

Cultivation of Diverse Human Resources and Engagement



Human Resource Management

In order to realize the Dexerials Group’s corporate vision, based on our HR philosophy “Developing people who create value,” we conduct activities to support employees’ personal development and career development. We aim to be an attractive company for employees by proactively conducting various activities to create a workplace environment with job satisfaction, and to fulfil diverse working styles.

Basic Approach to Human Resource Development and Initiatives

Developing people who create value

At Dexerials, based on the conviction that human resources are the most important assets for realization of the corporate philosophy and the corporate vision, we have set the HR philosophy, HR vision, and HR strategy.

Optimization of the Cycle for Self-fulfillment

At Dexerials, our employees are united in their pursuit of personal development. We operate a personnel system that enables our employees to achieve their aspirations at Dexerials. The objective is to enable individual employees to specialize, demonstrate their capabilities at work, and motivate them for the next round of personal development by fairly reflecting the outcome in personnel evaluation and benefits, that is, to optimize the cycle for self-fulfillment.

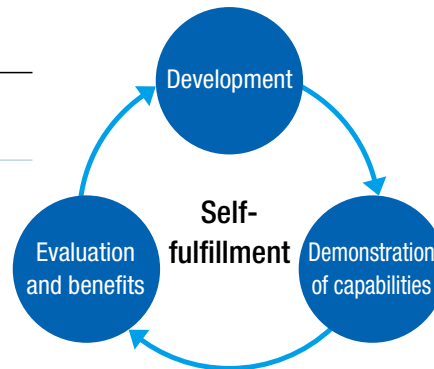
HR Philosophy, HR Vision, and HR Strategy

HR philosophy **Developing people who create value**

HR vision **Optimize the cycle for self-fulfillment**

Corporate Philosophy **Integrity**
Have Integrity and Sincerity

Corporate Vision **Value Matters**
Unprecedented innovation, unprecedented value.



Workplace: Dexerials

Basic Policy for Human Resource Development and Education and Training System

Based on the belief that the development of each and every employee is to the most important task, we have established the basic policy for human resource development. The policy clearly expresses our stance.

We encourage our employees to adopt an independent, self-driven work style in which they learn for themselves, think for themselves, and act for themselves. We support them in doing so that both employees and Dexerials can achieve future growth. In order to achieve a cycle of self-fulfillment - the aim of our personnel system operation - since the revision of our personnel system in fiscal 2018 we have enhanced our education and training programs, including doubling training expenditure per employee.

- HR Strategy
1. Develop individuals who create value based on their specializations
 2. Create a working environment in which employees can bring their capabilities and skills into full play

Basic Policy for Human Resource Development

In order to achieve the “Value Matters” corporate vision, Dexerials has set the following policy:

- We believe that the development of each and every employee is the most important task.
- We want employees to continue developing by learning for themselves, thinking for themselves, and acting for themselves.
- We conduct activities to support employee career development.

Development-oriented Training for Promoted Employees

In order to ensure that promotion serves as the starting point for the next stage of growth, we provide development-oriented training for promoted employees. This training aims to facilitate personal development of promoted employees toward the next stage by ensuring they recognize the key points of the capabilities they should develop for the next stage and the Company’s expectations of them. This training leads to early fostering of leaders.

Training for Managers

In order to use evaluation as a tool for personal development and to promote the growth of each and every employee, it is essential that the Company’s personnel evaluation systems are operated properly. Evaluator training is compulsory for all line managers tasked with evaluating their subordinates, and is designed to ensure managers recognize anew that fostering subordinates is one of their most important tasks. We are also strengthening support for personal development of employees at workplaces.

Training for New Employees and Training Three Years after Joining the Company

We provide integrated training bearing in mind that the first three years with the company is an important period for constructing the individual’s foundation as employees capable of “learning for themselves, thinking for themselves, and acting for themselves.”

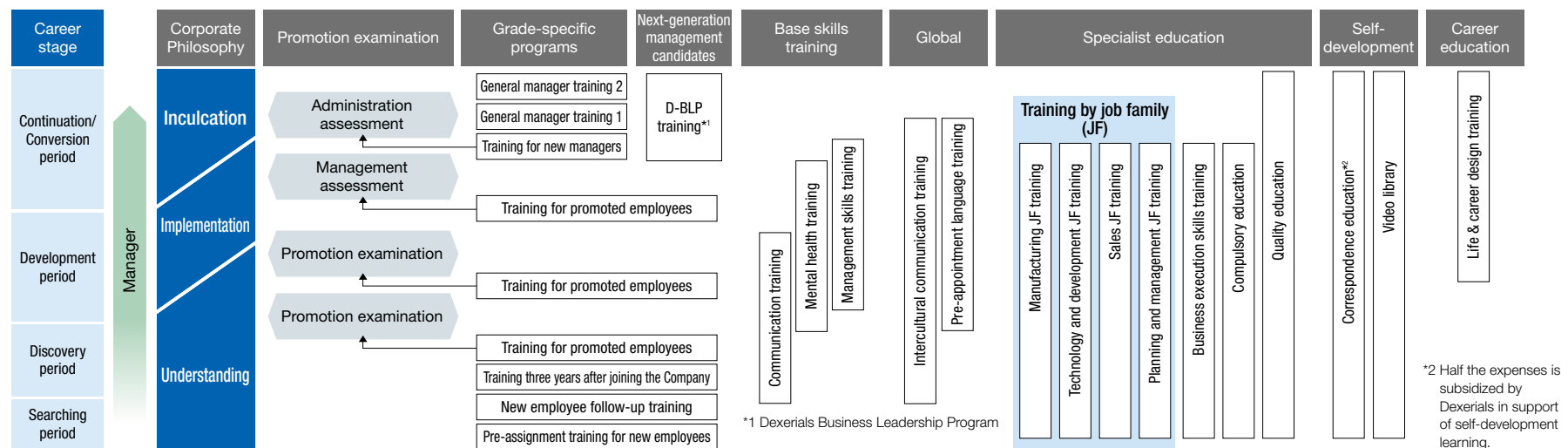
Programs for employees in their first year are wide ranging, covering business manners, compliance, our product, and social

contribution activities. In addition, we offer opportunities for new employees to develop their initiative, which provides the foundation for personal development in the current rapidly changing era. Moreover, senior employees are assigned as tutors to support new employees.

For employees in their third year, the career training provided requires them to review their development and clarify their targets for the next step, thus nurturing employees capable of “learning for themselves, thinking for themselves, and acting for themselves.”

In addition, we view our recruiting activities as a means to find partners who will help us realize our corporate vision of “Value Matters.” To this end, we are working to strengthen our new graduate recruiting activities, with employees who have been with the company for three years or less playing a leading role. By participating in recruitment activities, our young employees not only learn practical business skills, such as communication and presentation skills, but also acquire capabilities to engage and inspire others.

Education and training system



*1 Dexerials Business Leadership Program

*2 Half the expenses is subsidized by Dexerials in support of self-development learning.

Job Family System

Dexerials classifies the jobs into four categories (job families)—manufacturing, technology and development, sales, and planning and management—and provides specialized training corresponding to each job family.

Technical Training for Engineers

We provide training to young engineers and mid-career engineers. Leading engineers in Dexerials' technology and development field serve as instructors to transfer the principles of Dexerials product technology, the latest knowledge, and expertise. The training aims to develop young engineers into professionals who play a key role in developing new products and creating new businesses for the future by providing them opportunities to deepen their understanding of products and element technologies, and to broaden the scope of their knowledge beyond areas in which they are currently engaged.

Next-generation Leader Development

As a personnel development measure to strengthen our management base, we introduced the D-BLP* next-generation management candidate development program from fiscal 2019. This program provides selected members with the knowledge and training necessary for management and aims to equip participants with a leadership mindset.

In order to achieve sustainable medium- to long-term business growth amidst a rapidly changing environment, we will begin expanding this program to sites outside Japan from fiscal 2020 with the aim to enhancing our global management capabilities.

We are working together with management to enhance leadership development measures that are in tune with the business environment and related Company strategies, as well as striving to build a pipeline to systematically develop next-generation management and leadership personnel.

*Dexerials Business Leadership Program



Next-generation management candidate development program training

Diversity: Creation of an Organization That Makes Good Use of Diverse Human Resources

Approach to Diversity

In order to create value for the future, we think it is indispensable to create an environment where individuals recognize one another's values and can demonstrate their capabilities to the full. Our basic approach to diversity is based on our HR strategy to "develop individuals who can create value based on their specialization" and to "create a working environment in which employees can bring their capabilities and skills into full play" and we aim to become an attractive enterprise facilitating active participation of diverse human resources. We are also working to accept diverse ways of working in order to realize the full potential of our diverse human resources. In order to keep our employees safe from COVID-19 and other infectious diseases while ensuring that the quality of service we provide to customers is not compromised, we are working to realize flexible workstyles unrestricted by factors such as location or time, including remote work.

Transformation of Workstyles

In order to realize the maximum value of our employees, we believe it is essential to create an environment that allows each individual to work in the style that suits them best. To meet the expectations of our stakeholders while keeping our employees safe from infectious diseases such as COVID-19 and natural disasters, we are working to develop an environment that allows for flexible workstyles. One such measure we are promoting is remote work, which is available for all employees except those engaged in manufacturing. We also provide all managers with remote work management training to ensure they can soundly manage and develop their employees while improving productivity, even under a remote work environment.

Strengthening of Diversity Communication

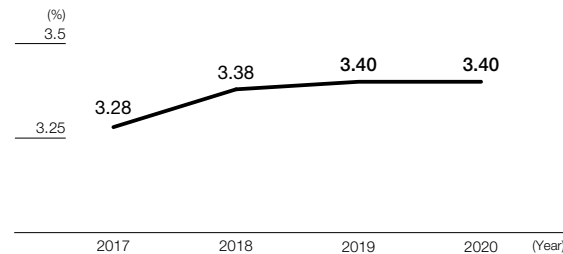
In order to ensure that employees with diverse backgrounds are able to use their capabilities to their full potential, we believe it is important to consider each of our members' individuality and bring out their strengths accordingly. We provide intercultural communication training for employees whose co-workers include foreign nationals and employees working in departments with frequent communication with people overseas. This training is designed to help people recognize and appreciate the differences between countries, cultures, and in communication styles. We are working to improve our performance as an organization by developing communication skills that serve to draw out the abilities of our diverse employees to their maximum potential.

Employment of People with Disabilities and Communication Training

We employ people with disabilities in a wide range of areas, from office work through to manufacturing.

In workplaces where employees with hearing impairments work, their bosses and colleagues learn sign language and fingerspelling to enhance communication. Consideration is given to the working environment too, such as installation of indicator lights for safety and disaster prevention purposes. At divisions and sites that will welcome employees with disabilities we conduct training designed to enhance mutual understanding and communication, including signs in the event of an emergency. We are also working to improve our diversity mindset through initiatives such as providing sign language interpreters at events in which employees with disabilities participate.

Employment rate of people with disabilities



In view of the importance of increasing diversity within the Company and proactively fulfilling social responsibilities, Dexerials Kibou Corporation began operating in 2015 as a certified special subsidiary to promote the employment of people with disabilities. Work environments are being prepared so that people with disabilities can work with peace of mind. Dexerials Kibou currently has 24 employees (of whom 13 have disabilities) working at Dexerials business sites in cleaning, garden management and other business activities. The percentage of employees with disabilities in the Group is 3.4%.

Diversity: Diverse Workstyles and Work-Life Balance

Basic Approach

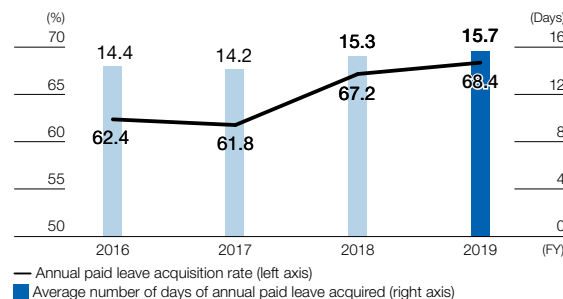
In order to achieve sustainable growth far into the future, it is becoming increasingly important to realize workstyles according to the values and circumstances of each of our employees. We aim to create an environment where individuals can realize the workstyles most suitable for them, feel a sense of reward in their work, and achieve growth together with the Company.

Appropriate Working Hours

System for the planned acquisition and accumulation of annual paid leave

Mindful of the need for work-life balance, in addition to efforts to achieve appropriate working hours, we have created a system for the planned acquisition of annual paid leave with the objective of ensuring our employees have sufficient opportunity to refresh and revitalize. In addition, we have established an accrual system that allows employees to accumulate annual paid leave not taken during the fiscal year. This accumulated leave can be taken in case of injury, illness, nursing care, volunteer activities, childcare, fertility treatment, etc. In fiscal 2019, the average number of days of annual paid leave acquired was 15.7 days and the average acquisition rate was 68.4%.

Average number of days of annual paid leave acquired and acquisition rate



Remote Work

We initially began implementing remote work in January 2020, primarily at our Tokyo headquarters, as a new way of working in response to anticipated commuting difficulties during the Tokyo Olympic and Paralympic Games. On the other hand, the outbreak of the COVID-19 pandemic in Japan since March 2020 provided the impetus to promote utilization of remote work in earnest.

As of March 31, 2020, 81.9% of our employees are utilizing our remote work program.

Supporting Childcare and Nursing Care

Childcare

We have put in place a system to support a successful combination of work and family life that exceeds legal requirements in terms of childcare leave and other benefits. We have introduced systems of flexible working hours and shorter working hours for childcare so that both men and women can work flexibly. There were 46 users of child-rearing support leave in fiscal 2019 (0 women, 46 men), 18 users of childcare temporary leave (17 women, 1 man) and 28 users of shorter working hours for childcare (26 women, 2 men).

Among the above-mentioned systems, in regard to child-rearing support leave, employees can take up to 20 days of paid leave when their spouse gives birth or for childcare, and thus this system encourages active participation of male employees in childcare.

Meanwhile, we have set up a work skills improvement support system for employees on childcare leave, and such employees can use this system to continue to access internal information, improve their knowledge, and communicate with superiors while remaining at home. For these initiatives, Dexerials has received the “Kurumin award” as a company that supports child-rearing from the Ministry of Health, Labour and Welfare, and we have also received recognition as a “Kanuma Company that Supports Childcare” from Kanuma City in Tochigi Prefecture. We have also announced initiatives for the “Tochigi Declaration for Good Work

and Good Families” promoted by Tochigi Prefecture in support of work and home compatibility.

This initiative is featured on the Tochigi Prefecture website:

<http://www.pref.tochigi.lg.jp/f06/work/koyou/roudou/dexerials2.html>

Nursing Care

In view of the fact that the number of people who will require nursing care will increase in society in the future, we are supporting the compatibility of work and nursing care for its employees. We are also creating a workplace that enables proactive career continuation by providing nursing care support systems that go beyond what is legally required, such as a shorter working hours system and a system of one-year’s leave, so that employees can fully demonstrate their talents even when they are facing problems.

Expansion of Systems to Support Balance Between Work and Home Needs

In addition to our various systems designed to support a balance between work and other duties such as childcare and nursing care, in April 2020, we introduced a system that allows paid leave to be taken in hourly units. This serves as a complement to our existing systems that enables each employee to work in a way that better suits their lifestyles. Under this system, up to five days of annual paid leave per year may be taken on in hourly units.

Initiatives for Health and Productivity Management

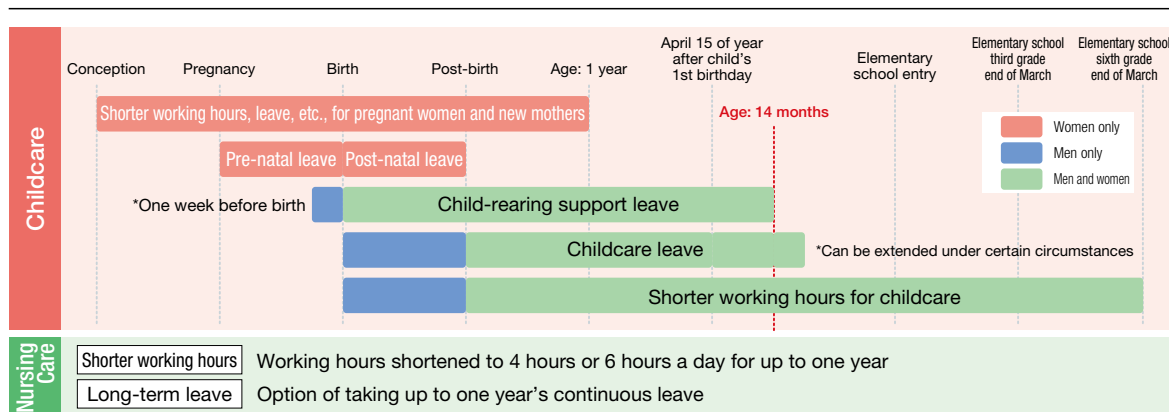
Declaration of Health and Productivity Management

Dexerials’ corporate philosophy is “Integrity—Have Integrity and Sincerity,” and in accordance with this, we aim to remain an enterprise that lives up to the expectations and trust placed in us by all stakeholders, and provide opportunities to employees to fully demonstrate their capabilities.

In order to achieve this aim, we believe it is essential that all employees are physically and mentally healthy.

Dexerials will continue to promote workstyle reform and

Main systems to support employees combining work with childcare or nursing care

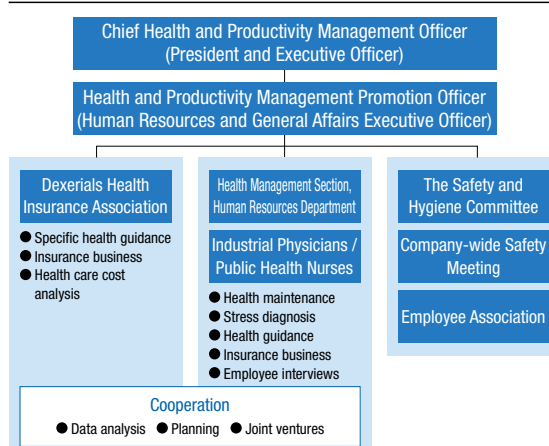


promote health care of each and every employee in cooperation with the Dexerials Health Insurance Association.

Organization Structure for Health and Productivity Management

Dexerials will promote company-wide Health and Productivity Management with an organization structure in which the President is the chief Health and Productivity Management officer.

Organizational Chart of Health and Productivity Management Framework



Initiatives to Support Health Promotion

We are conducting various initiatives in cooperation with the health care section, the health insurance association, the Employee Society, and the Human Resources and General Affairs divisions to maintain and promote employee health.

The survey of employees’ awareness about improvement of lifestyles conducted for all employees each year revealed that in fiscal 2019 73.6% of our employees were “not interested” in health or “interested but not doing anything” to promote health. This result represented an improvement of 1.4 percentage points from the previous fiscal year. The first step in health promotion is increasing awareness, and focusing on this point we have continued to hold health promotion events, study sessions, and e-learning at each of our business sites in Japan. In fiscal 2019, a total of 2,470 employees participated in these events. The total number of employees who had participated in such programs increased by 1,493 from the previous fiscal year, showing that health awareness among employees is gradually increasing.

Sleep Improvement Seminar

Sleep significantly contributes to employees’ health and work performance. As such, in fiscal 2019 we held a Sleep Improvement Seminar, in which 135 employees participated.

Post-seminar survey results showed that the program had given participants a helpful start in improving their sleeping habits, with 93% responding that they are satisfied with the seminar, and 97% answering that the seminar had equipped them with practical advice they could use to improve their own sleep.

Dexerials Walk and Pre-check-up Challenge

In cooperation with the health insurance association, we hold twice-yearly health events aimed at raising awareness of exercise habits and lifestyle improvements.

In November of fiscal 2019, we held a month-long Dexerials Walk event, which featured a team competition. 184 employees in 46 teams participated in the event, enjoying not only walking but also the opportunity to communicate.

In April 2020 we held a one-month campaign called “Pre-check-up Challenge” in order to enable employees and their family members to review their nutrition and exercise habits prior to physical examinations or medical check-ups and prepare by improving their condition. 319 employees and their insured family members participated. In this way, Dexerials is working to promote the health of both employees and their family members.

Lunchtime Events

Lunchtime health measurement events such as blood vessel aging checkups were held three times at the Tochigi Technology Center in fiscal 2019, with a total of 219 employees participating. These events serve as a fun opportunity for employees to work on lifestyle improvement by ascertaining their own physical condition, and becoming aware of how they can select the right foods for their needs from the cafeteria menu.



Lunchtime event

Emphasis on Mental Health: from Stress Checks to Improvement

As mental health countermeasures are becoming increasingly important, we are implementing meticulous measures including self-care, daily care by line managers, and counselling by industrial healthcare staff as countermeasures for employees’ mental health and initiatives for improving the workplace environment.

Dexerials introduced stress checks in fiscal 2017. The total risk points of Dexerials were below the national average for three years running. We emphasize countermeasures for workplaces where issues were identified and Human Resources and industrial healthcare staff and superiors of the workplaces in question collaborate in formulating and implementing countermeasures, and monitor change as part of a PDCA cycle.

In fiscal 2018 we began mental health training for managers who play a vital role in line care and the participation rate has exceeded 90% each year. From fiscal 2019, we have conducted e-learning for all employees as a measure to promote self-care, with a 95% participation rate.

Moreover, considering that mental health management and early detection of unwellness are essential not only for managers but also for workplace leaders, Dexerials added a mental health management examination (Type II line care course) to requirements for promotion of middle-rank employees from fiscal 2019. 311 employees sat the exam during the year - the sixth highest number of examinees nationwide in the large corporation category of the Mental Health Management Examination operated by the Osaka Chamber of Commerce and Industry. We continue to promote organizational and systematic initiatives for employees’ mental health in order to fulfill social responsibility, vitalize human resources and maintain and enhance labor productivity.

Initiatives for Human Rights and Employee Communication

Dexerials Group CSR Policy, Code of Conduct, and Human Rights Initiatives

As befits an enterprise operating globally, the Dexerials Group sets

“respect for human rights” in its CSR Policy and declares that it respects all human rights and does not discriminate or carry out forced labor or child labor. We have also created a CSR handbook to communicate our CSR Policy throughout the Company. This publication is distributed throughout the Company as well as used for training. Moreover, the Dexerials Group Code of Conduct expressly prohibits any discrimination in employment or promotion based on factors without justifiable reasons with respect to business, such as ethnicity, religion, skin color, nationality, age, gender, and disabilities, and expressly prohibits behavior that offends individuals’ dignity based on gender, authority, position, etc. All employees of Dexerials act with an awareness of the Code of Conduct in the course of their daily work.

The Code of Conduct also defines the basic policies for matters concerning the Group’s corporate ethics and business activities, such as product and service safety, environmental conservation, and disclosure of corporate information, in addition to compliance with laws and regulations and respect for human rights. We strive to inculcate the Code of Conduct through training of employees upon joining the Company.

Employee Association’s Activities

The Dexerials Employee Association was established in August 2013 to achieve growth of the Company on the basis of communication and mutual trust between the Company and its employees.

The Employee Association consists of the employee representatives of each site and meets quarterly with Dexerials’ management team, including the executive officer in charge of personnel affairs. At the meetings, the management team and employees not only share management information and discuss labor-management matters, such as inspection of the implementation of various systems, but also exchange information on wide-ranging themes and emphasize frank communication.

The Employee Association also plays a role in vitalizing communication among employees and holds a photo contest involving all employees. The Employee Association is implementing initiatives to involve many employees and cultivate a sense of unity, including with the management team.