

## Response to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Climate change is an important issue that humanity must resolve if we are to realize a sustainable society. We consider action against climate change to be a prerequisite for business continuity for any company.

Dexerials has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) and will contribute to the realization of a sustainable society through the appropriate and timely disclosure of information about the management risks and opportunities associated with climate change.

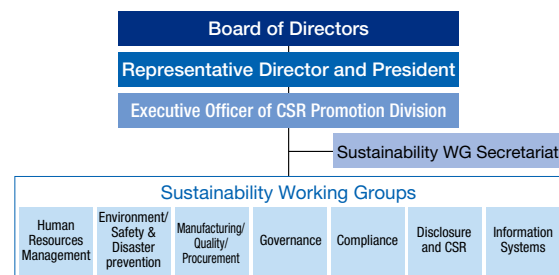
In addition, by providing new value through our own products and technologies, we will promote initiatives to leave a rich environment to future generations, with the aim of harmonious co-existence with our stakeholders.

### Disclosure in accordance with the TCFD recommendations

#### (1) Governance

Dexerials has positioned climate change as an important management issue and is pursuing activities aimed at realizing a sustainable society. It regularly convenes the Sustainability Working Groups, led by a representative director, to hold cross-functional discussions of progress being made toward the targets set under its important challenges. The Working Groups report on material issues to the Board of Executive Officers and the Board of Directors and receive instructions from them.

#### CSR Management Structure



#### (2) Strategy

Dexerials has identified risks and opportunities on the long-term timeframe toward 2050 and is undertaking scenario analyses that

consider the 2°C (1.5°C) and 4°C scenarios. Based on these scenario analyses, in addition to deliberating on responses to those risks and opportunities and on the resilience of the Company's strategies, we will further enhance company-wide strategies by expanding the target of analysis to other products.

#### (3) Risk Management

The Risk Management Committee has been established as the agency for Group-wide management of interdepartmental risk. This Committee periodically identifies significant management risks and reports them to the monthly meetings of the Board of Executive Officers.

#### (4) Metrics and Targets

Dexerials has set CO<sub>2</sub> emissions as a climate-related evaluation metrics and is aiming to achieve zero CO<sub>2</sub> emissions from consuming electricity for business by 2030.

Additionally, based on the scenario analyses, we will consider long-term climate change metrics and targets such as the reduction of greenhouse gas emissions in business activities.

#### Significant risks and opportunities \*Verification of risks and opportunities from Dexerials' core product, anti-reflection films

	Classification	Business impact	Level
Transition risk	Rise in carbon price	● Introduction of carbon tax and increase in manufacturing and transport costs	High
	Advancement of technologies associated with climate change and the circular economy	● Increase in product development costs and loss of opportunity due to delays in response	High
	Shift toward renewable raw materials	● Difficulties in procurement of fossil-derived raw materials ● Increase in costs of renewable raw materials	High
	Popularization of mobility services	● Shrinking sales of automobile-related products due to car-sharing, etc.	Medium
Physical risk	Increasing severity of climate disasters (floods, typhoons, thunders)	● Increase in restoration/repair costs ● Increase in shutdown of supply chains	Medium
	Rise in average temperature	● Increase in costs of response to rising temperatures	Medium
	Changes in lifestyle	● Expansion of display-related demand due to spread of work-from-home and staying at home	High
Opportunities	Popularization and expansion of next-generation mobility	● Expansion of business in automotive anti-reflection films	High
	Shift toward renewable raw materials	● Enhancement of recycling technologies ● Reduction of waste emissions	High
	Changes in stakeholders	● Competitiveness and superiority will rise due to environmental response initiatives, leading to higher evaluations from stakeholders	Medium