

Message from the executive officer in charge of CSR division

Promoting Dexerials' unique CSR initiatives based on “Integrity”



Representative Director and Senior Managing Executive Officer

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■ Dexerials' CSR Activities

Since the days before Dexerials became an independent company, we have been diligently engaged in CSR activities. In fiscal 2018, we identified four materiality themes of high priority that are considered closely related to our business activities: (1) Creating new value, resolving social issues, (2) Reinforcement of corporate governance and compliance, (3) Cultivation of diverse human resources and engagement, and (4) Ensuring operational safety and business continuity. Then in fiscal 2019, we set CSR targets based on these themes, and have been carrying out various initiatives and taking follow up actions on their progress twice per year.

→ See Page 28-29 for the details of materiality and CSR targets.

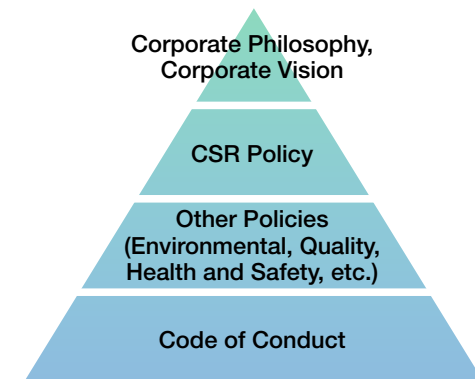
■ Review of Fiscal 2019

Fiscal 2019 was a year for tackling many new challenges: For example, in October we published our first integrated report and in December we held an ESG briefing for institutional investors and analysts. The first issue of the integrated report is brimmed with originality and a handmade taste, featuring both top-down and bottom-up initiatives. Based on a wide range of feedback we received from the many stakeholders who read it, we realized the significance of publishing the report. The ESG briefing was a great opportunity for our stakeholders to understand Dexerials' basic approach—that practicing our corporate philosophy and vision is the backbone of our CSR activities. The details of the briefing were posted on our website afterward.

Our environmental efforts described in the integrated report and other disclosed information were recognized, and in 2020, we received the highest environmental rating from the Development Bank of Japan. Through this recognition, we rediscovered the

importance of disclosing our approach to stakeholders. “Integrity” is our corporate philosophy, so we will continue to enhance our information disclosure in a proactive manner.

Structure of Policies Based on Corporate Philosophy and Vision



■ Acceleration of New Work Styles and Results

COVID-19 started spreading in the end of fiscal 2019. Due to its impact, we have continued remote work throughout the Company. At first many employees expressed anxiety because we quickly adopted remote working which we had been proceeding with gradually. However, as a result, we could enhance productivity thanks to continuous companywide efforts such as providing training to ensure smooth business execution and team management in a remote environment and improving many employees' skills with which they can grasp their decision-making scope and perform tasks autonomously.

Currently we are deliberating on how to improve our personnel system, which includes the review of

evaluation and remuneration system in line with such new work styles.

Materiality Assessments and Outlook

Materiality Theme (1) Creating New Value, Resolving Social Issues

In order to create new value and contribute to society, everything is to start with a return to Dexterity's original role in society. ACF is one of our mainstay products. As our differentiating technology product, AFC has gained a track record in the consumer IT field, which includes smartphones, tablets, and laptops, thereby being highly evaluated as new value to new domains such as automotive and life sciences. In addition to 5G-compatible products and products that help lessen environmental impact, in the future we will contribute to solving social problems by developing and offering products that lead to improving safety in the automotive field, where electrification and automation are advancing.

Materiality Theme (2) Reinforcement of Corporate Governance and Compliance

In July 2019, Dexterity established the Nomination and Remuneration Committee, an optional advisory body, and introduced an entrusted executive officer system. This has resulted in higher transparency of governance and more swift decision-making process. The management system has been evolved into a lean system thanks to the structural reforms implemented in October 2020. Dexterity is a company with an audit and supervisory board, and the majority of the board is composed of outside directors and audit & supervisory board members, in order to ensure our basic approach that the supervisory function works properly through monitoring from external perspective. The Company annually conducts an evaluation of

effectiveness of the Board of Directors. Based on the review of the evaluation, we formulate an action plan every year to constantly improve the effectiveness of the Board of Directors. In order for outside officers to gain a better understanding of the Company, we have provided occasions to exchange opinions other than at board meetings, such as field inspections and interaction with younger employees, whereby facilitating lively discussions at the board meetings.

Materiality Theme (3) Cultivation of Diverse Human Resources and Engagement

In the structural reforms implemented in October 2020, we proactively recruited young people and those from outside the Company. This resulted in creating a great team with higher diversity and superior next-generation human resources. Dexterity is a technology-oriented company, and has fostered a corporate culture that values the spirit to take on challenges. With the belief that we should value mistakes so that we can make it a lesson that results in gaining knowledge or success, and have earnest and open discussions based on mutual respect. People with diverse ideas allow mistakes and help one another, which has put down deep roots in our corporate culture on a global scale. This culture facilitates to produce differentiating technology products in terms of technological development. We will continue to prioritize this culture as our unique competitive edge.

Materiality Theme (4) Ensuring Operational Safety and Business Continuity

We consider operational safety to be the most important aspect of corporate management, and focus efforts on supporting health of employees who uphold operational safety. Also, as part of our corporate risk management initiatives, we provide

regular compliance education, which includes chemical substance management. Going forward, we will encourage our suppliers and all other entities across the supply chain to build a similar risk management system.

For Improving Effectiveness of CSR Activities

In order to improve the effectiveness of CSR activities, we will incorporate a CSR perspective into mid-term management plans and business plans from now on to ensure that we always keep in mind that the basis for CSR activities is our corporate philosophy of Integrity. At the same time, with the aim of accurately identifying social issues, we will maintain points of contact and constant communication with stakeholders, whereby generating social value. We will continue to advance our mission of being a benefit to the world through offering outstanding technologies and products. We look forward to your continued support.

