

Last Update: December 7, 2023

ARE Holdings, Inc.

Tomoya Higashiura, Representative Director, President &amp; CEO

Contact: Corporate Planning &amp; Communications Department

Securities code: 5857

<https://www.asahiholdings.com/english>

The corporate governance of **ARE Holdings, Inc.** (the “Company”) is described below.

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

### **1. Basic Views**

#### **Basic Policies for Corporate Governance**

ARE Holdings Group (hereinafter referred to as “Group”) has established **the Asahi Way** which is a value to be shared by the Group employees and contains Our Credo, Our Corporate Values, Our Employee Principles and The Ten Codes. The Directors and Group management take the lead in practicing the Asahi Way and familiarize all Group employees with it through key employees and the internal portal sites. In accordance with the Asahi Way principles, we have established “ARE Holdings Corporate Governance Policies” for the purposes of Group’s sustainable corporate growth and increased corporate value over the mid- to long-term and will continuously endeavor to enhance our corporate governance by implementing the policies.

To establish corporate governance and have it work effectively is a corporate social responsibility and contributes to more efficient and transparent management as well as to sustainable corporate value growth. The Company has been building the corporate governance that will respond to the confidence of shareholders, business partners, employees, local communities and other various stakeholders so as to fulfill our social mission and responsibility as a listed company. Also, we have been developing a top-management composition and a framework for business operations that will promptly respond to the management environment changes with emphasis on compliance aiming at sustainable corporate value growth.

\* “ARE Holdings Corporate Governance policies” is posted on our website.

URL: <https://www.asahiholdings.com/english/sustainability/governance/>

\* For the details of basic views above, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-I: General Provision and Annex document-1 The Asahi Way).

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

The Company has implemented all of the Principles of the Corporate Governance Code.

For the implementation status of each Principle of Corporate Governance, please refer to “Implementation status for the Corporate Governance Code”. \*

\* Please refer to attachment of this Report.

### **Disclosure Based on the Principles of the Corporate Governance Code UPDATED**

The Company discloses information based on Corporate Governance Code revised as of June 11, 2021.

[Principle 1-4 Cross-Shareholdings]

The Company may hold cross-shareholding relationship if we consider that the shareholding contributes to the maintenance or increase of Group’s corporate value by enhancing and building a business relationship.

Based on our capital costs, we will deliberate every year whether or not it is reasonable to hold cross-shareholding relationship after having considered the medium- and long-term economic reasonability and future prospect. If reasonability of cross-shareholdings is lost, we will promptly sell them.

We will exercise the voting right for the cross-shareholding after having considered comprehensively whether or not we can expect the increase of corporate value of the issuer in addition to whether or not the proposal is consistent with our cross-shareholding strategy.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter- II: Relations with Shareholders and others / 6. Cross-Shareholding Strategy).

[Principle 1-7 Related Party Transactions]

Transactions of high importance with our Directors, Group's Officers and their close relatives and main shareholders (who directly or indirectly hold the voting rights equal to 10% or more of all voting rights) will be escalated to the Board of Directors after an objective and comprehensive understanding of information, so that the detail of transactions and the reasonability of conditions may be deliberated. We will semiannually prepare a written confirmation for survey on whether or not any such transaction exists and will report all important facts, if any, to the Board of Directors.

For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter- II: Relations with Shareholders and others / 5. Prevention of Related Party Transactions).

[Principle 2-4 Ensuring Diversity, Including Active Participation of Women]

[Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion to Core Human Resources]

In accordance with the diversity and inclusion principle, we will operate the recruitment, assessment and other relevant systems appropriately, so that a wide range of personnel may work exercising their characteristics and abilities irrespective of gender, age, race, nationality, religion, disorder and so that there is no inequality by reason of personal attribute.

We will provide all Group employees with an opportunity to participate in the training to obtain skill and capability required to be a professional who has expertise in addition to an opportunity for personnel development training for each tier.

We will also develop various frameworks to facilitate active participations by women and will promote a workplace environment where women can work and exercise abilities more. In particular, we have set "Increasing the percentage of women in managerial positions" as one of the "Priority SDG-related Goals" and the target is to reach the equal level of percentage of men by the end of FY2030. The aim is to create a company where women can play an active role in the workplace and fully demonstrate their abilities. We are working to improve our workplaces and raise career planning awareness, so that both men and women can reach their full potential.

For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter-IV: Stakeholder Relationships / 4. Relationships with Employees).

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

In order to demonstrate the functions expected as an asset owner, the Company will manage the operation of corporate pension funds by asset management committee which composed by the head of finance department and the head of human resources department, in collaboration with a specialized external organization.

For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter-IV: Stakeholder Relationships / 6. Role of Asset Owner).

[Principle 3-1 Full Disclosure]

In order to gain support of various stakeholders, including shareholders, the Company will make sufficient considerations to achieve the proper information disclosure. When disclosing the information, we will endeavor to use plain and specific expressions so as to convey the information accurately to various stakeholders. In addition to the statutory disclosures, we will proactively disclose information considered to be important for various stakeholders, including non-financial information, on our website, etc.

(i) Business principals, business strategies and business plans

The Company has established the "Asahi Way" as a set of values for all employees. The Asahi Way is made up of Our Credo, Our Corporate Values, Our Employee Principles, and the Group Code of Conduct, and can be seen on our website, the convocation notice of General Shareholders Meeting, Integrated Report, etc. The Mid-term Business Plan is also disclosed on our website, Integrated Report, etc.

\* Corporate Philosophy

URL: <https://www.asahiholdings.com/english/group/philosophy/>

\* The Mid-term Business Plan

URL: <https://www.asahiholdings.com/english/ir/strategy/>

(ii) Basic views and guidelines on corporate governance

Please refer to "ARE Holdings Corporate Governance Policies" (Chapter-I: General Provision / 2. Basic Policies for Corporate Governance).

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

The Compensation Committee consisting of one (1) Representative Director and two (2) Independent Outside Directors will make proposals for the total amount of compensation of each Director excluding the Audit and Supervisory Committee Members and the basic system and level of compensation, which will be deliberated and decided at the Board of Directors meeting. For proposals by the Compensation Committee for individual assessment of Directors excluding the Audit and Supervisory Committee members, we will make a decision comprehensively by considering the annual and medium-term business prospect, level of individual contribution, dividend, balance with the compensation level of other companies, balance with the

compensation level of senior management and employees, past payment, compensation system, etc.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 9. Determining Procedure of Compensation for Directors, Annex Document -6: Compensation Policies for directors and key management), and “Corporate Governance Report” (II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Director Remuneration], Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods).

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

The Nominating Committee consisting of one Representative Director and two Independent Outside Directors will make proposals to the Board of Directors with respect to the nomination and dismissal of the next Representative Director and the Director candidates in accordance with the assessment of the candidates in terms of business performance and level of achievement of targets and their quality as a director. The Board of Directors will deliberate and make final decisions.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 8. Procedure of Nomination and Dismissing of Directors, Annex Document -5: Nomination Policies and Dismissal Criteria for Directors and Key Management Candidates).

(v) Explanations with respect to the individual appointments/dismissals and nominations

The Company will disclose reasons for nomination of each director candidate on convocation notice of General Shareholders Meeting. We will also disclose reasons for nomination of each Outside Director on “Corporate Governance Report” (II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Directors]).

[Supplementary Principle 3-1-3 Initiatives for sustainability, investments in human capital and intellectual property, etc.]

<Initiatives for sustainability>

The Group contributes to effective use of resources and widespread environmental preservation based on the Purpose of “Totally Committed to Protecting the Natural Environment and Preserving Resources.” We believe that our business activities are our contribution to sustainability, and that our business growth directly contributes to solving social issues. Based on this belief, we set out priority issues, themes, and goals and take proactive actions to achieve them.

After announcing our goal to achieve carbon neutrality in 2050 and expressing our endorsement for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021, we have been implementing information disclosure in line with the TCFD recommendations.

To strengthen the system for promoting these initiatives, in April 2022, the Company established the Sustainability Committee, which is headed by President & CEO. The Sustainability Committee deliberates on sustainability strategies, plans, policies, risk management and monitoring on a quarterly basis.

The details and the status of those initiatives are posted on our website and Integrated Report, etc.

\* Sustainability Action

URL: <https://www.asahiholdings.com/english/sustainability/>

<Investment in human capital, etc.>

Since the Group’s medium- to long-term growth depends on the abilities and experience of individual employees, the Group is promoting human resource policies that are relevant to the times. In the 9th Mid-term Business Plan, in addition to once again thoroughly implementing the “ability-based and performance-based” approach, which will stimulate the entire organization and create a driving force for the company’s growth, we are also promoting work style reforms such as observing “rest intervals” of at least 11 hours before an employee can return to work the next day, and introduction of a selective four-day workweek system. The details and the status of those initiatives are posted on our website and Integrated Report, etc.

\* Work-Life Balance and Diversity, Human Resource Development, etc.

URL: <https://www.asahiholdings.com/english/sustainability/society/>

<Investment in intellectual properties, etc.>

The Group’s Technical Research Center engages in development of new technology, research and development, engineering, manufacturing, quality assurance, environment and safety, and intellectual property management. The Center works with other technical and business departments to further contribute to society through improvements in quality and technological innovation and has created a large number of unique technologies in the fields of separation, recovery and processing of precious and rare metals and the detoxification and recycle of waste. In addition, the Center has a great deal of expertise on as-yet-undisclosed technologies in refining and analysis, which supports the high quality of our products and the company’s ability to handle wide-ranging scrap and waste materials. We will continue to contribute to the creation of a sustainable recycling-oriented societies through the development of new technologies.

The details and the status of those initiatives are posted on our website and Integrated Report, etc.

\* R&D / Technology

URL: <https://www.asahiholdings.com/english/group/study/>

[Principle 4-1 Roles and Responsibilities of the Board (1)]

[Supplementary Principle 4-1-1 Decision on the Scope of Matters Delegated to the Management and Disclosure of Summary]

The Board of Directors assumes responsibility for achieving the efficient and effective corporate governance under the entrustment of shareholders and for achieving Group's sustainable growth and increased corporate value over the medium- to long-term. The Board will deliberate and decide important managerial matters regarding the management basic policies, management strategies, business portfolio, medium-term management plan, annual plan, investment plan and other strategic directions. Important matters delegated, based on the company rules within the scope of laws and regulations and Articles of Incorporation, to Executive Directors are deliberated and decided by each group company in consultation with Executive Directors.

For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 2. Board of Directors - Roles -).

[Principle 4-8 Effective Use of Independent Directors]

The Board of Directors comprises executive directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as outside directors with various types of expertise essential to corporate management. To further enhance the objectivity and independence of the Board of Directors and ensure that discussions are active and effective, the majority of members are Independent Outside Directors. The Board consists of one (1) Executive Director and five (5) Audit and Supervisory Committee members, including four (4) Independent Outside Directors, two (2) of whom are women, for a total of six (6) Board members. All Directors share their opinions actively and freely on important subjects such as the Group's management strategies and business plans.

In addition, in order to further strengthen cooperation between Independent Outside Directors and the Executive Directors and to establish a system that enables smooth communication and coordination, we appointed one of the Independent Outside Directors to serve as the Head of Independent Outside Directors.

For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 2. Board of Directors - Roles -, 3. Board of Directors - Composition -).

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

In addition to the independence criteria stipulated under Japan's Companies Act and Tokyo Stock Exchange, the Company has independently established the "Independence Criteria for Independent Directors" and, given their backgrounds and relationship with Group, will appoint Independent Outside Directors able to fulfill duties required of an Outside Director in a position independent from the management of the Company.

For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 6. Directors and Outside Directors, Annex Document -4: Independence Criteria for Independent Directors).

[Principle 4-10 Use of Optional Approach]

[Supplementary Principle 4-10-1 Policies, Authority and Roles Concerning the Independence of the Composition of the Nominating Committee and Compensation Committee]

The Company has established a Nominating Committee, consisting of one (1) Director and two (2) Independent Outside Directors, as well as a Compensation Committee, as advisory bodies to the Board of Directors. The chairpersons of both committees are appointed from among the Independent Outside Directors. The aim is to ensure transparency, fairness, and objectivity for the appointment and dismissal of directors and key management team members, as well as for the determination of director remuneration.

For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure / 8. Procedure of Nomination and Dismissing of Directors, 9. Determining Procedure of Compensation for Directors).

[Principle 4-11 Preconditions for Board Effectiveness]

[Supplementary Principle 4-11-1 Disclosure of View on Balance of Knowledge, etc., Diversity, and Scale of the Board of Directors as a Whole and a Policy and Procedures for Appointment of Directors]

The Board of Directors of the Company is operated by diversified personnel of an appropriate size, consisting of the Executive Directors who are familiar with the fields of businesses, technology and management and the Outside Directors who have the diversified expert knowledge necessary for the corporate management. We will select a person of superb personality and knowledge as a Director candidate irrespective of gender, nationality, work experience, age and any other personal attribute. The Executive Directors will consist of persons who are able to understand the Company's business well and to make decisions and who have achieved good business performance. The Outside Directors who are also the Audit and Supervisory Committee members will consist of persons who have diversified expert knowledge of finance, law, management, etc. in terms of achieving an optimum combination of knowledge and experience as an Outside Director in a supervisory position. Moreover, we will develop a "skills matrix" that lists the knowledge, experience, abilities, etc. of each director and disclose it on our website and Integrated Report.

Ms. Miyoko Kimura, one of the Independent Outside Directors of the Company, has been engaged in management of ASKUL

Corporation and KING JIM CO., LTD. as a director and has abundant business experience as corporate management and knowledge in marketing areas.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 3. Board of Directors - Composition -).

\* Director Skill Matrix

URL: <https://www.asahiholdings.com/english/sustainability/governance/>

[Supplementary Principle 4-11-2 Concurrent Positions of Directors]

A Director of the Company may concurrently serve as an Officer of no more than four (4) listed companies, including the Company. We will annually disclose how many and what companies each Director concurrently serves as an Officer for in a convocation notice of General Shareholders Meeting, securities report, etc.

[Supplementary Principle 4-11-3 Disclosure of Summary of Analysis and Evaluation Results Concerning Effectiveness of Board of Directors]

The Board of Directors of the Company will analyze and evaluate the effectiveness of the entire Board annually. Questionnaire survey sheets with evaluation items will be distributed to all Directors and their answers will be collected. Based on the aggregate results, discussions for analyses and evaluations will be held at the Board of Directors meetings. The summary of their results will be disclosed on our website and Integrated Report.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 4. Board of Directors - Operation and Securing Effectiveness -).

\* Evaluating the Effectiveness of the Board of Directors

URL: <https://www.asahiholdings.com/english/sustainability/governance/>

[Principle 4-14 Director Training]

[Supplementary Principle 4-14-2 Disclosure of Training Policy for Directors]

The Company will regularly provide the opportunity to acquire knowledge, information, etc. necessary for the directors to play their roles and fulfill their responsibilities, by inside specialists and outside instructors. In the fiscal year ended March 31, 2023, the Company conducted the training under the theme of “Sustained enhancement of corporate value from an investor’s perspective”.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 11. Policies of Training for Directors, Annex Document -7: Training Policies for Directors).

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

For the purpose of promoting constructive dialogue with shareholders, Group will explain its vision and management policies, the basic policy regarding the business portfolio and the status of the review of such portfolio, including the medium-term business plan aiming at the sustainable corporate growth and increased corporate value over the medium- to long-term, in an understandable manner so as to gain support from the shareholders.

IR activities will be controlled by the Representative Director and the IR division. If requested by an individual shareholder, the Representative Director, a Director, including Outside Director, and the IR division will meet and respond to the request, if needed. The IR division will play a central role to facilitate the IR activities in affiliation with internal relevant divisions.

The medium-term business plan and the quarterly financial result will be announced electronically on TDnet of the Tokyo Stock Exchange or the Company’s website promptly after resolution by the Board of Directors.

For institutional investors, we will hold a briefing for medium-term business plan, financial results, etc., which will be supplemented by subsequent questions and answers. Also, we will give an opportunity for such investors to understand our business if needed.

Matters known through dialogue with shareholders and investors will be immediately reported to the Executive Directors. In particular, important suggestions and indications by institutional investors, who are shareholders, will be reported promptly to all Directors, and also reported at the Board of Directors meeting if necessary, to be reflected in the management following discussions.

The Company will never transmit any insider information (i.e. unannounced important facts) to outsiders so as to secure the fair disclosure. The period between the day after the quarterly closing day and the date of financial report shall be defined as “silent period” during which we have to refrain from dialogue relating to financial information.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter- II: Relations with Shareholders and others / 3. Dialogue with Shareholders).

[Management’s focus on cost of capital and the share price]

With the aim of continuously increasing our corporate value, we set the goal with ROE 16% as a capital efficiency index in our mid- term business plan which will be ended March 31, 2024. In addition, we have already introduced performance-based

stock-compensation plan to all executive directors since 2015. The number of shares to be granted is linked to the business performance target achievement ratio of “consolidated operating profits” of each fiscal year or other factors.

Furthermore, in order to increase incentives to contribute to the growth of corporate value, we have decided to introduce a new performance-based stock-compensation plan from the fiscal year ending March 31, 2024, in which points will be awarded in accordance with the achievement of business performance each year, and the points will be increased or decreased according to the achievement of Total Shareholder Return. Then, the shares will be granted according to the number of points increased or decreased.

## 2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. [Trust account]	12,846,300	16.55
Custody Bank of Japan, Ltd. [Trust account]	5,050,400	6.50
Mitsuharu Terayama	1,793,490	2.31
STATE STREET BANK WEST CLIENT - TREATY 505234	1,634,700	2.11
Masamichi Terayama	1,484,690	1.81
Asahi Employee Stock Ownership Plan	1,322,500	1.70
CEPLUX-ERSTE GROUP BANK AG (UCITS CLIENTS)	1,225,400	1.58
The Master Trust Bank of Japan, Ltd. [Stock Grant ESOP Trust Account 75882]	916,200	1.18
MUFG Bank, Ltd.	900,000	1.16
CREDIT SUISSE (LUXEMBOURG) S.A. / CUSTOMER ASSETS, FUNDS UCITS	804,200	1.04

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

- The information is based on stock ledger as of March 31, 2023.
- The Company retains 2,067,658 shares as treasury stock, which is excluded from the Status of Major Shareholders. The percentage of shares held is calculated by excluding treasury stock.
- The large shareholding report filed by BlackRock Japan Co., Ltd. and four (4) other persons on December 21, 2021, which is open to the public, stating that they held shares of the Company as shown below as of December 15, 2021. However, these shareholdings were not included in the above Status of Major Shareholders because the Company could not confirm the number of beneficial shares as of March 31, 2023.

The content of the large shareholding report is as follows.

Name	Number of shares owned	Ratio of shareholding (%)
BlackRock Japan Co., Ltd.	986,000	1.24
BlackRock Asset Management Deutschland AG	280,900	0.35
BlackRock Asset Management Ireland Limited	476,644	0.60
BlackRock Fund Advisors	1,735,000	2.18
BlackRock Institutional Trust Company, N.A.	507,400	0.64

- The amendment to the large shareholding report filed by Asset Management One Co., Ltd. and Mizuho Securities Co., Ltd. on September 26, 2022, which is open to the public, stating that they held shares of the Company as shown below as of September 15, 2022. However, these shareholdings were not included in the above Status of Major Shareholders because the Company could not confirm the number of beneficial shares as of March 31, 2023.

The content of the large shareholding report (amendment report) is as follows.

Name	Number of shares owned	Ratio of shareholding (%)
Asset Management One Co., Ltd.	3,515,800	4.41
Mizuho Securities Co., Ltd.	318,000	0.40

- The amendment to the large shareholdings report filed by Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. on November 7, 2022, which is open to the public, stating that they held shares of the Company as shown below as of October 31, 2022. However, these shareholdings were not included in the above Status of Major Shareholders because the Company could not confirm the number of beneficial shares as of March 31, 2023.

The content of the large shareholding report (amendment report) is as follows.

Name	Number of shares owned	Ratio of shareholding (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	3,012,400	3.78
Nikko Asset Management Co., Ltd.	1,215,300	1.52

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Nonferrous Metals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

None

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

None

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

### 1. Organizational Composition and Operation

Corporate Governance System

Company with Supervisory Committee

#### Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	6
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yoshinori Hara	Academic												
Miyoko Kimura	From another company												
Akinori Yamamoto	CPA												
Yuki Tsuru	Lawyer								○				

\*Categories for "Relationship with the Company".

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

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

#### Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Yoshinori Hara	○	○	Not applicable	Mr. Yoshinori Hara has professional expertise and practical experience concerning development of service management personnel, through his involvement in University management as a former Dean of Graduate School of Management (MBA), Kyoto University, and as a Professor at the aforementioned university graduate school. The Company appointed him as

				<p>Outside Director since the Company expects, based on the reason above, that he will provide supervision and advice to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management toward sustainable enhancement of corporate value of the Company.</p> <p>[Designation as Independent Director]  Since he satisfies the requirements for an Independent Director as an Outside Director, who is unlikely to have conflicts of interest with general shareholders, the Company has judged that he is qualified to serve as an Independent Director, and designated him as such.</p>
Miyoko Kimura	○	○	Not applicable	<p>Ms. Miyoko Kimura has abundant business experience in corporate management and knowledge and actual experience in the marketing field, having been engaged in business expansion of ASKUL Corporation and KING JIM CO., LTD. as a Director, after launching the ASKUL business as one of its founders and serving as a Representative Director of ASMARU Corporation which was a subsidiary of ASKUL Corporation. The Company appointed her as Outside Director since the Company expects, based on the reason above, that she will provide supervision and advice to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management toward sustainable enhancement of corporate value of the Company.</p> <p>[Designation as Independent Director]  Since she satisfies the requirements for an Independent Director as an Outside Director, who is unlikely to have conflicts of interest with general shareholders, the Company has judged that she is qualified to serve as an Independent Director., and designated her as such.</p>
Akinori Yamamoto	○	○	Not applicable	<p>Mr. Akinori Yamamoto has highly professional expertise concerning accounting systems, corporate finance, etc. as a Certified Public Accountant, since he was involved in many M&amp;A projects inside and outside Japan for an investment bank after engaging in auditing services for an audit firm. The Company appointed him as Outside Director since the Company expects, based on the reason above, that he will</p>

				<p>provide supervision and advice in the aspect of finance and accounting to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management toward sustainable enhancement of corporate value of the Company.</p> <p>[Designation as Independent Director] Since he satisfies the requirements for an Independent Director as an Outside Director, who is unlikely to have conflicts of interest with general shareholders, the Company has judged that he is qualified to serve as an Independent Director, and designated him as such.</p>
Yuki Tsuru	○	○	<p>Ms. Yuki Tsuru is a lawyer at Kyowa-Sogo Partners Law Office, with which the Company has an advisory contract, and the Company has a business relationship with the firm regarding legal advice, etc. However, since its annual transaction value is less than 50 million yen and less than 2% of the firm's consolidated revenue, the amount does not exceed the criteria stipulated in the Company's "Independence Criteria for Independent Directors", and therefore, the Company has determined that it will not affect her independence.</p>	<p>Ms. Yuki Tsuru has highly professional expertise concerning laws as a lawyer and experience in supervision of management from an objective standpoint as an Outside Director of the other company. The Company appointed her as Outside Director since the Company expects, based on the reason above, that she will provide supervision and advice in the aspect of legal and compliance to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management toward sustainable enhancement of corporate value of the Company.</p> <p>[Designation as Independent Director] Since she satisfies the requirements for an Independent Director as an Outside Director, who is unlikely to have conflicts of interest with general shareholders, the Company has judged that she is qualified to serve as an Independent Director, and designated her as such.</p>

## Supervisory Committee

### Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	5	1	1	4	Outside Director

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

Appointed

### Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

The Company has established and implemented each item below in “A Key Principle for Internal Control System”.

- 1) The Company assigns employees who assist the duties of the Audit and Supervisory Committee in the Secretariat of Audit and Supervisory Committee.
- 2) Appointment and relocation of the staff of the Secretariat of Audit and Supervisory Committee that assists such Committee in performing its duties requires prior consent of such Committee.
- 3) The Audit and Supervisory Committee shall have the right to direct and order the staff of the Secretariat of Audit and Supervisory Committee who assists the Committee in performing its duties to perform his/her duties.

#### Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Company has established and implemented basic policies in “ARE Holdings Corporate Governance Policies” for appropriate cooperation and provision of information promptly among Audit and Supervisory Committee, Accounting Auditors and Audit Department.

For details, please refer to “Asahi Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 7. Securing Proper Audit by Accounting Auditors / 10. Support for Directors).

### Voluntary Established Committee(s)

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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating Committee	3	1	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Committee	3	1	1	2	0	0	Outside Director

#### Supplementary Explanation

Both Nominating Committee and Compensation Committee are composed of three (3) members, Mr. Tomoya Higashiura, Mr. Yoshinori Hara and Mr. Akinori Yamamoto, with Mr. Yoshinori Hara, who is the Head of Independent Outside Director, serving as the chair of the both Committees. As the Company's President & CEO, Mr. Tomoya Higashiura has extensive managerial knowledge and experience. Mr. Yoshinori Hara is Outside Director who has abundant insights and background in management, and Mr. Akinori Yamamoto is Outside Director who has abundant insights and background in auditing and corporate finance as a CPA.

In the fiscal year ended March 31, 2023, the Nominating Committee was convened four (4) times while the Compensation Committee met four (4) times. All members attended all the committee meetings during their term in office.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 8. Procedure of Nomination and Dismissing of Directors, 9. Determining Procedure of Compensation for Directors).

### Matters Concerning Independent Directors

Number of Independent Directors	4
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#### Other Matters Concerning Independent Directors

All Outside Directors meet the requirements for Independent Directors under the provisions of the Tokyo Stock Exchange and

filed such status with the Exchange.

Moreover, the Head of Independent Outside Director is elected from among the Outside Directors so as to further strengthen cooperation between Independent Outside Directors and Executive Directors, and to establish a system that enables smooth communication and coordination. Mr. Yoshinori Hara currently serves as the Head of Independent Outside Director.

[Independence of Outside Directors]

The Company secures independence of Outside Directors by establishing and observing “Independence Criteria for Independent Directors”.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Annex Document-4 Independence Criteria for Independent Directors).

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

### Supplementary Explanation for Applicable Items

The Company has “performance-based stock compensation plan” in place to enhance incentives for improving mid- to long-term corporate value and the number of shares to be granted is linked to the business performance target achievement ratio of “consolidated operating profits” of each fiscal year or other factors.

The base of performance-based compensation shall be consolidated operating profits which are profits gained from the main business and we believe it is the most appropriate as a management benchmark. The basic policy is that performance-based compensation shall account for 30% to 70% of the total if business performance targets are achieved.

The structure and level of compensation is determined with an importance placed on objectivity in consideration of the level of compensation for directors at other companies, etc., the balance with those of the Group’s employees, and other factors.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Annex Document-6 Compensation Policies for Directors and Key Management).

Persons Eligible for Stock Options

None

### Supplementary Explanation for Applicable Items

Not applicable

## Director Remuneration

Status of Disclosure of Individual Directors’ Remuneration

No Disclosure for any Directors

### Supplementary Explanation for Applicable Items

Total compensation, etc., for the fiscal year ended March 31, 2023, is as follows:

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of Directors subject to payment (persons)
		Cash compensation		Stock compensation	
		Fixed compensation	Performance-based compensation, etc.	Non-cash compensation, etc.	
Directors (excluding Directors serving as the Audit and Supervisory Committee Members) (Outside Directors)	115 (0)	47 (0)	55 (0)	12 (0)	2 (0)
Directors serving as the Audit and Supervisory Committee Members (Outside Directors)	36 (24)	36 (24)	0 (0)	0 (0)	5 (4)
Total (Outside Directors)	151 (24)	84 (24)	55 (0)	12 (0)	7 (4)

(Notes)

- 1) The amount of compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) does not include the employee salaries of Directors who serve concurrently as employees.
- 2) The base for performance-based compensation (bonuses and performance-based stock compensation) is consolidated operating profits which are profits gained from the main business and we believe to be the most appropriate as a management benchmark; actual results was 19,263 million yen. The amount of performance-based compensation (bonuses) of the Company is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company's subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.
- 3) The performance-based stock compensation is a stock compensation plan (nonmonetary compensation, etc.) in which the Company's shares are granted to eligible Directors in accordance with their positions and the achievement ratio of business performance targets. As the purpose of the plan is to enhance incentives for improving mid- to long-term corporate value, the points to be granted are linked to the business performance target achievement ratio of "consolidated operating profits" for each fiscal year. The eligible Directors are those who belong to the Company as of May 1, 2024 after the 9th Mid-term Business Plan ended. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, a continuation of the performance-based stock compensation plan and the number of share points to be granted to Directors (excluding Outside Directors, part-time Directors and Directors serving as the Audit and Supervisory Committee Members) in office in a three-year period from fiscal year 2021 to fiscal year 2023 were resolved.

The performance-based coefficient is as follows:

Business performance target achievement ratio	Performance-based coefficient
100% or more	1.0
50% or more	0.5
Below 50%	0

- 4) At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) be up to an annual 200 million yen (not including the portion of salary as employees). The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members) was five (5) at the conclusion of said General Meeting of Shareholders.
- 5) At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors serving as Audit and Supervisory Committee Members be up to an annual 100 million yen. The number of Directors serving as the Audit and Supervisory Committee Members was four (4) at the conclusion of said General Meeting of Shareholders.
- 6) At the 12th Annual General Meeting of Shareholders held on June 15, 2021, a continuation of the "performance-based stock compensation" plan and in addition to the maximum amount of compensation as stated above, the amount of compensation, etc. and details thereof for the Company's Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) in office in a three-year period from fiscal year 2021 to fiscal year 2023 were decided. The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) was two (2) at the conclusion of said General Meeting of Shareholders. Furthermore, the upper limit of the total number of points that Directors may be awarded per fiscal year shall be 40,000 points, and the maximum number of the Company's shares to be issued to Directors during the applicable period shall be 120,000 shares.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

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

1. Decision method of the decision policy  
The Board of Directors of the Company consults with the voluntary Compensation Committee that consists of three (3) members including two (2) Independent Outside Directors about preparation of a draft plan of the Company's Directors compensation, etc., and based on opinions received from the Committee, resolves a policy about decision on contents of compensation, etc. for each Director at a Board of Directors meeting of the Company.
2. Overview of contents of the decision policy  
The Company makes a decision within the maximum amount of the board members' compensation which was resolved at a General Meeting of Shareholders at the Board of Directors meeting based on opinions from the Compensation Committee that is an advisory body of the Board of Directors.  
The compensation structure shall be developed so that incentives for improving business performance will be enhanced, and compensation for Directors (excluding those serving as the Audit and Supervisory Committee Members) consists of "basic

remuneration,” “bonuses” and “performance-based stock compensation.” Compensation for Directors serving as the Audit and Supervisory Committee Members consists of “basic remuneration” only.

- 1) The amount of “basic remuneration” is determined for each Director in accordance with their duties and responsibilities.
- 2) The amount of “bonuses” is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company’s subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.
- 3) The purpose of “performance-based stock compensation” is to enhance incentives for improving mid- to long-term corporate value. The number of shares to be granted is linked to the business performance target achievement ratio of “consolidated operating profits” of each fiscal year or other factors. From the fiscal year ending March 31, 2024, the points will be awarded in accordance with the achievement of business performance each year, and the points will be increased or decreased according to the achievement of TSR. Then, the shares will be granted according to the number of points increased or decreased.

The base of performance-based compensation (bonuses and performance-based stock compensation) shall be consolidated operating profits which are profits gained from the main business and we believe it is the most appropriate as a management benchmark. The basic policy is that performance-based compensation shall account for 30% to 70% of the total if business performance targets are achieved. The structure and level of compensation is determined with an importance placed on objectivity in consideration of the level of compensation for directors at other companies, etc., the balance with those of the Group’s employees, and other factors.

3. The reason that the Board of Directors considered that contents of compensation, etc. for each Director for the fiscal year comply with the decision policy  
For decisions on the content of compensation, etc. for each Director, the Compensation Committee made a comprehensive review of the draft plan, including its consistency with the decision policy, and the Board of Directors respects its opinions and determines if the decision policy was complied with.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 9. Determining Procedure of Compensation for Directors, Annex Document -6: Compensation Policies for directors and key management).

### Support System for Outside Directors

The Company has established the Audit and Supervisory Committee Secretariat as an organization that assists the Audit and Supervisory Committee to support the smooth operation of meetings of Audit and Supervisory Committee, etc. Also, in order to realize effective audit by Directors serving as Audit and Supervisory Committee, employees are assigned as staff to support such Directors by promptly providing necessary information to them.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure / 10. Support for Directors).

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

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

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Mitsuharu Terayama	Senior Advisor	Advice at the request of management	Full time employment with remuneration	June 20, 2023	Not applicable

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

1

Other Related Matters

None

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

For overview and actions to enhance corporate governance, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-V: Corporate Governance Structure).

### <Board of Directors>

The Board of Directors is comprised of Executive Directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as Outside Directors with various types of expertise essential to corporate management. To enhance the neutrality and independence of the Board of Directors and have an adequate number of Directors for active, substantial and effective discussions at meetings, the majority of members on the Board of Directors are Outside Directors and it consists of six (6) Directors, including four (4) Independent Outside Directors. The Board of Directors deliberate and decide on important managerial matters regarding basic management policies, management strategies, medium-term business plan, annual plan and other strategic directions. The Board of Directors’ meeting was held nine (9) times during the fiscal year ended March 31, 2023, and all Directors attended all the Board of Directors’ meetings.

### <Audit and Supervisory Committee>

The main agenda of the Audit and Supervisory Committee meeting are determination of audit policy/audit planning, audit of financial results, determination of reappointment or non-reappointment of Accounting Auditor, approval of compensation of Accounting Auditors, determination of the opinions regarding personnel and remunerations of Directors, audit of business report/agenda of AGM, audit of internal control system, hearing regarding operations of overseas subsidiaries, audit of important request for approval, etc.

The Audit and Supervisory Committee meeting was held ten (10) times during the fiscal year ended March 31, 2023, and all Audit and Supervisory Committee Members attended all Audit and Supervisory Committee meetings.

The meeting with Accounting Auditor was held nine (9) times, and periodical report from Audit Department was delivered four (4) times, which strengthened the collaboration with them.

### <Nominating and Compensation Committees>

A Nominating Committee, consisting of three (3) members including two (2) Independent Outside Directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors, and the Chairperson of the both Committees is elected from among Independent Outside Directors. The aim is to further enhance corporate governance by ensuring transparency, fairness, and objectivity for the appointment and dismissal of Directors and key management team members, as well as for the determination of director remuneration.

### <Internal Audit>

The Company has established the Audit Department, consisting of three (3) members, as an organization that conducts internal audits under the direct control of the Audit and Supervisory Committee. The Audit Department regularly conducts internal audits of the Group to audit the adequacy of operations and organizational management, as well as the status of compliance with laws, regulations and internal rules. Based on the audit results, the audited organizations and related departments are requested to make improvements for matters that are required for correction, and then the Audit Department will check the implementation status. Audit results are reported to the President and CEO, Directors, the Audit and Supervisory Committee, and the heads of related departments. Furthermore, the Audit Department periodically exchanges information and opinions with Accounting Auditors as well as Audit and Supervisory Committee.

### <Accounting Audit>

The Company has selected Ernst & Young ShinNihon LLC as its Accounting Auditor. The continuous audit period, the names of certified public accountants who performed duties and the composition of assistants engaged in audit duties during the fiscal year ended March 31, 2023 are as follows:

\* Continuous audit period: 17 years

\* Names of certified public accountants who performed audit duties: Mr. Hiroaki Hono. Mr. Takamichi Komiyama

\* Composition of assistants engaged in audit duties: 7 certified public accountants and 14 assistants in other duties

### <Limited liability contract>

The Company and each Director (excluding any Director with executive authority over operations, etc.) signed a contract that limits the liability for compensation for damage set forth in Article 423, Paragraph 1 of the Companies Act under provisions set forth Article 427, Paragraph 1 of the same Act.

The limit amount of the liability for compensation for damage under such a contract is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company's organization design and basic framework of corporate governance are as below.

We believe that this is the most appropriate system to speed up the business operations and to enhance the function of supervising the business operations, giving the advice and supervising the conflict of interest.

- 1) By adopting a company with an Audit and Supervisory Committee as a form of organization under the Companies Act and appointing two (2) or more Independent Outside Directors, we have enhanced the functions to supervise the business operations, to give advice and to supervise the conflict of interest and, by appointing and empowering the Executive Directors, have accelerated the business operations.
- 2) The Company has established the "Compensation Committee" and "Nominating Committee" (the Chairperson of each Committee and the majority of which are elected from Independent Outside Directors) as an advisory body of the Board of Directors in order to further enhance corporate governance by securing transparency, fairness and objectivity in determining the amount of compensation of Directors and appointing and dismissing the Directors and key management candidates.
- 3) Important matters delegated, based on the company rules within the scope of laws and regulations and Articles of Incorporation, to Executive Directors are deliberated and decided by each group company in consultation with Executive Directors.

For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter-V: Corporate Governance Structure).

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights UPDATED

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	In order for shareholders to give enough thought to the items of the Shareholders Meeting, the Company seeks to conduct early posting and sending of notice of General Shareholders Meeting. Prior to sending the notice, the Company takes the electronic provision measures on the Company's website and the TDnet of the Tokyo Stock Exchange no later than three (3) weeks prior to the date of the Shareholders Meeting. * The commencement date of electric provision measures for the 14th General Shareholders Meeting in 2023: May 25, 2023
Scheduling of the General Shareholders Meeting During Non-Peak Days	General Shareholders Meeting takes place more than approx. seven (7) days prior to the peak day. * The date of the 14th General Shareholders Meeting in 2023: June 20, 2023
Electronic Exercise of Voting Rights	Electronic exercise of voting rights is available from the 7th General Shareholders Meeting in 2016.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in electronic voting platform operated by ICJ Inc. from the 7th General Shareholders Meeting in 2016.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The full text of notice in English is posted on the Company's website and TDnet of the Tokyo Stock Exchange.
Other	None

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	For the basic policy, please refer to "ARE Holdings Corporate Governance Policies" (Chapter- III : Proper Disclosure, Chapter- II : Relations with Shareholders and others/ 3. Dialogue with Shareholders).	
Regular Investor Briefings held for Individual Investors	Hold company briefings for individual investors regularly.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	Hold explanatory meeting at time of full-year and interim business result. Information meetings, small meetings and plant tours are also held in a timely manner.	Held
Regular Investor Briefings held for Overseas Investors	Have dialogues with overseas institutional investors at time of full-year business result, mainly in Europe and U.S.A.	Held
Online Disclosure of IR Information	Stock information, dividend information, timely disclosure materials, press releases, financial information, financial statements, financial results briefing materials for analysts and institutional investors, securities reports and quarterly reports, materials related to general meetings of shareholders, etc. are posted on the Company's website. English versions of above information are also available. URL: <a href="https://www.asahiholdings.com/english/ir/">https://www.asahiholdings.com/english/ir/</a>	
Establishment of Department and/or Placement of a Manager in Charge of IR	Established in Corporate Planning & Communications Department, and appointed the persons in charge.	
Other	None	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>In order to achieve sustainable corporate growth and increased corporate value over the medium- to long-term in accordance with its corporate philosophy called the Asahi Way, the Group will fulfill its responsibility as a corporate citizen by meeting each stakeholder's expectations.</p> <p>For details, please refer to "ARE Holdings Corporate Governance Policies" (Chapter-IV: Stakeholder Relationships for the basic policies).</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>&lt; Sustainability initiatives &gt;</p> <p>With "Totally Committed to Protecting the Natural Environment and Preserving Resources" as our Group's common shared Purpose, we are committed to making effective use of resources and engaging in a wide range of environmental preservation activities. Based on the conviction that our business activities contribute to sustainability itself and that our business growth will directly help us to address social issues, the Group has established priority issues, themes, and targets, and are working hard to achieve them.</p> <p>(1) Sustainability Promotion System</p> <p>One of the basic policies of our 9th Medium-Term Business Plan is "contributing to the SDGs." The Group is working to expand precious metals recycling and proper disposal of industrial waste, as well as to enhance our work-life balance and diversity infrastructure. In December 2021, we declared that we would achieve "carbon neutrality by 2050" and endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and we have been implementing information disclosure in line with the TCFD recommendations. Moreover, to strengthen our sustainability promotion system, we expanded the existing SDGs Promotion Committee and replaced it with the Sustainability Committee (April 2022), which is overseen by the Representative Director and President (CEO). Every quarter, the Sustainability Committee discusses sustainability-related strategies, plans, measures, risk management, and monitoring. In addition to reporting matters discussed by the Sustainability Committee to the Board of Directors, effective governance is ensured by having the Board of Directors pass resolutions on matters of import. By reporting the items to be resolved of the Sustainability Committee to the Group Risk Management Department, we strengthen the risk management system of the entire Group.</p> <p>(2) Response to Recommendations by TCFD</p> <p>We consider climate change-related items related to sustainability to be important due to the magnitude of the impact on the Group. In addition to "Governance" and "Risk Management," we also implemented measures for "Strategy" and "Metrics and Targets" based on the recommendations of TCFD. The risks and opportunities identified in the TCFD actions will be reported to the Board of Directors and the Sustainability Committee at least once every year.</p> <p>1) Strategy</p> <p>We extracted risks and opportunities relevant to climate change that will affect our Precious Metals Business (domestic and North American businesses) and Environmental Preservation Business in 2030. We qualitatively assessed them on three levels: "Large," "Medium," and "Small." At that time, we also considered the further impact of climate change from 2030 to 2050. As a result, "Policy and Legal," "Market," "Technology," etc. were identified.</p> <p>2) Metrics and targets</p> <p>One of our business materiality themes is to reduce CO2 emissions. Accordingly, we have set the following targets: "Reduce energy-derived CO2 emissions, such as electricity and gasoline, by 50% (compared to FY2015) by FY2030." In order to achieve this target, we are moving forward with switching</p>

to CO2 free electricity, reducing fuel usage, and making our business offices ZEBs (Zero Energy Buildings). We have also declared that we will aim for carbon neutrality in FY2050 (targets are Scope 1 and Scope 2). Although we recycle industrial waste that can be recycled through our Environmental Preservation Business, it is also true that there are some things that must be incinerated to ensure proper disposal, such as reduction and detoxification. Therefore, we will first focus on achieving our energy-derived CO2 emissions reduction target.

### (3) Other major initiatives

#### 1) Expansion of precious metals recycling

About one-fourth of the world's gold supply comes from recycling. Recycled precious metals have minimal impact on the environment because they are not mined. They also help promote sustainability because they can be repeatedly reused.

Recycling is an important way to ensure the stable supply of precious metals needed in many fields. By fiscal 2030, we aim to achieve total annual recycling of 410 tons of four elements: gold, silver, palladium, and platinum. As recycling emits less CO2 compared to mining and refining, achievement of this recycling target will also yield a CO2 reduction effect.

#### 2) Contributing to increased proper industrial waste disposal

Due to the increased economic activities of mass production, mass consumption and mass disposal, a shortage of final waste disposal sites has become a social issue in Japan.

In recent years, the problem of microplastics polluting the oceans and harming marine life has also become an international concern. This is often a result of the improper disposal of plastic materials, which end up in rivers and flow out to sea.

The Group disposes all wastes properly and aims to increase its total volume of properly handled industrial waste to 500,000 tons per year by fiscal 2030. We also plan to expand the detoxification and recycling of industrial waste, while helping to solve various social problems and promote a sustainable society.

#### 3) Generating power from waste

Waste-to-energy is a power generation method that uses the heat generated from waste incineration. It produces high temperatures and high-pressure steam that turns a turbine and generates power. By taking advantage of the energy released during waste incineration to produce electricity, the Group can reduce the amount of fuel used, thereby reducing CO2 emissions accordingly. The Group constructed a waste-to-energy power plant in the city of Kitakyushu. By achieving advanced and highly efficient heat recovery, we are helping to prevent global warming and build a low-carbon society.

#### 4) Initiative for a hydrogen society

From September 2021 until March 2023, the Group has carried out a demonstration on the "Development of a system for building a green hydrogen supply chain through effective use of by-products," for the "2021 Low Carbon Technology Research, Development and Demonstration Program" organized by the Ministry of the Environment. The project is developing a hydrogen co-production system that can significantly reduce the cost of hydrogen production by utilizing unused power at our waste-to-energy power plant and co-producing hydrogen and by-products, and we have completed the introduction of hydrogen production equipment to the Kitakyushu Plant in December 2022. We will continue to aim to build a hydrogen supply chain and sell by-products.

#### 5) Green bond issuance

A green bond is a bond used to finance projects that have an environmental improvement impact (green projects) including measures to combat global warming and promote renewable energy.

As part of our initiatives to promote sustainable management, we have issued green bonds in March 2020 to secure the financing necessary to install eco-friendly facilities and equipment. This was the first green bond issued in the non-ferrous metal industry in Japan. This issuance has been recognized as a measure to help solve environmental problems, and it has received the highest rating of “GA1.”

Please also refer to “ARE Holdings Corporate Governance Policies” (Chapter-IV: Stakeholder Relationships).

\* Sustainability Action

URL: <https://www.asahiholdings.com/english/sustainability/>

#### Formulation of Policies, etc. on Provision of Information to Stakeholders

In order to gain support of various stakeholders, including shareholders, the Group will make sufficient considerations to achieve the proper information disclosure.

For details, please refer to “ARE Holdings Corporate Governance Policies” (Chapter-III: Proper Disclosure).

#### Other

<Human Capital Management>

In order to achieve our long-term vision, we believe that all employees need to understand our Purpose and the “Asahi Way” and put them into practice. We believe that the productivity of the entire organization will be maximized when diverse employees take pride in their work and enthusiastically take on challenges for innovation based on trust and connections. For this reason, we position each and every employee as an important stakeholder and systematically invest in human capital.

##### (1) Human Resource Strategy

Based on the promotion of diversity, equity, inclusion, and health management, where diverse employees can achieve harmony between work and life in their own way, we will develop an environment in which they can grow and demonstrate their abilities in their daily work.

In addition, in the labor market where the mobility of human resources is expected to progress further in the future, we believe that improving employee engagement will lead to retention of human resources. Therefore, by investing in human capital centered on “Asahi Way”, we will improve employee engagement and enhance our human resource base.

##### (2) Metrics and Targets

The following indicators for our human capital management policy and human resources strategy are being set:

Items	Targets	FY2023.3 Results
Thorough implementation of the rest interval system (at least 11 hours rest)	100% achievement each fiscal year	99.99%
Increasing the percentage of women in managerial positions	Equivalent to the percentage of men in managerial positions by the end of FY2030	Percentage of managers among women: 9.09% (Percentage of managers among men: 19.9%)
Promoting the employment of people with disabilities	Equal to or higher than the statutory rate at that time by the end of FY2030	2.22%

##### (3) Other major initiatives

###### 1) Work-Life Balance Support

The Company is working to create workplaces where it is easy for employees to secure time off for family needs, such as childbirth, childcare, or home care for a relative. Our program providing shortened working hours after childcare leave can be used until the child graduates from elementary school, a benefit

which greatly exceeds legal requirements. We have also introduced a telework system for employees who have young children, are providing home care, or are receiving medical treatment. This helps employees to work according to their circumstances.

## 2) Promoting Health and Productivity Management

The Company is promoting health and productivity management based on the conviction that the physical and mental health of every employee is a primary management concern. We have been providing enhanced medical examinations that exceed the legal requirements, and the employee participation rate is very high. We have also implemented a system to ensure that employees get a rest interval of at least 11 hours from the time they finish work, to the time they begin work the next day. Based on recognition of these initiatives, the Company acquired certification from the Ministry of Economy, Trade and Industry as a 2023 Certified Health and Productivity Management Outstanding Organization. This has been a continuous acquisition since 2020.

## 3) Kurumin Certification

On June 10, 2021, the Minister of Health, Labor and Welfare granted us Kurumin certification, recognizing us as a company that supports childcare. Kurumin certification is awarded to companies who implement action plans formulated in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and meet certain other requirements. We've been formulating and implementing such action plans since FY2016, and have now met the criteria for recognition by achieving all the targets in the three-year plan we started in FY2018. These include providing support for returning to work after maternity leave, holding women's round-table talks, and extending the limit for shorter working hours for parenting (until completion of grade 6 of elementary school).

## **IV. Matters Concerning the Internal Control System**

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

1. Framework to ensure that the performance of duties by the Directors, Corporate Officers and employees of the Company and the subsidiaries are consistent with the laws and the Articles of Incorporation
  - 1) The Board of Directors has established the “Asahi Way” for the Directors and employees in order for the Directors, Corporate Officers and employees to comply with the laws, Articles of Incorporation and internal rules and to fulfill their duties.
  - 2) The Company has distributed the Asahi Way to the Directors and employees so as to keep them informed of legal compliance. The Audit Department makes improvements and give guidance through the business audit.
  - 3) The Company has established the “Internal Control Promotion Meeting” consisting of Directors, responsible persons of various divisions, and Group Risk Management Department as an organization that controls the entire compliance in order to promote the construction, maintenance and improvement of the internal control system.
  - 4) To promote compliance, the actual situation of compliance is audited.
  - 5) In order to respond appropriately to any legal violation or other doubtful act under the laws which maybe discovered by a Director or an employee, we have developed and are operating a whistle-blowing system.
  - 6) We will never have any relationship, including business relationships, with anti-social forces which threaten the social order and sound corporate activities. In the event of an illegal request, we will take a firm attitude and respond to it organizationally in accordance with the laws and internal rules.
2. Framework for storage and management of information relating to business operations by the Directors and a framework for report to the Company about the matters relating to the performance of duties by the Directors and employees of the subsidiaries
  - 1) The Company appropriately controls the manner of storing, disposing of and otherwise managing the records and documents relating to the performance of duties and decision-making of the Directors and reviews the relevant rules from time to time when needed.
  - 2) The Directors, Audit and Supervisory Committee Members and Accounting Auditor always have access to these information and documents.
  - 3) We manage the subsidiaries and they report important matters to us.
3. Rules and other frameworks for management for risk of loss in the Company and subsidiaries
  - 1) The Company has established the risk management rules and built a risk management system in accordance with such rules.
  - 2) In order to evaluate risks in business activities and implement mitigation measures across the Group and properly identify potential risks in the Group's business execution processes and business structures, Group Risk Management Department will implement compliance risk management for each business unit, as well as strive to ensure appropriate governance in collaboration with the Audit Department.
  - 3) In the event of an unexpected event, we will discuss and make decisions at the management meeting, etc. and the responsible manager will inform such decisions to each division and plant. Each division and plant will take prompt actions to prevent damage from expanding and will take necessary measures to minimize the damage.
4. Framework to secure the efficient performance of duties by the Directors of the Company and subsidiaries
  - 1) The Board of Directors holds a meeting regularly no less than once every three months and from time to time when needed in order to determine the management policies and other important matters relating to the business strategies and to supervise the situation of business operations by the Directors.
  - 2) In order to enhance the functions of the Board of Directors and improve management efficiency, the Board of Directors will hold an extraordinary meeting from time to time when needed in order to expeditiously make decisions on basic matters and important matters relating to the business operations.
  - 3) The Board of Directors drafts a mid-term business plan and a budget for each fiscal year to set the business target and supervises the progress.
  - 4) Regarding the business operations according to decisions made by the Board of Directors, we will establish the responsibility of the Directors for performance of duties and the procedures for performance so as to ensure the efficient performance of duties. Such procedures will be reviewed from time to time when needed.
5. Framework to secure the appropriateness of business of the corporate group consisting of the Company and subsidiaries
  - 1) The Company has built a system to manage the subsidiaries and developed a system to report their business results, business activities and the like to the Board of Directors on a regular basis.
  - 2) A manager of the Company serves as an officer of the subsidiary and develops a system to observe the appropriateness of such subsidiary's business.

- 3) The Audit Department of the Company conducts the internal audit regularly or when needed and develops a system to report the result of audit to the Representative Director and President, the Audit and Supervisory Committee and the relevant divisions of the Company.
6. Framework to appoint an employee who assists the duties of the Audit and Supervisory Committee of the Company, and the matters relating to the independence of such employee from the Directors (except those who are Audit and Supervisory Committee Members) and the matters relating to the assurance of effective instructions given by the Audit and Supervisory Committee to such employee
  - 1) The Company has assigned an employee who assists the duties of the Audit and Supervisory Committee in the Secretariat of Audit and Supervisory Committee.
  - 2) Appointment and relocation of the staff of the Secretariat of Audit and Supervisory Committee that assists such Committee in performing its duties requires prior consent of such Committee.
  - 3) The Audit and Supervisory Committee shall have the right to direct and order the staff of the Secretariat of Audit and Supervisory Committee office who assists the Committee in performing its duties to perform his/her duties.
7. Framework where the Directors (except those who are Audit and Supervisory Committee Members) and employees of the Company and the Directors, Corporate Officers, employees and Auditors of the subsidiaries or parties who receive a report from aforementioned persons report to the Audit and Supervisory Committee of the Company, and other matters relating to reporting to the Audit and Supervisory Committee
  - 1) The Directors (except those who are Audit and Supervisory Committee Members) and employees of the Company and the Directors, Corporate Officers, employees and Auditors of the subsidiaries or parties who receive a report from aforementioned persons promptly report the important matters relating to, without limitation, the management, the accounting division and division in charge of compliance and awards and penalties to the Audit and Supervisory Committee of the Company, in addition to the matters which conflict with the laws and Articles of Incorporation and the matters which may remarkably damage the Company and the subsidiaries.
  - 2) In order to grasp the important decision-making process and the situation of its business operations, the Audit and Supervisory Committee Members may attend important meetings in addition to the meeting of the Board of Directors, access important documents relating to the business operations and request a Director or an employee to explain the situation when needed.
8. Framework to ensure that no person who reported to the Audit and Supervisory Committee of the Company is treated disadvantageously by reason of the report  
The Company will not treat any Officer or employee of the Company and the subsidiaries who reported to the Audit and Supervisory Committee disadvantageously by reason of such report.
9. Matters relating to the policies for settlement of expenses or debts associated with the procedures for prepayment or reimbursement of expenses incurred for the performance of duties by the Audit and Supervisory Committee Members of the Company (limited to the performance of duties of the Audit and Supervisory Committee) and the performance of other duties  
The Audit and Supervisory Committee Members may request the Company to repay the expenses required for the performance of their duties (limited to the performance of duties of the Audit and Supervisory Committee.)
10. Other framework to ensure that the Audit and Supervisory Committee of the Company conducts audits effectively  
The Audit and Supervisory Committee, Accounting Auditor and Audit Department cooperate with each other in audit tasks and the Director and the employees assist them in conducting audits efficiently.

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

The Group strictly prohibits all Officers and employees from having any relationship or doing any transaction with anti-social activities or forces. Also, Group has a system to closely affiliate with outside expert organs and to respond to any situation promptly.

## V. Other

### 1. Adoption of Anti-Takeover Measures

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

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No anti-takeover measures is adopted in the Company.

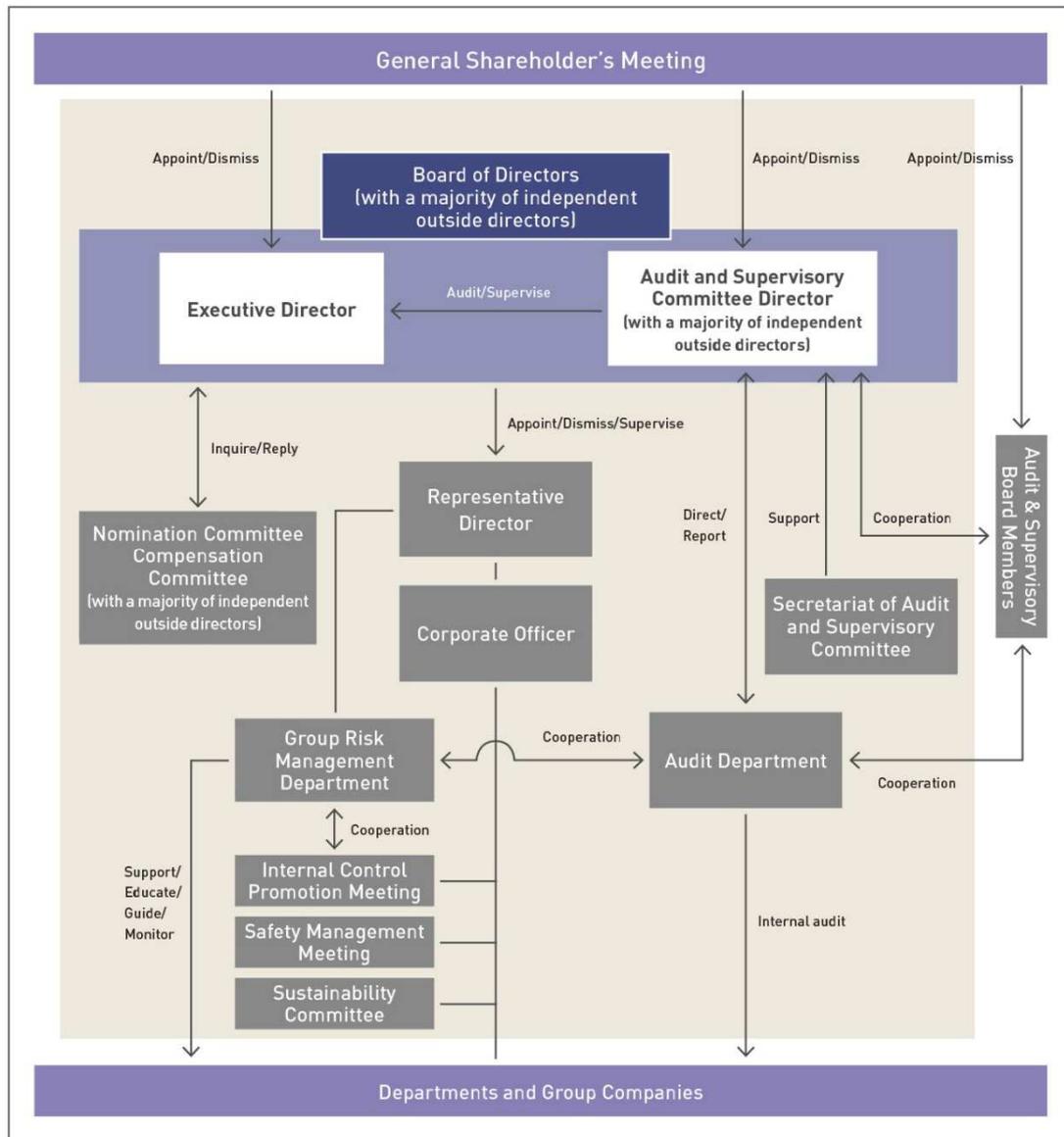
In the event that our stock is subject to a takeover bid, we will take the following actions.

- 1) Will request the takeover bidder, etc. to explain specific measures to increase Group's corporate value after the change of control.
- 2) Will explain to the shareholders the specific measures to further increase Group's corporate value so as to gain their support.
- 3) Will not unreasonably prevent the shareholders from accepting the takeover bid from a standpoint of respecting their rights.

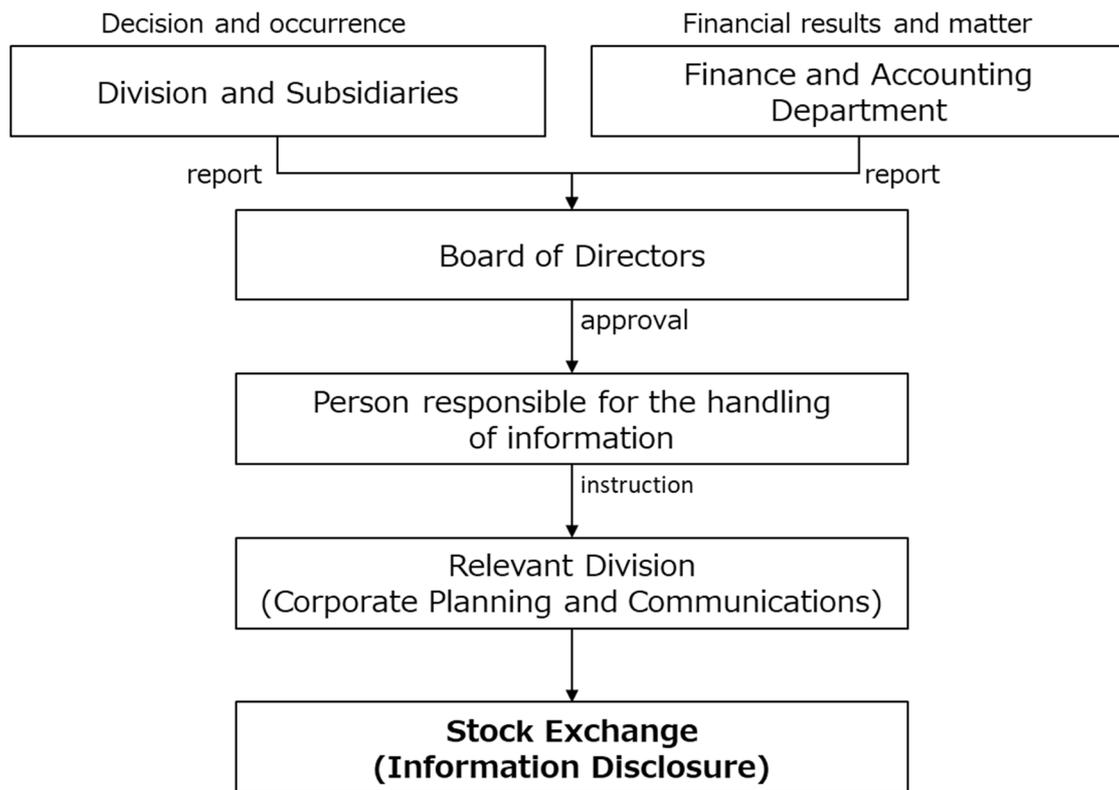
### 2. Other Matters Concerning the Corporate Governance System

None

## Corporate Governance Structure



## Overview of Timely Disclosure Framework



## Implementation status for the Corporate Governance Code

\*Our implementation status for each principle in the Corporate Governance Code is disclosed in "ARE Holdings Corporate Governance Policies" as follows;

No	Corporate Governance Code		Status		Corresponding articles in ARE Holding Corporate Governance Policies	
			Comply	Explain		
1	Section 1 Securing the Rights and Equal Treatment of Shareholders	<b>General Principle 1</b>		●	<b>Chapter-II: Relations with Shareholders and others</b>	
2		<b>Principle 1.1</b> Securing the Rights of Shareholders			●	<b>Chapter-II: Relations with Shareholders and others</b> 1. Securing the Rights of Shareholders
3			1-1 ①		●	<b>Chapter-II: Relations with Shareholders and others</b> 2. General Shareholders Meeting
4			1-1 ②		●	<b>Chapter-V: Corporate Governance Structure</b> 1. Organization Design and Basic Framework 2. Board of Directors – Roles -
5			1-1 ③		●	<b>Chapter-II: Relations with Shareholders and others</b> 1. Securing the Rights of Shareholders
6			<b>Principle 1.2</b> Exercise of Shareholder Rights at General Shareholder Meetings			●
7		1-2 ①			●	<b>Chapter-II: Relations with Shareholders and others</b> 2. General Shareholders Meeting
8		1-2 ②			●	<b>Chapter-II: Relations with Shareholders and others</b> 2. General Shareholders Meeting
9		1-2 ③			●	<b>Chapter-II: Relations with Shareholders and others</b> 2. General Shareholders Meeting
10		1-2 ④			●	<b>Chapter-II: Relations with Shareholders and others</b> 2. General Shareholders Meeting <b>Chapter-III: Proper Disclosure</b> 2. Enhancement of Disclosure in English
11		1-2 ⑤		●	<b>Chapter-II: Relations with Shareholders and others</b> 2. General Shareholders Meeting	
12		<b>Principle 1.3</b> Basic Strategy for Capital Policy			●	<b>Chapter-II: Relations with Shareholders and others</b> 4. Basic Strategy for Capital Policy
13		<b>Principle 1.4</b> Cross-Shareholdings			●	<b>Chapter-II: Relations with Shareholders and others</b> 6. Cross-Shareholding Strategy
14			1-4 ①		●	<b>Chapter-II: Relations with Shareholders and others</b> 6. Cross-Shareholding Strategy
15			1-4 ②		●	<b>Chapter-II: Relations with Shareholders and others</b> 6. Cross-Shareholding Strategy
16		<b>Principle 1.5</b> Anti-Takeover Measures			●	<b>Chapter-II: Relations with Shareholders and others</b> 7. Anti-Takeover Measures
17			1-5 ①		●	<b>Chapter-II: Relations with Shareholders and others</b> 7. Anti-Takeover Measures
18		<b>Principle 1.6</b> Capital Policy that May Harm Shareholder Interests			●	<b>Chapter-II: Relations with Shareholders and others</b> 4. Basic Strategy for Capital Policy
19		<b>Principle 1.7</b> Related Party Transactions			●	<b>Chapter-II: Relations with Shareholders and others</b> 5. Prevention of Related Party Transactions
20	Section 2 Appropriate Cooperation with Stakeholders Other Than Shareholders	<b>General Principle 2</b>		●	<b>Chapter-I: General Provision</b> 1. Asahi Way <b>Annex Document-1: Asahi Way</b>	
21		<b>Principle 2.1</b> Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long- Term			●	<b>Chapter-I: General Provision</b> 1. Asahi Way <b>Annex Document-1: Asahi Way</b>
22		<b>Principle 2.2</b> Code of Conduct			●	<b>Chapter-I: General Provision</b> 1. Asahi Way <b>Chapter-IV: Stakeholder Relationships</b> 4. Relationships with Employees
23			2-2 ①		●	<b>Chapter-IV: Stakeholder Relationships</b> 4. Relationships with Employees

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No	Corporate Governance Code		Status		Corresponding articles in ARE Holding Corporate Governance Policies		
			Comply	Explain			
24	Section 2 Appropriate Cooperation with Stakeholders Other Than Shareholders	Principle 2.3 Sustainability Issues, Including Social and Environmental Matters		●	Chapter-IV: Stakeholder Relationships 2. Relationships with Communities and Activities on Environment		
25			2-3 ①	●	Chapter-IV: Stakeholder Relationships 2. Relationships with Communities and Activities on Environment		
26		Principle 2.4 Ensuring Diversity, Including Active Participation of Women		●	Chapter-IV: Stakeholder Relationships 4. Relationships with Employees		
27			2-4①	●	Chapter-IV: Stakeholder Relationships 4. Relationships with Employees		
28		Principle 2.5 Whistleblowing		●	Chapter-IV: Stakeholder Relationships 5. Whistle-blowing System		
29			2-5 ①	●	Chapter-IV: Stakeholder Relationships 5. Whistle-blowing System		
30		Principle 2.6 Roles of Corporate Pension Funds as Asset Owners		●	Chapter-IV: Stakeholder Relationships 6. Role of asset owner		
31	Section 3 Ensuring Appropriate Information Disclosure and Transparency	General Principle 3		●	Chapter-III: Proper Disclosure		
32		Principle 3.1 Full Disclosure		●	(ALL) Chapter-III: Proper Disclosure ( i ) Chapter-I: General Provision 1. Asahi Way Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders ( ii ) Chapter-I: General Provision 2. Basic Policies for Corporate Governance ( iii ) Chapter-V: Corporate Governance Structure 9. Determining Procedure of Compensation for Directors Annex Document-6: Compensation Policies for directors and key management ( iv ) Chapter-V: Corporate Governance Structure 8. Procedure of Nomination and Dismissing of Directors Annex Document-5: Nomination Policies and Dismissal criteria for directors and key management candidates ( v ) Chapter-V: Corporate Governance Structure 8. Procedure of Nomination and Dismissing of Directors		
			33	3-1 ①	●	Chapter-III: Proper Disclosure 1. Basic Policies for Information Disclosure	
			34	3-1 ②	●	Chapter-III: Proper Disclosure 2. Enhancement of Disclosure in English	
			35	3-1 ③		●	Chapter-III: Proper Disclosure 1. Basic Policies for Information Disclosure Chapter-V: Corporate Governance Structure 2. Board of Directors - Roles - Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
						●	Chapter-V: Corporate Governance Structure 7. Securing Proper Audit by Accounting Auditors
36		Principle 3.2 External Auditors		●	Chapter-V: Corporate Governance Structure 7. Securing Proper Audit by Accounting Auditors		
37			3-2 ①	●	Chapter-V: Corporate Governance Structure 7. Securing Proper Audit by Accounting Auditors		
38		3-2 ②	●	Chapter-V: Corporate Governance Structure 7. Securing Proper Audit by Accounting Auditors			

## Implementation status for the Corporate Governance Code

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No	Corporate Governance Code		Status		Corresponding articles in ARE Holding Corporate Governance Policies		
			Comply	Explain			
39	Section 4 Responsibilities of the Board	General Principle 4		●		<b>Chapter-V: Corporate Governance Structure</b> 1. Organization Design and Basic Framework 2. Board of Directors – Roles -	
40		Principle 4.1 Roles and Responsibilities of the Board (1)			●		<b>Chapter-V: Corporate Governance Structure</b> 2. Board of Directors – Roles -
41			4-1 ①		●		<b>Chapter-V: Corporate Governance Structure</b> 2. Board of Directors – Roles -
42			4-1 ②		●		<b>Chapter-V: Corporate Governance Structure</b> 2. Board of Directors – Roles - <b>Chapter-II: Relations with Shareholders and others</b> 3. Dialogue with Shareholders
43			4-1 ③		●		<b>Chapter-V: Corporate Governance Structure</b> 8. Procedure of Nomination and Dismissing <b>Annex Document-5:</b> Nomination Policies and Dismissal criteria for directors and key management candidates
44			Principle 4.2 Roles and Responsibilities of the Board (2)			●	
45			4-2 ①		●		<b>Chapter-V: Corporate Governance Structure</b> 9. Determining Procedure of Compensation for Directors <b>Annex Document-6:</b> Compensation Policies for directors and key management
46			4-2 ②		●		<b>Chapter-V: Corporate Governance Structure</b> 2. Board of Directors – Roles -
47		Principle 4.3 Roles and Responsibilities of the Board (3)			●		<b>Chapter-V: Corporate Governance Structure</b> 2. Board of Directors – Roles - 9. Determining Procedure of Compensation for Directors <b>Annex Document-6:</b> Compensation Policies for directors and key management <b>Chapter-III: Proper Disclosure</b> 3. Supervision by Board of Directors for Proper Disclosure <b>Chapter-II: Relations with Shareholders and others</b> 5. Prevention of Related Party Transactions
48			4-3 ①		●		<b>Chapter-V: Corporate Governance Structure</b> 8. Procedure of Nomination and Dismissing of Directors <b>Annex Document-5:</b> Nomination Policies and Dismissal criteria for directors and key management candidates
49			4-3 ②		●		<b>Chapter-V: Corporate Governance Structure</b> 8. Procedure of Nomination and Dismissing of Directors <b>Annex Document-5:</b> Nomination Policies and Dismissal criteria for directors and key management candidates
50			4-3 ③		●		<b>Chapter-V: Corporate Governance Structure</b> 8. Procedure of Nomination and Dismissing of Directors <b>Annex Document-5:</b> Nomination Policies and Dismissal criteria for directors and key management candidates
51			4-3 ④		●		<b>Chapter-V: Corporate Governance Structure</b> 2. Board of Directors – Roles -
52		Principle 4.4 Roles and Responsibilities of <i>Kansayaku</i> and the <i>Kansayaku</i> Board			Not applicable	Not applicable	
53			4-4 ①		Not applicable	Not applicable	
54		Principle 4.5 Fiduciary Responsibilities of Directors and <i>Kansayaku</i>			●		<b>Chapter-V: Corporate Governance Structure</b> 6. Directors and Outside Directors
55		Principle 4.6 Business Execution and Oversight of the Management			●		<b>Chapter-V: Corporate Governance Structure</b> 2. Board of Directors – Roles -
56		Principle 4.7 Roles and Responsibilities of Independent Directors			●		<b>Chapter-V: Corporate Governance Structure</b> 6. Directors and Outside Directors
57		Principle 4.8 Effective Use of Independent Directors			●		<b>Chapter-V: Corporate Governance Structure</b> 3. Board of Directors – Composition -
58			4-8 ①		●		<b>Chapter-V: Corporate Governance Structure</b> 6. Directors and Outside Directors
59			4-8 ②		●		<b>Chapter-V: Corporate Governance Structure</b> 6. Directors and Outside Directors
60			4-8 ③		Not applicable	Not applicable	

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No	Corporate Governance Code		Status		Corresponding articles in ARE Holding Corporate Governance Policies
			Comply	Explain	
61	Section 4 Responsibilities of the Board	Principle 4.9 Independence Standards and Qualification for Independent Directors		●	Chapter-V: Corporate Governance Structure 6. Directors and Outside Directors Annex Document-4: Independence Criteria for independent directors
62		Principle 4.10 Use of Optional Approach		●	Chapter-V: Corporate Governance Structure 1. Organization Design and Basic Framework
63			4-10 ①	●	Chapter-V: Corporate Governance Structure 6. Directors and Outside Directors 8. Procedure of Nomination and Dismissing of Directors 9. Determining Procedure of Compensation for Directors
64		Principle 4.11 Preconditions for Board and <i>Kansayaku</i> Board Effectiveness		●	Chapter-V: Corporate Governance Structure 3. Board of Directors – Composition - 4. Board of Directors – Operation and Securing Effectiveness - 5. Audit and Supervisory Committee
65			4-11 ①	●	Chapter-V: Corporate Governance Structure 3. Board of Directors – Composition -
66			4-11 ②	●	Chapter-V: Corporate Governance Structure 3. Board of Directors – Composition -
67			4-11 ③	●	Chapter-V: Corporate Governance Structure 4. Board of Directors – Operation and Securing Effectiveness -
68		Principle 4.12 Active Board Deliberations		●	Chapter-V: Corporate Governance Structure 4. Board of Directors – Operation and Securing Effectiveness -
69			4-12 ①	●	Chapter-V: Corporate Governance Structure 4. Board of Directors – Operation and Securing Effectiveness -
70		Principle 4.13 Information Gathering and Support Structure		●	Chapter-V: Corporate Governance Structure 10. Support for Directors
71			4-13 ①	●	Chapter-V: Corporate Governance Structure 10. Support for Directors
72			4-13 ②	●	Chapter-V: Corporate Governance Structure 10. Support for Directors
73			4-13 ③	●	Chapter-V: Corporate Governance Structure 2. Board of Directors – Roles - 10. Support for Directors
74		Principle 4.14 Director and <i>Kansayaku</i> Training		●	Chapter-V: Corporate Governance Structure 11. Policies of Training for Directors Annex Document-7: Training Policies for directors
75	4-14 ①		●	Chapter-V: Corporate Governance Structure 11. Policies of Training for Directors Annex Document-7: Training Policies for directors	
76	4-14 ②		●	Chapter-V: Corporate Governance Structure 11. Policies of Training for Directors Annex Document-7: Training Policies for directors	
77	Section 5 Dialogue with Shareholders	General Principle 5		●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
78		Principle 5.1 Policy for Constructive Dialogue with Shareholders		●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
79			5-1 ①	●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
80			5-1 ②	●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders Chapter-III: Proper Disclosure 1. Basic Policies for Information Disclosure
81			5-1 ③	●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
82		Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans		●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders
83			5-2 ①	●	Chapter-II: Relations with Shareholders and others 3. Dialogue with Shareholders