

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

Towards the Realization of a Resource-Recycling Society

CSR REPORT 2016

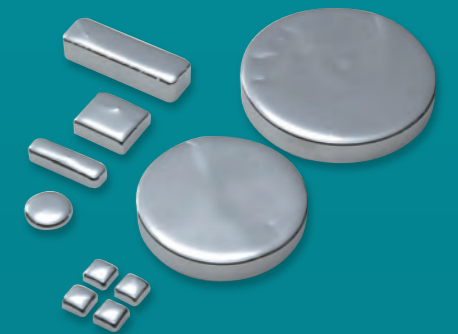
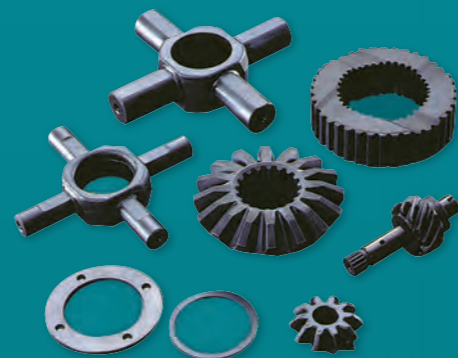
DOWA



* 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.”



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DOWA's CSR

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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 faces a wide range of CSR related issues. We have been promoting effective CSR, with primary CSR activities centered on our operating companies and operating 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 understands our CSR and also plays 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 FY 2016, we have added DOWA THERMOENGINEERING CO., LTD. Hamamatsu-kita plant and PT.DOWA THERMOTECH INDONESIA to the target organizations.

■ Target areas to report

The report consists of four areas of DOWA's CSR policies: Corporate 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 in fiscal year 2015 (April 2015 – March 2016), partially including the past background and previous activities to provide more accurate information.

■ Reference guidelines

The UN Global Compact (UNGC)
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 (to be posted in March 2017).

Check our website for detailed information about the topics with below mark. If mistakes are found after publication of the CSR report, they will be reported on our website with errata notes.

 <http://www.dowa-csr.jp/en/index.html>

(3) Basic information

■ Publication Date

January 2017

■ Date scheduled for the publication of the next report

October 2017

■ Creating Department

CSR Department, DOWA Holdings, Co., Ltd.

■ URL

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

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We would like to express our deepest condolences to those who passed away due to the Kumamoto earthquake that occurred in April 2016, and we would like to express our sincere condolences to the affected people.

Although we have a home appliance recycling factory in Kumamoto prefecture, fortunately there was no damage caused by the earthquake and we were able to continue production, sort and ship the affected household appliances and carry out the as per the request for assistance from the Ministry of the Environment and Kumamoto Prefecture. In spite of poor ability, we were able to resolve various issues through our core business. We shall continue to provide support so that we can recover at the earliest.

Contribution towards the Realization of a Sustainable Society

As we recall, there were 2 major international agreements last year. “Sustainable Development Goals (SDGs)” was adopted by the United Nations in September 2015. In 2009, we signed the “UN Global Compact” in support of the ten principles related to human rights, labor, environment and anti-corruption; in addition to our continued support, we are actively taking initiatives to contribute to achieving SDGs. Also, in December 2015 the “Paris Agreement” was adopted at COP 21 (the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change), and it was decided to aim for a zero-carbon society in the second half of this century. As a CO₂ emission company in the metal smelting process and waste disposal process, etc., the Company has taken efforts to reduce CO₂ emission by renewing its facilities and equipment with high energy-saving performance, utilizing hydroelectric power generation, waste generation, alternate CFC treatment, etc. to reduce CO₂ emission. We shall further fulfill our responsibilities such that we can meet the expectations as a company that can contribute through materials and parts to new energy fields that support global warming prevention technologies.

To actively contribute to the sustainability of society, our company itself must be a sustainable growth entity. As CSR policy, we will establish “Vision for 2020” as the midterm goal for each of the four areas of safety, environment, society, corporate governance which in other words is “S + ESG”, and as for the key measures for the issues that should be given priority, we have set a single year initiative and goal as action plan for achieving it. This started in line with the first year of the 2015 medium-term plan.

Responding to the various social issues such as measures to address global warming and resource and energy issues, calls for cognizance of the influence of the DOWA Group in the supply chain of the global market and carrying out of corporate activities while complying with the global common rules. In addition to complying with the rules and regulations, we shall strictly and thoroughly enforce compliance even more than ever, while observing the social ethics.

Towards an Organization where Diverse Human Resources can be Firmly Demonstrated

The driving force for growth lies with an individual employee and it is essential to work on maximizing the individual capacities. Furthermore, ours is not an organization with uniform human resources that will become the future weapon by responding to the changing speed, rather it is a diversified organization and in turn we believe that such an organization will bring about innovation and stability. To that end, it is important to establish a structure to create a workplace environment where various people can recognize each other's goodness, following a corporate culture that accepts diversity and a fair evaluation so that it can grow. We are promoting it by placing them in the activity plan for the fiscal year.

There are about 9,000 employees of the DOWA Group composed of various races and ethnic groups who work in several countries and regions including Japan and Southeast Asia. Moreover, we have many women employees working in the Company today when compared to a decade ago. We tend to look at the differences that are easy to understand such as nationality, race, age, and gender, however, individuality exists despite the same race; the abilities, work experience and experience are different and thereby the values are different too. We, at DOWA group are willing to promote diversity without overlooking the differences that are not obvious from the appearance.

This report aims to notify all stakeholders inside and outside the company about the initiatives of the DOWA group while each employee shall review his activities once again and aim to be a catalyst for creating new value. Please let us know your frank opinion so that we can create a new value for the DOWA Group to help solve various social issues and create new value in the international community.



DOWA Holdings, Co., Ltd.
President and Representative Director
Masao Yamada

山田 政雄

About DOWA Group

At DOWA group, we are developing a global recycling business comprising of 5 core businesses.

In "Smelting Business", we extract useful metals from various recycled materials in addition to natural resources. The metal that is extracted is processed in several ways by "Electronic Materials Business", "Metal Processing Business", "Heat Treatment Business", made highly functional and incorporated into final products such as automobiles and electronic devices. Furthermore, in the "Environment & Recycling Business", we render the waste harmless, separate metals from used products and collect them. The recovered metal is used again as a refining raw material.

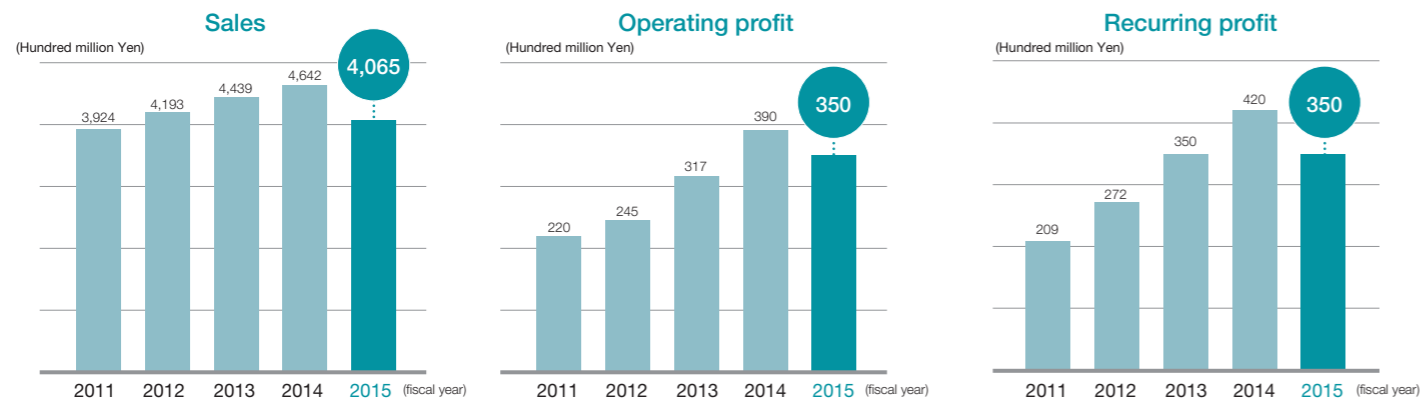
Through the development of such a recycling business, we are providing high-quality products and services and are working on solving social issues such as environmental conservation and resource problems.

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 8,900 persons (As of March 31, 2016)

FY 2015 Financial Highlights

We have been implementing measures in accordance with the basic policy of the medium-term plan that began in fiscal 2015 by expanding the overseas business further and developing the growth markets and peripheral areas thereby expanding business and continuously strengthening business competitiveness. Consolidated sales in FY2015 decreased by 12% to 406.5 billion yen, consolidated operating profit decreased by 10% to 35 billion yen, consolidated ordinary profit decreased by 17% to 35 billion yen, Consolidated net income attributable to parent company shareholders decreased by 18% to 21.8 billion yen.



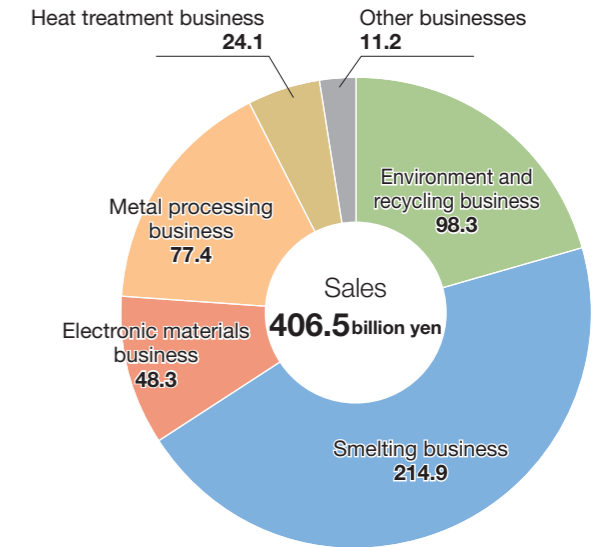
Business Results	2011	2012	2013	2014	2015
Sales	3,924	4,193	4,439	4,642	4,065
Operating profit	220	245	317	390	350
Recurring profit	209	272	350	420	350

Each mentioned year represents the fiscal period from April 1 to March 31 of the next year.

Business-wise Status

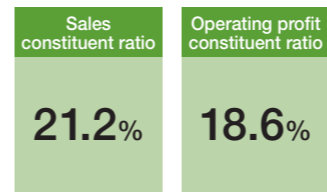
The business environment of the Group in fiscal 2015 saw a decline in automobile production in Japan and Asia as a result of partial demand for automobile related products, and was affected by the inventory adjustments by customers for smartphones. On the other hand, energy-related products continued to remain steady.

Business-wise business overview and the business situation of 2015 are as follows.



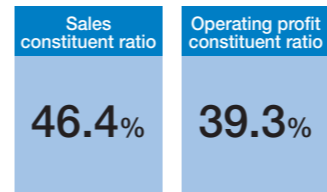
Net sales of each division include 67.8 billion yen eliminated by consolidation adjustment.

Environment and Recycling Business DOWA ECO-SYSTEM CO., LTD.



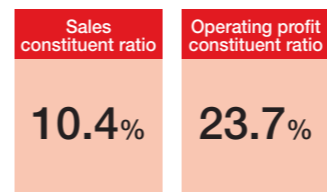
- Waste treatment business Integrated services from collection and transportation to intermediate and final processing of municipal and industrial waste
- Soil remediation business Total support from survey to remediation and monitoring of soil contamination
- Recycling business Collection of valuable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

Smelting business DOWA METALS & MINING CO., LTD.



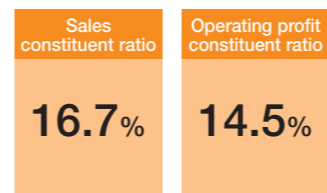
- Precious metals and copper business ... World's leading recycling and smelting that can collect a variety of metals such as gold, silver, and copper
- Rare metals business Recovery of platinum group metals such as platinum from used automobile exhaust gas catalysts
- Zinc business Recovery of platinum group metals such as platinum from used automobile exhaust gas catalysts

Electronic materials business DOWA ELECTRONICS MATERIALS CO., LTD.



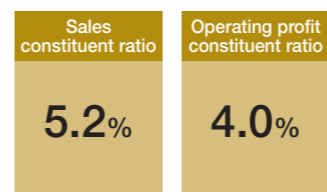
- Semiconductor business Leading manufacturer of high-purity gallium indium semiconductor materials, compound semiconductor wafers, and high luminance and high output LED
- Electronic materials business ... Manufactures silver powder used in new energy applications, copper powder used in electronic components,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

Metal processing business DOWA METALTECH CO., LTD.



- 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
- Circuit board 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 CO., LTD.

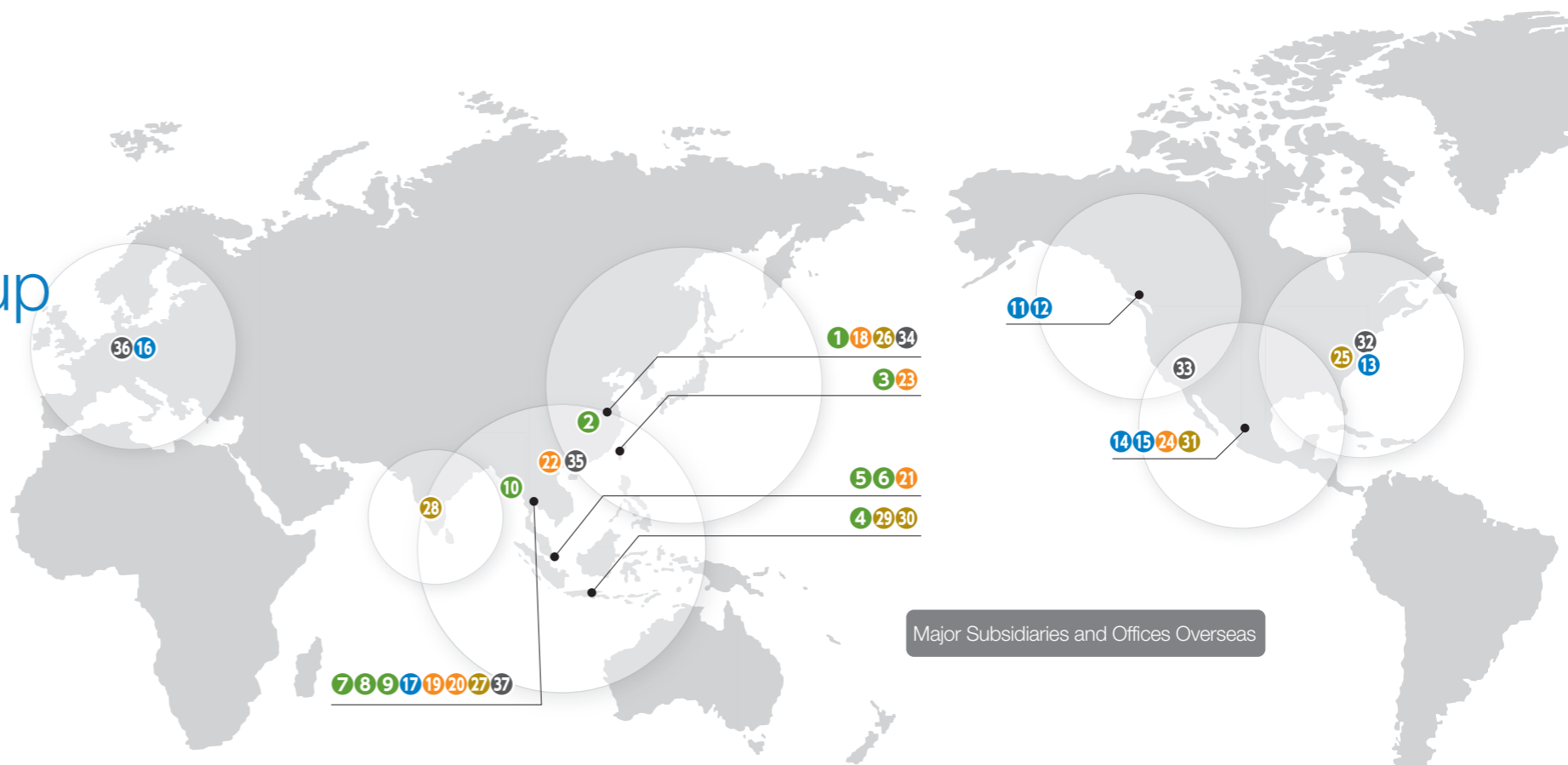


- Industrial furnace business Provides total service from design and erection of furnaces to maintenance, leveraging the know-how of heat treatment processing
- Heat treatment processing business ... Application specific surface treatment that aims at the improvement of abrasion resistance, fatigue resistance and heat resistance in metal gearbox and engine of automobiles, etc.

Overseas Business of DOWA Group

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, based on the corporate philosophy of contributing to a rich lifestyle and construction of a recycling society through our global business activities. Recently, we have been working to expand our business in Asian countries such as Myanmar and Indonesia that continue to have high economic growth, and presently, 35% of all the Group employees are working abroad.

Since the sustainable development of the country and region where the establishment is located act as the foundation for the survival and growth of the DOWA Group, we attend to social issues faced by each of the countries and regions and work to resolve these issues in cooperation with local communities.



Major Subsidiaries and Offices Overseas



Myanmar's first managed disposal site



Shipping of zinc products



Press factor for copper and copper alloys set up in Taiwan



Heat treatment plant in Mexico

Overseas Initiatives

Environment and Recycling Business

- We have set up a final disposal site for the wastes in Myanmar.
- We have advanced the initiative for expanding base in Indonesia and Thailand.

Smelting business

- We have strengthened the collection system of the catalyst for purifying the automobile exhaust gas used overseas.
- We have expanded our zinc products to the Southeast Asian market by taking advantage of the Thai zinc processing plant.

Metal processing business

- We have progressed with the construction of a press working plant in Taiwan.
- We have taken initiatives for expanding business in overseas growth areas such as the establishment of precious metal plating base in Mexico.

Heat treatment business

- We have promoted the expansion of sales of heat treatment furnaces in Mexico where we have newly expanded.
- We have started with the construction of a new base in India.

As of March 31, 2016

Environment and Recycling Business

Dowa Eco-System Co., Ltd.

- 1 Dowa Environmental Management Co., Ltd. (China)
- 2 Jiangxi Dowa Environmental Management Co., Ltd. (China)
- 3 Dowa Eco-System Co., Ltd. Taiwan Office
- 4 PT. Prasadha Pamunah Limbah Industri (PPLi) (Indonesia)
- 5 Technochem Environmental Complex Pte. Ltd. (TEC) (Singapore)
- 6 DOWA ECO-SYSTEM SINGAPORE PTE. LTD. (Singapore)
- 7 Waste Management Siam Ltd. (WMS) (Thailand)
- 8 Bangpoo Environmental Complex Ltd. (BPEC) (Thailand)
- 9 Eastern Seaboard Environmental Complex Co., Ltd. (ESBEC) (Thailand)
- 10 GOLDEN DOWA ECO-SYSTEM MYANMAR COMPANY LIMITED (Myanmar)

Dowa Metals & Mining Co., Ltd.

- 11 Dowa Metals & Mining Co., Ltd. Vancouver Office (Canada)
- 12 Cariboo Copper Corporation (Canada)
- 13 NIPPON PGM AMERICA, INC. (U.S.A.)
- 14 Dowa Metals & Mining Co., Ltd. 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)

Metal processing business Dowa Metaltech Co., Ltd.

- 18 Dowa Advanced Materials Shanghai Co., Ltd. (China)
- 19 DOWA METALTECH (THAILAND) CO., LTD. (Thailand)
- 20 DOWA Precision (Thailand) Co., Ltd. (Thailand)
- 21 Dowa Metaltech Co., Ltd. Singapore Branch
- 22 Dowa Metaltech Co., Ltd. Shenzhen Sales Office (China)
- 23 DOWALI PRECISION CO., LTD. (Taiwan)
- 24 DOWA METALTECH MEXICO, S.A. DE C.V. (Mexico)

Heat treatment business Dowa Thermotech Co., Ltd.

- 25 DOWA THT AMERICA, INC. (U.S.A.)
- 26 Kunshan Dowa Thermo Furnace Co., Ltd. (China)
- 27 DOWA Thermotech (Thailand) Co., Ltd. (Thailand)
- 28 HIGHTEMP FURNACES Ltd. (India)
- 29 PT. DOWA Thermotech Indonesia (Indonesia)
- 30 PT. DOWA Thermotech Furnaces (Indonesia)
- 31 DOWA THERMOTECH MEXICO, S.A. DE C.V. (Mexico)

Headquarters, Others

- 32 DOWA INTERNATIONAL CORPORATION (U.S.A.)
- 33 DOWA INTERNATIONAL CORPORATION San Jose Branch (U.S.A.)
- 34 Dowa Holdings (Shanghai) Co., Ltd. (China)
- 35 Dowa Holdings (Shanghai) Co., Ltd. Shenzhen Branch (China)
- 36 DOWA HD Europe GmbH (Germany)
- 37 DOWA HOLDINGS (THAILAND) CO., LTD. (Thailand)



Special Feature

CSR in Overseas Business

As a company with its roots in communities and countries doing business, the DOWA Group is committed to building relationships in which society and companies develop sustainably.

Among the Asian countries, Indonesia, which has the world's fourth largest population, continues to show stability and high economic development. The DOWA Group has two businesses, namely, the Environment and Recycling Business and Heat treatment business in Indonesia, that has many global enterprises; therefore these businesses are indispensable considering Indonesia's potential for future growth.



Indonesia



DTI (PT.DOWA THERMOTECH INDONESIA)

The company entrusted with heat treatment processing plays a part in the development of automobile and machinery industry in Indonesia.

DTI (PT.DOWA THERMOTECH INDONESIA) was founded in June 2012 and is located in the Karawang Industrial Park which is in the vicinity of approximately 50 kilometers east of the capital city of Jakarta that takes about an hour by car. This company outsources heat treatment processing to increase the toughness and fatigue resistance of metal for automotive parts and construction machine parts etc.

In March 2015, the third phase of construction work was completed in which the installable space of the furnace grew to three times as large the size when inaugurated. In the Karawang Industrial Park where DTI is located, automobile and related factories concentrates, therefore the root is laid there for the development of heat treatment service.



DTF (PT.DOWA THERMOTECH FURNACES)

This is a background maintenance service that supports the heat treatment facility at Indonesia.

DTF (PT.DOWA THERMOTECH FURNACES) was founded in the same location as DTI in May 2013. We are doing the installation and maintenance of the heat treatment facility.

Many of the two-wheelers and four-wheelers that have increased the sales in Indonesia recently belong to Japanese manufacturers and it is our heat treatment business that supports the manufacturing. DOWA Thermotech has been delivering a number of heat treatment facilities to automobile and part manufacturers in Indonesia from the past, however, as a comprehensive heat treatment manufacturer with heat treatment processing and maintenance businesses, we are building a system that can be multifaceted to customer's needs, with the cooperation of DTI and DTF.

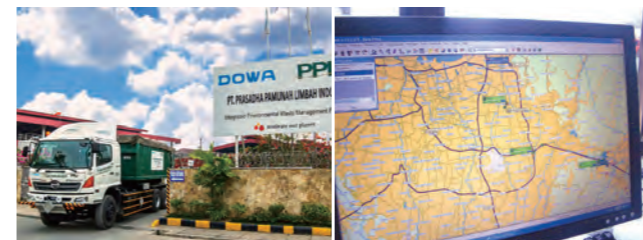
PPLi (PT. Prasadha Pamunah Limbah Industri)

This is the only comprehensive environment and waste disposal company in Indonesia.

PPLi (PT.Prasadha Pamunah Limbah Industri) is a waste disposal company that has the final disposal site for hazardous waste one and only in Indonesia. It was established in 1994 in Bogor County which is about 40 km south of Jakarta and was added to the DOWA group in 2009. PPLi does comprehensive environmental projects such as recycling, survey and purification of contaminated soil, apart from collection and transportation of industrial wastes and their intermediate and final treatments.

Waste disposal management is familiar to all industries and as an entity that supports the social infrastructure of Indonesia, the responsibility of PPLi of manages the final disposal site for hazardous waste is critical.

The final disposal site of PPLi has a structure conforming to the US-EPA (US Environmental Protection Agency) standard and it carries out regular monitoring of groundwater, surface water, leachate water, final discharged water, etc. based on local rules and regulations. In addition to this, even after completing the filling up work, we are obliged to manage it in the same manner for 30 years.



PPLi collects and transports waste from all the islands of Indonesia and plays a major role in transporting the waste safely and reliably to the waste disposal companies. By gathering various types of

trucks and containers, wastes are transported safely according to their varying properties and shapes. Moreover, the trucks owned by PPLi are all equipped with GPS and this system is used to constantly check the position and route of each truck and manage the operation. The route of the truck is tracked from the customer's waste collection site to the PPLi and we are taking initiatives for the safety management of the driver and schedule management in Indonesia where traffic is heavy.

It is very important for the company management to conduct business while gaining the understanding of the local residents, and this is considered particularly important by PPLi which carries out the waste disposal work. PPLi is actively working to improve the living conditions of the neighboring areas and support community activities among the CSR activities. It is also dedicated to overseeing the local community with the person in charge listening to requests from each representative of the local community and providing fair and impartial support after discussion. Specifically, it provides assistance for sending teachers to local elementary schools, support medical sanitation activities for local residents, and support construction of assembling areas etc.



DOWA's Business and Social Issues

In September 2015, the "Sustainable Development Goals (SDGs)" was adopted at the United Nations "Sustainable Development Summit." The SDGs clearly state 17 goals and 169 targets to be resolved by 2030 on a global scale. To achieve this sustainable development goal by 2030, we are required to take action in every global sector including corporates.

Social Issues related to the Effective Use of Resources

Goal and Target of SDGs and DOWA's Initiatives

"Effective utilization of resources", which is one of the 17 goals of SDGs, is an area that is most familiar to our business as it utilizes metal resources and it is an important social issue.

Goal 12. Ensure sustainable consumption and production patterns



- 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
- 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

The naturally available ores will be depleted with continued consumption. Recycling is one solution for effective utilization of resources, but it also requires the technology to efficiently recover metals as well as the technology and infrastructure for safely handling the harmful and non-useful items generated in the process. At the same time, it also includes the technological and economic issues to be solved in recycling, such as building a social system that efficiently collects recycled materials, labor and cost of processing a wide variety of raw materials, etc. The DOWA Group is working on the use of sustainable metal resources while facing such challenges.



Examples of the Approach of DOWA Group



Towards the Utilization of Sustainable Metal Resources

Optimization of value chain in resource recycling

The DOWA Group is developing a wide range of recycling businesses for precious metals, home appliances, automobiles, used small home appliances, etc. Rather than carrying out single recycling in a fragmentary chain, we are enhancing resource efficiency by combining processes based on the characteristics of the facilities owned and the geographical situation of the sites. In cooperation with departments such as waste disposal, transportation and research laboratories, we are taking initiatives to make effective use of resources while balancing environmental conservation and safety. In addition, we are taking initiatives to optimize the value chain with different sectors and external partners as necessary.

Promotion of International Resource Recycling

In the future, as we consider sustainable use of resources throughout the world, it is also necessary to work across borders to reduce the environmental impact and maximize resource efficiency. Japan is a country that has been working on the "3R" from the early days to reduce environmental impact and promote the efficient utilization of resources. DOWA group has been developing metal recycling, home appliance recycling and waste treatment business in China, Singapore, Thailand and Indonesia leveraging the recycling technology established in Japan and resources such as infrastructure, knowledge, experience and personnel. We are also building a global resource recycling system that complies with environmental conservation, such as collecting recycled materials overseas through sampling factories in the US and the Czech Republic and collecting rare metals at domestic smelters.



CSR Policy and Plan

The DOWA group started taking initiatives based on the CSR plan targeted for FY2020 from April 2015 of the first year of the mid-term management plan.

■ The concept of CSR plan and goals

Setting the “Vision for 2020” as the mid-term goal in the 4 priority areas of CSR policy, namely, corporate governance, safety, environment and society, we have set up the action plan for realizing it as a single-year initiative and goal considering it as a focus measure to be taken to achieve the goal. For details about sector-wise actual results and initiatives in FY2015, please see the field report from the next page.



Areas	CSR Policy	Mid-term Goal “Vision for 2020”	Focus Measures	Indicator	Goal for 2020	Activity Plan for FY2016			
						Initiative	Goal		
Corporate 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 the international agreements. We will take CSR into consideration in our procurement. 	<ul style="list-style-type: none"> Healthy business management is promoted by ensuring sufficient functions, appropriate information disclosure and transparency in the internal control system. 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.” CSR is promoted throughout the supply chain by building partnerships with business connections. 	Strengthening of internal control and governance	No. of important deficiencies to be disclosed	0	Creation of internal control handbook	Briefing sessions to senior executives and representatives Number of participants: 140 or more Distribution of translated version		
			Strengthening of compliance and risk management	Implementation rate of internal education and briefings	100%	Support for internal control activities of domestic and overseas companies	10 companies domestic and overseas		
			CSR procurement promotion	Supplier survey coverage rate *Excludes contractors	Transaction amount base 80%	Supplier CSR audit	More than 6 companies		
						Preparation of CSR audit procedure	Same as left		
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 supporting health of our employees. 	<ul style="list-style-type: none"> The occupational safety risks of the workplace are managed and minimized appropriately, and a comfortable and safe working environment is realized. 	Raising the bottom level of the company-wide safety	Frequency rate Severity rate	0.1 or less 0.01 or less	Strengthening of transverse initiatives in district units	Frequency rate 0.9 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	Increase in the countries targeted for providing education and education by visiting Japan	4 countries or more		
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. 	<ul style="list-style-type: none"> Responsible for the core of the international resources recycling network in Asia and the Pacific rim area. Effective reduction of CO₂ emissions per unit has been achieved by various energy saving measures and active use of renewable energy. The environmental risks of the workplace are managed properly, and environmental accident-generation risks are minimized. Biodiversity conservation activities are promoted in collaboration with the upstream and downstream of the supply chain. 	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		
			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	Promotion of renewal of energy-saving equipment at large-scale disposal sites	Total greenhouse gas emission 1% reduction from the preceding fiscal year		
			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	Mutual inspection of environmental management system	5 districts or more		
			Understanding of biodiversity risks of suppliers Status confirmation of biodiversity consideration 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. 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. We will promote social contribution appropriate with community standards together with local communities. 	<ul style="list-style-type: none"> 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. Social contributions reflecting each local community are deployed in Japan and outside Japan. 	Promoting diversity	Employment rate of people with disabilities	2.0%	Expansion of a global human resources layer	Same as left		
						Strengthening and training of employees hired overseas and locally Aggressive development of career and employment	Same as left 2.0%		
						Attendance rate of education and promotion of participation by women	100%	Implementation of training for female employees and managers	1 time each
			Promoting work-life balance	Annual paid leave acquisition rate	70%	Thorough knowledge within the company of the various systems Encouragement of annual leave Promotion of measures to reduce working hours	Same as left 60%		
						Employee satisfaction - Business planning system	90%	Implementing training of appraisers and persons being appraised Conducting system surveys	Appraisers and persons being appraised No. of participants in the training 600 persons
						Voluntary career development support for employees	Educational system and details	70%	Expanded education of the layer targeted for in-house education Development of a training system for stratified education
			Promoting social contribution	—	—	In-house knowledge of advanced cases Supporting business entity initiatives	Information sharing by portal site		

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.”

Governance

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.

Focus Measures

Promotion of 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 of DOWA Group “Q.C.D+S(Sustainability)”

As a material manufacturer, the DOWA Group promotes CSR of its company from the standpoint of suppliers, while also requesting business partners to undertake initiatives for CSR. Our CSR procurement is characterized by adding “S (Sustainability)” to conventional procurement which is Q (Quality), C (Cost), and D (Delivery date). “S” means initiatives towards social responsibility such as human rights consideration and environmental conservation.

The “CSR Procurement Guidelines” formulated in FY2014 explains about the distribution to partners through the procurement department while also visiting the procurement personnel and business companies in each region to get an explanation and understanding within the group, and the circumstances surrounding CSR procurement and thoughts about our policy.



Progress of Activities

Following is the status of activities for FY2015 and the plan for FY2016 in the field of Corporate Governance.

FY2015 Results

Corporate Governance Focus Measures	Initiatives	Goal	Evaluation	Main Results
Strengthening of internal control and governance	• Preparation of internal control handbook	Same as left	A	Creation and distribution to group companies
	• Regular education within the country and abroad	Domestic and overseas 10 times	A	Domestic: 10 times Overseas: 6 times
Strengthening of compliance and risk management	• Strengthening internal control compliance education	Implementation rate of briefing sessions 100%	A	Implementation rate of briefing sessions at each site 100%
	• Strengthening of BCP effectiveness	Same as left	A	Implementation of questionnaire survey on the maintenance status and hearings at each company
Promotion of CSR procurement	• Implementation of Supplier questionnaire	Main 100 companies	A	Distribution to 107 major suppliers, collection rate of 90% Feedback implementation
	• Supplier CSR audit	Implementation	A	Implementation in 2 companies

*Evaluation: A: Accomplished, B: Fair, C: Not Satisfactory

FY2016 Initiatives and Goals

Strengthening of internal control and governance	Dissemination of internal control handbook	➔	Briefing sessions to senior executives and representatives Number of participants: 140 or more / Distribution of translated version
Strengthening of risk management and compliance	Supporting internal control activities of domestic and overseas companies	➔	Domestic and overseas 10 companies
Promotion of CSR procurement	Supplier CSR audit Preparation of CSR audit procedure	➔	6 companies or more Same as left

CSR Self-check and Confirmation Visit

In FY2015, we created a self-checklist based on the CSR Procurement Guidelines and started self-checking of partners. Distribution was made to 107 major partners selected according to the degree of importance of material and purchase price and about 90% was recovered. Regarding the evaluation results, we sent a feedback report and requested the partners to act more aggressively with items that are considered to lack initiatives.

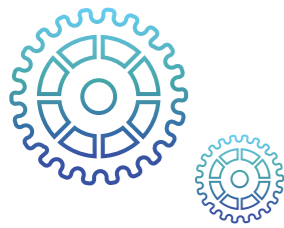
In addition, we made confirmation visits to partners who are very important to business. In FY2015, we visited two companies and conducted factory inspection, interviews and document confirmation based on the results of self-check. Consequently, we pointed out some items related to “safety and health” such as wearing protective equipment and management of first aid products and requested improvement. Confirmation visit is done by the audit team consisting of the CSR department and procurement department, however, since the personnel from our factory using the target materials will also join the team, we are aiming at strengthening the trust and relationship with partners and further penetration of CSR procurement activities into the company.

Future Initiatives

Going forward, we will continue our self-check survey and confirmation visit once a year, communicate with partners regarding as evaluation feedback and support and promote CSR initiatives throughout the supply chain. In addition to asking new suppliers to understand and practice “CSR Procurement Policy” we will also work to improve our CSR level so that we can get our partners to understand and trust our CSR. In FY2016, we will revise the questionnaire sheet to improve the collection rate of the self-checklist and proceed with the audit procedure, etc., to ensure reliable operation.



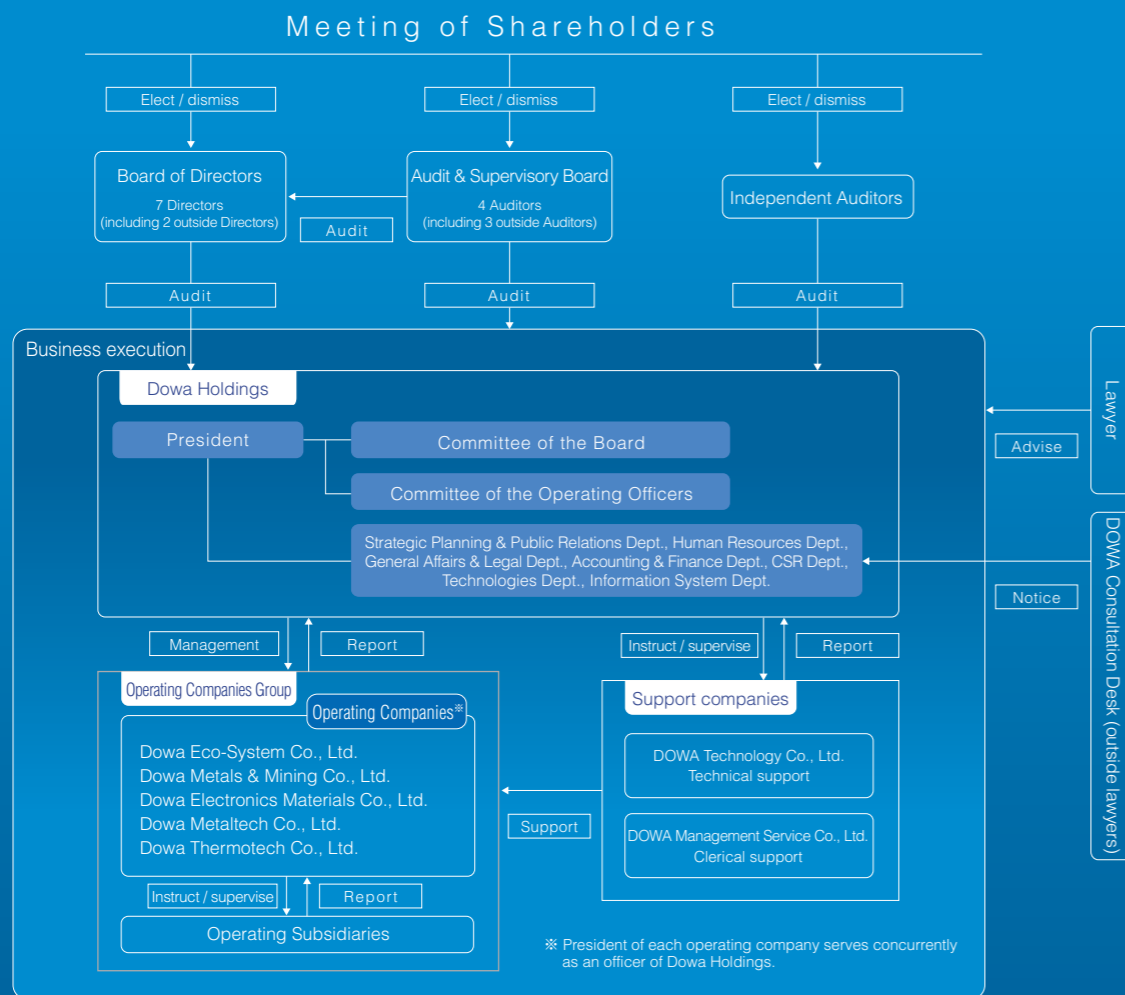
Web CSR Procurement Policy
http://www.dowa-csr.jp/en/csr/csr_procurement.html



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 2016

Types of organization	Company with auditors
Number of directors	7 persons (No. of directors designated in the article of incorporation: 13 persons)
No. of external directors included	2 persons (1 of them is 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 persons (No. of auditors designated in the article of incorporation: 5 persons)
No. of external auditors included	3 persons

As a general rule, the Management Executive Committee, which includes the Board of Directors and executive officers, is held once a month to promote information sharing. Each Auditor conducts audits on the execution of duties by the Directors and in principle reports at the Board of Auditors meeting, which is held once a month, to ensure the effectiveness and efficiency of the audit.

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 FY2015, we conducted briefings at 7 domestic bases, internal audits in 14 companies and overseas internal audits in 15 companies in North America, South East Asia and China, as a part of strengthening the internal control.

Please refer to our annual report on the basic policy regarding the internal control system and its operation status. <http://www.dowa.co.jp/en/ir/library/annual.html>

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 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. BCP was reviewed on a regular basis and in FY2015, 24 business subsidiaries reviewed the supposed targets and countermeasures of BCP.

In addition, we strive to maintain and improve the initial response capability by conducting emergency drills once a year, establishing initial emergency response headquarters at an enterprise level and in business companies and each division of the business unit, confirming safety of employees and reporting the damage situation between each emergency response headquarters.

Survey of BCP Formulation in Supply Chain

The DOWA group mainly deals with B to B business and a disruption of the supply chain means a strong impact on the production and sales of customers at delivery destinations, therefore, through our CSR procurement, we are checking the formulation of BCP regarding rapid business restoration and its continuation in the event of a disaster, for the benefit of our main partners. For the business partners who are not yet decided, we explain the importance of the initiatives and request strengthening of BCP countermeasures.

DOWA Hotline Desk

With an aim of encouraging the early detection of risks associated with corporate activities and making employees find the workplace environment safer and more comfortable, we have established a "DOWA Hotline desk" that allows direct consultation with corporate lawyers. This is announced conducted through intranet, poster, etc. in which the confidentiality of reporting, etc. is maintained and guaranteed that the whistleblower is not subjected to unfair treatment. To build a healthier partnership with business partners and collaborating companies, we have opened the window of the DOWA Hotline desk outside the company so that it can be availed by the employees of business partners and collaborating companies. At the desk, we maintain the confidentiality of consultations and opinions received and respond promptly and appropriately.



Relationship with National and Local Governments and Industries

The DOWA Group is promoting activities related to public policies such as international collaboration, participating in councils and forums at government and industrial organizations, solving social issues, establishing and reviewing legal systems.

Example of Participation

DOWA Holdings President and Representative Director, Masao Yamada

February 2013 – present	Member of the Central Environment Council, Ministry of Environment
December 2012 – present	Chairman of the Waste Recycling Subcommittee, the Environmental Safety Committee, Keidanren (Japan Business Federation)

We are actively participating in international conferences hosted by Government agencies in Japan and other countries and are contributing to various policies from the industrial standpoint.


Participation in International Organizations and Consortiums

The DOWA group has been participating in the UN Global Compact (UN GC), which is a voluntary international corporate citizenship advocated by the UN, since 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.

Even in formulating CSR procurement policies and guidelines, we reflect the principles of global compact, such as respect for human rights and elimination of child labor.

Ten Principles of Global Compact

- Human Rights
 - 1 Businesses should support and respect the protection of internationally proclaimed human rights.
 - 2 Make sure that they are not complicit in human rights abuses.
- Labor
 - 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
 - 4 The elimination of all forms of forced and compulsory labor.
 - 5 The effective abolition of child labor.
 - 6 The elimination of discrimination in respect of employment and occupation.
- Environment
 - 7 Businesses should support a precautionary approach to environmental challenges.
 - 8 Undertake initiatives to promote greater environmental responsibility.
 - 9 Encourage the development and diffusion of environmentally friendly technologies.
- Corruption Prevention
 - 10 Businesses should work against corruption in all its forms, including extortion and bribery.

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

Compliance

In the DOWA Group, we have positioned "Legal Compliance" as the fundamental of corporate management and are working on measures to strengthen internal control and education based on the "DOWA Group Values and Code of Conduct."

In addition, each DOWA Group company aims to improve the awareness on compliance by handling the annual internal audits (legal audits).

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 annual surveys in our subsidiaries both in Japan and other countries.

In FY2015, we visited four Indian operating subsidiaries to conduct field visits and interviews. They are for promoting efforts towards human rights, based on a policy prohibiting employment, especially child labor and we confirmed that they are not being done.

Regarding the prevention of corruption, we explained using case examples and implemented group work initiatives to prevent corruption at the Internal Control Handbook briefing session.



TOPICS Acquisition of Certification for Conflict Mineral-free Smelter

Conflict minerals refers to gold, tantalum, tin, and tungsten produced from the Democratic Republic of the Congo and its neighboring countries which are the sources of funding for armed groups and anti-government organizations in the area. In the United States, the "Wall Street Reform and Consumer Protection Law" (commonly known as the Dodd-Frank Act), has stipulated the US-listed companies to check whether their own products include "conflict minerals" related to fraud, such as human rights violations and report to the US Securities and Exchange Commission.

It is not easy to track the minerals contained in the materials and parts of several products till the most upstream mine. For this reason, EICC, which is a group of companies promoting CSR in the electronic industry and GeSI, which promotes sustainability in the ICT sector, conduct a program (CFS certification system) that audits the smelter closest to the upstream and certifies it as "free conflict-free smelter." In the DOWA group, the Kosaka Smelting and Refinery Co., Ltd., which is a compound recycling smelter, had its gold certification in FY2012 and tin certification in FY2014 and we continue to update the certification every year since obtaining the CFS certification for gold in FY2013 in the ecosystem recycling that carries out precious metal recycling (secondary refining). In the CFS certification program, an independent third-party institution verifies the process of analyzing procurement materials of smelter/refinery, verifies the method of deciding suppliers and the appropriateness of definition of recycled materials, etc. through on-site audit and document verification and determines whether all the ores and raw materials handled are collected from conflict-free mines and mineral deposits or if they are the materials derived from recycling. We will continue to promote CFS certification by promoting risk management, partner monitoring, in-house education, etc. so that customers can use conflict-free gold and tin without fear of human rights violation.



Safety

Occupational health and safety is one of the most important themes in helping the DOWA group to promote CSR activities through business and with that thought we are developing various safety activities based on our basic philosophy, "Safety is the top priority."

CSR Policy

- 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."
- We will prevent work-related accidents and support the sound health of employees.

Focus Measures

Strengthening of Safety Education for Overseas Subsidiaries

Technical Training Center Training in Japan

With DOWA group's basic philosophy of "Safety is the top priority", all employees voluntarily work on activities and aim to improve safety and health standards.

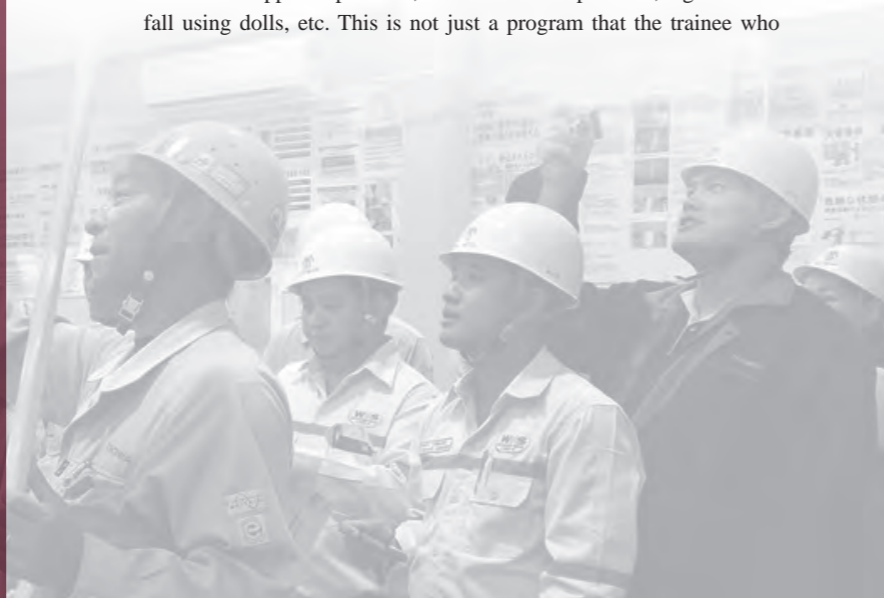
Legal systems and standards relating to safety and health differ across countries and regions, the safety consciousness also varies and therefore we consider the focus on strengthening overseas subsidiary safety education as a focus measure. We are strengthening the support system for safety activity education so that overseas local staff can understand this basic philosophy helping in its penetration across the company.

As an example of the initiative, we started a training program for the overseas staff visiting Japan in FY2014; in FY2015 we expanded the target countries newly and increased catering education and visiting Japan for training.

Visit Japan for Training Program and Follow-up Meetings

The Visit Japan for Training Program conducts safety lectures, risk experience-based training and equipment maintenance education for a week at the Safety Training Center and Technical Training Center located in Iwata, Shizuoka.

Specifically, the "DOWA Group's Safety and Health Policy" assesses if "Safe" firstly with practical training by special lecturers for safety education, 5S, voluntary conservation, planning and maintenance by means of lectures on the kind of state/action, accident disaster occurrence, risk assessment, work procedure, etc. and risk-based experiences such as trapped experience, electric shock experience, high altitude fall using dolls, etc. This is not just a program that the trainee who



Progress of Activities

Following is the status of activities for FY2015 and plan for FY2016 in the field of safety.

FY2015 Results

Safety Focus Measures	Initiatives	Goal	Evaluation	Main Results
Raising the bottom level of the company-wide safety	• Strengthening of transverse initiatives in district units	Frequency rate 1.0 or less	C	0.98
		Severity rate 0.02 or less		1.35
Strengthening of safety education for overseas subsidiaries	• Increase in the countries targeted for providing education and education by visiting Japan	No. of times: 5 times	A	13 times
		No. of persons: 50 persons		136 persons

*Evaluation: A: Accomplished, B: Fair, C: Not Satisfactory

FY2016 Initiatives and Goals

Raising the bottom level of the company-wide safety	Strengthening of initiatives across regional units	➔	Frequency rate 0.9 or less Severity rate 0.02 or less
Strengthening of safety education for overseas subsidiaries	Increase in the target for catering education and visiting Japan for training	➔	4 countries or more

comes to Japan learns but it is also a program to become a "Mission Evangelist" at overseas companies after returning home. In FY 2015, a total of 36 local staff members from Thailand, China and Indonesia came to Japan five times, and those who were recognized as passed returned home as safety evangelists with a completion certificate.

The special lecturers who taught in Japan visited the site and checked whether there was reporting of information such as the safety deployment, 5S activities and voluntary equipment of maintenance after return from training in Japan and a follow-up meeting was held with the top affiliated companies. We were able to check the effects such as "Originally we had implemented safety patrols monthly, but

we were able to build a system that boosts driving force for 5S and can also implement 5S patrol every month", "The awareness of operators about the early abnormalities has increased rather than calling maintenance forces after they failed."

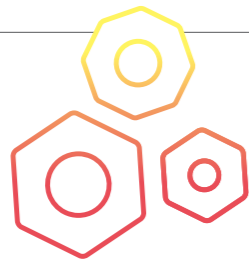
In addition to visiting Japan for training, we are also emphasizing on "local safety education" where domestic staff go to the site to train. In FY2015 we focused on educating "How to use correct tools" in Thailand. Due to the achievements of the activities of visiting Japan for training and local safety education, the number of disasters occurring overseas has steadily declined. Going forward, we will regularly hold local safety conventions etc. and the DOWA group will promote safety as a whole.



DTI Follow-up Meeting



"Risk Experience Training" experience being caught in machines



Occupational Safety Initiatives

Based on the DOWA group's CSR Policy that "All employees shall voluntarily work on initiatives and aim for the improvement of safety and health standards from the standpoint of the basic policy being, "Safety is the top priority", we have organized safety and health committees at all business sites and are developing various safety activities based on the annual safety and health plan.

Initiatives in Japan

With the company-wide safety campaign project that was launched across the entire group since FY2013, we checked the current gap between "Vision" = "The most effective safety activity approach" and are steadily promoting initiatives based on the improvement plans aimed at realizing the vision.

Safety Recognition

At Akita Rare Metals that recycles Indium in the city of Akita, the accident-free period has been continuing for a long time. In FY2015, we adopted a risk assessment method to the improvement activities and small group activities that we had been implementing from the past, and received the President's award for safety for the achievement of both risk reduction and improvement in work efficiency simultaneously. In the case study initiative, we are trying to improve safety awareness such as replacing the accident scenario of another company with your own workplace, doing a risk assessment and checking 5W1H, etc. so that accidents and disasters can be self-captured.



Reduction of risk by manhole weight reduction and reduction of working time

Initiatives outside Japan

In Southeast Asia where many DOWA Group offices are located, we have started joint safety cross-patrol etc. between the bases in FY2013. In FY2015 we strove to expand our educational activities such as training for safety staff from China, Thailand and Indonesia bases in Japan, for the purpose of nurturing human resources responsible for strengthening the field strength.

Human Resource Training Initiatives

In DOWA Thermotech Indonesia, we are focusing on nurturing local human resources through safety, quality, compliance etc. Maintaining high quality and cleanliness of the factory comparable to that of the factories in Japan by promotion of 5S activities and education using original images, thoroughness of "Information, reporting, phasing" and greeting activities has helped gain the trust of the users which has resulted in improved business performance.



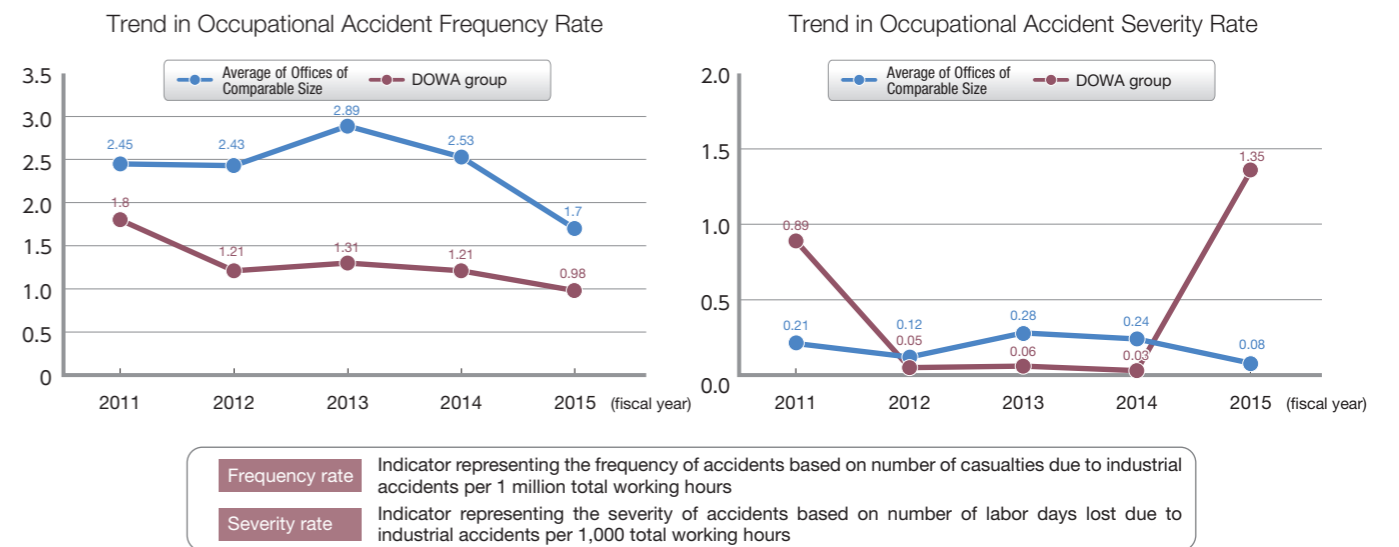
Education using own video materials

In addition to the corporate philosophy and action guidelines of the DOWA Group, we have established policies and behavioral standards that take into consideration Indonesian laws and cultures, and implemented dissemination and education through in-house training, morning meeting sessions and employee communication.

Occurrence of Work-related Accidents

Compared with figures for offices of comparable size in the Ministry of Health, Labor and Welfare accidents statistics, the frequency rate was 0.98 against 1.70 and severity rate was 1.35 against 0.08 and the severity rate shows higher value than frequency rate.

* Compared with FY2015 accidents statistics definite value when number of employees was 100-299 (average number of employees at each of our offices)



Accidents in DOWA Hightech

Two people died in the early hours of January 3, 2016 due to a tank explosion accident that occurred at DOWA Hightech Co., Ltd., which is a subsidiary of our Company. We express our deepest condolences to those who passed away and sincerely apologize for any inconveniences and concerns caused to all those concerned. Going forward, we will certainly implement various safety measures and work to strengthen our safety management system.

Promotion of Health Management

The DOWA group develops various measures such as health check, mental health measures, support for sports events, etc. for promotion and health management of employees and their families.

Health Check

The departments and business units are taking initiatives for all employees to have their regular health check done every year to raise their awareness towards health, so that they can maintain their physical and mental health. In addition to this, we are also making the most of various subsidy programs such as medical checkups, gynecological examinations, influenza vaccination, etc. We have also taken various initiatives directed at improving the consultation rate of specific medical checkup intended for insured persons of age 40 or more and nonworking dependents by providing information through group newsletters, etc.

Further, we also provide a subsidy system for sporting events for employees through sports and exercise so that they continue to maintain and promote a healthy body.

Mental Health Initiatives

The DOWA Group is taking initiatives towards creating a healthy workplace for both mind and body. 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). We have also introduced self-check tools since FY2013 that can be used for self-diagnosis of mental health, for achieving prevention of mental illnesses by enhancing the awareness of own stress condition.

TOPICS Certified Company for Safety and Good Health

According to the official announcement of "Companies with excellent safety and health" by the Ministry of Health, Labor and Welfare, which was started in FY2015 with the goal of "Company Performance in Occupational Safety and Health", Meltec that carries out melting and recycling of waste ranks 17th in the nation and received its first recognition in the Tochigi Prefecture. This certification is subject to efforts in a wide range of fields such as workers' health maintenance promotion measures, mental health measures, safety management, etc., however, activities such as promoting the visualization of Meltec's risk areas and conducting all-member safety meetings, etc. were evaluated.



The DOWA Group recognizes the impact of business activities on the environment, positions environmental and social initiatives through its core business, positioning the reduction of the environmental impact on its business as an important issue in management and is working on a groupwide initiative.

Environment

CSR Policy

- We will provide customers (customers, regions, etc.) 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.

Focus Measures

Conservation of biodiversity

Mangrove Plantation in Thailand

In FY2015, the Eastern Seaboard Environmental Complex Co., Ltd. (ESBEC), which handles waste disposal in Thailand, collaborated with local elementary schools and residents on the Sattahip Coast located at the southernmost tip of Chonburi Province and conducted mangrove planting activities.

Circumstances Surrounding the Mangrove

Mangrove is a general term for plants growing in brackish water area where subtropical seawater mixes with freshwater; plankton, crab, shrimp etc. grow abundantly and it is the habitat for various organisms where birds and fish gather together. In addition, it became a buffer zone to alleviate the effects of high waves and tsunamis caused by typhoons, and it was recently found that it plays an important role in absorbing and fixing CO₂. However, the mangrove forests in Southeast Asia are declining rapidly and it is said that especially in Thailand that the mangrove forests of nearly half of the area were transformed into shrimp farming ponds in the last 20 to 30 years.



Progress of Activities

Following is the status of activities for FY2015 and the plan for FY2016 in the field of environment.

FY2015 Results

Environment Focus Measures	Initiatives	Goal	Evaluation	Main Results
Strengthening of recycling business	• Strengthening of the overseas collection of recycled materials	Increase from the previous fiscal year	B	8% reduction from the previous fiscal year
Countermeasures for global warming	• Reduction at large-scale emission sites Potential investigation, etc.	Total greenhouse gas emission 1% reduction from the previous fiscal year	A	4% reduction from the previous fiscal year
Environment conservation activities	• Establishment of environmental risk assessment	5 office visit guidance	B	4 office visit guidance
Conservation of biodiversity	• Formulation and implementation of conservation action plan	Planning and execution	B	Current survey of biodiversity concerns in overseas mine development

*Evaluation: A: Accomplished, B: Fair, C: Not Satisfactory

FY2016 Initiatives and Goals

Strengthening of recycling business	Strengthening of recycling materials and collection of overseas cargo	➔	Increase from the previous fiscal year
Countermeasures for global warming	Promotion of renewal of energy-saving equipment at large-scale disposal sites	➔	1% reduction of total greenhouse gas emission from the previous fiscal year
Environment conservation activities	Mutual inspection of environmental management system	➔	5 districts or more
Conservation of biodiversity	Formulation and execution of the conservation action plan	➔	Planning and execution

Learning Biodiversity through Experience

This time's afforestation activity was conducted to encourage local children to learn the importance of the environment through personal experience, so we invited local Ban Bowin School, where 173 students, 7 teachers and 13 local residents participated as volunteers. On that day, they received orientation about mangroves from the Navy who administer the Sattahip Coast and planted 300 trees in collaboration with ESBEC employees. The children also visited the nearby Natural History Museum (Thai Island And Sea Natural History Museum) and learned more about the marine creatures of Sattahip. Through this afforestation experience, we hope that children will deepen their understanding of mangrove and biodiversity.



Children and Environmental Education

For sustainable development of society, children who will be responsible for the future should have correct knowledge about the environment and it is important to raise their awareness. At ESBEC, we recognize that our business activities will affect the global environment and local communities, so we are focusing on our efforts for CSR activities targeting "environment," "region" and "child." In addition to conducting experience-based learning like the mentioned afforestation on a regular basis, we also donate color-categorized waste bins to local elementary schools to convey the importance of sorting and recycling of waste and we are taking active initiatives on environmental education such as conducting a workshop to make eco bags, etc. so that they work on familiar environmental activities and this will help raise the children's eco mind.





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 FY2015

The environmental impact increased compared to FY2015 with the addition of 2 companies, namely, DOWA Thermo Engineering Hamamatsu Kita Plant and PT. DOWA THERMOTECH INDONESIA in Indonesia, but the overall trend has not changed significantly.

For details of items, see P.31–32

Resource Recycling in Society and Our Resource Recycling

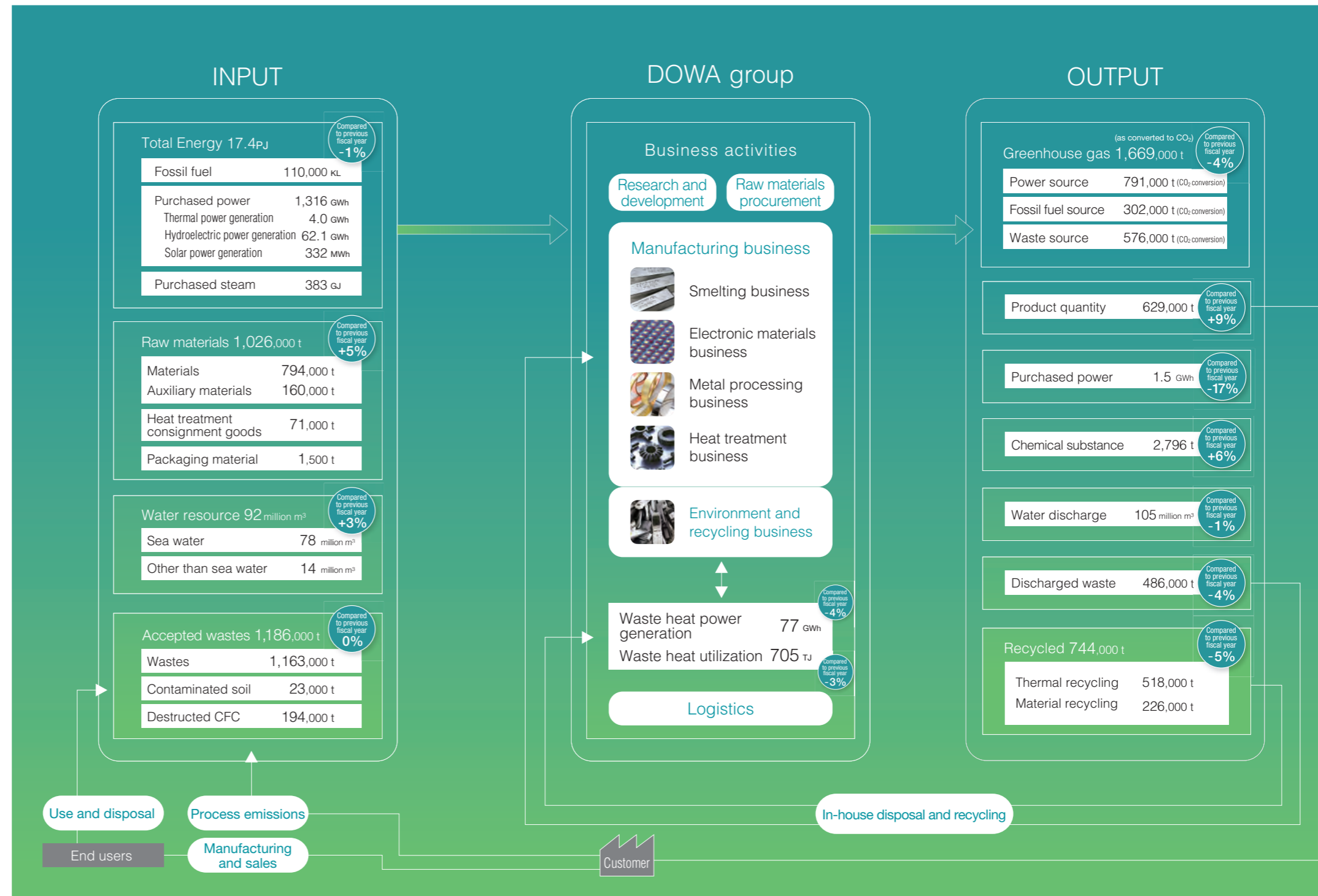
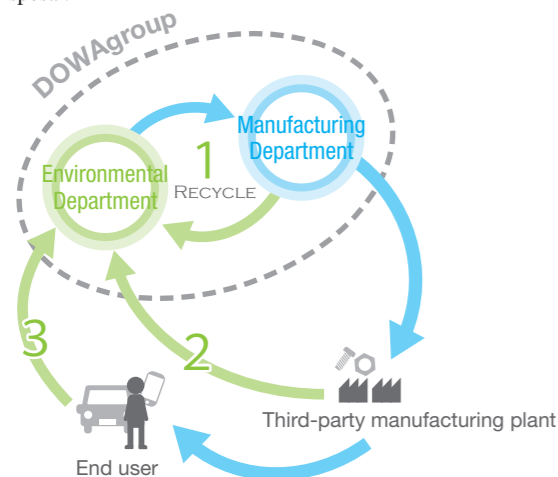
There are mainly 3 recycling in DOWA group.

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 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.






Basic Environmental Policy of the DOWA group

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

The DOWA group shall strive to create the resource-recycling society and shall aim to hand-over the sound global environment to the next generation through our business activities.

- 1 We will provide our customers (clients and local communities) with products and services, which contribute to building a resource-recycling society.
- 2 We will minimize the environmental impact and environmental risk in our business activities.
- 3 We will work on environmental conservation activities across the entire company from the management level to employees together.

 Basic Environmental Policy Website
http://www.dowa-csr.jp/en/csr/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.

Development of Environment-friendly and Society-friendly Products and Services

The DOWA Group contributes to the creation of a sustainable society by providing materials and services such as metal materials, semiconductors, magnetic materials, etc. that lead to the reduction of harmful substances, environmental preservation, high efficiency of products and long life.

Initiatives for Biodiversity

The DOWA Group has been focusing on protecting nature and contributing to local communities, mainly through management of forests owned by the company and afforestation, and further, by establishing the Basic Policy on Biodiversity, the DOWA Group is promoting its initiatives towards grasping the relationship between our business and biodiversity and its impact.

Biodiversity Basic Policy	We, the DOWA group, shall recognize the importance of biodiversity conservation to sustainably enjoy the blessing of nature, which are derived from biodiversity and our business activities are benefiting from, and shall voluntary and continuously work on conservation and sustainable use of biodiversity as a member of society.	
Our Action Policy on Biodiversity Conservation	1. Identification of business impacts on biodiversity and implementation of activities	We identify and analyze what type of ecosystem services* our business activities depend and have impact on, and make an effort to avoid and reduce the impacts. * Ecosystem Services: The benefits we, people, obtain from ecosystems (definition in the UN Millennium Ecosystem Assessment)
	2. Awareness of employees	We carry out education and awareness-raising of biodiversity on our employees.
	3. Corporate management for sound material cycles	We strive to create a culture of sound material cycles through sustainable resources use, energy saving and 3R, and to conserve biodiversity through such comprehensive business activities.
	4. Collaboration with various stakeholders	We promote communication and information sharing on biodiversity conservation, and seek sustainable use of biodiversity with various stakeholders related to our business activities.

In FY2015, we conducted an investigation to check the biodiversity areas and water sources in the workplace and neighboring areas, the status of greening and conservation activities at each business site, etc. towards formulating a continuous action plan. We are also continuing activities such as planting trees on the site of the mine (Kosaka Town, Akita Prefecture) and promoting biodiversity considerations to our suppliers through CSR procurement.



TOPICS Expansion of the Disposal of Low Concentration PCB Waste

■ What is PCB Waste?

Polychlorinated biphenyl (PCB) has been used for a wide range of applications including electrical and electronic equipment such as transformers and capacitors due to its properties such as its insulation property and incombustibility, however, due to the Kanemi oil case in 1968, toxicity and environmental pollution have become social problems and manufacturing was canceled in 1972. Although the PCB Special Measures Act came into effect in 2001 stipulating to promote reliable and appropriate treatment, a small amount of PCB was found in 2002 in the insulating oil of an electrical equipment which was not supposed to use PCB. Due to this unintentional contamination, traces of contaminated PCB waste and PCB concentration summed up to 0.5–5,000 mg/kg of waste and was termed low concentration PCB waste. The volume of waste electrical equipment contaminated with the trace amount of PCBs has been enormous and not yet fully understood, therefore there needs time to strengthen the disposal system so as to complete the process with the statutory deadline of March 2027.

■ Low Concentration PCB Disposal of DOWA Group

The DOWA Group has been involved in the demonstration tests on incineration of trace amounts of PCB-contaminated waste electrical appliances etc. at multiple sites, since 2005 by the Ministry of the Environment, and has started the disposal of mainly the waste electrical equipment in Fukuoka prefecture in FY2010, Okayama prefecture and Akita prefecture in FY2011. In FY2015, we established an incinerator newly for low-concentration PCB waste in Akita Prefecture and obtained the Minister's approval concerning the disposal of waste electrical equipment and others.

We are carrying out not only disposal but also dismantling of large electric equipment on site and transportation, etc. Furthermore, by increasing the processing capacity of DOWA Group from about 30,000 tons per year to about 50,000 tons per year, we are contributing to the promotion of low concentration PCB waste disposal.



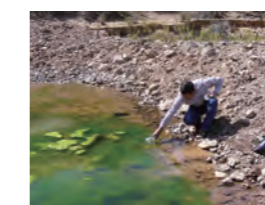
Low Concentration PCB Waste Detoxification Treatment Facility (Ecosystem Akita)

Biodiversity Conservation in Mining Development

In the DOWA Group's smelting business, we are promoting mine exploration and development projects aiming at a zinc ore ratio of over 50% that was targeted in the mid-term plan. The DOWA Group aims to achieve sustainable development and harmony with the local community by conducting ongoing environmental monitoring from the exploration stage and taking measures to minimize the burden on the environment caused by development and operation.



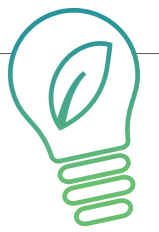
Ecosystem monitoring (US · Alaska Exploration Project)



Water monitoring (Mexico · Chihuahua State Development Project)



Tree planting activities at Tisapa mine (Mexico/ State of Mexico)

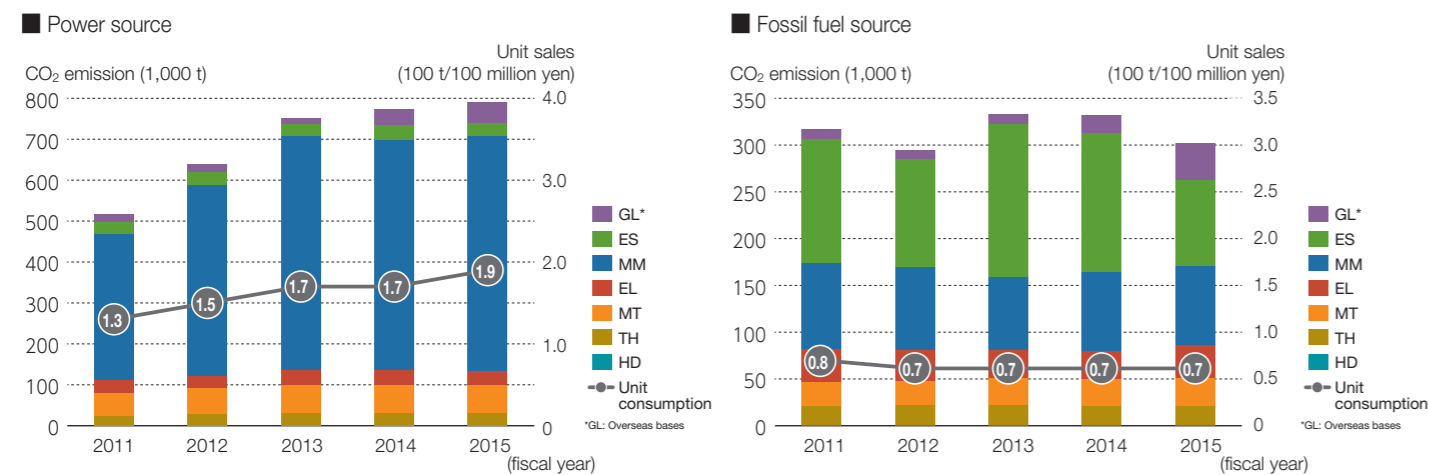


Our Initiative to Fight against Global Warming

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.

Trend in Greenhouse Gas Emission

The greenhouse gas emissions in the DOWA Group as a whole in FY2015 is approximately 1,669,000 tons of CO (domestic 1,577,000 tons of CO₂, overseas 92,000 tons of CO₂), and the group’s greenhouse gas emission has reduced by approximately 4%.



The DOWA Group’s CO₂ emissions are characterized by large emissions of CO₂ due to incineration of waste received externally. It is difficult to reduce the CO₂ emission generated from the wastes received due to the control of handling volume, therefore, for effective utilization, we are promoting thermal recycling such as power generation using waste incineration heat and utilization of steam.

Utilization of Natural Energy

In addition to the measures to counter global warming, such as energy saving and fuel conversion, we are working on the utilization of natural energy etc. with less environmental impact.

[Hydroelectric power generation]

The DOWA Group currently owns six hydraulic power stations in Akita Prefecture, and the amount of electricity generated in FY 2015 was 62.1 GWh, which is about 2% less than the previous year. Hydro-power utilizing natural energy is an important power source to cover the energy of our smelting business

[Solar power generation]

Solar power generation is influenced by the weather, however, showing the amount of power generation in a visible manner will help in improving the awareness about energy consciousness among employees and also play a role in environmental awareness such as global warming and energy issues. Currently, solar power generation system has been introduced in five domestic plants, and in FY2015 we generated about 332 MWh, contributing to reduction in the emission of CO₂.

[Power generation from waste]

Waste power generation produces steam at high temperature and high pressure by the “heat” when incinerating garbage, and turns the turbine to generate electricity. Currently, we are generating electricity at five plants, that is, 4 in Japan and 1 overseas and the amount of waste heat power used in FY2015 was 76.7 GWh, which is about 4% lower than the previous year.

* 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.

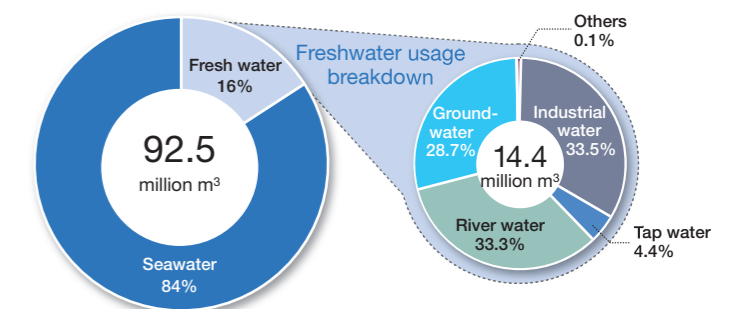
Water Environment Conservation

The DOWA Group is working on water conservation and water recycling while considering regional water risks.

Water Resources

About 80% of the water resources used in the DOWA group is seawater used as cooling water in the process of metal smelting etc. For freshwater, we are working on water conservation and recycling within the process for effective use of water resources. In FY2015, the water resource input amounted to 92.5 million m³, which increased by 3% from the previous year mainly due to an increase in cooling water due to increased production. Among that, the amount of freshwater used was 14.4 million m³ which is almost the same level as the previous year.

Utilization of water resources



Wastewater

The amount of wastewater in FY2015 was 105 million m³, which is almost the same with a reduction of 1% from the previous year.

- Examples of initiatives taken in FY2015
- Reuse of incineration process coolant in a separate process
 - Change of warm water of the process for recycling purposes
 - Utilization of treated water from wastewater for water sprouting on site

Promotion of Resource Recycling

The DOWA Group is contributing to the formation of a sustainable society by curbing the consumption of natural resources and promoting the cyclical use of used resources.

Raw Material

The amount of raw materials used in FY2015 was 1,026 kt, which is an increase of 5% from the previous fiscal year due to increased production.

Received Waste

The amount of waste received in FY2015 was 1,186 kt, which is almost at the same level as the previous year.

Product

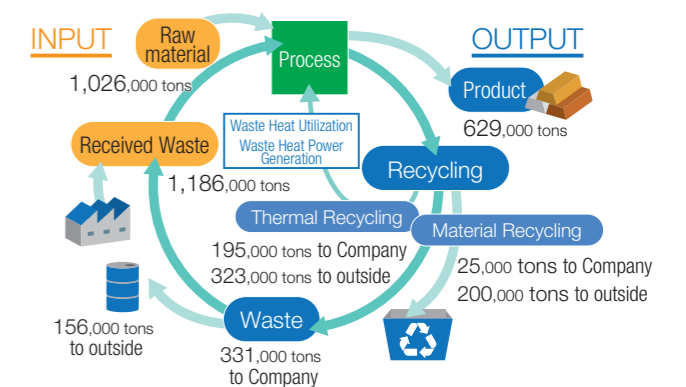
The product volume in FY2015 was 629 kt, which is an increase of about 9% compared to the previous year. This is mainly due to an increase in zinc production in the smelting business.

Disposed Waste

The volume of disposed waste in FY2015 was 486 kt, which is a decrease of approximately 4% compared to the previous year.

Recycling

In FY2015, the recycling volume was 744 kt, which is a decrease of approximately 5% from the previous year. Of these, 221 kt were recycled in the DOWA group, and 523 kt were recycled outside the company.



TOPICS FY2015 Environment Minister's Award for Promotion of Recycling-based Society

Biodiesel Okayama in Okayama Prefecture has collaborated with the Okayama city in 2008 for recovering waste edible oils discharged from general households, restaurants, food manufacturing factories, etc. to produce biodiesel fuel (BDF) of 500 kg or more. The produced BDF is mainly used as a substitute fuel for diesel oil used in garbage trucks in Okayama City and it is also used for vehicles such as private civic route buses in the city, forklifts in the DOWA office, etc. In the manufacture of BDF, we adopt a system that does not generate wastewater taking the environment into consideration, besides, in addition to daily inspections, we also conduct activities such as evaluation at an external organization four times a year to ensure thorough quality management. Evaluating our initiatives on environmental education such as allowing elementary children to have a tour of the factory and production of high quality BDF, we were recognized for 3R excellence and awarded “FY2015 Environment Minister's Award for Promotion of Recycling-based Society” in FY2015.



Society

The DOWA Group aims to be a company trusted by all stakeholders for sustainable development and is taking initiatives to enhance the relationship with the society through its CSR activities.



- 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 contribution appropriate with community standards together with local communities.

CSR Policy

Focus Measures

Promoting Social Contribution

Initiatives by PPLi Indonesia

PT. Prasadha Pamunah Limbah Industri (PPLi) is the only company in Indonesia that has business permit for final treatment of hazardous waste conforming to international standards and it carries out collection and transportation of wastes, intermediate treatment, final treatment, etc.

Communal Harmony and Symbiosis

For more than 20 years, PPLi, which operates its waste disposal business in Bogor County, Indonesia, conducts business with emphasis on understanding from local residents and appropriate communication. PPLi has established departments for safety, environment, public relations, etc. as duty stations for CSR; besides, departments that are exclusively in charge of negotiations with local communities are also being set up. The local community PR staff visits nearby villages, interviews the local residents directly regarding their needs and wishes and conducts various regional contribution activities after discussion. Besides community contribution activities, we apply the voices of local residents even in the operations side, the related departments such as safety and environmental departments work together and we operate with emphasis on harmony with the surrounding environment.



Progress of Activities

Following is the status of activities for FY2015 and the plan for FY2016 in the social field.

FY2015 Results

Society Focus Measures	Initiatives	Goal	Evaluation	Main Results
Promoting diversity	• Expansion of global human resources	Same as left	A	Implementation of global challenge program
	• Growing strength of overseas and locally recruited employees	Same as left	A	Conducting training for overseas and locally recruited employees in Japan
	• Aggressive deployment of career employees	2.0%	B	Career employment rate less than 2%
Promoting work-life balance	• Promotion of internal social gathering for female employees	2 times	B	Implementation for employees at the headquarters
	• Thorough internal knowledge of institutions	Same as left	B	Publish explanatory materials of the institution in the intranet
	• Encouragement of annual leave usage	60%	A	Acquisition rate 61%
Human resource development, evaluation and treatment	• Promotion of working hours reduction measures	Same as left	B	Establishment of a special committee for work time management
	• Implementation of training of appraisers and evaluators	Appraisers and persons being appraised No. of participants in the training 600 persons	A	Training for appraisers 546 persons. Training for persons being appraised 453 persons
	• Implementation of system survey			Implementation of system survey Feedback to appraiser training
• Expansion education of internal education target layer	New training 2 sessions (first-line supervisor training 12 persons, 3rd year recruits training 39 persons)			
Promoting social contribution	• Training system development of hierarchy wise education			Rebuilding of the system and training implementation
	• In-house dissemination of advanced cases of overseas business offices	Information Sharing by Portal Site	A	Overseas business site safety report, dissemination of CSR case information by external authors
	• Support for office initiatives			CSR initiative reporting series by new recruits (46 authors)

*Evaluation: A: Accomplished, B: Fair, C: Not Satisfactory

FY2016 Initiatives and Goals

Promoting diversity	Expansion of global human resources	Same as left
	Growing strength of overseas and locally recruited employees	Same as left
	Aggressive deployment of career	2.0%
	Promotion of internal social gathering for female employees and managers	1 time each
Promoting work-life balance	Thorough internal knowledge of institutions	Same as left
	Encouragement of annual leave usage	60%
	Promotion of working hours reduction measures	Same as left
Human resource development, evaluation and treatment	Implementation of training of appraisers and evaluators	No. of training participants as appraisers and persons being appraised 600 persons
	Implementation of system survey	
	Expansion education of internal education target layer	
	Training system development of hierarchy wise education	
Promoting social contribution	In-house dissemination of advanced cases of overseas business offices	Information Sharing by Portal Site
	Support for office initiatives	

Active Dissemination and Raising of Awareness pertaining to Environment and Recycling

PPLi was established in 1994 as the first disposal site management company for hazardous waste in Indonesia. Even today, it is the only company in Indonesia that provides comprehensive waste disposal service from collection/transportation to final treatment. Regarding the processing technology and know-hows that PPLi has been cultivating so far, there are many requests for consultation and education from administrative institutions, educational institutions, local communities and customers and it is through these that PPLi actively participates in the dissemination and awareness of environmental and recycling activities for each stakeholder.



Consideration to Culture and Religion

Understanding Islam is important for foreign companies doing business in Indonesia where the majority of the people are Muslims. Many Muslims have set up Mosques (place of worship) within their workplaces so that they can offer their prayers towards Mecca at a fixed time, five times a day. PPLi rebuilt the mosque in July 2015 and has been offering worship area for employees and visitors.



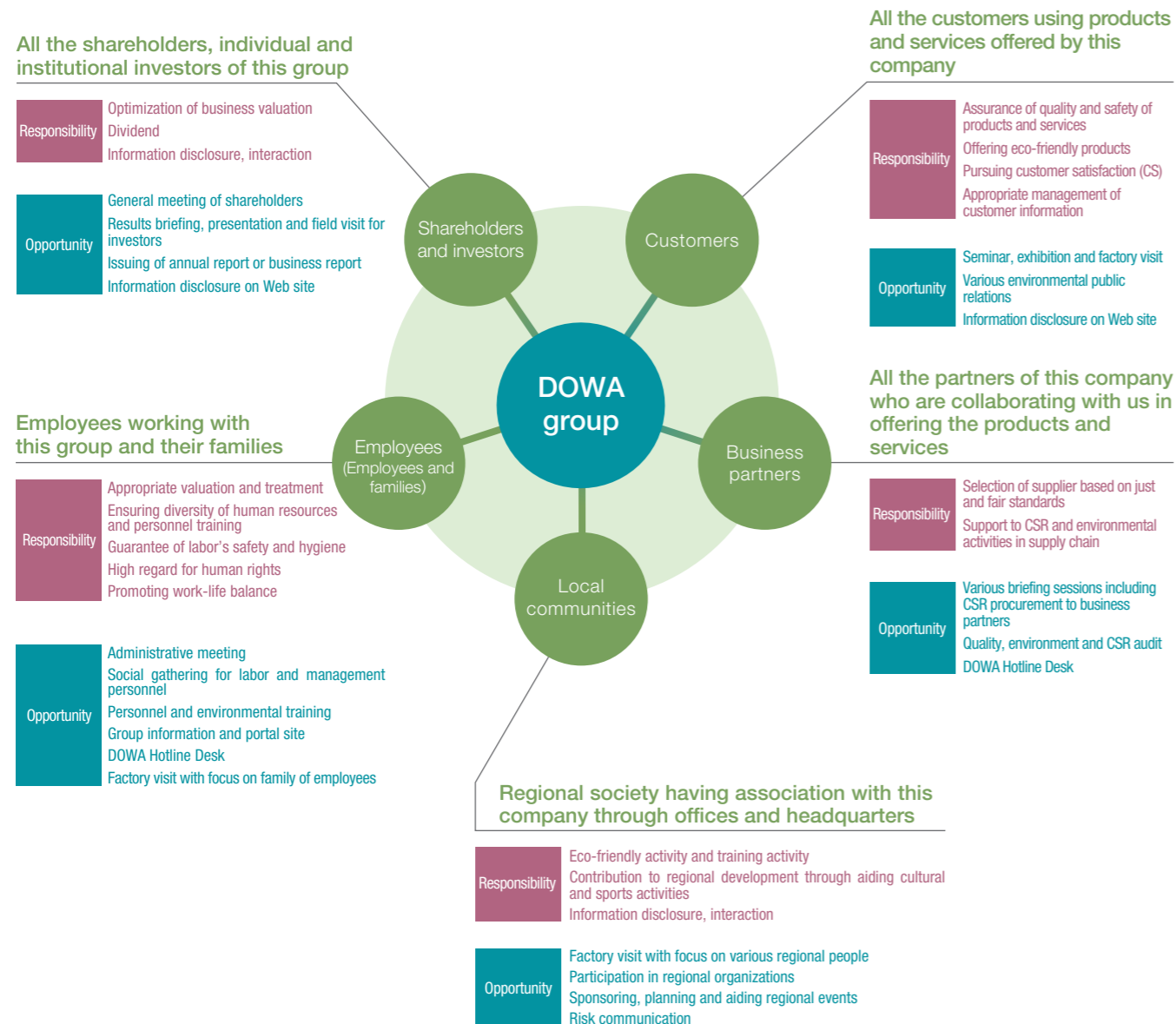
Mosque in PPLi



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.

Relationship with Major Stakeholders



Communication with Shareholders and Investors

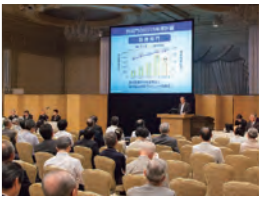
In the DOWA Group, we recognize the explanation of corporate and management information to shareholders, investors and other stakeholders as one of the important issues in corporate governance, and we are striving to disclose timely and appropriate information.

IR information

We hold briefing sessions by the management when announcing the quarterly financial results. We also provide opportunities to explain management information directly to domestic and overseas investors. We also publish our reports and annual reports in Japanese, English and Chinese as management policy and management status reporting tool of the DOWA group and are striving to disclose appropriate and highly transparent information.

General shareholders meeting

Every June, we hold an ordinary general meeting of shareholders at Hotel Chinzan-so in Tokyo and it is attended by more than 300 shareholders. After the general meeting of shareholders, we hold a social gathering aiming to promote communication with shareholders; we have set up a forum for dialogue with executives and a product exhibition section for each business. In addition, we have set up a separate presentation room in the conference hall where the executives can explain the topics of the DOWA group.



Dissemination of IR information through website

IR information is sent on our website to help the shareholders and investors understand the business situation and business strategy of the DOWA group. In addition to financial reporting, securities reports, etc., other materials such as annual reports and shareholder correspondence are also posted. Going forward, we shall strive to disclose information in a comprehensible and timely manner.

<http://www.dowa.co.jp/en/ir/index.html>

Industry-University Collaboration Initiative

The DOWA group is actively pursuing collaborative research in collaboration with universities and research institutions for the purpose of developing new products and new technologies. In FY2015, we conducted joint research with more than 10 universities and research institutes.

Technical exchange meetings

We have concluded a comprehensive agreement with the five universities, Akita University, Tohoku University, Gunma University, Okayama University and Kumamoto University to promote collaborative research and hold result reporting meetings and technical exchange meetings.



The technical exchange meeting, which celebrates its seventh year, is a meeting to invite researchers from the universities, who are in line with the theme, three to four times a year, to discuss technical issues and technical research. A wide range of engineers from management staff to young people attend from the DOWA group and it has become a useful arena to improve their knowledge through concrete discussions.

Support for education, research and human resource development

Four employees of the DOWA Group serve as lecturers in Tohoku University, Akita University, and Gunma University in fields such as environmental substance control studies and optical device research and development. It is a part of human resource development at university by conducting practical and professional lectures in line with the field.



Together with Our Customers and Business Partners

The DOWA group strives to build long-term relationships of trust with business partners to improve customer satisfaction through the provision of better products and services. We are also promoting CSR efforts by supply chain, including environmental preservation and improvement of the working environment.

Supply Chain Management

The DOWA group is working to further improve CSR while strengthening partnership by helping the partners understand the importance of CSR in the supply chain.

■ DOWA group CSR procurement guidelines

To enable every partner, understand the basic stance of CSR procurement, we distribute CSR procurement guidelines, explain the background of CSR procurement and our initiatives as necessary. This guideline was formulated in FY2014 with reference to guidelines of the electronics industry that are deeply connected with the supply chain, such as “JEITA Supply Chain CSR Promotion Guide Book” and “EICC Code of Conduct (Electronic Industry Code of Conduct).”

■ Self-check and CSR audit

In FY2015 we requested our 107 main suppliers to do a self-check using the CSR self-checklist and through the feedback report, we informed responding companies about our expectations and requested improvement. We conducted a CSR audit of the important suppliers to ascertain the actual condition of CSR.

We, being a supplier also, have follow-up by the CSR department and conduct in-house briefings with the aim of understanding the requirements and responding promptly to CSR surveys from the customers.

■ Response to conflict minerals

The DOWA Group dealing with non-ferrous metals as its main product recognizes the responsibility of companies associated with conflict minerals as one of the important CSR challenges and is taking initiatives to ensure transparency of the supply chain in procurement activities and practice responsible mineral procurement. In FY2015, we did a survey for partners and responded to customer inquiries, as per the conflict mineral management policy. Furthermore, to promote responsible mineral procurement, we have taken up a program for certifying a smelter that does not handle conflict minerals (CFS certification system); Two of our companies, namely, Kosaka Smelting (gold and tin), Eco System Recycling (gold) have acquired CFS certification and we are striving to fulfill the procurement responsibility as a material manufacturer.

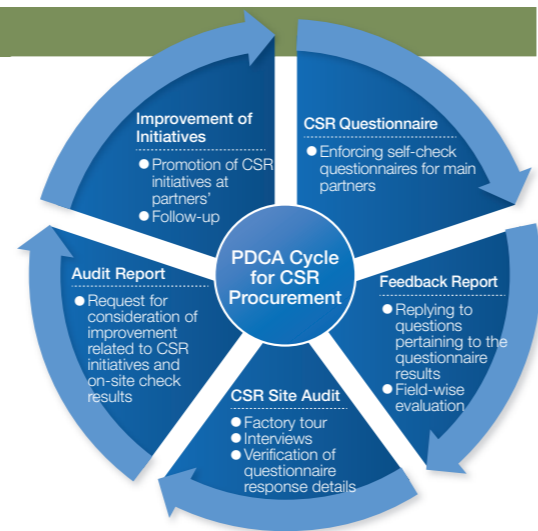
Quality Management

In the DOWA Group, “Quality” is positioned as an important management axis for manufacturing and the major manufacturing plants have obtained international standard ISO 9001 certification for quality management system. We strive to improve the quality of products and services by continuously operating this quality management system based on PDCA. In addition, as an initiative to strengthen quality control, we collaborate with suppliers and implement supplier surveys and quality audits at appropriate frequencies, from the viewpoint of quality and technology, to ensure the quality of procured products.

Response to Comments and Opinions

We strive to supply products that are satisfactory to the customers by improving the product promptly and appropriately in response to the opinion and inquiries of the customer.

Improving the information sharing and management system, conducting evaluation by classifying and analyzing the information gathered at each business site have been leading to reform, improvement and development of products and services.



Together with the Regional Society

The DOWA Group is working on regional contributions as a focus measure in the social field initiatives. In each of our domestic and overseas bases, we are actively developing community-based CSR activities such as factory tours, recruiting interns, hosting sports events, communication with local community, etc. to progress and develop within the region.

Community Contribution Activities

In FY2015, we held events such as Cherry Blossom Festival in Okayama Prefecture, Junior Cross Country Tournament in Akita Prefecture in which many local people participated.

■ Kojima Lake Blossom Corridor Cherry Blossom Festival, Okayama prefecture

Lake Kojima in Okayama City is a freshwater lake made by Kojima Bay reclamation developed by Denzaburo Fujita, the founder of the DOWA group. In FY2007, the DOWA Group launched the “Kojima Lake Blossom Corridor Project”, in which Kawazu cherry trees were planted in and around the coast of Lake Kojima. The local community has joined hands in planting trees and taking care of them with a row of 5,000 cherry blossom trees at present. The Kojima Lake Blossom Corridor, Cherry Blossom Festival started in FY2010 at its time of blossom and is an event rooted in the area in which our employees and local residents operate as staff. Approximately 18,000 people attended the cherry-blossom festival of 2015, the largest number ever and enjoyed early blooming cherry blossoms, stalls and stage events.



■ Kosaka Household Town Afforestation Planting Ceremony, Akita Prefecture

In the DOWA group, we are working on creating forests to provide habitat for several creatures, so that forests in the Kosaka area of Akita Prefecture become areas with high biodiversity. Afforestation in this hometown started in 2006 when we started planting with 8,000 saplings in Kosaka Smelting under the guidance of the International Center for Ecological Studies, as part of greening and forestry development activities within the project site. We planted 25 kinds of trees including beech and Oak which took local ecology into consideration and so far, we have planted across an area of about 6.25 ha (about 1.3 times of Tokyo Dome), with more than 157 thousand trees. In the ninth planting festival held in FY2015, the people of Kosaka Town of a total of 500 participants including employees, OBS, local elementary and high school students planted 5,500 trees.



TOPICS

Community Support by Thai Community Fund

ESBEC which is supported by the Thai Community Fund for treating wastes in Thailand has established a fund called “ESBEC/WMS Community Fund” to support local communities and it is doing continuous social contribution. To achieve symbiosis with the local community, this fund reserves a certain amount according to the amount of wastes received by ESBEC and its use is determined by the “Fund committee meeting” consisting of representatives of 13 villages around the factory.



Fund committee meeting

Part of the Support Activities of FY2015

- Donation of library equipment and books to school (Ban Phan SadejNok School)
- Setting up of a separate sorting place for recycling in school (Ban Khao Tabak School)
- Setting up of playground facility at school (Ban Khao Hin School, Ban Bowin School)
- Setting up of toilets for people with disabilities (Ban Khao Hin Health Center)
- Health check and breakfast service for the elderly (Ban Khao Hin Health Center)
- Setting up of fall prevention fence in village pond (Ban Hubbon community)



Storage area for categorized products for recycling



Together with 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 have taken various initiatives with the following goals so that employees can exercise their full potential.

- 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.

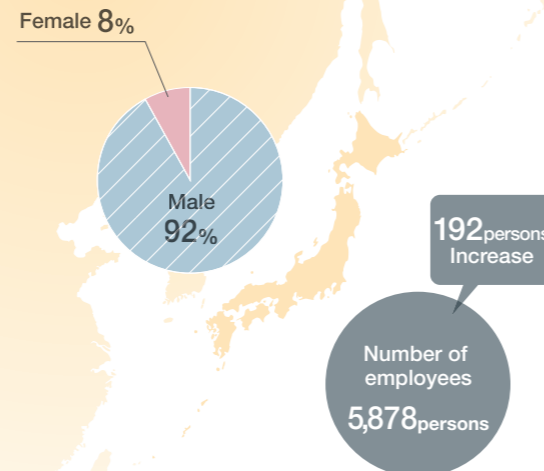
As of March 31, 2016 we have total 5,878 employees in Japan, which is an increase of 192 persons compared to previous year. Of those who were employed in Japan, 3,748 persons (92%) are male and 312 persons (8%) are female. The number of employees outside Japan has increased in the recent years due to our global business deployment. There was an increase of approximately 34% in FY2015.

Employment status in Japan

Classification	FY	FY 2013		FY 2014		FY 2015	
		Male	Female	Male	Female	Male	Female
Regular employees in Japan	Directors	121	0	130	0	121	1
	Managers	715	9	735	12	799	9
	Ordinary Employees	2,703	296	2,786	306	2,828	302
Non-regular employees in Japan	Dispatched employees	405		479		529	
	Part-time workers, temporary workers and seasonal workers	859	303	924	314	971	318
Total		5,411		5,686		5,878	

Number of employees per region

Region	FY	FY 2013	FY 2014	FY 2015
Japan		5,411	5,686	5,878
Asia (Other than Japan)		2,622	2,903	2,897
Europe		10	16	22
North America		80	92	96
Central & South America		1	3	1
Total		8,124	8,700	8,894



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 Achievement of FY2015

Besides step-wise training and specialized training, the DOWA group as a whole conducts extensive training in technology, environment and safety for every office. In FY2015, we focused on efforts to establish a culture that cultivates human resources.

Plan for FY2016

A review of 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. In FY2016 we plan to introduce two new programs with the aim of strengthening the site capabilities of the DOWA group and enhancing individual thinking power. One is an educational program for the supervisor at the production site and the other is a special training program that helps with the thinking ability for problem solving. Along with the expansion of overseas business, we aim to become a strong organization capable of flexibly coping with change by developing educational programs aimed at expanding and training global business staff.

Step-wise education

Targeted at	Training details	Number of participants (name/FY2015)	Total training time (hours/FY2015) * Only training time
Management staff (continued)	Top management training	58	470
Next-term management staff (continued)	Business leader development training	16	1,440
Management staff (continued)	Management training, subordinate training	67	1,590
Mid-level employees (continued)	Leadership training	36	580
Up to 3 rd year after joining (continued)	Fresher’s training, OJT, follow-up training (skill improvement, self-establishment within organization)	228	15,000

Just and Fair Evaluation and Treatment

In DOWA group, just and fair evaluation 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. Initiatives are being taken with focus on circumstances that are utilized for training.

- The appraisers and persons being appraised must have thorough understanding of structure and standards of company system and they must continue to put in efforts for utilizing this knowledge for appraising and training.
- Sharing of organizational goals and improving of business execution ability has been planned while showing the ability and conduct required for improving personal ranking.

Training for appraisers and persons being appraised is positioned as a group-wide initiative, and by creating ongoing educational opportunities, we strive for fair evaluation, treatment and training. From FY 2015, we have been conducting briefing sessions for appraisers and trainings for persons being appraised at business establishments throughout the country, and we continue to consider training for new managers as priority. Also, in order to evaluate the status of the system operation, a system survey is conducted every year, and we are continually improving based on the tasks we have extracted.

Career Matching System

A system that has been introduced with the aim of developing and supporting 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.



Aspect of briefing session for the persons being appraised



Promoting 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 overseas students or foreign students that have graduated from foreign universities or foreign students from abroad are recruited and recruit result is rising every year. 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.



Overseas Training Place Aspect

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. Starting in FY 2015, we are launching a global challenge program including on-site training at overseas offices for the purpose of expanding talented personnel who can be active globally. In future too, we plan to expand our global human resources pool.

Training of Overseas Staff

The DOWA group promotes training of the entire group including employees stationed in overseas offices. In FY2015, staff recruited from China, Thailand and Indonesia came to Japan for training on safety, compliance, equipment maintenance etc., and in-house medium and long-term training for executive candidate employees at the headquarters, major business offices, and training centers.



Global Leader Training Aspect

Promoting 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. Evaluation for recruitment, designation, promotion, etc. is done as per merit and there is no gender discrimination. In FY2015, the women employees who balance both life events and work have been active in various regions both domestic and overseas. Our company was selected for "Stocks of Nadeshiko Brand" for the first time based on these initiatives. In FY2016, we plan to implement an educational program for reforming awareness, aimed at a way of working that enables diverse human resources to fully demonstrate their respective abilities.

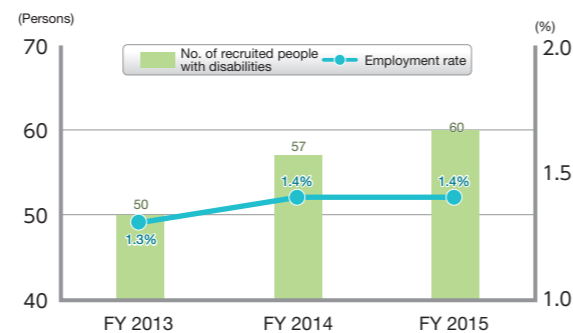
Nadeshiko stocks: Initiative by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange to select companies that excel in female success.

Utilization of Veteran Employees

We have revised the re-employment system from FY2013 and we are setting up an environment where employees who have reached their retirement age and who wish to work in the DOWA group even after retirement can work with more motivation according to their role in the reformed system. Further, a seminar is held for employees who have reached retirement age with the goal of providing information on life plan after retirement and in FY2015 it was attended by more than 100 employees.

Employment for Physically Challenged

In FY2015, we were unable to achieve the employment rate across the group for the physically challenged. An easy-to-work environment cannot be materialized at our manufacturing sites for the physically challenged, therefore, rather than aiming at a uniform increase at all business sites, we shall take initiatives to promote a high-quality working environment in employment offices and further workplace experience so that we can work on increasing the employment in parallel with the utilization of the recruitment company that specializes in hiring physically challenged personnel.



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.

System Use Status

No. of system users is rising every year and persons taking childcare leave in FY2015 were 25 women and 1 man. There were 13 men and 15 women who availed nursing leave.

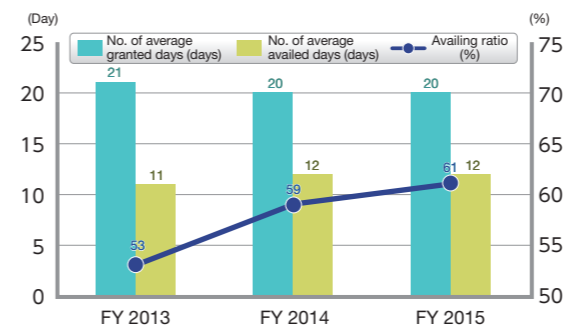
As the situation of availing of the annual salaried leave, 60% employees took this leave as against 20 average granted days. We are working towards improving availing ratio through promoting planned annual holidays and asking for feedback on availing situation throughout the year according to the working situation in each of the offices.

Promoting Measures to Reduce 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 the Year 2014, diligent management system was reformed whereby a reformation must be submitted to the manager if fixed working hours are exceeded and implemented labor management education for new managers who are the principal part of working hour management. In FY 2016, we plan to further strengthen efforts to reduce working hours by establishing a special committee on working time management. We shall continue working to strengthen the management of working hours from both hardware and software fronts.

Internal Questionnaire

The CSR department conducts a questionnaire on work-life balance for newly joined employees every year. IN FY2015, there was an increased interest about the flexible working time system, where 85% or more personnel wished to use flexitime and 75% wished to use short-time work. About 75% of new recruits selected work-life balance as a CSR initiative with increasing importance in the next five years. We obtained the following reasons for the same – "influencing the improvement of occupational safety and work quality", "securing human resources in the era of declining birthrate", "diversity of human resources together with the diversity of working methods, leading to increased corporate value." We shall continue to work on work-life balance while referring to the results of the questionnaire.



TOPICS

Submission of CSR Information by New Employees

From August 2015 to March 2016, we posted relay column called "CSR awareness" by the new employees in FY 2015 on the in-house CSR portal site. The newcomers introducing once in a month about what they noticed and felt about the CSR activities in their affiliated workplace, they gain their own experience about a variety of initiatives such as risk assessment, energy conservation activities, regional cleaning, and technological development related to renewable energy, etc. In addition to sharing the various initiatives that are being held at business offices throughout the country as a group as a whole, 46 new employees also got the opportunity to reflect upon "What are the CSR activities of my company?"



Organizations to be Reported

Company		Location	Company		Location			
Japan	ES	Eco-System Hanaoka Co., Ltd.	Akita prefecture	Japan	TH	Dowa Thermoengineering Co., Ltd. Mooka Plant	Tochigi prefecture	
	ES	Eco-System Sanyo Co., Ltd.	Okayama prefecture		TH	Dowa Thermoengineering Co., Ltd. Hamamatsu Plant	Shizuoka prefecture	
	ES	Eco-System Akita Co., Ltd.	Akita prefecture		TH	Dowa Thermoengineering Co., Ltd. Toyota Plant	Aichi prefecture	
	ES	Eco-System Chiba Co., Ltd.	Chiba prefecture		TH	Dowa Thermoengineering Co., Ltd. Shiga Plant	Shiga prefecture	
	ES	Eco-Recycle Co., Ltd.	Akita prefecture		TH	Dowa Thermoengineering Co., Ltd. Chukyo Handa Plant	Aichi prefecture	
	ES	Dowa-Tsuun Co., Ltd.	Iwate prefecture		TH	CEMM Co., Ltd.	Aichi prefecture	
	ES	Eco-System Japan Co., Ltd.	Tokyo and others		TH	Dowa Thermoengineering Co., Ltd. Ohta Plant	Gunma prefecture	
	ES	Geotechnos Co., Ltd.	Tokyo		TH	Dowa Thermoengineering Co., Ltd. Hamamatsu-kita Plant	Shizuoka prefecture	
	ES	E&E Solutions Inc.	Tokyo		HD	Unekura Mining Co., Ltd. Seibu Office	Okayama prefecture	
	ES	Eco-System Recycling Co., Ltd. East Japan Plant	Saitama prefecture		HD	DOWA HOLDINGS CO., LTD. Headquarters	Okayama prefecture	
	ES	Eco-System Recycling Co., Ltd. West Japan Plant	Okayama prefecture		HD	Dowa Techno Engineering Co., Ltd.	Tokyo	
	ES	Act-B Recycling Co., Ltd.	Kumamoto prefecture		HD	Unekura Mining Co., Ltd. Hokubu Office	Akita prefecture	
	ES	Eco-System Okayama Co., Ltd.	Okayama prefecture		Over-seas	MM	NIPPON PGM AMERICA, INC.	America
	ES	Green Fill Kosaka Co., Ltd.	Akita prefecture			ES	Dowa Environmental Management Co., Ltd.	China
	ES	Eco-System Kosaka Co., Ltd.	Akita prefecture			MT	Dowa Advanced Materials Shanghai Co., Ltd.	China
	ES	Auto Recycle Akita Co., Ltd.	Akita prefecture			TH	DOWA THT AMERICA, INC.	America
	ES	Eco-System Recycling Co., Ltd. Northern Japan Plant	Akita prefecture	ES		Bangpoo Environmental Complex Ltd. (BPEC)	Thailand	
	ES	Meltec Co., Ltd.	Tochigi prefecture	ES		Eastern Seaboard Environmental Complex Co., Ltd.	Thailand	
	MM	Akita Rare Metals Co., Ltd.	Akita prefecture	ES		Technochem Environmental Complex Pte. Ltd. (TEC)	Singapore	
	MM	Akita Zinc Co., Ltd.	Akita prefecture	ES		PT. Prasadha Pamunah Limbah Industri (PPLI)	Indonesia	
	MM	Akita Zinc Solutions Co., Ltd.	Akita prefecture	TH		DOWA Thermotech (Thailand) Co., Ltd.	Thailand	
	MM	Kosaka Smelting & Refining Co., Ltd.	Akita prefecture	MT		DOWA METALTECH (THAILAND) CO., LTD.	Thailand	
	MM	Nippon PGM Co., Ltd.	Akita prefecture	TH		Kunshan Dowa Thermo Furnace Co., Ltd.	China	
	MM	Akita Zinc Recycling Co., Ltd.	Akita prefecture	TH		HIGHTEMP FURNACES Ltd. Bangalore Plant	India	
	EL	Dowa Electronics Materials Okayama Co., Ltd.	Okayama prefecture	TH		HIGHTEMP FURNACES Ltd. Nelamangara Plant	India	
	EL	Dowa Semiconductor Akita Co., Ltd.	Akita prefecture	TH		HIGHTEMP FURNACES Ltd. Gurgaon Plant	India	
	EL	Dowa IP Creation Co., Ltd.	Okayama prefecture	TH		HIGHTEMP FURNACES Ltd. Chennai Plant	India	
	EL	Dowa F-Tec Co., Ltd.	Okayama prefecture	TH		HIGHTEMP FURNACES Ltd. Pune Plant	India	
	MT	Dowa Metal Co., Ltd.	Shizuoka prefecture	ES	DOWA ECO-SYSTEM SINGAPORE PTE. LTD.	Singapore		
	MT	Technology Center	Nagano prefecture	MM	Dowa Metals & Mining (Thailand) Co., Ltd.	Thailand		
	MT	Dowa Hightech Co., Ltd.	Saitama prefecture	TH	PT. DOWA Thermotech Indonesia	Indonesia		
	MT	New Nippon Brass Co., Ltd.	Chiba prefecture					
MT	Hoei Shoji Co., Ltd.	Chiba prefecture						
MT	Dowa Metanix Co., Ltd.	Shizuoka prefecture						

ES DOWA Eco-System
 MM DOWA Metals & Mining
 EL DOWA Electronics Materials
MT DOWA Metaltech
 TH DOWA Thermotech
 HD DOWA Holdings

Third Party Opinion

DOWA CSR Report 2016



E-Square Inc.

President and Representative Director

Hiro Motoki

E-Square is a consulting company aiming to realize a sustainable society through support of corporate strategic CSR and environmental management. Since April 2001, as Supervisor of E-Square Consulting Business, he has been lending support to various fields such as strategies, communication, education, BOP, etc. focusing on large enterprises covering a wide range of industries. He assumed office as President and Representative Director in October 2011. Besides serving as a part-time lecturer at the Graduate School of Environmental Sciences, Tohoku University, for ten years since 2005, he has conducted numerous CSR-related lecture activities.

DOWA CSR Report 2016 About reporting contents

This is the 5th year of being associated with third party opinion of CSR report of DOWA group. It is delightful to notice the progress in the content of the report every time. In this report, it is interesting to note that, of the 17 goals given in "Sustainable Development Goals (SDGs)", goal No.12 stating, "Ensure sustainable consumption and production patterns" as the theme of social tasks that the DOWA group contributes to the most and explanation of concrete approach examples through core businesses.

I also notice the increased pressure given to the supply chain management all through the year. DOWA group is distributing CSR procurement guidelines and self-checklists to key customers and is requesting improvement measures from partners with lack of initiative. In addition, they are also conducting CSR audits of key partners to grasp the actual situation so that they can confirm that they are systematically working on CSR procurement.

DOWA group is also focusing on promoting the diversity of human resources and is promoting measures based on various approaches such as creating a structure from the recruitment stage, educating overseas staff, and designing programs for female success. One of the visible outcomes was their selection in "Nadeshiko Brand of FY2015."

I can also see the ingenuity in the page with the website. The place where the detailed explanation is necessary has URL, and the readers can check the contents by the website. The content of the report has become more substantial while the number of pages is reduced.

Towards Further Improvement

Regarding human rights, although they are taking important steps, such as implementing local inspections and interviews to the Indian operating companies, there are no human rights policies applicable to the entire DOWA group. With the growing interest in human rights issues through the supply chain, systematic initiatives about human rights due diligence are the need of the hour.

Regarding serious accidents, I think that it is difficult to deal with them in a uniform manner as there are individual circumstances, however I think that it would be good to describe the cause of the accident and future measures as neatly as possible in the page of the CSR report or the related website. It is necessary to demonstrate the commitment of a company that takes serious initiatives to prevent occupational accidents and ensure that similar accidents do not repeat.

My Expectations to DOWA's Initiatives in the Future

In recent years, the importance of CSR reporting has been increasing worldwide. GRI, which is a guideline for CSR reporting, has been standardized in 2016 and its positioning as a global standard is becoming clearer. In the European Union (EU), a system that obligates non-financial information disclosure of the Environmental, social and governance (ESG) (non-financial information disclosure directive) shall be applied from FY2017 large companies in every region. In financial aspects, major long-term investment institutions will adopt ESG investment and it is the key to acquire stable shareholders by disclosing appropriate ESG information required by investors.

As indicated by GRI, it is important to select and disclose the materiality (important issue) for the DOWA group from two standpoints, that is, the importance of the company's point of view and expected value and request level from external stakeholders. This leads to blending business and CSR from the viewpoint of the management. I am looking forward to pursuing CSR unique to the DOWA group that provides consistent services from the most upstream to the most downstream of the value chain and to further improve the level of CSR reporting.