



Professor at Rikkyo University Graduate School of Business Administration

Kentaro Noda

Career summary

PhD (Commercial Science), Graduate School of Commerce and Management, Hitotsubashi University Business School. Prior to current post, experience at Research Institute of Capital Formation, Development Bank of Japan (senior main researcher), etc. Specialisms include business continuation plans (BCP), corporate social responsibility (CSR), company information analysis and financial accounting. Publications and papers include "Venture Ikusei Ron Nyumon Kigyō Ka Mind No Josei Ni Mukete" (University Education Press, 2004), "Jigyō Keizoku Management Wo Rikai Suru Hon" (Nikkan Kogyō Shinbun, 2006), "The Impact of BCP Disclosure on Cost of Equity Capital" (Contemporary Disclosure Research, 2012), "Jigyō Keizoku Kaikaku Niyōru Kigyō Bunseki" (Chuo Keizai-sha Inc., 2013), "Senryaku Teki Risk Management De Kaisha Wo Tsuyoku Suru" (Chuo Keizai-sha Inc., 2017). Member of the Expert Panel on Government Service Continuity Evaluation of the Cabinet Office, JIPDEC BCMS management committee member, etc.

It is my pleasure to read Dexerials' integrated report again, having done so the previous year. In 2020, society and companies were forced to make changes in values like never before due to the impact of the COVID-19 pandemic. In such times, it is not easy for companies to accurately convey the path they will be taking. Dexerials can be praised for using its report to objectively analyze its own strengths and communicate solid initiatives leading in to the future despite such conditions.

The report begins with an introduction and goes on to strategy, then materiality with a structure that is impressive in its clarity and ease in gaining a bird's eye view. There are some points worth mentioning for this report, with the first being in the Message from Top Management portion, where it talks about responding to sudden changes swiftly with measures. A mentality in which change is not to be feared, something the president has been talking about and fostering thus far, has allowed an awareness

among employees to change harsh social and economic conditions into new business opportunities. Thereafter, a review of the first year in the Mid-term Management Plan is carefully outlined, followed by an explanation of the ESG management. This serves as a lead-in to the message from executive officer in charge of CSR division, deepening an understanding by the reader. Further, a message from the CFO as well as clarifying the business strategy and innovation strategy of each of the divisions allow an understanding of Dexerials' stance in communicating, on a specific level, how future value can come from the perspectives of both risks and opportunities.

The second point is the addition of a section "Main risks of the Dexerials Group and appropriate countermeasures," which conveys Dexerials' stance to face challenges head-on, including risks that are difficult to address. Relevance to the basic strategies of the Mid-term Management Plan is outlined, which struck me as comprehensive and three-dimensional.


The third point is the addition of an interview with outside directors to discuss the governance structure which has been Dexerials' strength, including its composition of the Board of Directors and the various committees. The interview includes dialogue regarding the direction of the Company going forward that allows readers to see Dexerials' stance of promoting highly effective and advanced initiatives.

As for areas with room for improvement, it may be necessary to explain in more depth how evaluation for business continuity is being ensured, including details of training and expansion across the supply chain. I also felt that the "Summary of digital survey to suppliers regarding COVID-19" in the section for supply chain management could be utilized. In terms of an environmental perspective, a thorough review being conducted and medium- to long-term targets being set are commendable, but plans going forward in dealing with unachieved items, such as water usage, should be laid out in further detail. It is highly praiseworthy that evaluation for the achievement levels regarding the CSR targets are clearly stated. As a next step, it will be necessary to take up a further challenge by setting qualitative and quantitative targets

that balance Dexerials' initiatives and demands that can be anticipated by society, to prepare for the fact that indicators that society will expect going forward may not necessarily align with Dexerials' business model.

The integrated report is now becoming an indispensable item for all stakeholders. From that perspective, further acceleration will be anticipated in the trend contained repeatedly in this report to provide thorough explanation of outlooks for the long-term, such as sustainable growth as well as governance and human resource management supporting such growth.

Response to the Third-party Opinion



Representative Director and Senior Managing Executive Officer

Toshiya Satake

At Dexerials, we work to prepare an integrated report that encourages dialogue with stakeholders, and we are deeply grateful to Professor Noda for his highly valued opinions and evaluation from a third-party perspective.

Dexerials is taking initiatives toward achieving "Challenges for Evolution" in the Mid-term Management Plan which began in fiscal 2019. From fiscal 2019 to fiscal 2020, COVID-19 has been affecting the business environment surrounding Dexerials. In such circumstances, we believe that Dexerials' materialities, which raise solutions to social challenges, can make a contribution to society, and will promote planned CSR activities for the realization of sustainable corporate growth and a sustainable society.

With regard to ensuring business continuity, we will work toward making improvements with an awareness of the need to expand initiatives in the supply chain. Regarding CSR targets, we will keep in mind achievement levels expected of us externally and continually make revisions to adapt to business conditions.

With changes in society at a dizzying pace like never before, we will work toward our Mid-term Management Plan with integrity and sincerity based on our corporate philosophy. By further raising corporate value and contributing to the realization of a sustainable society, we will meet the expectations of all stakeholders and gain their trust.