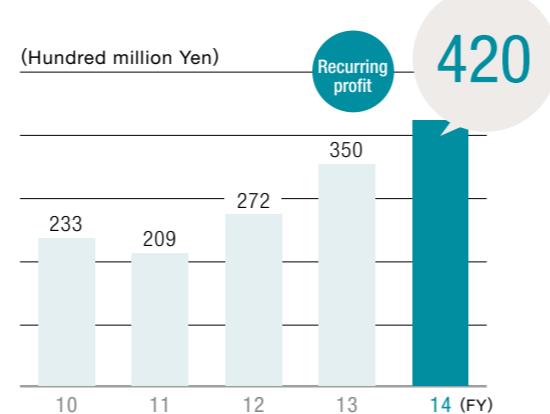
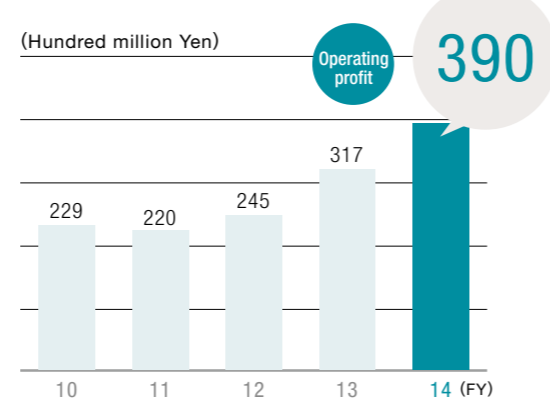
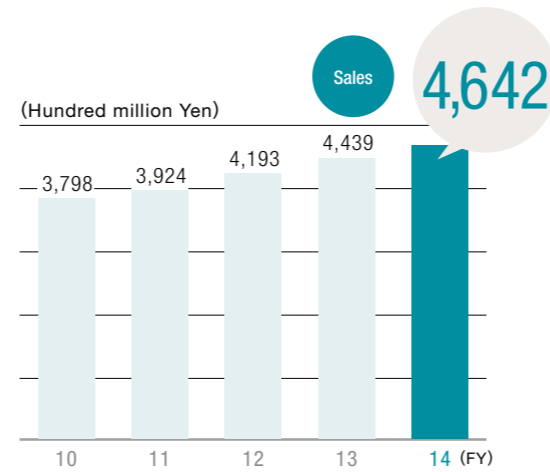
About DOWA group

Global expansion of our unique recycling business

The DOWA Group is engaged in "Nonferrous metals business", where we extract useful metals from natural resources, "Metal Processing Business" and "Heat Processing Business" where we add value to the extracted metals. Also, our "Electronic Materials Business" we further improve the functions of metal materials and, in our "Environmental Management & Recycling Business" we detoxify waste, separate and collect metals from waste. We are committed to resolving social problems such as global issues of the environment and resources through our unique resource-recycling business—from production of non-ferrous metals, highly value-added products and to their recycling.

Corporate Profile

Name	DOWA Holdings, Co., Ltd.
Incorporated	March 11, 1937
Head Office	22nd Floor, Akihabara UDX Bldg, 4-14-1 Sotokanda, Chiyoda-ku, Tokyo 101-0021 JAPAN
President and Representative Director	Masao Yamada
Common Stock	36,437 million yen
Employees	Approximately 8,700 persons (As of March 31, 2015)



FY2014 Financial Highlights

In FY2014, demand for automotive products remained strong worldwide. In addition, demand for smart phones and renewable energy also remained strong. Zinc prices remained strong, while precious metals and copper fell against the background of strong US dollar and cheap crude oil.

Against this backdrop, the consolidated net sales of DOWA group for the March 2015 period were 464.2 billion Yen, up 5% YOY, whereas the consolidated operating profit, consolidated ordinary profit, and consolidated net profit were 39 billion Yen, 42 billion Yen, and 26.5 billion Yen, up 23%, 20%, and 14% respectively.

Business areas of DOWA group

The DOWA group has globally developed a recycling business consisting of five core businesses.

Environmental management & Recycling business DOWA ECO-SYSTEM



Sales constituent ratio **19.6%** Operating profit constituent ratio **19.4%** (FY2014 ended March 31, 2015)

- Waste treatment business: Integrated services from collection and transportation to intermediate and final processing of municipal and industrial waste
- Soil remediation business: Total support from survey to remediation and monitoring of soil contamination
- Recycling business: Collection of valuable metal from used products such as scrap generated from factories and production processes, electrical appliances and automobiles

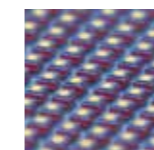
Nonferrous metals business DOWA Metals & Mining



Sales constituent ratio **44.9%** Operating profit constituent ratio **35.8%** (FY2014 ended March 31, 2015)

- Precious metals and copper business: World's leading recycle-smelting that can collect a variety of metals such as gold, silver, and copper
- Rare metals business: Recovery of platinum group metals such as platinum from used automobile exhaust gas catalysts
- Zinc business: Integrated business development from resource development to ingots production and sales of processed products, centered on Akita Zinc Co., Ltd. that boasts of largest zinc smelter of 200,000 tons in Japan

Electronic materials business DOWA Electronics Materials



Sales constituent ratio **13.9%** Operating profit constituent ratio **23.3%** (FY2014 ended March 31, 2015)

- Semiconductors business: Leading manufacturer of high-purity gallium indium semiconductor materials, compound semiconductor wafers, and high luminance and high output LED
- Electronic materials business: Manufactures silver powder used in renewable energy applications, copper powder used in electronic components, zinc powder and silver oxide used in batteries etc.
- Functional materials business: Manufacturer boasting wWorld's dominant market share leading manufacturer of ferrite powder used in metal powder for high-capacity recording tapes, carrier powder for copiers, printers etc.

Metal processing business DOWA Metaltech



Sales constituent ratio **16.5%** Operating profit constituent ratio **15.3%** (FY2014 ended March 31, 2015)

- Metal processing business: Manufacturer of copper, brass, and copper alloys used in terminals and connectors for automobile and semiconductor, and brass bars and forgings
- Plating business: Precious metal plating processing of components such as connectors and switches of automobiles, mobile phones and consumer electronics products
- Substrates business: Manufacturer of metal ceramic substrates used in power control equipment such as industrial machinery, high-speed rail, wind-power generation, and solar power

Heat treatment business DOWA Thermotech



Sales constituent ratio **5.1%** Operating profit constituent ratio **6.2%** (FY2014 ended March 31, 2015)

- Industrial furnace business: Provides total service from design and erection of furnaces to maintenance, leveraging the know-how of heat treatment processing
- Heat treatment processing business: Application specific surface treatment such as improvement of abrasion resistance, fatigue resistance and heat resistance

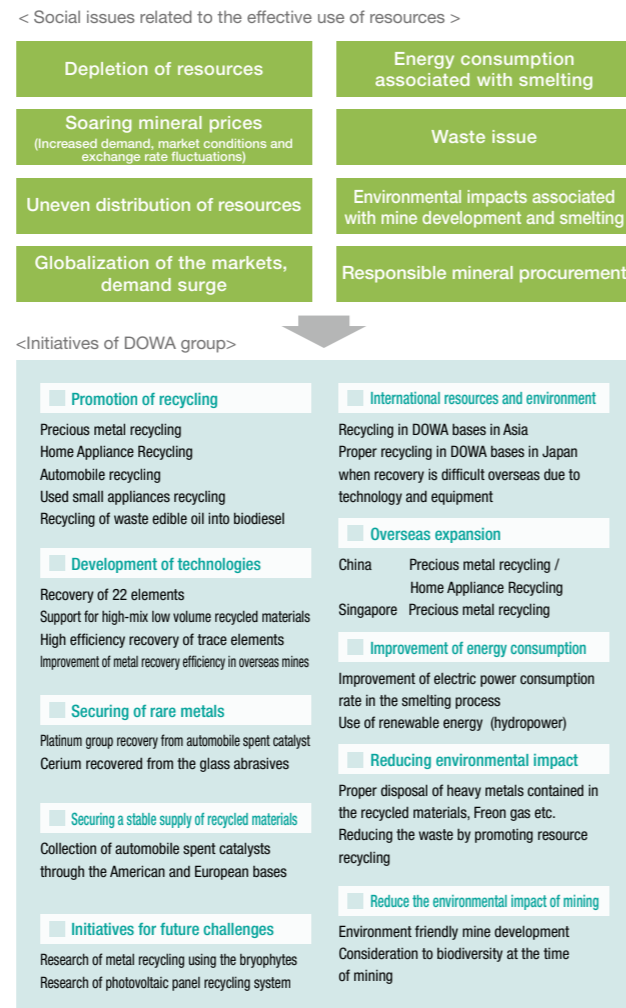
DOWA's contribution to social issues through our business

Social issues related to the effective use of resources

The purpose of social responsibility is defined as “to contribute to sustainable development” in the international standard of CSR, ISO 26000 in 2010. The society faces diversified problems, including environment, water, food, poverty and the like. “Effective utilization of resources” is the most relevant issue to DOWA, as utilization of metal resources is the core of our business. This is also an important social issue.

Mineral ores are natural resource and will be eventually exhausted if people continue to use them. Resource-recycling is an important solution; however it requires technologies and infrastructure to effectively recover metals, and to properly treat the hazardous substances and non-usable substances produced in the recovery process. This includes technical and economic issues which need to be solved such as a proper establishment of a social system which enables effective collection of recycle materials, and cost and efforts put into treatment of diverse materials.

DOWA group will strive for growth through various initiatives, while understanding these issues and contributing through our business activities such as technologies, products, and services.



Promotion of Circular Economy

For sustainable economic growth, a new growth model that maximizes the efficiency and value creation of resource recycling, separate from the economic systems so far that are built on the constraints of natural resources is required.

Optimization of the recycling chain

DOWA group has built a circle of resource recycling like none other, by combining a wide range of recycling such as precious metals, consumer electronics, automotive, used small appliances and further cooperation with various departments such as waste treatment and research and analysis, rather than simply carrying out recycling in a fragmentary chain. Our sales, logistics departments aim at stable recovery and reduced recovery costs. Research department promotes the

development of recycling technologies with an eye on future. Consulting department promotes high degree of recycling, taking advantage of the expertise and collective strength of the group, such as carrying out surveys for policies of various nations and regulatory developments. In addition, we strive to build a flexible recycling chain while increasing the flexibility by coordinating with domestic and foreign external partners and different sectors.

Responsible recycling

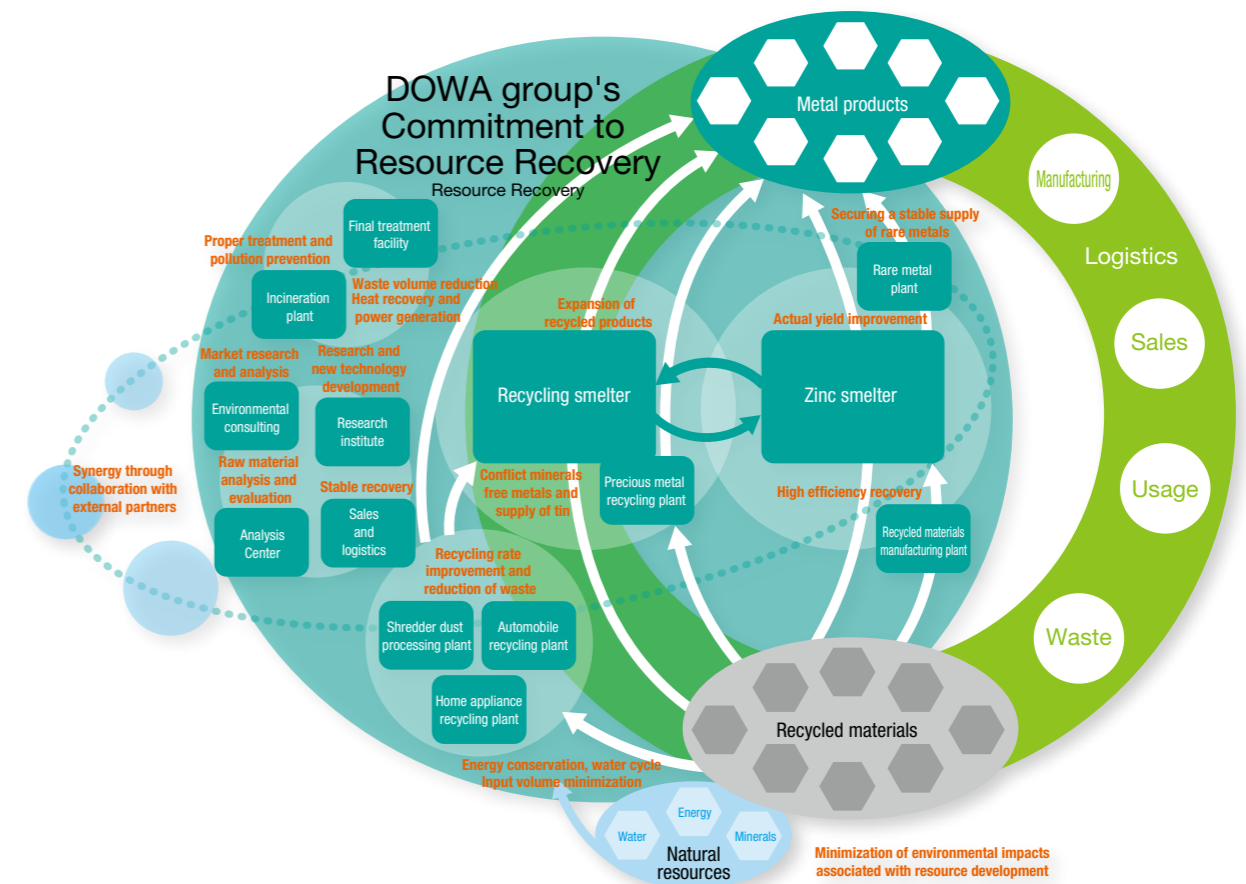
A wide range of recycling materials are hazardous in nature even though they contain valuable metals. Therefore, it is not sufficient just to recover a lot of material but "How to carry out recycling" is also important. Recycling must also protect the safety of workers and must be environment friendly while creating the economic value.

Technology and infrastructure of DOWA group's waste treatment business is an unparalleled strong point for the compatibility of this recycling with environment protection. Based on the technology developed in our mining and smelting business, we are engaged in responsible recycling such as technology for proper treatment of arsenic, cadmium and lead, incineration process that does not give rise to dioxins, and final treatment facilities managed by GPS and water leakage sensing system.

International Resource Recycling Promotion

As the globalization of the value chain is progressing, it is also necessary to maximize the resource efficiency among countries. DOWA group has developed metal recycling, home appliance recycling, and waste treatment business in China, Singapore, Thailand, and Indonesia, leveraging our tried and tested recycling and experience in Japan, and resources such as knowledge and human resources.

Also, we are working to establish a global resource recycling system by carrying out overseas collection of high-quality recycled materials in our United States and the Czech Republic factories. We are aiming for total optimization while ensuring the transparency and integrity with the legal systems of various countries, so that recycling can be carried out locally whenever appropriate recycling is possible, and in Japan whenever it is safe and efficient from the viewpoint of technology and infrastructure.

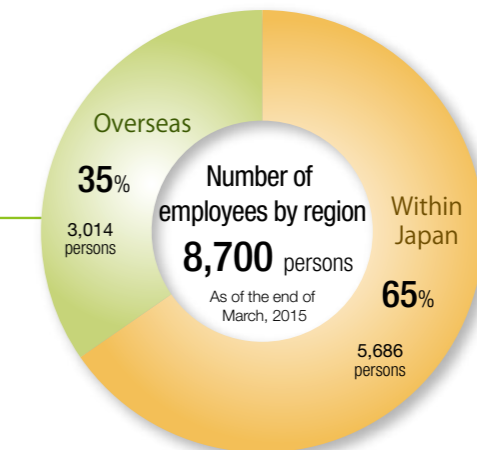


Overseas businesses of DOWA group

Continue aggressive business expansion in Asia

Overseas operations of the DOWA group began with mining development in more than 20 countries since the 1950s, and developed actively in response to environmental changes in the markets and users. Especially since 2000, we have been working to expand our business in Asian countries such as China and Southeast Asia that continue to have high economic growth, and presently, 35% of all the Group employees are working abroad.

Sustainable development of the countries and regions where our offices are located is the foundation of survival and growth for the DOWA group. For this reason, we attend to social issues faced by each of the countries and regions and work to resolve these issues in cooperation with local communities.



Asia (except Japan)	2,903 persons
Europe	16 persons
North America	92 persons
Central and South America	3 persons

Major subsidiaries and offices overseas and business development of FY2014

DOWA Eco-system

- 1 Dowa Environmental Engineering (Suzhou) Co., Ltd.
- 2 JIANGXI DOWA ENVIRONMENTAL MANAGEMENT CO., LTD.
- 3 Taiwan office
- 4 PT. Prasadha Pamunah Limbah Industri (Indonesia)
- 5 Technochem Environmental Complex Pte. Ltd (Singapore)
- 6 DOWA ECO-SYSTEM SINGAPORE PTE.LTD (Singapore)
- 7 Waste Management Siam Ltd. (Thailand)
- 8 Bangpoo Environmental Complex Ltd (Thailand)
- 9 Eastern Seaboard Environmental Complex Co., Ltd (Thailand)
- 10 GOLDEN DOWA ECO-SYSTEM MYANMAR CO., LTD (Myanmar)

DOWA Metals & Mining

- 11 Vancouver office
- 12 Cariboo Copper Corporation (Canada)
- 13 NIPPON PGM AMERICA, INC. (United States of America)
- 14 Mexico office
- 15 MINERA TIZAPA, S.A. DE C.V. (Mexico)
- 16 Nippon PGM Europe s.r.o. (Czech Republic)
- 17 DOWA Metals & Mining (Thailand) Co., Ltd. (Thailand)

Environmental management & Recycling business

- Waste disposal associated with oil and natural gas development started in Thailand in addition to Indonesia
- Worked to expand collection of metal recycled materials from North America and Asia
- Established a new waste disposal company in Myanmar, and started the construction of facilities

Metal processing business

- Strengthened the processing of copper products and automotive plating in China and Thailand, and worked to expand sales in Asia

Heat treatment business

- Established a subsidiary in Mexico as a new base, and began maintenance operations
- Increased the production capacity of heat treatment processing in Indonesia

Nonferrous metals business

- We promoted expansion of sales in the growing Southeast Asia by expanding production in the zinc processing plant, which began operations in FY2013 in Thailand.



DOWA Metaltech

- 18 DOWA ADVANCED MATERIALS (SHANGHAI) CO., LTD.
- 19 DOWA METALTECH(THAILAND) CO., LTD. (Thailand)
- 20 DOWA Precision (Thailand) CO., LTD. (Thailand)
- 21 Singapore Branch
- 22 Shenzhen office
- 23 Dowa Lee Precision Parts Co., Ltd. (Taiwan)

DOWA ThermoTech

- 24 DOWA THT AMERICA, INC. (United States of America)
- 25 Kunshan Dowa Thermo Furnace Co., Ltd (China)
- 26 DOWA Thermotech(Thailand) Co., Ltd (Thailand)
- 27 HIGHTEMP FURNACES Ltd. (India)
- 28 PT.DOWA THERMOTECH INDONESIA (Indonesia)
- 29 PT.DOWA THERMOTECH FURNACES (Indonesia)
- 30 DOWA THERMOTECH MEXICO S.A. de C.V. (Mexico)

DOWA HOLDINGS, support companies

- 31 DOWA INTERNATIONAL CORPORATION (United States of America)
- 32 DOWA INTERNATIONAL CORPORATION San Jose office (United States of America)
- 33 Dowa Holdings (Shanghai) Co., Ltd.
- 34 Dowa Holdings (Shanghai) Co., Ltd. Shenzhen Branch
- 35 DOWA HD Europe GmbH (Germany)
- 36 DOWA HOLDINGS (THAILAND) CO., LTD (Thailand)

As of September 30, 2015

Expansion of overseas business and CSR

DOWA group is committed to carrying out business activities rooted in the countries and regions where overseas expansion is carried out, and to building and developing relationships.

In addition, all the factories are conscious of being a member of the local community, and at the same time, aim to contribute to the development of the region from a global perspective.

Business Activities in Thailand and CSR

Thailand, which is located in the heart of Asia and making advances in the infrastructure development, is indispensable in the supply chain in the global economy. Since our business expansion in 2006, DOWA group has expanded into 4 businesses namely environment and recycling, smelting, metal processing, and heat treatment, and currently these are our flagship overseas bases. Here we introduce the business activities of DOWA group in Thailand and CSR initiatives in respective offices.



Established in 2006

DOWA Metaltech (Thailand) Co.,Ltd.



Business development of DOWA Group in Thailand began with the establishment of the DOWA Metaltech Thailand (DMTT) to carry out the copper products plating processing. DMTT is located in Chachoengsao Province, Gateway City Industrial Estate, and provides silver, nickel, tin-plating and copper and copper alloys in the form of coils, called strips, mainly for Japanese manufacturers of auto parts. We meet the needs of Japanese companies by promoting local procurement in Thailand, by means of mass production with quality comparable to Japan, by having the same state-of-the-art facilities as the factories in Japan.

Promotion of international resource recycling

Utilizing the network of DOWA group, DMTT has been building a recycling flow of scrap metal to be discharged from the process. We promote recycling not only in our own companies but also as a customer service, by purchasing the scrap of sold copper and brass products. Precious metal used in plating is recovered in Singapore and Kosaka smelting & refining (Akita), and copper is recovered in DOWA metal (Shizuoka). In order to reliably perform such international resource recycling, every year, we send a detailed administrative report that clarifies the traceability of process steps to the Government of Thailand, and promote responsible recycling based on properly managed recycling system.



Metal strips

Established in 2007

DOWA Thermotech (Thailand) Co.,Ltd.



As DOWA Thermotech's No.1 base in Southeast Asia, DOWA Thermotech Thailand (DTT) is located in the Eastern Seaboard Industrial Estate in Rayong Province, about 150 km from Bangkok, where automotive industry is concentrated. More than 100 equipment by DOWA Thermotech have been installed in Thailand so far, and DTT started with repair and maintenance, and remodeling services for these equipment. At present, it focuses on maintenance service of DOWA-made heat treatment equipment and commissioned processing of heat treatment services mainly for automotive parts and agricultural machinery parts.

Human resource development initiatives

In DTT, we are focused on local human resource development such as accepting internships from high schools nearby, and carrying out tests as heat treatment professional skills similar to Japan, as part of technical education. We have started safety activities such as CCCF (Completely Check and Completely Find-Out) since 2011, and QC (Quality Control) since 2014. In CCCF activities, in addition to imparting training related to activities to the employees, we also isolate any hazards in the workplace, through "on-site activities" which is conducted 2 times a year and in which all the employees participate. Further, we are working on visualization of information and communication with employees, by installing a safety bulletin board.



Bulletin board devised by local staff

Acquisitions in 2009

Bangpoo Environmental Complex Co., Ltd.

Bangpoo Environmental Complex (BPEC) is the waste incineration and recycling plant in the Bangkok suburb of Samut Prakan. It is one of the only 2 large waste incineration facilities in Thailand. It started operations in 2006 and joined DOWA group in 2009. BPEC carries out incineration of product waste such as shampoo and cigarettes, and non-hazardous waste discharged from factories, offices, and cafeterias etc. in the vicinity. It has maintained

particularly high occupancy rates among the incineration facilities in Thailand and has stable operations.



2009 Bangpoo Environmental Complex Co.,Ltd.

■ Safe disposal of waste and energy supply

In Thailand, lack of collection and processing capabilities against the increased waste generation due to economic growth has become a social issue. As cost is an issue, landfilling the waste without any incineration is commonplace. Therefore, there are problems such as hygiene and nuisance odor. There are also improper waste treatments such as open burning and illegal dumping.

BPEC has a fluidized bed incinerator built in 2005 as effective waste utilization project supported by Japan's New Energy and Industrial Technology Development Organization (NEDO) and carries

out reliable incineration process at a high temperature of 950°C. Further, simultaneously with incineration, the steam collected from boiler is supplied as a heat source to the nearby factories and remaining steam is used for power generation. In addition to being consumed in-house, the surplus generated power is sold to the power companies, thus ensuring both an energy supply and a safe and environment friendly waste disposal.



Continuous monitoring of the treatment process using monitors

Acquisition in 2009

Eastern Seaboard Environmental Complex Co., Ltd.



Eastern Seaboard Environmental Complex (ESBEC) is located in Sriracha City in Chonburi province of Thailand. ESBEC is engaged in recycling business such as waste oil and waste liquid

treatment, final disposal of waste, and separate collection of metal scrap and plastic from recycling of waste oil and sludge and waste electrical and electronic products. ESBEC's final treatment facility is also compliant with construction standards of US Environmental Protection Agency (EPA). ESBEC takes thorough environmental measures such as measures against offensive odors by using high density polyethylene sheets, incineration of methane compounds generated from such garbage, and physicochemical treatment and biological treatment of leachate.

■ Next-generation support activities

In order to contribute to the development of Thailand, ESBEC is actively engaged in activities from the viewpoint of integration with local community and education of children who are bearers of the future. Especially, as the development of the next generation, ESBEC has scholarships to 6 elementary and junior high schools in the region, and financial support to the faculty development fund. In addition, it continues to carry out contribution activities that are deeply associated with core business, such as donation for sorting out trash to promote recycling, volunteering for cleaning and disinfection for improving the sanitary environment of schools, and study tours of offices for the students, as part of the environmental education.



In-house newspaper to convey the CSR activities

Established in 2013

DOWA Metals & Mining (Thailand) Co., Ltd.



DOWA Metals & Mining (Thailand) Co., Ltd. (DMMT) is a zinc processing plant which is located in Amata city industrial estate, in Rayong Province, 120 km southeast of Bangkok. It is engaged in

local production of high-quality zinc processed products mainly for automotive industry, such as formulated zinc for molten zinc plating, zinc alloy for die-casting, and thermal spray zinc line.

■ Promotion of local communication

DMMT has joined the association that carries out CSR volunteering in the Amata city industrial estate. Since 2014, 10 companies, mostly Japanese companies have participated

and initiatives are being undertaken while ideas for the region being discussed among the regional representatives and the companies. This activity is for the purpose of communication with local residents and we have been carrying it out activities such as measures against hot weather in schools in the neighborhood, and ventilation measures for school cafeteria. In FY2015, we are thinking about a community participation manufacturing contest, utilizing the waste from processes in the factories that participate voluntarily, and call the local residents for participation in order to further enhance the activities.



Material provision for the contest

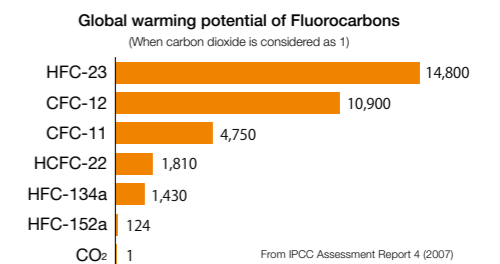
Strategic promotion business of recovery and destruction of CFCs

Toward Realizing a Low-carbon Society in Asia

Fast-growing Asian region needs to transform into a low-carbon society in order to cut the greenhouse gas emissions in the world by half by year 2050. If Japan is to leverage her technologies and institutions developed up to now and cooperate with and support Asian countries in realizing a low-carbon society then it will contribute to better environment not only in Asian region but in the entire planet.

■ CFCs in Asian countries

Currently in Southeast Asian countries, fluorocarbons having a high global warming potential, such as CFC, HCFC, and HFC are being used in refrigeration and cold storage equipment and air-conditioning equipment in circulation. However, no schemes for proper handling of these fluorocarbons are in place in these countries. On the other hand, in Japan, Act for Rationalized Use and Proper Management of Fluorocarbons, Home Appliance Recycling Act, and Automobile Recycling Act ensure ongoing proper recovery and destruction of fluorocarbons, on a level higher than world standard.



■ DOWA group's commitment to CFCs

DOWA group started destruction of Fluorocarbons since receiving the "Fluorocarbons destruction model project" from the then Environment Agency and Akita Prefecture in 1996. Currently, we are licensed as Fluorocarbons destruction operator in Akita, Chiba, and Okayama Prefectures, and carry out thermal decomposition process by effective utilization of waste heat. Also, DOWA group has sufficient knowledge and experience about the recovery and destruction of Fluorocarbons, for example, Fluorocarbons recovery in automobile and consumer electronics recycling plants. DOWA Eco-system and its subsidiary E&E Solutions cooperate with the Institute for Global Environmental Strategies, in order to promote research and raise the public awareness about Fluorocarbons in Asian countries such as Thailand, Malaysia, and Indonesia, through the Ministry of the Environment JCM large-scale project formation feasibility study work "Fluorocarbons Recovery and Destruction Processing Strategic Promotion Business". This work aims to introduce Japan's knowledge and technology to these countries, investigate about actual use, recovery, and destruction of fluorocarbons in all the countries, and investigate effective treatment methods and recovery network building techniques including the destruction process.



Carry out destruction of Fluorocarbons Eco-system Akita

■ Conducted CFCs recovery test in Thailand office

In Thailand, CFCs are legally positioned as a hazardous waste and their import, production, transportation, consumption, disposal and export are regulated. However, there are no clear legal provision for their processing and there is no social system in place for recovery and destruction of CFCs. Also, there are no recovery guidelines by the government, and unlike Japan, a system for carrying out proper destruction process has not been established. Recovery of fluorocarbons from used products is almost non-existent.

In 2014, fluorocarbons recovery test and fluorocarbons-containing equipment dismantling test were conducted in collaboration with DOWA group ESBEC. The tests aimed at technical verification assuming treatment in Thailand, and acquisition of appropriate recovery techniques for fluorocarbons. These tests were carried out on the basis of guidelines for fluorocarbon processing and execution methods in recycling facilities in Japan, and was a step forward for the appropriate implementation of fluorocarbons recovery in Thailand.

Through environmental technology and infrastructure etc., DOWA group will continue to strive for making Asia a low-carbon society.



ESBEC



Fluorocarbon recovery system

CSR Policy and Plan

Strengthening Initiatives for Realizing the “Vision”

We revised the CSR policy and established new mid-term goals in FY2014 to strengthen CSR activities through business activities. While formulating the mid-term goals, we reviewed the activity achievements and progress made so far. Also, we compiled the mid-term goals according to 4 areas in collaboration with the relevant departments, based on the risk assessment of business entities within and outside Japan and stakeholder questionnaire results. In this plan, “Vision for 2020” is positioned as the mid-term goal, and the issues to be addressed on priority for the vision are positioned as focus measures, and initiatives and goals of a single fiscal year are positioned as the activity plan towards its realization. These initiatives will start along with the first fiscal year of the new mid-term plan of 2015.

“Vision for 2020”

“S+ESG” management based on the CSR policy is established in all DOWA group companies, and we are able to contribute to resolving global social concerns, through minimization of management risks and improvement of corporate value at the same time.



Areas	CSR Policy	Mid-term Goals “Vision for 2020”	Focus Measures	Target	FY2020 Goal	FY2015 Activity Plan	
						Initiatives	Goal
Governance	<ul style="list-style-type: none"> We will aim to be an open and transparent company. We will endeavor in anti-corruption efforts including anti-bribery measures taking into consideration of the international agreement. We will take CSR into consideration in our procurement. 	Healthy business management is promoted by ensuring sufficient functions, appropriate information disclosure and transparency in the internal control system	Strengthening of internal control and governance	No. of important deficiencies to be disclosed	0	Creation of internal control handbook Implementation of regular education in and outside Japan	Briefings in and outside Japan – 10 times
		Business management which does not give rise to fraud and corruption of any kind is promoted, by individual employees carrying out appropriate activities based on the “Dowa Group’s Values and Standards of Conduct”.	Strengthening of compliance and risk management	Implementation rate of internal education and briefings	100%	Strengthening of internal control and compliance education Strengthening the effectiveness of BCP	Briefing implementation rate 100%
		CSR is promoted throughout the supply chain by building partnerships with business connections	CSR procurement promotion	Supplier survey coverage rate *Excludes contractors	Transaction amount base 80%	Implementation of supplier questionnaire	100 major companies
Safety	<ul style="list-style-type: none"> All employees will take part spontaneously in safety activities to improve the level of health and safety in the workplace, based on our basic philosophy of “Safety is the top priority.” We are committed to preventing accidents at work and to supporting health of our employees. 	The occupational safety risks of the workplace are managed and minimized appropriately, and a comfortable and safe working environment is realized	Raising the company-wide safety level	Frequency rate Severity rate	0.1 or less 0.01 or less	Strengthening of transverse initiatives in district units	Frequency rate 1.0 or less Severity rate 0.02 or less
			Strengthening of safety education in subsidiaries outside Japan	No. of times education is implemented No. of persons educated	Total 20 times Total 200 persons	Continued implementation of education by visiting Japan and education by dispatching the trainer	No. of times: 5 times No. of persons: 50 persons
Environment	<ul style="list-style-type: none"> We will provide customers with products and services that contribute to building a resource recycling society. We will reduce environmental burdens and risks in our business activities. The management and employees together take part in environmental conservation activities. We will promote business activities considering biodiversity. 	Responsible for the core of the international resources recycling network in Asia and the Pacific rim area	Strengthening of recycle business: Collection volume / Recycling volume / Increase in no. of elements etc.	Collection volume of materials for recycling	Increase from the preceding fiscal year	Strengthening of collection of materials for recycling outside Japan	Increase from the preceding fiscal year
		Effective reduction of specific CO ₂ emissions per unit has been achieved by various energy saving measures and active use of renewable energy	Improving the utilization rate of renewable energy Strengthening energy saving initiatives	Emission amount of CO ₂ emissions per unit	15% reduction as compared to FY1990	Reduction in business entities with large-scale emissions Investigate potential, etc.	1% reduction from the preceding fiscal year
		The environmental risks of the workplace are managed properly, and environmental accident-generation risks are minimized	Minimization of environmental accidents risk and strengthening of response capabilities *Environmental accidents: Incidents whose impact is felt outside the company, and reported to the competent administration	No. of environmental accident occurrences	0	Establishment of environmental risk assessment	Guidance by visiting business entity 5
		Biodiversity conservation activities are promoted in collaboration with the upstream and downstream of the supply chain	Understanding of biodiversity risks of suppliers Status confirmation of biodiversity considerations in mines	Suppliers and mines survey rate	100%	Formulation and execution of conservation action plan	Plan formulation and execution
Society	<ul style="list-style-type: none"> We will aim to create a workplace where diversity and human rights of employees are respected, and each person can demonstrate maximum capacity with satisfaction and pride We will promote social contributions, reflecting unique characteristics of each local community 	While diverse human resources mutually respect each other, employees themselves select the diverse work styles commensurate with their respective life stages and styles, and the company and teams support each other	Promoting diversity management	Employment of disabled people Promotion of participation by women Education attendance rate	2.00% 100%	Expansion of a global human resources layer Strengthening training of employees hired locally overseas Active expansion of mid-career hiring Holding in-house gatherings towards promoting participation by women	- - 2.00% Twice
			Promoting work-life balance	Annual paid leave acquisition rate	70%	Thorough publicity within the company of the various systems Encouragement of annual leave consumption Promotion of measures to reduce working hours	- 60% -
		A culture of fair evaluation & treatment, and fostering is established, and employees experience growth, results and satisfaction. And, an organization in which employees compete with each other and support each other is created by the employees themselves	Training of both appraisers and persons being appraised Strengthening in-house education of human resources Voluntary career development support for employees	Employee satisfaction (Business planning system) (Education system and content)	90% 70%	Implementing training of appraisers and persons being appraised Conducting system surveys Expanded education of the layer targeted for in-house education Development of a training system for stratified education	Appraisers and persons being appraised - No. of participants in the training 600 persons
			Social contributions reflecting each local community are deployed in Japan and outside Japan	Promoting social contribution	-	-	In-house publicity of advanced cases of business entities outside Japan Supporting business entity initiatives

Governance

To continue to be a company that is trusted by the society, the DOWA group has positioned strengthening of corporate governance as a key management issue, and is working on it based on “Dowa Group’s Values and Standards of Conduct”

- CSR Policy**
- We will aim to be an open and transparent company.
 - We will endeavor in anti-corruption efforts including anti-bribery measures taking into consideration international agreements.
 - We will take CSR into consideration in our procurement.

Progress of Activities

Following is the progress of our corporate governance activities and issues in FY2014 and plans for 2015.

2014 < Results >

Corporate governance Focus Measures	FY2014			
	Issues	Target	Evaluation	Main Results
Strengthening of internal control and governance	● Support activities for individual business establishments in and outside Japan	10 business establishments in and outside Japan	A	Japan: Visited 14 business establishments, and held briefings at 7 locations Outside Japan: Visited 15 business establishments in North America, Southeast Asia and China
Promotion of CSR procurement	● Preparation of CSR procurement guideline	-	A	Preparation complete (Created in Japanese, English, Chinese and Thai)
	● Promotion of in-house CSR procurement education	Holding a briefing	A	Briefings were conducted in 8 business establishments in and outside Japan
	● Operation of conflict minerals management system	-	B	Management manual is under preparation, in-house liaison meeting has not been held yet
Promotion of CSR activities across the group	● Establishment of mid-term CSR goals	-	A	Already established and reviewed while formulating the company-wide mid-term plan
	● Review of focus measures	-		

2015 < Initiatives and Goals >

Internal control, governance	Creation of internal control handbook Implementation of regular education in and outside Japan	Briefings in and outside Japan – 10 companies
Compliance, risk management	Strengthening of internal control and compliance education Strengthening the effectiveness of BCP	Briefing implementation rate 100% -
CSR procurement	Implementation of supplier questionnaire	100 major companies

Governance – Focus Measures

CSR Procurement



As an enterprise that contributes to a sustainable society, the DOWA group is also cooperating with business connections who are partners and actively promoting CSR initiatives throughout the supply chain, towards resolving various social concerns, such as environment, human rights, labor practices etc.

CSR Procurement Policy

To promote supply chain management, the DOWA group revised the existing procurement policy to “CSR Procurement Policy” in FY2013. A special characteristic of our CSR procurement policy is that “S (sustainability)” is added to Q (quality), C (cost) and D (delivery) of the existing procurement. Initiatives for social responsibility, such as environmental conservation and consideration for human rights etc., and off course compliance are included in this “S”.

We introduce our CSR procurement policy to business connections at occasions such as trading start etc., and convey our ideas as well as request for compliance. The policy is being publicized widely through the website.

<CSR Web>

http://www.dowa-csr.jp/about/csr_procurement.html



referring to deep electronics industry guidelines etc., which are linked to the supply chain, such as “JEITA Supply Chain CSR Promotion Guidebook” and “EICC Code of Conduct (Electronic Industry Code of Conduct)” etc.

The prepared guideline was distributed to the in-house business division and department responsible for procurement in each district, and its publicity was started through briefings by making visits or in-house portal site, towards operations. Further, with globalization of business, since there is an increase in the reception of questionnaires and interviews related to CSR from business connections in business entities outside Japan, English, Chinese and Thai versions were created even for the CSR Procurement Guideline. The CSR department is conducting briefings on the background behind the preparation, way of thinking of our company and the contents etc., during visits to the business entities outside Japan.

Future Initiatives

In FY2015, we will start distribution of guidelines and self-checklists to major business connections, based on the CSR Procurement Guideline. The self-checklist is a checklist for our business connections to carry out a self-evaluation by themselves, about the mechanism of promoting our CSR and their understanding of the actual condition. Further, we are planning a feedback of the results, and additionally, a confirmation visit to suppliers to confirm the results of the self-check.

In future, we will pursue an improvement in initiatives, such as aiming to deploy to business connections outside Japan etc., and reliable operations, in order to make our supply chain management an even more effective activity.

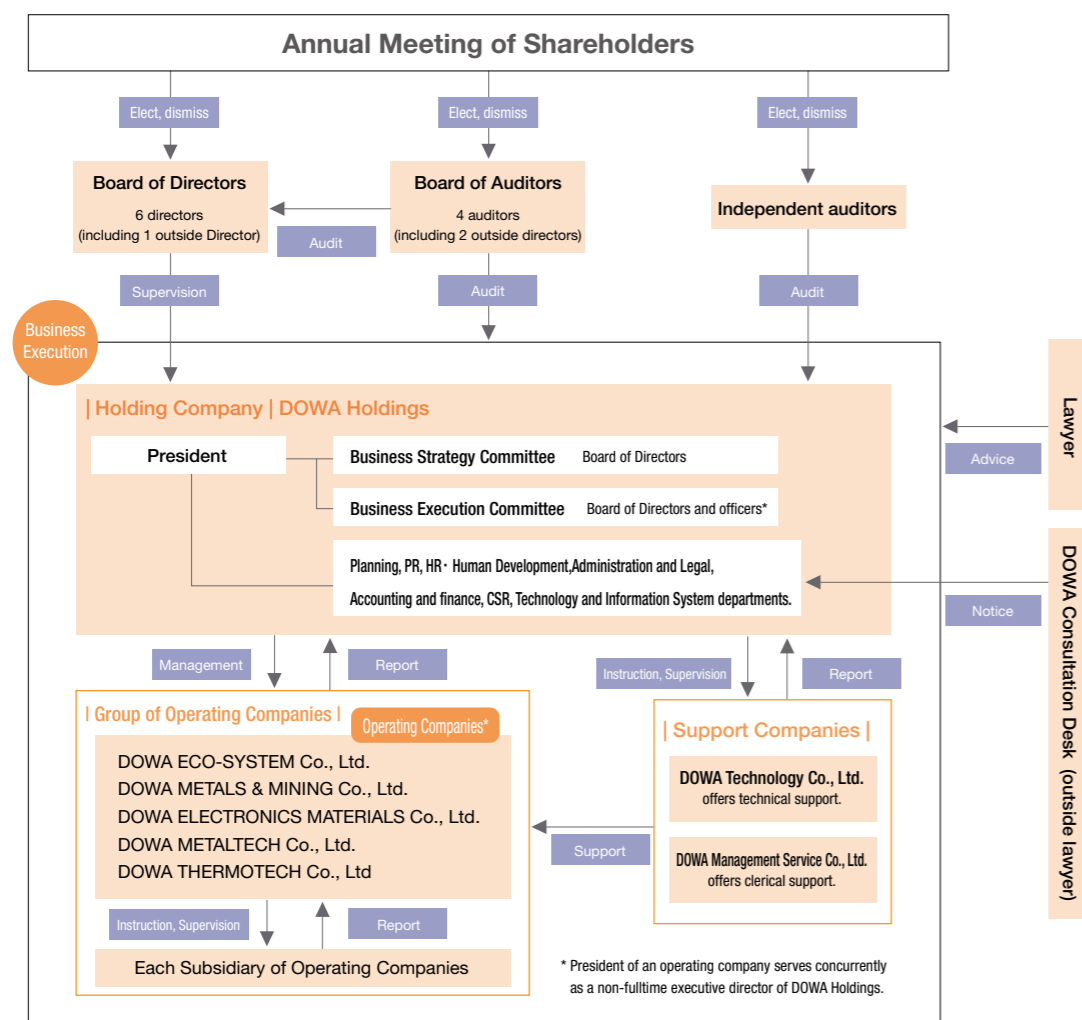
CSR Procurement Guidelines

“CSR Procurement Guideline” was prepared in FY2014. It summarizes the contents that should be considered for our company and its business connections to promote CSR. During our studies, we were aware of the need to work with customers and suppliers rather than making one-sided demands, for the growth of our company. So, the guideline was prepared while

Corporate Governance System

The DOWA group adopted the executive officer system to soundly and effectively operate organizations, fasten decision-making and for effective management. The group also adopted the holding company system to separate business units from the holding company as subsidiaries.

We also strive to ensure sound business management, focusing on enhancement of corporate governance through internal controls. This is done to improve quality and efficiency of management to implement open, highly transparent management, based on the Dowa Group's Values and Standards of Conduct.



(As of March 2015)

Types of organization	Company with auditors
No. of directors	6 (No. of directors designated in the article of incorporation: 13)
Of which are outside the company directors	1 (Designated as an independent officer)
Term of office of directors designated in the article of incorporation	1 year
Chairman of board of directors	President
No. of auditors	4 (No. of auditors designated in the article of incorporation: 5)
Of which are outside the company	2

As of June 24, 2015, the structure has been modified to 7 directors (includes 2 outside directors), and 4 auditors of which 3 are outside auditors.

Internal Control Activities

To strengthen corporate governance, we encourage each company in the group to share the basic policy and the system of internal control with DOWA Holdings (Holdings Company) and also entrust each company to conduct their own activities which shall exploit each company's uniqueness. This ensures effective and efficient internal control based on the holding company system.

Internal Audit

The internal audit based on the internal audit rules prescribed by the DOWA group involves all corporate activities, such as accounting audit, legal audit, safety and environmental audit etc. Our CSR department and each of the related departments and group companies cooperate with each other and conduct the internal audit, and report its results to the directors, auditors and relevant departments.

In FY2014, as part of strengthening the existing internal control, briefings were conducted at 7 locations and internal audits were conducted in 14 companies in Japan. Also, outside Japan, internal audits were conducted in 15 companies in North America, Southeast Asia and China.



Overview of the Internal Control System

The internal control system must be revised continuously to match the changes in the business contents and social environment, and we will continue to maintain the system in a much stronger manner.

- Our company will appoint an executive officer to separate the executive function from the board of directors, and attempt to strengthen the supervisory function of the board of directors.
- We will define the authority and responsibility for each job position, by administrative regulations, such as regulations of the board of directors or regulations of administrative authority etc. Additionally, we will ensure compliance of laws & regulations, articles of incorporation and social norms, by self-study by directors and employees and various types of education.
- We will develop and operate a system to ensure the reliability of financial reporting.
- We will handle anti-social forces systematically with a resolute attitude. Further, we will also cooperate with the police and other relevant organizations or corporate lawyers if required.
- We will aim for prevention and early detection of fraud and misconduct by setting up a DOWA Consultation Desk and conducting internal audits, and take appropriate measures as necessary.
- To understand and avoid risks, our company will implement rigorous inspections by the board of directors, when deciding important matters. Further, we will endeavor to improve the response capabilities during an emergency and construct a communication system for the group companies to collaborate.

Risk Management

The DOWA group addresses risk management to properly control risks that may hinder the realization of our business philosophy and achievement of our business plans, and to fulfill our social responsibilities, and contribute to the improvement of our sustainable corporate value. Among the risks that beleaguer the group, the board of directors is responsible for the “Business risks” and the CSR department is responsible for the “CSR risks” in cooperation with other departments.

Business risks	Economic status	Stock price movement	Important risks in CSR	Safety, hygiene and health	Legal
	Metal exchange, currency exchange	Interest rate change		Quality	Employment and labor
	Public regulation	Disaster and / or electric power failure		Environmental conservation	Etc.

Business Continuity Plan (BCP) Initiatives

The DOWA group has prepared a business continuity plan (BCP) by location and business entity to respond to natural disasters, such as large-scale earthquakes, typhoons, floods caused by torrential rains etc., and is making efforts to avoid risks so that business activities can continue when there is an emergency.

Further, we have established a mechanism to quickly perform safety checks of employees when natural disasters, including large-scale earthquakes occur. Safety check training is held every year at the headquarters.

Relationship with Central and Local Governments and Industrial Groups

The DOWA group participates in committees and forums sponsored by central and local governments and the industrial community and promotes activities related to public policies including reviewing proposals and measures, formulating and reviewing legal systems and international cooperation, aimed at resolving social concerns. Further, we actively participate in international conferences held by Japanese and other overseas governmental agencies and contribute to preparing policies from the viewpoint of the industrial world.

Example of participation

DOWA Holdings, President and representative director Masao Yamada

February 2013 until present: Member of the Central Environment Council, Ministry of the Environment

December 2012 until present: Chairman of the Waste Recycling Subcommittee, the Environmental Safety Committee, Keidanren (Japan Business Federation)

TOPICS

Lecture at the Environmental Summit in India

In November, 2014 the “Wastech International Summit & Expo” was held in the state of Gujarat in India. Many stakeholders participated from Asian and Western countries, including the Chief Minister of Gujarat, Ms. Patel. Solutions based on the 4R principles were explored for the various problems related to waste management being faced by India, and proposals and ideas were exchanged for sustainable development. Mr. Yamada, President, DOWA Holdings

Co. Ltd., was invited as a guest speaker. Under the title “Experience & Best Practices in Waste Management in Japan”, he introduced the history and techniques of waste management in Japan since the high-growth period and the new initiatives of “Waste to Energy” etc.



Participation in International Organizations and Consortiums

The DOWA group has been participating in the UN Global Compact (UN GC) since March 2009. The DOWA group is committed to respecting and implementing the GC’s ten principles in four areas of the Global Compact of human rights, labor, environment and anticorruption - these are geared towards sustainable development of society.

<Global Compact Japan Network> <http://www.ungejn.org>

- Human rights
- Labor
- Environment
- Corruption prevention

Compliance

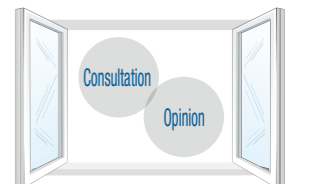
The DOWA group places strict “Compliance” as the basis of our corporate management and is promoting such measures as strengthening of internal control and education, based on the standard of conduct of our group.

The DOWA group set forth Standards of Conduct to attach importance to the philosophy that a company is part of society, which comply with laws and regulations and take a sensible course of action, and continues to work independently towards creating a good life for all and building a resource-recycling society.

DOWA Hotline Desk

We set up the “DOWA Hotline Desk” and inform the existence of the Desk through in-house posters for the purpose of making workplace safer and more comfortable. Through this Hotline Desk employees can consult about general business ethics directly with corporate lawyers. The service

protects the privacy of the consultations and opinions that were asked, and responds quickly and appropriately.



Our Efforts for Human Rights and Corruption Prevention

The DOWA group is committed to prohibiting discrimination against nationality, race, ethnic group, religion, sex, age and disability; child labor; forced labor; and tackling corruption under the ten principles of the UN Global Compact. We strive to understand the circumstances relating to human rights considerations by continuing to conduct surveys in our subsidiaries both in Japan and other countries. Further, in FY2014, the CSR department conducted a local visit and interviews at our overseas business subsidiary in Thailand.

TOPICS

Study Session for Human Rights Risks

A study session with the theme “Corporate Social Responsibility and Human Rights” targeting employees was held in December, 2014 in DOWA Group’s E&E Solutions. In the study session, employees attended lectures on “UN guiding principles on business and human rights” etc., in order to introduce the viewpoint of human rights risks in environment and social considerations confirmation and environmental due diligence, which are the businesses of

this company. Further, they deepened their understanding on labor and human rights risks in a supply chain by implementing a workshop using the bow-tie method of risk management, using the 2 cases of occupational accidents and child labor outside Japan as examples.



Safety

Occupational health and safety is one of the most important themes in helping DOWA group to expand the business.

The DOWA group puts in place a “safety and health committee” in each of its business entities in Japan and other countries to promote safety activities according to the annual health and safety plan, based on our basic philosophy of “Safety is the top priority.”



- All employees will take part in safety activities with their own initiatives to improve the level of health and safety in the workplace, based on our basic philosophy of “Safety is the top priority.”
- To prevent work-related accidents and support the sound health of employees.

Progress of Activities

Following is the progress of our safety activities and issues in FY2014 and plans for 2015.

2014 <Results>

Safety Focus Measures	FY2014			
	Issues	Target	Evaluation	Main Results
Enhancement of risk management	<ul style="list-style-type: none"> ● Enhancement of district activities ● Follow-up of project development of each business entity 	Half the number of accidents causing absence of work (Compared to the previous fiscal year)	C	Accidents causing absence of work increased slightly, injuries that did not cause absence of work were halved
Enhancement of safety education program throughout the company	● Start programs to visit Japan for training	Accepting 20 persons for the first trainees	A	16 persons were accepted for the first trainees from China and Thailand education by dispatching the trainer was implemented 9 times in China, Thailand and Indonesia
	● To continuously implement educational courses to experience risks	300 persons take the course annually	A	306 persons took the course

2015 <Initiatives and Goals>

Raising the company-wide safety level	Strengthening of transverse initiatives in district units	Frequency rate 1.0 or less, Severity rate 0.02 or less
Strengthening of safety education in overseas subsidiaries	Continued implementation of education by visiting Japan and education by dispatching the trainer	No. of times: 5, No. of persons: 50

Safety Focus Measures

Safety Activities of Business Entities outside Japan



The DOWA group is aiming to build an occupational health and safety management system of the same level as Japan even in locations outside Japan. While the legal systems and standards for safety and health differ for each country, and the measures and initiatives are not uniform, we believe that it is most important to understand the principle of “Safety takes precedence over all” of the group-wide policy. To that end, we are striving for the penetration of the policy. Local staff will have to strengthen the support system of education so that they can implement the voluntary safety activities.



Safety Conferences outside Japan

Safety Conference in China

The “Safety Conference in China” is being held every year since 2011. The management and employees in charge of safety from all the business entities



in China participate in the conference. There they strive to share information through reports and discussions etc. on the most recent cases of accidents and disasters. Further, each business entity takes turns to host the conference, and cross-checking safety patrol sessions are conducted in the business entity which is hosting the conference, as a part of the safety conference program. Sharing of objective comments by persons in charge of different departments and business entities widens perspective, and results in the improvement of safety level in the entire district.

DOWA Safety Award in Thailand

Safety conferences started in Thailand from FY2014. At the “DOWA Safety Award in Thailand” conferences held at hotels in Bangkok in April, 2014 and January, 2015, there was participation from the business entities in Indonesia and China also, in addition to the participation from within Thailand. The local staff



announced the achievements of the safety activities in each company in English.

Presentations were given on a wide range of themes, such as risk assessment, near miss incidents, 5S activities etc., and it resulted as a place of mutual learning. Further, since employees in charge of safety at each company met, it is also helping to create a network between employees in charge of safety beyond the framework of their own companies.

Global Risk Assessment Presentation

At the “4th Risk Assessment Presentation” held at the Tokyo headquarters in June 2014, around 50 employees in charge of safety gathered from various business entities in and outside Japan. 8 announcements were made. The overseas staff of Jiangxi Dowa Environmental Management Co., Ltd. and DOWA METALTECH (Thailand), which were rated highly at the respective safety conferences in China and Thailand, gave presentations on risk assessment examples and safety activities in the company. At the venue, opinions were exchanged actively on the initiatives at each company in each country, and it was an enriching presentation.

In future too, we will provide opportunities for training human resources responsible for occupational health and safety management at locations outside Japan, and for information exchange and learning in and outside Japan.



Occupational Safety Initiatives

The DOWA group holds “Joint Cross-Checking Safety Patrol” sessions, environmental safety compliance seminars and risk assessment presentations jointly with its business entities in Japan every year on a periodic basis and promotes safety activities throughout the group.

Initiatives in Japan

As a specific extension of the “Company-wide Safety Campaign Project” launched in FY2012, we checked the current gap between “Vision” = “The most effective safety activity approach”, and formulated improvement plans for realizing the vision in each business entity in FY2013. In FY2014, each company implemented specific initiatives based on the formulated improvement plans.

District Meetings

To strengthen the activities of the company-wide safety campaign project, executive offices (representative companies) were setup in each district, and “District Meetings” were launched to share and give mutual advice etc. on the activity status of each company in the district, from FY2013. In FY2014, we are aiming to improve the activities in each district, such as cross-checking patrols or feedback of precedents across the group etc. based mainly on this district meeting.



from September to November. 14 trainees from Thailand and China visited Japan and attended lectures and practical training on safety, such as educational courses on facility maintenance and experiencing risks etc., over a period of 4 days. The Technical Training Center of the DOWA group and Safety Training Center of DOWA Metals were utilized for this training program.

In January 2015, we held a follow-up meeting targeting the training participants in Thailand. In the activity reports of self-maintenance of facilities and 5S activities that were developed in-house etc. after the training, examples of in-house lecture development utilizing the course text and self-production of risk simulation training equipment etc. were introduced, and we found that the learnings of the training were being utilized locally.



Local Education of Safety Activities

With the safety level improvement of our Southeast Asian companies as a key theme, we are providing guidance and support by business trips from Japan. We expanded the 5S activities kickoff support and individualized education of employees in charge of safety in FY2014. We are regularly implementing these by focusing on safety activity awareness and specific methods to proceed in the OJT format. We will continue effective local education in future also by linking it with the Visit Japan for Training program, so that the activities of the local staff take root.



EHS Initiatives in India

Environment, safety and disaster prevention education is being implemented continuously, based on the EHS policy (Environment, Health and Safety policy), in India’s HIGHTEMP Inc. Particularly, a lot of effort is being put in for occupational safety, such as establishing safety guidelines for each facility and operation, publishing accident checks using checklists on a bulletin board, conducting daily EHS meetings, installing multiple first aid boxes with easily visible contents in the factory etc.

Initiatives outside Japan

We have started initiatives to share the issues and activities of each business entity, through joint cross-checking safety patrol sessions between locations from FY2013, in Southeast Asia where many of the business entities of the DOWA group are located. In FY2014, we made efforts in educational activities, such as training by visits to Japan of employees in charge of safety at overseas locations. The objective of this was to train human resources responsible for enhancing workplace skills.



Visit Japan for Training Program and Follow-up Meetings

A “Visit Japan for Training Program” targeting staff outside Japan was launched newly from FY2014. It was conducted thrice

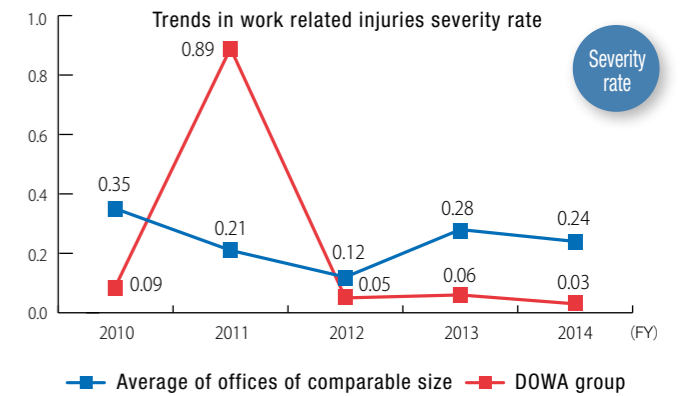
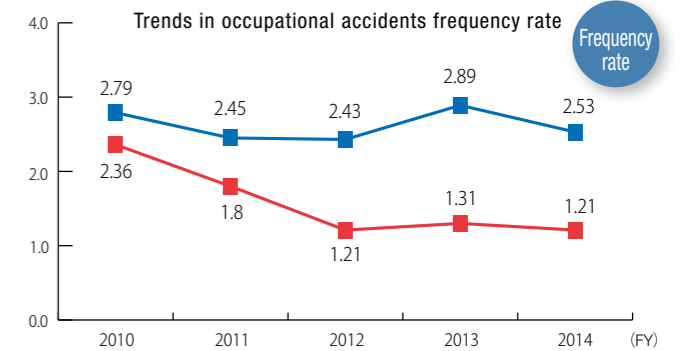
State of Occurrence of Work-related Accidents

Compared with figures for offices of comparable size in the Ministry of Health, Labor and Welfare accidents statistics, in FY2014, frequency rate was 1.21 against 2.53 and severity rate was 0.03 against 0.24. Both values are lower than accident statistics.

* Compared with FY2013 accidents statistics definite value when number of employees was 30 ~ 99 (average number of employees in our offices)

Frequency rate
Indicator representing the frequency of accidents based on number of casualties due to industrial accidents per 1,000,000 total working hours

Severity rate
Indicator representing the severity of accidents based on number of labor days lost due to industrial accidents per 1,000 total working hours



Promotion of Health Management

In DOWA group, we believe that it is important that all the employees work in a healthy and lively manner in both mind and body, and that “Health” is the basis of “Human development”.

Health Check Up

We are developing a variety of initiatives in order to raise the awareness of all the employees towards health, so that they can maintain their physical and mental health. In addition to working in departments and business units to ensure all employees visit the regular health checkup every year, we are making most of various subsidy programs such as complete medical checkups and gynecological medical checkup etc. Also, we have carried out various initiatives directed at improving consultation rate of specific medical checkup intended for insured person aged 40 or more and nonworking dependents. Further, through sports and exercise, we also provide a subsidy system for sporting events for employees so that they continue to maintain and promote a healthy body.

Mental Health Initiatives

For health management of minds of the employees (Mental Health Management), we operate a mental health counseling system, and have provided a dedicated line where employees can receive telephonic and in-person consultations by a professional counselor (clinical psychologist). Also, since FY2013, we have also introduced self-check tools that can be used for self-diagnosis of mental health, for achieving prevention of mental illnesses by enhancing the awareness of own stress condition.



Environment

The DOWA regards environmental conservation as a key issue in our business management and is committed to its promotion. In our environmental activities we are responding to environmental and social issues directly through our main business and at the same time we are reducing the environmental burden produced by our business. We will strive for environmental conservation and to create economic value of the conservation activity at the same time.

- CSR Policy**
- We will provide customers with products and services that contribute to building a resource-recycling society.
 - We will reduce environmental burdens and risks in our business activities.
 - The management and employees together take part in environmental conservation activities.
 - We will promote business activities considering biodiversity.

Progress of Activities

Following is the progress of social activities and issues in FY2014 and plans for 2015.

2014 < Results >

Environment Focus Measures	FY2014			
	Issues	Target	Evaluation	Main results
Global warming	● Total greenhouse gas emissions reduction	Gross emissions	B	Total greenhouse gas emissions CO ₂ Equivalent 1,740 tons Total greenhouse gas emissions in Japan Year-on-year 0.3% increase
	● Increase in renewable energy power generation (solar and hydro)	Electric-generating capacity	B	Solar power increased 304MWh Year-on-year increase of 1% Hydroelectric power decreased 63GWh Year-on-year decrease of 6%
	● Sharing by visualization of information	System Introduction	B	System introduced already, full-scale operation since FY2015
Promotion of resources recycling	● Expansion of material recycling	Recycling volume	B	Slight increase in spent catalyst shipment volume Strengthening of the collection utilizing overseas bases
Expansion into environmentally friendly products and new energy field	● Increased sales in renewable energy field	Sales	A	Increased silver powder sales volume (First half 100%, Second half 135%) Increased number of orders for solar related business Offshore wind EIA conducted.
Conservation of biodiversity	● Implementation of biodiversity conservation current situation survey	Survey and evaluation implementation	B	Biodiversity survey planned in FY2015 Water risk assessment carried out
	● Implementation of the water risk assessment			
	● Continued implementation of forest development and management	Number of trees planted	A	About 5,000 trees planted in Kosaka in Akita Prefecture

* Evaluation: A: Accomplished, B: Fair

2015 < Initiatives and Goals >

Resource recycling	Strengthening overseas collection recycled materials	➤ Increase compared to previous FY
Environmental impacts and environmental risks	Reduction potential survey etc. in large-scale emission offices	➤ Total greenhouse gas emissions decreased 1% from the previous fiscal year
Environmental conservation activities	Firmly establish the environmental risk assessment	➤ 5 office visit guidance
Biodiversity	Formulation and execution of Conservation Action Plan	➤ Planning and execution

Environment Focus Measures

Our activities towards Biodiversity

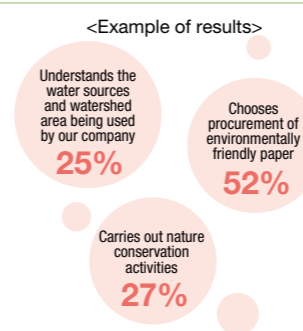
DOWA group formulated a Code of Conduct and biodiversity basic policy in FY2013 in order to enable employees to understand the relationship between business activities and ecosystems, and social trends, and continuously reflect those in business activities throughout the company.

<Biodiversity policy Web><http://www.dowa-csr.jp/about/biodiversity.html>



In-house Survey about Biodiversity Conservation

In DOWA group, initiatives for protection of nature and regional contribution focused on tree planting and management of forests owned by us were the mainstay so far. However, by developing the biodiversity basic policy, we have started initiatives further intended at understanding the relationship between our business and the biodiversity.



In FY2014, we conducted a survey for confirming the biological conservation areas and water source areas etc. in our workplace and the neighborhood, and status of tree planting and nature conservation activities in all the offices. In future, we would like to use this information for developing an action plan, by organizing the initiatives possible on office level and those that need to be managed and promoted by the HQ, based on the information obtained.

Our company, which experienced the forest destruction due to mining activities in the past, considers activities such as planting trees and reviving the indigenous vegetation as our mission, and a big challenge that need to be tackled continuously.

Revival of Rich Vegetation at Mining Sites

In FY2006, we began planting trees in the smelter site in Kosaka, Akita Prefecture. Nurturing plants at a mining site is difficult. While cooperating with local forestry associations and seed dealers, we have



Current state of 1st tree planting area (8 years before)

selected indigenous tree species such as Quercus serrata, Japanese Oak, and Japanese beech, under the guidance of Center for International Studies in Ecology, which is engaged in plant ecology research. Since FY2007, we have started tree planting activities with local residents as "Reforestation of Kosaka / Hometown tree-planting ceremony", which is taking roots as a place for local communication. So far, we have planted a total of 140,000 trees of 25 different species in past 8 years. Saplings that were 50 cm initially have now grown to 2 m. Forestation of the hometown is thus taking place surely and steadily.

Consideration to Biodiversity during Procurement

Supply of paper, which is a forest resource, is one of the important ecosystem services. It is a challenge that also involves climate change and waste materials.

Since the manufacturing business of DOWA Group is centered on the non-ferrous metals, it does not use any biological resources apart from water as primary raw material. However, paper is used in all the offices in Japan and abroad. The group as a whole purchases a large amount of paper every year. Therefore, for copy papers and pamphlets, we use papers made from a combination of waste papers and forest-certified wood pulp.

In addition, CSR Procurement Guidelines of DOWA group requires disclosure of environmental activities such as conservation of nature and environmental impact reduction to the suppliers whenever needed. At the time of tenders for central purchasing of paper we confirm that suppliers companies are doing a "responsible paper procurement" based on CSR procurement policy.

"Checklist"

- A procurement policy for wood raw material is in place
- Management system to verify the legal compliance of wood raw materials is operational
- Information about the source of raw materials pulp is available

Material Balance of DOWA Group

The DOWA group identifies the input of resources and energy into the business activities of the DOWA group ("INPUT") and the output of products produced and the discharged amount of substances imposing environmental burden ("OUTPUT") in each stage of its lifecycle in a quantitative way and conduct business considering material balance.

Material Balance of 2014

In FY2014, overseas environmental impact increased compared to the previous year as 6 factories from 2 overseas locations (Thailand, India) were added. However, overall trend has not changed significantly. For more information, please refer to P.33-34.

Resource-Recycling in Society and Our Resource Recycling

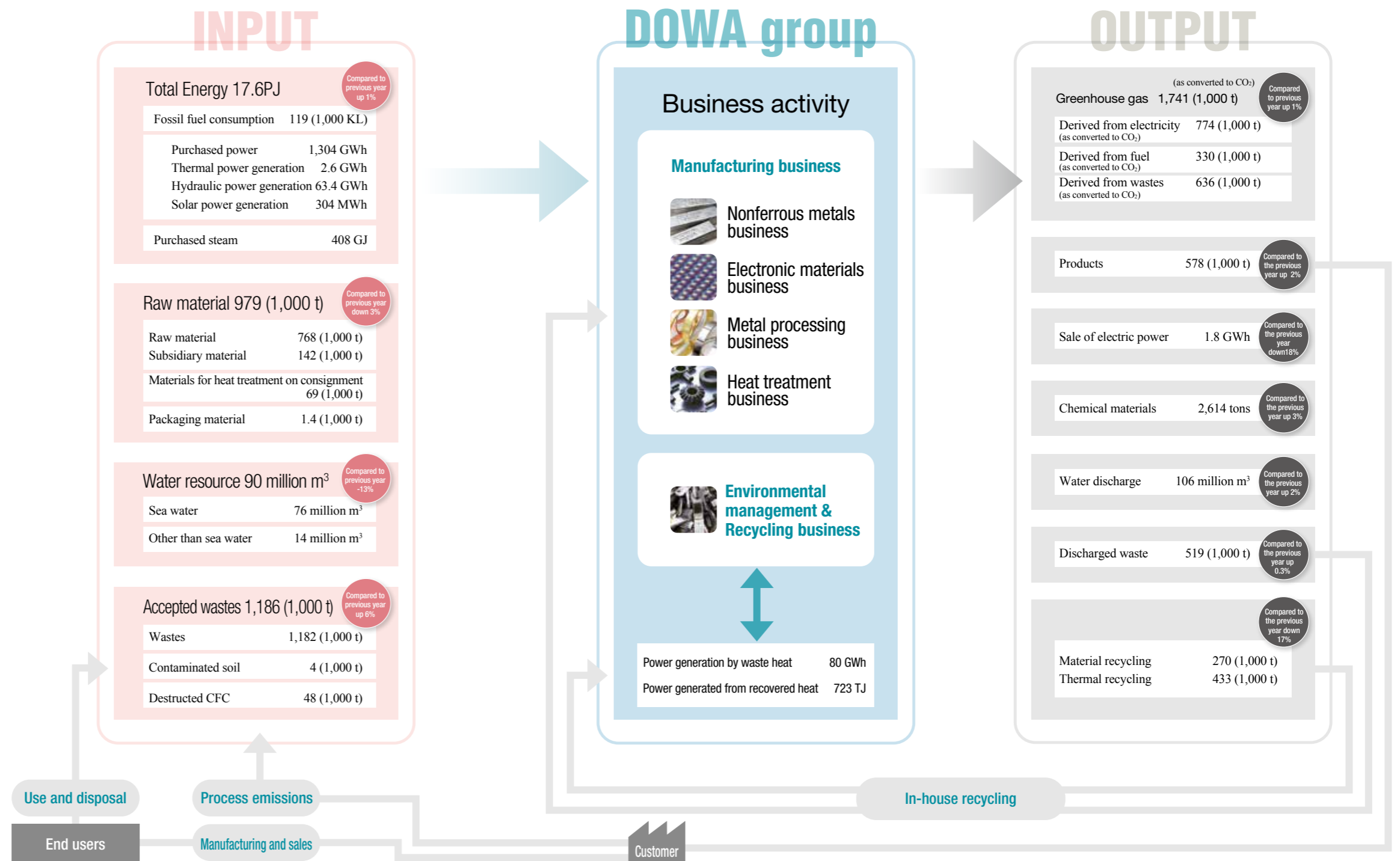
There are mainly 3 recycling in DOWA group.

First recycling is in-house generation and in-house utilization. Here, the waste material generated in our "Manufacturing businesses" such as smelting and metal processing is recycled in our "Environmental management and recycling business", and either sold or re-used as raw materials for the company.

Second recycling is carried out using scrap metal generated during processing in manufacturing plants of other companies. Receiving such material from customer factories that pay for our materials and parts leads to reduction in volume of new resource input such as by re-using the waste as raw material.

Third recycling is recycling of used final products. Through home appliance recycling, automobile recycling, and small appliances recycling etc., used products widely collected from the society are passed on to the society again as metal material.

In this way, The DOWA group strives for effective use of limited resources through three loops, starting with our company's production stage to the waste generated from society. At the same time, as a social responsibility in resource recycling, we aim for a sustainable resource circulation in consideration to environmental protection and energy saving, such as utilizing the heat generated in manufacturing processes as steam or electric power, along with striving to minimize the environmental impact at every stage in recycling, such as appropriate water treatment, detoxification of the waste, secure final disposal.



DOWA Group's Environment Policy

The DOWA group has pointed out that the efforts for environmental protection is an important challenge in corporate management and we have established "Environment Policy", and as a basic idea of this policy, we are promoting environment management throughout the Group.

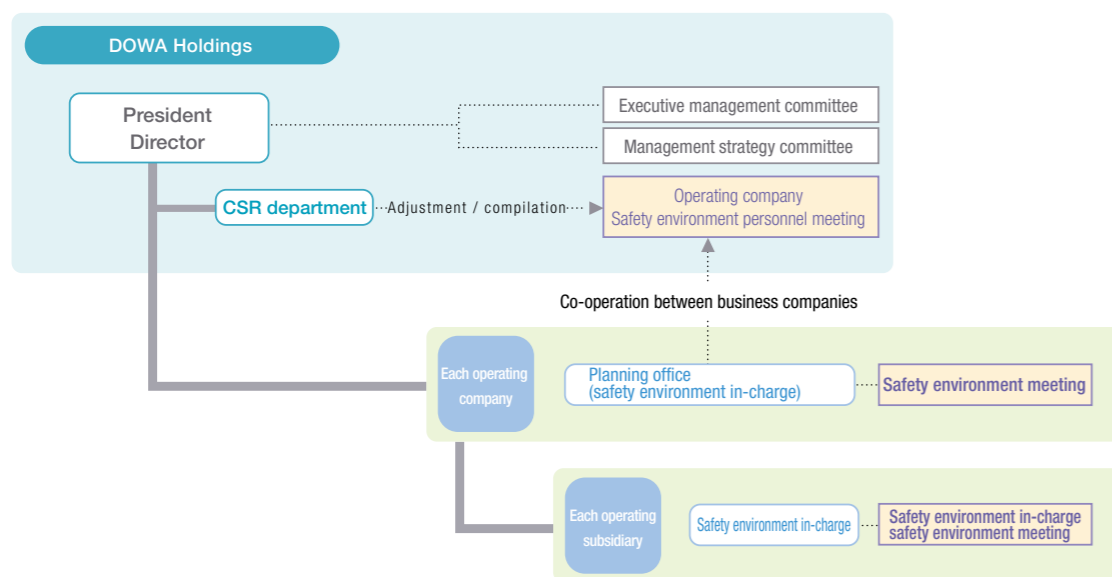
DOWA Group promotes the establishment of a recycle-oriented society and also aims to success the good global environment to the next generation through business activities.

1. We provide the products and services to customers (customers and regions etc.), which contribute to the establishment of a recycle-oriented society.
2. We reduce the environmental burden and environmental risk in business operations.
3. From top management down to the employee, we work together for environment protection activities.

<Environment Policy Website> http://www.dowa-csr.jp/about/csr_policy.html

Environment Management System

The CSR department and the planning department of each business office, which perform the environment protection activity, carry out the environment management activities of DOWA group co-operatively. DOWA Holdings conducts the adjustments and compilation in between each business office and also carries out the environment management and compliance management as an entire DOWA group. In addition, we have acquired ISO14001 for major domestic production sites and international offices, and for proper implementation of the environment management, we are taking efforts for development assistance of internal auditors through the implementation of periodic internal audits & external audits and auditor training courses.



■ Environmental Education

The DOWA group is working to increase the environmental awareness of employees and to strengthen the execution power to reduce the burden on environment by proactively conducting the environment management system (EMS) education. In each office, we are actively carrying out an environmental education including environmental law-related

education, such as Act on the Rational Use of Energy & Wastes Disposal and Public Cleansing Act, training related to global warming, internal study sessions for environmental and social considerations etc. We also conduct environmental education and compliance programs for our business partners.



Environmental Communication

The DOWA Group has provided the opportunity to listen to direct opinions and requests from stakeholders such as briefings and council at business sites in Japan and overseas. In addition, we send the environmental information via home page and we are actively involved in participation in local environmental events, exhibitions etc.



■ Environmental Communication in FY2014

■ Visit by Thai Industry Ministry (Department of Industrial Works)

In October 2014, officials from Thailand Ministry of Industry, which conducts management and guidance for the waste disposal, recycling and soil contamination, visited the Eco-system Hanaoka, Eco-system Akita and Eco-Recycle in Akita Prefecture, Odate city in order to deepen the knowledge about the waste disposal processing conditions and equipment in Japan.



■ Akita Eco & Recycling Festival

In September 2014, group companies in Akita Prefecture were exhibiting jointly in "14th Akita Eco & Recycling Festival", which was held at Agora Square near Akita Station. We addressed the importance of recycling and environment protection to local people who have visited the exhibition, through exhibiting the familiar metal products surrounding us and giving them the actual experience of weight of gold ingots that we manufacture.



TOPICS Environmental Workshop in Indonesia

PPLi Company, which was founded in 1994, is the country's first and only environmental and recycling company having permission of final disposal of hazardous waste that conforms to international standards in Indonesia. In October 2014, to commemorate the 20th anniversary, an environmental workshop was held with a theme of proper disposal of the waste and environment protection for future sustainable development. 200 participants including Kambuaya Environment Minister, former Ministers of the Environment and

Indonesian government officials and major customers attended this workshop and lively exchanged their views. PPLi not only obtained a high evaluation from the participants for the high compliance and reliability in business so far but also a mutual understanding about the commitment to environmental issues has deepened further through this workshop.



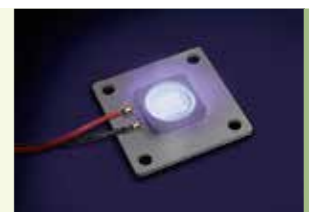
Environment and Society Friendly Product Development

The DOWA group is contributing to the creation of a sustainable society through energy conservation and renewable energy, reduction of hazardous materials, and research & development of materials such as metals, alloys, semiconductors and magnetic materials, which leads to higher efficiency and longer life of the product.

TOPICS Deep ultraviolet LED that has achieved world's-top class characteristics

"Ultra-Violet Ray" is a light that is invisible to a human eye and has peculiar characteristic that it has a very high energy, and depending on its wavelength region it is used in many industries and medical cares for various applications such as sterilization (265~280nm), medical care (310nm), analyzing (265~340nm) etc. Especially in "deep ultraviolet LED" below 350nm, which is mainly expected in sterilization, it was announced that DOWA Electronics has achieved a high output

and long life having world's top-class in March 2015. Conventionally, the light source of ultraviolet region was mainly the mercury lamp, usage of LED has merits such as longer life, power saving, space saving, and the most important is it leads to enabling a human body free from harmful mercury.



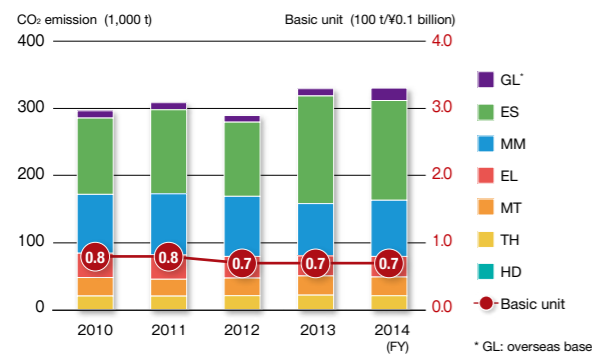
Our Measure to Fight against Global Warming

The DOWA group set a goal of "15% reduction of specific consumption of CO₂ by 2020, compared to 1990" according to the Action Plan to Implement Low Carbon Society by Keidanren (Japan Business Federation) and the Japan Mining Industry Association (published as of January 2013) as a measure to fight against global warming.

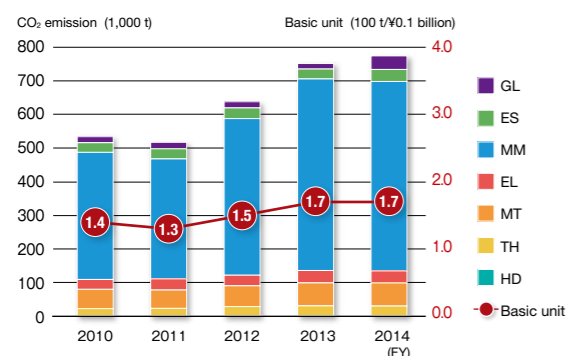
Changes of Emission of GHG

Greenhouse gas emissions for the entire DOWA Group in FY2014, was approximately 1.741 million tons CO₂ (domestic 1.682 million tons CO₂ and overseas 59,000 tons CO₂), which was almost at the same level as compare to the emissions in previous year in Japan. At overseas, there is an increase of approximately twice as total 6 factories added than FY2014, and greenhouse gas emission of the entire group was increased by approximately 1%.

<Derived from fossil fuel>



<Derived from electricity>



We accept wastes from other companies outside the DOWA group for incineration in our plants. Therefore, their CO₂ emission accounts for a large part of our CO₂ emission. As it is difficult to control the amount of wastes we receive from other companies and reduce CO₂ emission, we try to increase thermal recycling through power generation using heat and steam from incinerating those wastes.

Utilization of New Energy

In addition to global warming measures such as energy conservation and fuel switching, we are actively promoting the use of renewable energy resources, which have less impact on the environment.

Power generation from waste

Power from waste is generated by producing a high-temperature, high-pressure steam by "heat" at the time of incineration of garbage and turning the turbine. Currently, this type of power is generated at 5 places; 4 domestic and 1 overseas, and the amount of power generation from waste was 79.7GWh in FY2014, which was approximately 7% increase as compared to the previous fiscal year.



Hydraulic power generation

Hydroelectric power that utilizes renewable energy has become an important source of power to cover the energy requirements of our smelting business.



This power generation has started in 1897, and currently there are 6 hydroelectric power plants in Akita Prefecture. The amount of power generation in FY2014 was 63.4GWh, which shows approximately 6% decrease as compare to the last fiscal year.

Solar power generation

In case of solar power, though the amount of solar power generation is affected by weather, but it is useful as generated power volume can be confirmed in visible form, employee's energy conservation awareness improves and also helps in environmental problems such as global warming and energy problems.

Currently, we have introduced a solar power generation system in 4 offices in Japan, and in FY2014 the total amount of power generated by 4 companies was 304MWh.

* As a rule, the amount of CO₂ emission is seek based on the emission factors in Law (Global Warming Law) concerning about the promotion of global warming measures for system power purchase amount, fossil fuel consumption and accepted waste. With regard to CO₂ emissions from accepting waste, as calculation conditions are set while preparation of this report, it may not necessarily coincide with the reported value to the government. In addition, the classification of waste in Japan and overseas is different; it is difficult to set an appropriate emission factor for the accepted waste at overseas sites, so amount of CO₂ emission of waste origin is displayed only for the domestic sites.

Promoting Resource-Recycling

The DOWA group is contributing to the creation of a sustainable society, through controlling the consumption of natural resources as well as by promoting the cyclic utilization of used sources.

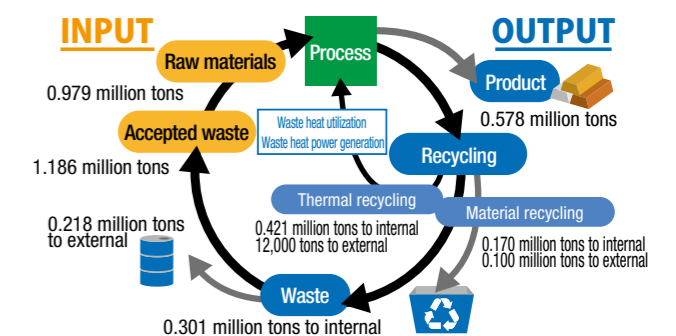
<Raw materials> In FY2014, the amount of raw materials used was 0.979 million tons and it has decreased approximately by 3% as compared to the previous fiscal year.

<Accepted waste> In FY2014, the amount of accepted waste was 1.186 million tons and it has increased approximately by 6% as compared to the previous fiscal year. This is mainly due to the increase in acceptance amount at overseas.

<Products> In FY2014, the amount of products was 0.578 million tons and it has increased approximately by 2% as compared to the previous fiscal year.

<Discharge waste> In FY2014, the amount of waste disposal was 0.519 million tons and it has increased approximately by 0.3% as compared to the previous fiscal year and it was almost at the same level.

<Material recycling> In FY2014, the amount of material recycle was 0.270 million tons and it has greatly decreased approximately by -28% as compared to the previous fiscal year, but as there was an increase in amount approximately by 29% last fiscal year, so we can say the situation has returned to the original average level. On the other hand, thermal recycling has decreased approximately by 8% and become 0.433 million tons.



Water Environment Conservation

DOWA group has casted that the water is an indispensable factor and an important source in daily life, so we are implementing the measures, such as water saving or water recycling by taking into consideration the different water risk areas.

<Water resources> In FY2014, the amount of water resources input was 90 million m³, it has considerably decrease by approximately 13% as compared to the previous fiscal year mainly due to the decrease in usage of cooling water (seawater) in smelting process.

<Drainage> In FY2014, the total amount of drainage was 106 million m³, which was increased approximately by 2% than new office at overseas and as compared to the previous fiscal year.

Efforts for Water Environment in India

In India, as compare to the expansion of water demand due to the population growth and the economic development, the development of infrastructure in many areas has been delayed; and in addition, the supply of safe water from the viewpoint water quality and appropriate wastewater treatment are the social problem.

Efforts for Water Environmental Conservation

In HIGHTEMP company's Nelamangala factory (Bangalore), which produces heat treatment furnace, we are strengthening the efforts towards the water recycling and rain water usage in addition to thorough enforcement of water conservation activities in the factory, for conservation of water environment.



Provision of Safe Water to the Local Community

In Nelamangala factory, we are providing water from the wells in that particular area, so that the local residents can use the water for their daily needs. We have setup an electric pump so that anyone can pump up the water easily, when water is needed gate is open any time and residents can use water any time. By providing the indispensable water in daily life, we have eliminated the work of bringing water from faraway places in two neighborhood villages.



Other detailed environmental data and efforts are posted in our Web version.



Society

The DOWA group enhances the relationship with society through CSR activities, aimed at being a company trusted by all stakeholders. We believe it important that not only each of our business entity but also each employee of DOWA is aware of his/her responsibility as a corporate citizen. We also regard that promotion of activities in local society is one of our focus fields.

CSR Policy

- We respect in the diversity and human rights of employees and we aim at creating a workplace that will allow each one to show their maximum capacity with challenge and pride.
- Promoting social contribution considering unique characteristic of each local community together with local people.

Progress of Activities

Following is the progress of social activities and issues in FY2014 and plans for 2015.

2014 <Results>

Society Focus Measures	FY2014			
	Issues	Target	Evaluation	Major Results
Promoting diversity management	● To offer information on life planning after retirement (Holding seminars)	Number of reemployed persons	A	150 people participated in the Holdings group
	● To implement the plan to promote employment of the disabled	Progress rate of plan	B	Employment rate unchanged
Promoting work-life balance	● To promote implementation of the action plan to support for fostering the next generation	Progress rate of plan	B	Working hours management strengthening by attendance system revision and system operation
	● Thorough internal knowledge of institutions ● Encouragement of annual leave usage	Acquisition rate	A	Annual leave acquisition rate 59% (As compare to previous fiscal year 6% increase)
Contribution to local communities	● To conduct interviews in our business entities outside Japan and support for local contribution activities in the business entities outside Japan	Survey on business entities outside Japan and the number of visits there	A	Thailand 5 companies, India 1 company, Indonesia 2 companies Visit and interviews
	● To continue to promote events with local communities	-	A	Marathon, cross-country skiing competitions, Cherry Blossom Festival
Promoting in-house CSR education	● To expand CSR education	Frequency of renewal	A	Monthly more than 2 times
	● To improve in-house portal site and to use group news letter	-	A	Post a safety feature to group report

* Evaluation: A: Accomplished, B: Fair

2015 <Initiatives and Goals>

Diversity	Expansion of global human resources Growing strength of overseas hires Aggressive deployment of career Promotion of internal social gathering for female employees	- - 2.0% 2 Times
Work-Life Balance	Thorough internal knowledge of institutions Encouragement of annual leave usage Promotion of working hours reduction measures	- 60% -
Human resource development, evaluation and treatment	Implementation of training of appraisers and evaluators Implementation of system survey Expansion education of internal education target layer Training system development of hierarchy wise education	Number of training participants as appraisers and evaluators 600 persons
Social contribution	Internal knowledge of overseas office advance case Support of office efforts	Information shared by the portal site

Social Focus Measures

Social Contribution Activities in India

As for DOWA group, a sustainable development of the countries and regions is a foundation for survival and growth in which we are expanding our business. For this reason, at each site, we focus on the social issues that each of the countries and regions are facing, and we are working to resolve them in co-operation with the local communities.



Efforts by HIGHTEMP FURNACES Company

In HIGHTEMP FURNACES Ltd. (HTF), which has developed the heat treatment business in India in four regions and 6 factories, we are promoting CSR activities for employees and their families including local residents. Each of the project is making deliberate efforts in wide range of fields such as community development, hygiene, environment, education by CSR team, which was created based on CSR policy.



Employees and their Families

In HTF company various CSR activities are implemented such as Annual-Sports Day, which is held especially for employees (cricket tournament) and Women's Day Celebration (events only for female employees) which is combined with International Women's Day.



Family Health Check Up Camp



Women's Day Celebration

In addition, we conduct Medical Health Check Up Camp (periodic health examination) not only for the employees

but also for their families, and we support daily health maintenance and promotion, we also support monetary assistance to the employees who need urgent medical care.

Regional Community

In each factory, we promote the aggressive efforts such as blood donation activities, provision of safe well water to nearby villages, laying of road for local residents to use, provision of scholarships and uniforms to local school in accordance with the respective location and depending on the local circumstances.



Well opened to the neighborhood

Co-operation with NGO

In Pune factory, in co-operation with the NGO "EKansh Trust", which preforms comprehensive support for disable people, we have implemented the employment support to educate mainly the disable people such as blind or deaf in order to get a better job. This effort was initiated 4 years ago and currently (on April 2015) 14 disabled persons are employed. In addition, we are also carrying out training not only for the disabled people, but also for the people who perform job assistance.



Activity of EKansh Trust

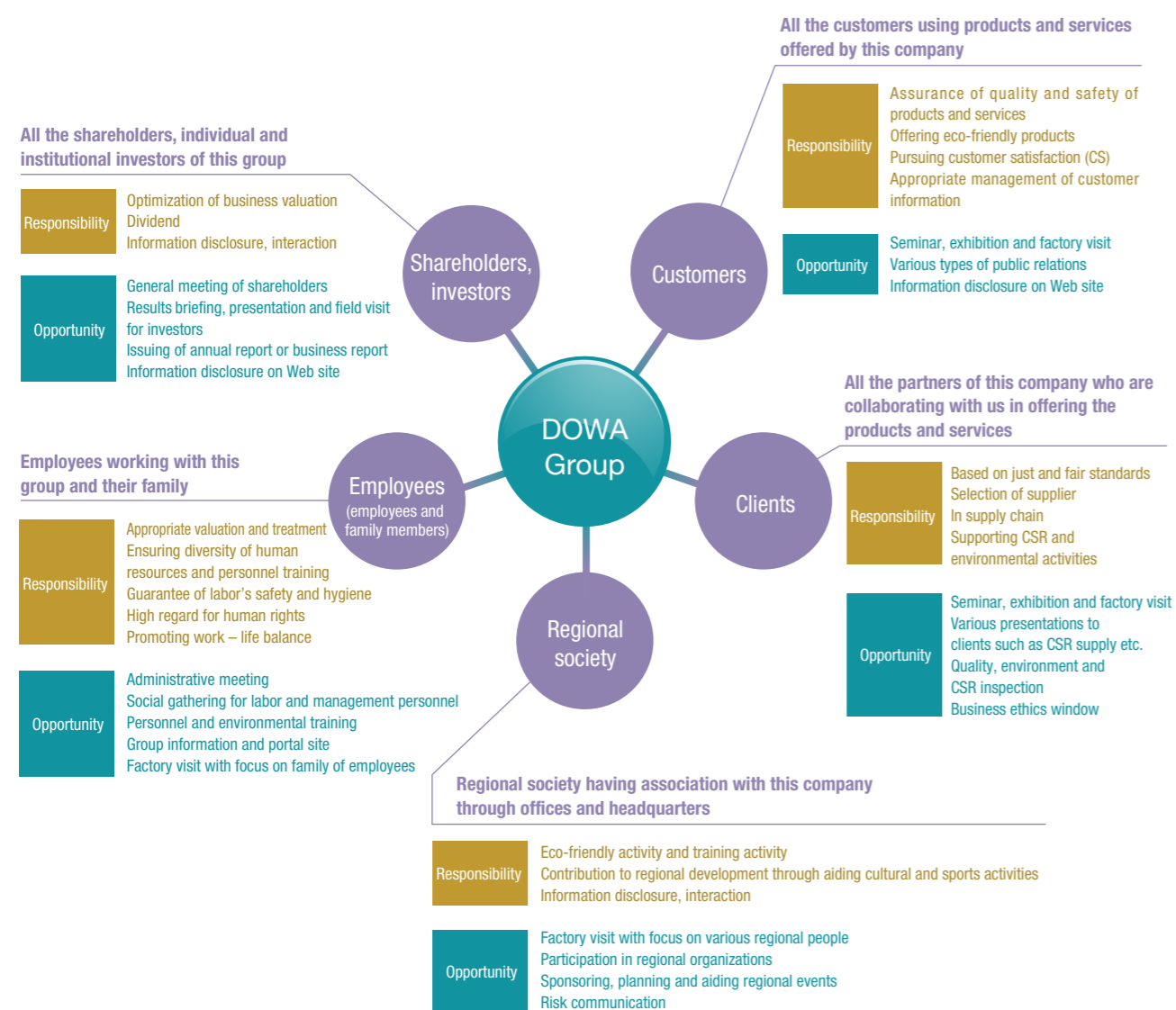
<Website of EKansh Trust>

<http://www.ekansh.org>

Relations with Society

The DOWA group promotes communication with major stakeholders including our customers, shareholders, investors, partners, local people and employees using various tools in each business entity and department.

In relation to the main stakeholders



Together with our stockholders and investors

The DOWA group recognizes that explaining corporate and business management information to our stakeholders including shareholders and investors is one of the important points in terms of our corporate governance and we are committed to timely and proper disclosure of the information. Our management holds results briefings on quarterly basis. We also offer opportunities to communicate with both Japanese and international investors directly on our business information. We try to make proper and highly transparent disclosure of information, by publishing our annual report and IR reports in Japanese, English and Chinese.

Communication with shareholders and investors

General Shareholder's Meeting

The regular general meeting of shareholders is held in June every year in Hotel Chinzanso, Tokyo and around 400 shareholders attended the same in FY2014. After the general meeting of shareholders, a social gathering is held with the aim of encouraging communication between shareholders and providing a platform for interaction with employees. A product display corner for each project was setup too.



A separate presentation room was setup where employees explained the themes of DOWA group. A presentation on the efforts was taken for overseas expansion of heat treatment business and Research and Development was given in FY2014.

Field Visit for Investors

A field visit is organized every year for constitutional investors and investment analysts to facilitate better understanding of business activities of DOWA group.



In July 2014, a factory visit was organized for constitutional investors in DOWA THERMO ENGINEERING, Ota Plant (Gunma prefecture). A site visit is organized every year for investors as a part of PR activity which is very popular for "deepening the understanding of how to specifically handle each project".

During the field visit, entire operation of heat treatment was explained after which operations of Ota Plant was explained and site visit was organized. In the question session

after visit, many questions were asked about features of the heat treatment project and fields of main focus in future. The strength of DOWA THERMOTECH that handles both marketing and maintenance of equipment and processing services was thoroughly explained.

DOWA HD Website (IR information)

IR information has been put up on this website for the shareholders and investors to understand the management situation and business strategies of DOWA group better. Other than summary of financial results and securities report, material such as annual report and communication with shareholders has also been posted. In future also, we will take efforts for easy-to-understand timely information display.



Together with our customers and partners

DOWA group contributes for a better society by offering high quality products and services and strives to improve customer satisfaction. DOWA Group also works towards showing mutual cooperation with the clients as a good partner by building a long-term trust relationship.

“DOWA Group CSR Supply Guidelines” which contain summary of CSR supply policy, code of conduct etc. of the company has been distributed to clients. We promote CSR for entire supply chain such as requesting understanding of concept of CSR of this Group.

Quality control

The DOWA group positions “quality” as the core of our business in manufacturing products. The group’s major plants obtained the ISO9001 certificates, the international standard on quality management system. We endeavor to improve quality of products and services by continuously operating this quality management system based on PDCA (Plan Do Check Act).

Products provided by DOWA range from smelting to powdering, plating, semiconductor, heat treatment and recycling. We must respond to defects, improve quality and develop new products with high level evaluation technology to maintain top class quality in each area mentioned above. For this purpose, we have a technology center within each business entity with advanced analytical and evaluation facilities and human resources to conduct chemical analysis, surface analysis and physical property evaluation.

Contact and Response to Comments and Opinions

We make improvement responding immediately to opinions and comments from our customers and strive to offer products that satisfy them. We put the information sharing and management system in place, classify, analyze and evaluate information collected from each entity for improvement and development of products and services.



Dealing with the conflict minerals

DOWA group considers responsibility of business relating to conflict minerals as one of the important CSR problems and is working towards ensuring transparency in supply chain in the supply activity and materializing supply of the same minerals by cooperating with the group company or the clients. In FY2014, a survey was conducted and reply to inquiries from customers was sent based on the policy of management of this company for conflict minerals.



Acquisition of CFS Certification (Conflict-Free Smelter Program)

ECII which is a CSR promoting group of the electronic industry and ICT sector and GeSI that promotes sustainability of economy, environment and society, inspect smelter and run program that certifies “Conflict-free smelting” (CFS Certification System). DOWA group received CFS certification for Kosaka Smelting in FY2012 for gold and for eco-system recycling of rare metal recycling (secondary smelting) in FY2013 and we have started offering gold as a conflict-free mineral.



In FY2014, we also received CFS certification for Kosaka Smelting for tin which is in lot of demand for promoting mineral supply for the customers.

Together with the Regional Society

Contribution to the regional society is an important policy of the DOWA group. At each of the base stations within Japan and abroad, we are expanding CSR activity rooted in the respective region such as hosting communication such as regional social gathering or sports events, factory visit or recruiting interns for regional development.



Activity for Regional Contribution

In FY2014, we sponsored events such as marathon race and Cherry Blossom festival in Okayama prefecture and junior cross-country skiing tournament in Akita prefecture in collaboration with the regional people, where we saw lot of participation in each region. We surveyed situation of social contribution through questionnaire as an effort towards overseas business.



25th DOWA Junior Cross-country Skiing Tournament



6th Lake Kojima flower corridor Cherry Blossom Festival

Business Trip to a Local School

Eco-system Chiba that is waste treatment plant visited Nakagawa Primary School, Nagaura Primary School and 2 local primary schools in Sadegaura city in February 2015. We conducted



an enjoyable study on problem of illegal waste disposal and responsibility of waste generator towards its treatment through quiz and games on the theme of “Let’s end illegal waste disposal!” in FY2014. In the card game for understanding plan of illegal waste disposal, opinions of children were sought on how to reduce illegal waste disposal.

Receiving Work Experience Workshop

DOWA Metal (Shizuoka) that processes metals conducted a work experience workshop for the neighboring three 2nd-year middle-school students for 2 days in October 2014. This work experience workshop is conducted every year in line with the school policy of “Do the work yourself while watching the social workers in action and choose your future course and plan your future”. In FY2014, the workshop was conducted in 3 departments and particularly in quality management section, children enthusiastically took part in the workshop of using measuring apparatus (tensile strength, hardness, plating measurement) that are not seen in ordinary schools.



Valuation from Society “Contribution Towards Society through Sports”

In April 2014, a letter of thanks was presented by Akita Prefecture Skiing League for the efforts taken by DOWA group for “DOWA Cup Junior Cross-country Skiing Lake Towada Tournament”. DOWA Cup started in 1991 entered into its 25th edition in February 2015. It has grown into a national top class tournament in the junior Nordic competition where primary and middle school students are selected for Olympics.

Various contributions towards growth and development of children and improving their competitiveness such as newly organizing skiing competition for disabled (sit skiing) from 2007 were evaluated.



Together with our employees

The DOWA group sets forth in Standards of Conduct that human resources are the basis of business activities and employees should be evaluated with their ability to conduct their jobs regardless of education, age and gender. We are promoting various activities with the following goals so that employees can exercise their full potentials.

Go back to the origin of organization function to create a competitive team.

Make company a place where employees want to work, with their own initiatives.

Employment Status

The DOWA group tries to promote proper allocation of employees, considering our business plan and employ diversified human resources who have talents and capabilities necessary for our business.

No. of employees in Japan at the end of FY2014 (March 31, 2015) was 5686, which saw an increase of 275 from the last year. Out of the regular domestic employees, 3,651 are men (92 %) while 318 (8 %) are women.

No. of local employees that work mainly in Asia also increased by approx. 300 as compared to last year due to

global expansion and proportion of overseas employees became approx. 35 %.



< Domestic employment situation >

Attributes	FY	FY2012		FY2013		FY2014	
		Men	Women	Men	Women	Men	Women
Domestic regular employees	Employees	124	0	121	0	130	0
	Management employees	707	8	715	9	735	12
	General employees	2,727	294	2,703	296	2,786	306
Domestic non-regular employees	Dispatched employees	318		405		479	
	Part time employees	846	291	859	303	924	314
Total		5,315		5,411		5,686	

< No. of region-wise employees >

Attributes	FY	FY2012	FY2013	FY2014
Japan		5,315	5,411	5,686
Asia (except Japan)		2,520	2,622	2,903
Europe		4	10	16
North America		92	80	92
Central and South America		1	1	3
Total		7,932	8,124	8,700

Personnel Training and Utilization

DOWA group takes efforts to continuously conduct training at every workplace from the aspect of personnel training, aiming at “continuing to be a valued personnel team that works hard for global business” and is expanding its personnel training and activity policy through promoting the strengthening plan for young employees as On The Job Training (OJT), expanding practical training opportunities, promoting experience of different professional duties (planned change), planning voluntary staff assignment etc.

■ Main Achievements of FY2014

Besides step-wise training, DOWA group conducts extensive training in technology, environment and safety for every office.



<Situation of conducting personnel training>

Targeted at	Training details	No. of participants (no. of persons)	Total training time * Only training time (hours)
Management staff (continued)	Top management training	60	480
Next-term management staff (continued)	Business leader development training	15	1,350
Management staff (continued)	Management training, subordinate training	71	1,677
Mid-level employees (continued)	Leadership training	46	736
Up to 3rd year after joining (continued)	Fresher's training, OJT, follow-up training (skill improvement, self-establishment within organization)	226	14,768

■ Plan for FY2015

A review of the every year's training is taken with focus on making the training more strategic and more patronage-driven for training the personnel who can deal with the frantically changing times and environment. For FY2015, we have planned systematic restructuring of the step-wise training conducted in DOWA group for the employees that join as fresher and step up the management ladder to become managers. Expansion and training of personnel for global operation is being mainly undertaken with the expansion of overseas business. Strengthening of engineering capacity and site capacity has been planned as the most important task with focus on strengthening of business competitiveness and more diversified and multifaceted efforts will be taken than last year.

Just and Fair Valuation and Treatment

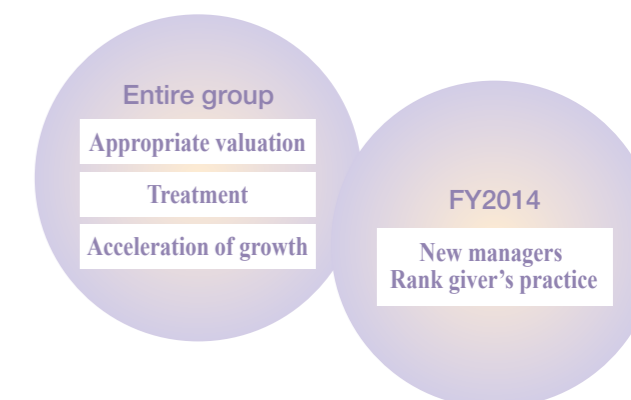
In DOWA group, just and fair valuation and treatment are practiced based on the following policy according to the idea of “valuation by the ability to take the work forward” which is present in the code of conduct. Efforts are being taken with focus on circumstances that are utilized for training.

The rank givers and candidates must have thorough understanding of structure and standards of company system and they must continue to put in efforts for utilizing this knowledge for rank giving and training.

Sharing of organization targets and improving of business execution ability has been planned while showing ability and conduct that is demanded for improving personal ranking.

The rank givers and the candidates engage themselves in just valuation, treatment and training by continuously creating positions and opportunities in the entire group. The rank giving practice is conducted every year for new managers. However, training of rank givers and candidates has been planned for entire group for 3 years from FY2015.

System survey will also be conducted every year for understanding the status of application of system so as to recognize problem areas and achieve improvement.



■ Career Matching System

A system that has been introduced with the aim to develop and support career of employees and fluidizing human resources, wherein the subject person conducts a PR (results achieved till now and desire to materialize these results) for his career and a change is made if both agree in the interview with the official of the interested company. The subject person can directly express his desire to change to the recruiting department without going through his superiors and his own department.

Promotion of Diversity

Amid global expansion or expansion of business areas in the group, employees with multifaceted personality showing their ability is closely linked to the growth of the company.

Expansion of Global Human Resources Pool

DOWA Group is progressing from recruiting stage to planning based on the concept of working globally without depending upon nationality as a part of promoting diversity. While recruiting new graduates, Japanese students or foreign students that have graduated from foreign universities or foreign students from abroad are recruited and recruit result is rising every year. A training is given for making them familiar with the concept and policy of this company with consideration of human rights at the time of recruitment that is happening rapidly with expansion of employment of personnel from various countries and regions. A training is conducted prior to appointment even for employees that are newly appointed in foreign offices and diversity reception training such as understanding different culture is also conducted. In future too, we plan to expand our global human resources pool.

Training of Overseas Staff

DOWA group promotes training of the entire group including employees stationed in overseas offices. In FY2014, local recruited staff of China and Thailand was invited to Japan for the training on equipment maintenance and safety in technical training center (Shizuoka) and mid to long-term training was conducted in Japan for management candidate employees.



Promotion of Women Activities

No. of women recruited for comprehensive work is 10 to 20 percent of the entire no. of recruits which is not high.

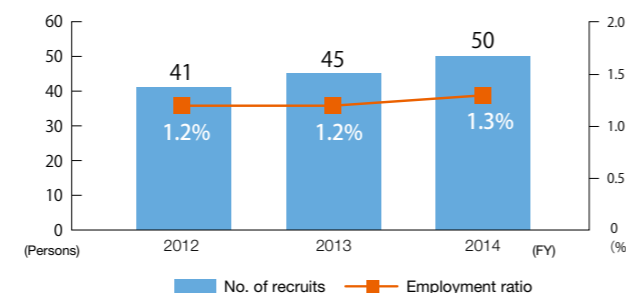
However, ratio of women employees is increasing every year with change in business and working atmosphere. There is no sexual discrimination in the working method and women employees are also very active in the fields such as manufacturing, research and development, production management, administration, finance irrespective of being based in Japan or overseas. Similarly for recruitment and promotion, the valuation is done as per merit and efficiency. In offices, infrastructure and system that can handle various lifestyles have been put in place for making the working atmosphere easy-to-work for women. A project will be started for further promoting women activities in FY2015.

Utilization of Veteran Employees

An environment where employees who have reached their retirement age can work such as reformation of re-employment system, new creation of system that treats the employees according to their role was put in place in FY2013 for employees who wish to work in DOWA group even after retirement. A seminar was held for employees who have reached retirement age so as to provide information on life plan after retirement in FY2014.

Employment for Physically Challenged

In FY2014, the ratio of employing legally physically challenged persons could not be attained in the entire Group. Easy-work environment cannot be materialized for physically challenged in smelting or metal processing factories of this Group and hence, we are working towards increasing employment through creating high-quality working environment or promoting work experience without focusing on equality in the office.



Work-Life Balance

The DOWA group endeavors to improve the workplace for employees. Our work life balance program aims at helping all employees to exercise their abilities to the fullest extent according to their life style both at work and at home. We implemented a more flexible working system like flexible working hours and leave of absence system for raising children and caretaking of family members.

Supporting Diverse Ways of Working

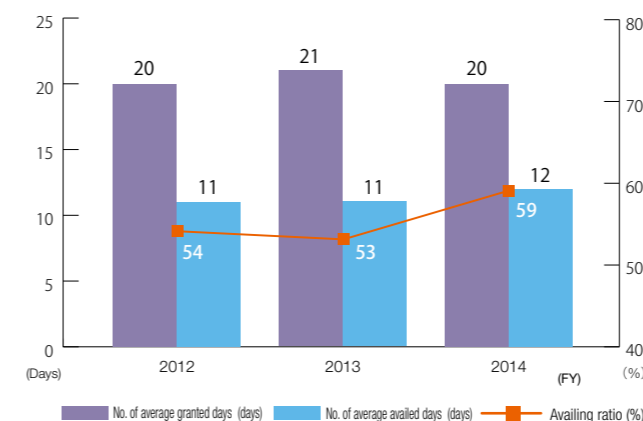
Flexitime system with no core timing has been introduced in DOWA group so as to make the working timings flexible. Besides, volunteered holidays or recreational holiday system that can be availed of after a fixed no. of years of continuous service, support policy that is more than legally stipulated for paid paternal leave (up to 5 days) and restrictions on change in case of moving residence due to children has also been put in place.



Situation of Use of Multiple Systems

No. of system users is rising every year and persons taking paternal leave in FY2014 were 16.9 men and 3 women took nursing leave.

As the situation of availing of the annual salaried leave, 59% employees took this leave as against 20 average granted days. We are working towards improving availing ratio through promoting planned annual holidays and asking for feedback on availing situation throughout the year according to the working situation in each of the offices.



Promoting Policy for Reducing Working Hours

In Japan offices, a labor-management agreement in relation to the overtime work has been made according to the law, which has been submitted to the administrative authorities of the respective jurisdiction. In FY2014, diligent management system was reformed whereby a reformation must be submitted to the manager if fixed working hours are exceeded. Work management training was conducted for new manager who is the main person who manages working hours. Moreover, we are also working towards strengthening management of working hours from the aspect of hardware and software in order to reduce long working hours.

Internal Questionnaire

CSR department every year conducts a questionnaire on work-life balance for newly joined employees. In FY2014, persons wishing to avail of the nursing leave including men crossed 80% for the first time. We also understood that more than 70% employees desire to utilize no-overtime-day or flexitime and at the same time, wish that working environment wherein these systems can be used easily needs to be provided. We will work towards attaining work-life balance in future while considering these opinions.



Valuation from Society

“Public recognition for Kumamoto prefecture as excellent working place for physically challenged”

“Act-B Recycling” that is into recycling of home appliances was awarded as an excellent working place for physically challenged for Year 2014 by Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers, Kumamoto Branch in September 2014. The same company conducts training on dismantling and selection of substrate and personal computer by accepting 25 physically challenged persons

in the format of training conducted by a neighboring facility. These activities were valued this time and reached public recognition on the recommendation of Kumamoto Labor Bureau. In the future, we plan to put up a system for direct employment of the physically challenged in order to take the efforts taken till now a step forward.



Questionnaire Results

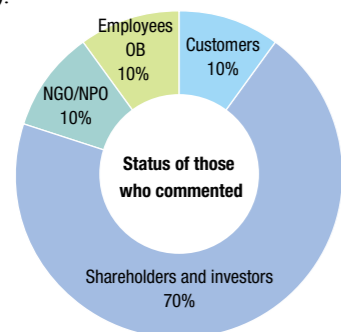
Comments, Opinions & Requests for the DOWA group's CSR Report 2014

We distributed our CSR reports to our stakeholders including shareholders, investors, partners, customers and local people at the general shareholders' meeting, exhibits and environmental events. In addition, we also post all of our CSR reports published so far on our website.

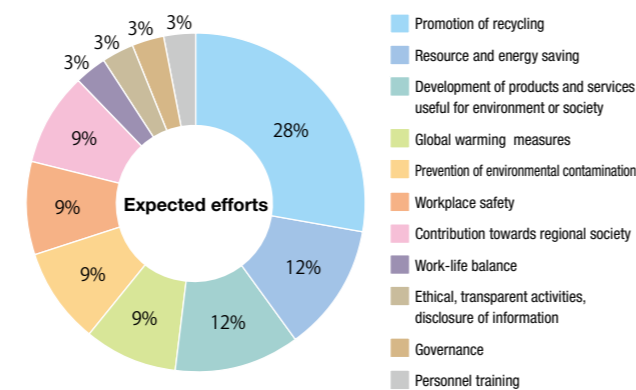
The DOWA group conducted a survey to ask comments and opinions from the readers of our CSR reports. We reflect them and the opinion of a third party expert of last year in preparation for this report as follows.

Comments and Opinions for the Questionnaire

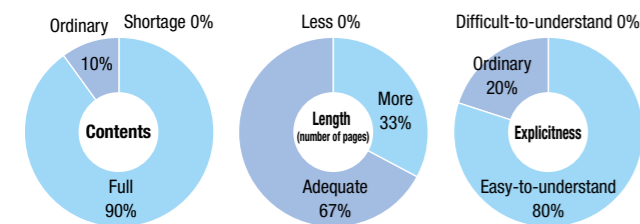
We received many valuable comments and opinions from readers and we appreciate those replies very much. Following are those comments and opinions (overall comments were summarized).



What is Expected from Our Efforts for CSR



About our CSR Report



Main Opinions

- Page of efforts towards society shows approach of information disclosure of the business.
- It was business of raw materials. But, introduce them as products that we feel familiar with.
- Company that society needs.

Main Improvements in CSR Report 2015, Reflecting Comments from Our Stakeholders

From Questionnaire Results

- Very little has been written about work-life balance than other fields. Also wish to know situation of use of system.
⇒ "With the employees" page is increasing and thoroughness of information such as diverse efforts, graph of situation of availing of annual holidays was achieved. (P.41-44)

Third Party's Opinion

- Only items were mentioned in the list of activity results as target. Hence, concrete target with mention of arrival

point may be stated.

⇒ Mid to long-term target "Ideal situation of Year 2020" was set along with reviewing CSR plan in FY2014. Objectives and targets and activity plan for achieving the same for a single year was published. (P.15-16)

- A report on how to concretely expand CSR supply plan is desired.

⇒ Current situation and future plans regarding important policy of governance for "CSR supply" were mentioned. (P.18)

Opinion of a Third Party

DOWA CSR Report 2015

About the CSR Report 2015

This is the 4th year of being associated with third party opinion of CSR report of DOWA group. The progress status of "ideal situation of Year 2020" was clearly understood in the mid-term plan of CSR which was newly created this year by setting index and numerical target linked to each of the important policies. Almost all important problems related to business get covered if point of view of global human rights is added to the details of important policies.

It was reported that "CSR procurement plan" will be reviewed for supply chain and management, essentials of S (sustainability) will be added to the traditional QCD and distribution of CSR supply guidelines and self-checklist to main customers will be started. Their details and execution results will be presented in the next year's report which will further raise the disclosure level.

Towards Further Improvement

35% of the total employees of DOWA group are already working overseas and it is reported that they are working towards overseas training of young employees and expansion of global utilization frame, aiming at diverse growth of global human resources and also putting in efforts into conducting training of overseas staff in Japan. Viewpoint of CSR must not be missed out for making progress while considering diversity of human resources such as showing concern for culture, eating habits, religion etc. Understanding of the local human rights problems and human rights due diligence required for operation must also be combined in case of assuming expanding business in countries with high human rights risk such as Myanmar. More efforts are desired for tackling the global human rights problems that includes concern of diversity.

My Expectations to DOWA's Initiatives in the Future

So many scandals are being discovered now-a-days the world over in fine businesses and businesses that draw attention and corporate governance should be addressed from the root and vision of the society towards business has become tough. As shown in the new mid-term plan, continual growth by overseas expansion and advancing to new growing



Chief Executive, E-SQUARE

Hiro Motoki

E-SQUARE Inc. is a consulting company, aimed at realizing a sustainable society by supporting strategic CSR and environmental management of companies. The company supports many leading business establishments in the fields of strategy, communication, and education and BoP business in developing countries. Mr. Motoki assumed his office of Chief Executive in October 2011. He has been working as a special lecturer for the Graduate School of Environment Studies, Tohoku University since 2005 and also is a frequent lecturer on CSR.

fields is an important task for DOWA group. However, it is extremely important to have a stable governance system in place to form a business atmosphere that does not allow injustice. The ideal state currently is the integration of CSR policy in the new separately setup mid-term plan of management. Stakeholders can be made to understand the state of achieving strong business values if how to pursue CSR can be shown in the business strategy.

The biggest strength of DOWA group lies in the business structure that can offer services consistently from highest to lowest stream of value chain on the basis of high technological competence. It is essential to construct a Circular Economy considering the restriction on buried amount of mineral resources. In future, DOWA group will strive to cross the frame of ordinary business by reviving its strength and to pull the industrial field while showing social model that supports leading business.