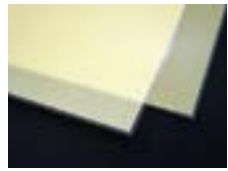


Initiatives for Creating Value and Resolving Social Issues



Commercialization of the Phosphor Film “PS Series”

Contributing to higher-definition and thinner displays

Currently, increasingly high-resolution displays, such as 4K and 8K, are being developed, and there is also a demand for higher image quality with higher brightness, higher contrast, and wider color gamut. For this reason, the use of direct LED backlighting that is capable of improving the brightness and contrast (dynamic range) of displays while simultaneously efficiently extracting light and controlling lightness and darkness in order to expand the color gamut is becoming popular. However, when white LEDs are used, there is a possibility of individual differences in light emission.

Our phosphor film “PS Series” has been developed by shaping green and red phosphors into a film. Incorporating this product into a display enables the use of blue LEDs with less variation in light emission as the light source in place of white LEDs, and also enables the production of higher quality displays than those using a direct LED backlight using white LEDs.

In addition, since the use of this product makes the light source monochromatic blue, the light distribution of the LED is easier to control compared with using white LEDs as the light source, making it possible to

shorten the distance between the light source and the diffuser, contributing to a thinner overall display.

This product uses sulfide green phosphor originally developed by the Company. This sulfide green phosphor realizes vivid luminescence with a sharp PL* spectrum by utilizing inorganic material synthesis technology, which is one of our elemental technologies, thereby contributing to a wide color gamut for liquid crystal displays.

* PL: Photoluminescence

In addition, in order to control unevenness in light emission of phosphor film, the particle diameter of phosphors needs to be reduced, but on the other hand, there is a trade-off in that the moisture resistance decreases due to the increase in surface area and reliability decreases unless a barrier film is used.

We have improved the moisture resistance by applying a special treatment to the particle surface while simultaneously reducing the particle diameter to reduce unevenness, making it possible to shape phosphors into a film without using a barrier film.

In addition, the efficiency of light extraction has been improved by installing a dichroic filter under the

phosphor film that transmits only blue light and reflects green light and red light. A part of the blue light emitted from the blue LEDs is converted into green light or red light by the phosphor and is synthesized into white light, but a portion of the white light is reflected in the direction of the light source LEDs. The dichroic filter reflects red light and green light among the reflected light back to the transmission direction, thereby preventing loss of light inside the backlight and enabling highly efficient light extraction and accurate light control.

We have obtained patents in Japan, the United States, China, and South Korea for the structure of the light source, which uses a combination of dichroic filter and phosphor film, contributing to higher brightness and higher contrast in liquid crystal displays.

Example of use of phosphor film (cross-section of a liquid crystal display using a direct LED backlight)

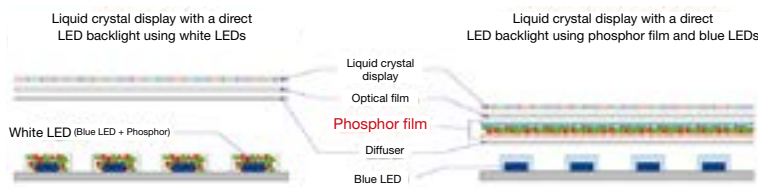
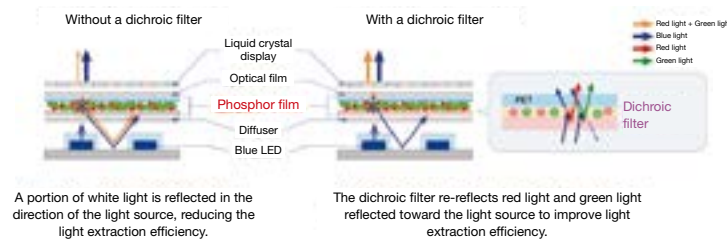
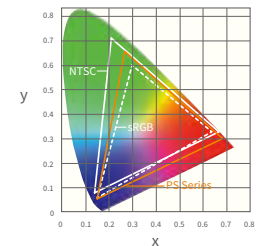


Image showing the effect of a dichroic filter (Cross-section of direct LED display)



Color gamut (CIE-1931 chromaticity diagram)



Businesses in New Domains

Challenge to New Domains

In order to create products that are highly regarded by society, it is indispensable to foster a corporate culture where every employee has the mindset to be curious about the social issues and to try to figure out how our research can help solve them.

Awareness of social issues has been growing in recent years as global frameworks leading the issues to resolution have developed, including the SDGs (Sustainable Development Goals) set by the UN.

We will continue to take on the challenge of business development in the new domains in order to achieve sustainable growth through resolving social issues.

Topics in Automotive Field

Development of the Diffusive Microlens Array for Enhancing the Performance of Automotive Head-Up Displays

—Contributing to Enhanced Brightness and Reduced unevenness of projected image—

Dexerials has developed the Diffusive Microlens Array, which enhances the brightness of an automotive heads-up display (hereinafter called HUD) and reduces the unevenness of projected image.



Head-up Display (HUD)

Today, more and more automobiles adopt HUDs, which project information on the windshield. Information projected on HUDs includes travel speed and temperature inside the car, and more recently also includes more safety-related information such as navigation and pedestrian detection, leading to growing market demands that various information be clearly displayed on them.

Our “Diffusive Microlens Array” is a diffusive film that control the light distribution to obtain the HUD with high brightness and uniformity.

“Microlens Array” is literally arrayed micrometer-sized lenses and are formed on film substrate by our proprietary micro/nano-fabrication technology. Each lens is placed in arrangement and designed in shape to convert the incident light from LED to optimized light distribution on imaging display panel, and to enhance the brightness by 40% and uniformity of projected image.

In addition, the diffusive angle is controlled by precisely controlling the shape of the microlens array structure. This product therefore comes in three standard diffusive angles: 8°, 10°, and 12°. Customers can choose a product having the angle suited to their HUD design and can enhance the HUD performance just by replacing the existing diffuser film with the product.

Products that contribute to medical care / reduction of environmental impacts

Eye shield material for medical use “DxShield®”

DxShield® is a film for medical eye shield with a highly transparent anti-reflection film, which applies anti-reflection technology used for LCD displays.



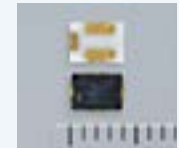
It has an anti-reflection layer featuring nano-level tiny convexes (moth-eye structure) arranged on both sides of the film. The structure can maintain clear vision for long periods by controlling light reflection.

Because DxShield® uses a highly hydrophilic resin to form the moth-eye structure, even if water vapor gets on the film, it will immediately spread over the surface and prevent fogging.

In medical settings, it is required to keep clear vision for long periods while wearing eye shields to perform precise operations. In order to respond to such needs, DxShield® has been adopted for eye shields for medical use, etc.

Self control protector (SCP)

SCP is a surface mounted type fuse used for secondary protection that melts the fuse element to shut down the circuit when overcurrent and/or overcharging occur due to malfunction of the primary protection that controls charging and discharging Li-ion battery packs.



SFJ 15 Amperes T Series has a rated current of 15 amperes and is suitable for mobile devices with a high rated current, such as laptop and tablet PCs, cordless vacuum cleaners and power tools. Dexerials modified the ceramic circuit board material structure while using a Pb-free fuse element developed in-house, consequently realizing Pb-free SCP.



Environmental Management

The Dexerials Group has established its Environmental Philosophy and Principles based upon its corporate vision and CSR Policy, and is promoting initiatives with due consideration to the environment in all business processes.



Environmental Initiatives

The Dexerials Group is taking initiatives in its business activities to reduce CO₂ emissions, utilize resources efficiently to reduce environmental impacts, handle wastes and emissions appropriately, and save water. With the mid- and long-term target for reducing CO₂ emissions established, various activities to reduce environmental impacts have been conducted.

Environmental management system

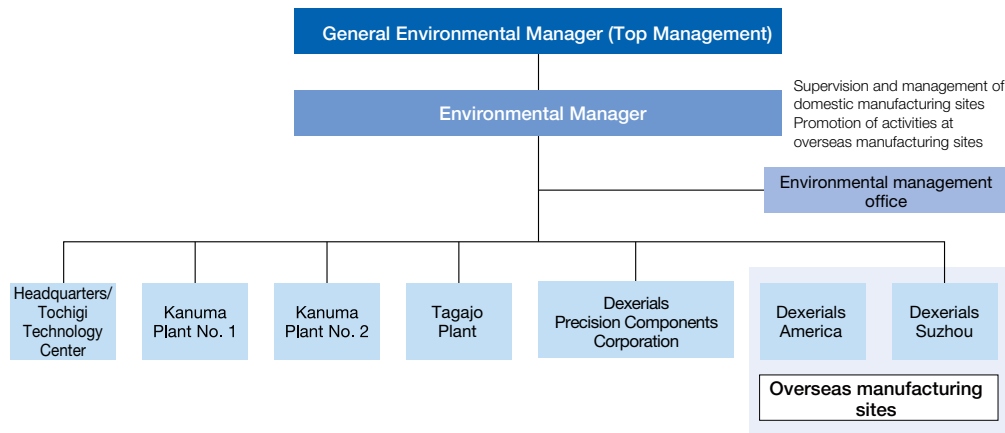
Based on the Environmental Philosophy and Principles*, the Group has built an environmental management system that encompasses both domestic and overseas operations. Based on this system, Environmental Managers supervise and manage each business unit, and environmental activities are implemented throughout the group across all plants. At each office and manufacturing site, an environment office works on environmental

activities with consideration for the differences in the various products and equipment at each office and manufacturing site. In addition, the Group's principal sites in Japan and overseas have obtained an external certification for ISO14001, for environmental management systems.

* For details of the Environmental Philosophy and Principles, please refer to Dexerials website.

<https://www.dexerials.jp/en/csr/envi/vision.html>

Environmental management structure



ISO 14001 certification status

Environmental management system	Organization	Site	Certification registration
ISO14001	Dexerials Corporation	<ul style="list-style-type: none"> ● Headquarters/Tochigi Technology Center ● Kanuma Plant No. 1 ● Kanuma Plant No. 2 ● Tagajo Plant ● Dexerials Precision Components Corporation 	4283884
	Dexerials (Suzhou) Co., Ltd.		CNBJ311710-UK


Environmental targets

Dexerials has established environmental targets for the three fiscal years from 2019 to 2021 as initiatives toward realizing a sustainable society.

The Company has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) and promoted analyses, etc. of management risks and opportunities associated with climate changes.

Going forward, based on results of said analyses, environmental indicators (KPI) will be formulated anew as necessary from a longer-term perspective.

Achievement status of the mid-term environmental targets (2019 - 2021)/Review of fiscal 2020

 Please refer to Page 29 for the details of the important risks and opportunities.

	Target for fiscal 2019	Achievement of the target for fiscal 2019	Target for fiscal 2020	Achievement of the target for fiscal 2020	Review of fiscal 2020	Target for fiscal 2021
CO ₂	<ul style="list-style-type: none"> 1% YoY reduction of CO₂ emissions from business activities 	○	<ul style="list-style-type: none"> 1% YoY reduction of CO₂ emissions from business activities 	○	<p>CO₂ emissions were reduced by approximately 6.5% year on year.</p> <ul style="list-style-type: none"> Energy was saved with lower loads on the turbo refrigerator by changing the temperature of cold water in winter at Tochigi Technology Center, as well as renewal of the substation transformer at Kanuma Plant. For our environmentally conscious products, initiatives were conducted to calculate and visualize CO₂ emitted in the customer process, and clarify how much CO₂ was reduced by using the products. 	<ul style="list-style-type: none"> 1% YoY reduction of CO₂ emissions from business activities
Industrial waste	<ul style="list-style-type: none"> Continuation of zero emissions* Reduction of volume generated 	○	<ul style="list-style-type: none"> Continuation of zero emissions* Reduction of volume generated 	○	<p>The volume of waste generated was reduced by approximately 3.8% year on year.</p> <ul style="list-style-type: none"> We continued to reduce emissions of waste plastic films by improving the product yield in the primary categories. We made beneficial use of things to be intrinsically disposed of by reprocessing them into face shields, line tapes, and other products. 	<ul style="list-style-type: none"> Continuation of zero emissions* Reduction of volume generated
Water	<ul style="list-style-type: none"> YoY reduction of usage volume Compliance with voluntary standards for water quality 	×	<ul style="list-style-type: none"> YoY reduction of usage volume Compliance with voluntary standards for water quality 	○	<p>As a result of participation in community activities, such as Water Day and Water Week, and continuous initiatives to raise employee awareness about water saving, water usage decreased by approximately 6.9% year on year.</p>	<ul style="list-style-type: none"> YoY reduction of usage volume Compliance with voluntary standards for water quality
VOC	<ul style="list-style-type: none"> Flat or reduction of usage volume YoY 	○	<ul style="list-style-type: none"> Flat or reduction of usage volume YoY 	○	<p>With the exhaust gas elimination equipment newly introduced into Dexerials (Suzhou) Co., Ltd., VOC emissions decreased by approximately 2.7% year on year.</p>	<ul style="list-style-type: none"> Flat or reduction of usage volume YoY

* Zero emissions: “Zero waste emissions” is defined as a reuse/recycling ratio of 99.5% or more.

Topics

Joining the TCFD Consortium of Japan

Based on our judgment that is analyzing risks and opportunities associated with climate change, incorporating countermeasures in management/business strategies and disclosing the information about them to our stakeholders contribute to the realization of a sustainable society and the Company’s sustained growth and corporate value enhancement, the Company has expressed support for the recommendations of the TCFD and joined the TCFD Consortium of Japan in September 2021.

Going forward, the Company will promote information disclosure under the TCFD framework, continuously contribute to the realization of a sustainable society and offer new value through its business activities.

 Please refer to Page 29 for the details of initiatives for the recommendations of TCFD.



Dexerials continuously selected as S Class in the system of classifying businesses

In the system of classifying businesses conducted by the Agency for Natural Resources and Energy, part of the Ministry of Economy, Trade and Industry, Dexerials has been continuously selected as a superior energy conservation business (S Class).

Quality Management

The Dexerials Group is working to ensure product quality with high levels of reliability and satisfaction so that customers can use Dexerials products with confidence. The Group has obtained certification for quality management systems corresponding to applications of Dexerials products.

We are striving to maintain quality and enhance customer satisfaction by satisfying customers' requirements and ensuring compliance concerning products.



Quality Philosophy and Basic Policy

Quality Philosophy

The quality philosophy of the Dexerials Group is to contribute to the increased value of our customers' products through pursuit of technology and provision of high-quality products and services in the spirit of its vision "Value Matters—Unprecedented innovation, unprecedented value." We are engaging in various activities related to product quality and safety, including enacting a basic policy for quality that sets out the basic approach of our quality activities.

Basic Policy

- 1 We provide safe and reliable products and services.**
- 2 We comply with relevant laws and regulations, agreements with customers, and internal standards surely.**
- 3 We steadily implement activities to reduce risks and preventive activities.**
- 4 We improve professional standards and develop human resources by on-the-job training and education.**
- 5 We utilize quality management systems and strive to improve their effectiveness.**

Quality Promotion System

Dexerials has established a process management system led by top management in order to conduct business activities in compliance with quality management systems and ensure compliance with laws and regulations and customer requirements.

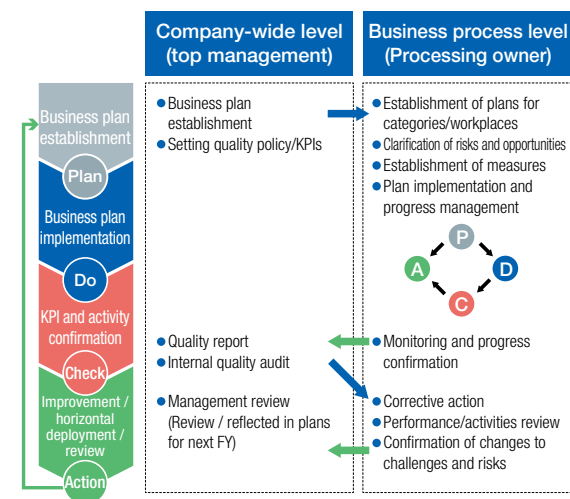
Cross-organizational activities and cooperation are indispensable for achievement of the quality business plan and for realization of products. Each unit of activities that requires cooperation is designated as a business process, which is the unit for management responsibility.

In order to monitor and improve Dexerials' quality initiatives, including preventing and responding to serious quality issues, quality KPIs are set at two levels: the company-wide level and the business process level. We are conducting activities that lead to the achievement of the quality KPIs by implementing a two-stage PDCA cycle at the company-wide level and the business process level.

The achievement status of the quality KPIs set respectively and the progress of initiatives for improving them are confirmed through quality reports issued monthly and internal quality audits conducted on a regular basis. In addition, in the internal quality

audit, it is confirmed whether business and field operations are conducted in accordance with legal regulations and rules, and whether manufacturing is performed in accordance with process and quality specifications. Then, problems are identified and reported to top management.

Process management operation chart



Quality Management System Certification Status

All the manufacturing sites of the Dexerials Group have obtained ISO 9001 certification for quality management systems that provide the basis for promotion of the quality philosophy and the basic policy and for business activities, such as design, development, manufacturing, and quality assurance. Regarding products for automotive applications, we have obtained certification for IATF 16949, a standard for the automotive industry for the maintenance of the high quality and reliability required for automobile parts and we also comply with the VDA standard (quality standard of the German Association of the Automotive Industry).

Product Safety

In line with our basic policy of making product safety the top priority, we test our products for compliance with a range of product safety standards and acquire the relevant certifications to ensure that products are safe for customers to use with complete confidence. Regarding the essential international standard, the UL standard (safety standards established by UL LCC, a company that enacts safety standards and conducts tests and certification), in particular, not only did we respond to the demand from customers for certification registration but also from the viewpoint of ensuring product safety, we have proactively received certification for various products in the Dexerials Group as we continue to supply safe products at the parts level.

As many of our products are in a liquid form, in order to accurately communicate product safety information to customers, Dexerials has introduced a dedicated system for preparation of safety data sheets (SDSs) and provides SDSs compliant with laws and regulations in Japan and abroad.

Promotion of DX (Digital Transformation) in quality control

The Dexerials Group is promoting DX (Digital Transformation) also in quality control, believing the advanced data utilization with cutting-edge technologies represented by AI, IoT, and data science, etc. will lead to its further growth. Based on the abundant data and knowledge which have been accumulated so far, the quality has been innovatively improved, which is leveraged to increase our competitiveness.

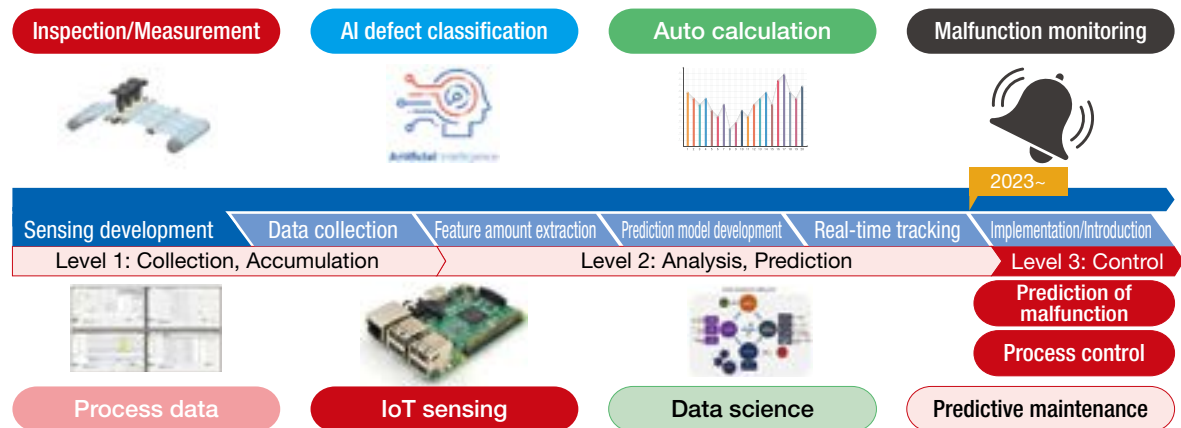
The Group produces a lot of roll-shaped film products. As they are continuously produced over a long time, it was a critical issue for quality control to prevent failures from occurring in series due to unexpected causes, i.e., how to realize quality failure early during the continuous production. Therefore, Dexerials developed the Automated optical inspection using image processing and the auto measuring device patented by the Company. By combining them with our unique production equipment design technology, we are striving to improve the in-line inspection (conducted simultaneously with the production) and measurement technology.

Then, based on enormous data obtained from the equipment, we addressed proprietary AI development. We also developed the system to classify defect images

by defect type in real-time with high accuracy by using deep learning, as well as the system which multidimensionally aggregates results of such classification so as to analyze them from many directions. Those systems have been integrated into the existing production management system. Similarly, the manufacturing equipment supporting the production is connected with networks so as to track operation status in real-time, and sensing devices and smart devices using IoT were developed. The Company is pushing ahead with the deployment of them in production sites. With those efforts, the sophisticated quality control system has been realized, wherein quality can always be tracked in real-time, even during continuous production.

Furthermore, in order to identify points to be improved in the process and early detect malfunctions of the manufacturing equipment, the Company is analyzing data classified into tens of thousands of items in total, making efforts for further improving quality and ensuring it constantly. In addition to quality forecast and predictive maintenance, we will take on the challenge of establishing the advanced control technology based on prediction technology, such as automatic adjustment of complicated production conditions amounting to hundreds of items necessary for the production. In this way, the Company has been working with our utmost efforts toward the realization of a smart factory.

Shift to the model which forecasts the future from the past and the present

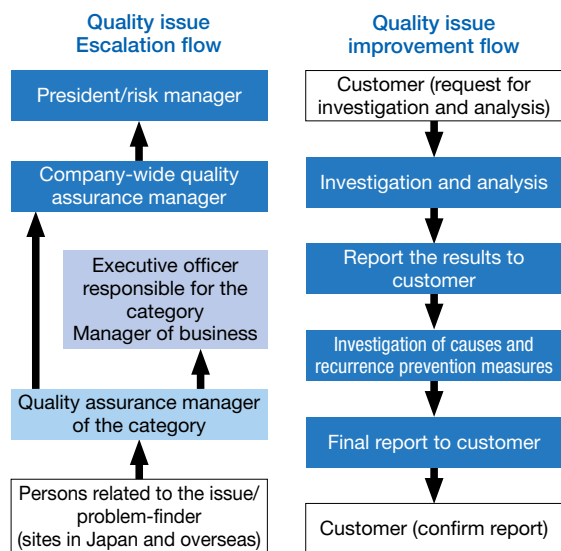


Quality communication

Through communication with customers, the Dexerials Group shares customer needs and technology issues. We offer technology-based support and solutions, working toward the creation of products that respond to customers' confidence in us and deliver customer satisfaction.

In the event of quality issues that could impact stakeholders, including where there is the threat of serious quality issues and product incidents occurring, a system is in place whereby the relevant corporate department promptly reports the situation to top management so that appropriate response measures can be taken.

Regarding returns and recoveries due to complaints made by customers, an analysis is performed by specialist technical staff with advanced analytical skills, and the analytical reports and follow-up measures are promptly implemented. For defects whose causes are difficult for customers to identify, we provide technical support for the investigation of the causes using our sophisticated analytical capabilities.

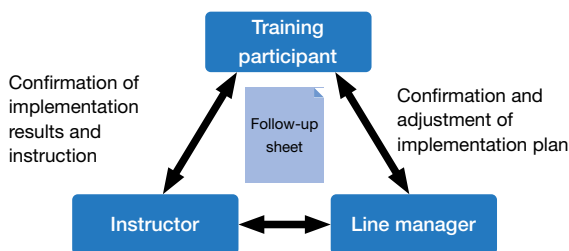


Technology Education and Human Resource Development

At Dexerials, based on the human resource strategy with the objective of developing specialists, we are developing human resources who have excellent quality management capabilities.

We have produced a road map for quality training that clarifies the quality management knowledge required in each post in a wide range of levels, from new employees to specialist technicians, and training that covers the basics through to expert knowledge and tools is provided for all divisions. In the basic quality control training, which we position as the most important quality control training at Dexerials, the following comments were raised by young employees who participated, and they show that the training leads to a better understanding of the basic concept of quality. "I understood the importance of a perspective of quality in a broad sense, which is to control the quality of operation as well as the quality of products." "I learned what quality is, and the importance of quality control for making good products speedily at low cost." "I reaffirmed the importance of providing quality assurance to the next process and customers by everyday inspection."

Training follow-up system



Report on training and creating implementation plan

On the other hand, since large part of the knowledge and tools required for quality control are universally used in a variety of work, not just in manufacturing, it has long been our agenda to ensure that these tools

can be implemented immediately. We therefore provide follow-up support from confirmation of implementation status to instructions while encouraging training participants, line managers and instructors to communicate with each other. For communication of the three parties, a follow-up sheet that clarifies PDCA cycle is used to further ensure learning.

To further improve employees' quality management capabilities, Dexerials encourages them to take the Quality Management and Quality Control Examination (examination regarding knowledge of quality control held by the Japanese Standards Association) that objectively determines the level of knowledge regarding quality. Wide range of employees including managers engaged in quality management, workplace leaders and development engineers are actively taking the test.

Training programs at manufacturing sites include "manufacturing basic training" centering on the necessary approaches to engage in manufacturing, "manufacturing technical training" to learn improvement techniques, and "manufacturing management training" to learn daily management at work locations. In addition, to enhance skills for maintenance and preventative maintenance of production facilities, we conduct on-the-job training (OJT) for self-maintenance. Employees are also encouraged to acquire the machine maintenance technician qualification (national qualification attesting to machine maintenance skills).

In order to prevent corporate scandals related to quality that have been an issue recently, Dexerials provides all employees training on compliance regarding quality and corporate ethics, which is the basis of correct decisions and actions.



Quality control training



Intellectual Property Activities

Dexerials views intellectual properties as an essential management resource for the realization of sustainable business development and improvement of corporate value. We have worked to enhance patent portfolios and improve business competitiveness using the IP Landscape.*

* IP Landscape: In the planning of management or business strategies, (1) the analysis is implemented, with incorporating intellectual property information into management/business information, and (2) results thereof (present plane view, future perspective, etc.) are shared with top managements and business managers.

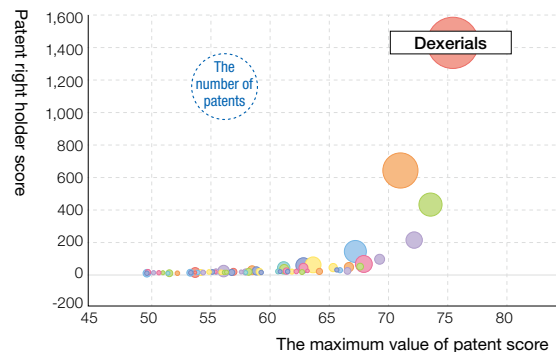


Activities to Enhance Business Competitiveness

Our business competitiveness improves by building a robust entry barrier using the patent portfolio and checking forged products and competitors' patents.

Our company analyses our own and competitors' intellectual property competitiveness by business category using the IP Landscape method (see the figure below). We strive to maintain and improve intellectual property competitiveness for core business. For growth or new business, we try to strengthen our own patent applications, as well as checking competitors' patents and reducing risks thereof. The

Patent right holder score map (ACF category)



Surveyed by Dexerials, using "Biz Cruncher" of Patent Result Co., Ltd.

analyzed intellectual property competitiveness for individual business is also adopted as an indicator for the business evaluation conducted by the entire company on a regular basis.

In order to realize our business model "Design-in" and "Spec-in," we globally protect inventions and know-how concerning functional materials and devices manufactured and sold by our company, and manufacturing methods, etc. And also by carefully conducting investigations on competitors' patents, legal security of our business is ensured. In addition, the percentage of overseas patents keeps over 60%, which contributes that our company develops business globally and secures business competitiveness in each country.

Establishing and Utilizing of Lean Patent Portfolio

Our company takes the approach of increasing the intellectual property competitiveness with not only enhancement of our own patent applications but also the acquisition of competitor's intellectual properties or license thereof as necessary. We strive to sell or license our unutilized patents to other companies, thereby promoting the beneficial use of our patents and the establishment of a lean portfolio.

Furthermore, our company promotes open innovation of environment-related patents by participating in WIPO GREEN (matching platform for environmental technologies and intellectual properties promoted by World Intellectual Property Organization) with an eye to using our own patents as a company contributing to solving environmental issues.

The above activities are reported to and discussed by the Board of Directors in a timely manner, and the results thereof are fed back for planning and execution of intellectual property investment and strategies.

Intellectual Property Investment

Our company appropriates an amount equal to approximate 25% of the annual R&D expenditure for intellectual property investments. Such investments have been actively made mainly into the enhancement of patent portfolios, IP Mix Strategy (design, trademark, know-how, etc.), and DX (digital transformation) for intellectual properties.

In recent years, with preparing infrastructures of the IP Landscape and feeding the analysis results back to the business strategies, our Legal & IP department contributes to sustainable business growth through the creation of new customer value.



Supply Chain Management

Dexerials is endeavoring to establish sound partnerships with its suppliers and is conducting activities for co-prosperity through the supply chain.



Basic Philosophy of Supply Chain Management

- 1 Emphasizing “fair business practices, transparency, and equal opportunities,”** the Dexerials Group’s procurement is founded on relationships of mutual trust with suppliers.
 - “Fair business practices” means conducting procurement in accordance with prescribed policies and procedures.
 - “Transparency” means avoiding any arbitrary actions.
 - “Equal opportunities” means providing suppliers with a level playing field.
- 2 Dexerials also emphasizes cooperative relationship with suppliers in such areas as strengthening technological competence, assuring and improving the quality of parts and maintaining competitive prices.**
- 3 To preserve the global environment and realize a sustainable society, Dexerials strives for environmental management together with suppliers by observing the Green Procurement Policy.**
- 4 To ensure compliance with laws, regulations, and social standards and to realize contributions to society, Dexerials works not only internally but also with suppliers to strengthen corporate governance and compliance.**

Main contents of Dexerials CSR Procurement Guidelines

Human rights/Labor	Health and safety	Environment	Fair trade/Ethics	Quality/Health and safety	Information security	Contribution to society
<ul style="list-style-type: none"> ● Prohibition of forced labor ● Prohibition of harassment ● Prohibition of child labor ● Prohibition of discrimination ● Fair wages ● Management of working hours 	<ul style="list-style-type: none"> ● Safety measures for machine and equipment ● Health and safety for workplaces and facilities ● Measures against industrial accidents ● Emergency response ● Consideration for work with physical loads ● Health management of employees 	<ul style="list-style-type: none"> ● Chemical substance management ● Building of environmental management system ● Reduction of greenhouse gas emissions ● Reduction of waste ● Disclosure of status of initiatives for environmental conservation 	<ul style="list-style-type: none"> ● Prohibition of corruption, bribes, etc. ● Prohibition of abuse of advantageous position ● Prohibition of offering/receiving profits ● Prohibition of anticompetitive practices ● Provision of accurate product and service information ● Respect for intellectual properties ● Appropriate export management 	<ul style="list-style-type: none"> ● Ensuring product safety ● Building and operation of quality management system 	<ul style="list-style-type: none"> ● Defense against threats to computer networks ● Prevention of personal information leakage ● Prevention of leakage of confidential information of customers and third parties 	<ul style="list-style-type: none"> ● Contribution to society and local communities

CSR Promotion Together with Supply Chain

In order to promote CSR in overall supply chain, Dexerials have established the Dexerials CSR Procurement Guidelines, and we ask for the understanding and cooperation of our suppliers of materials and other items.

To be more specific, while confirming CSR policies of our suppliers whose dependence on us is 20% or more, we conduct a CSR survey to grasp the status of their CSR initiatives, and confirm the status of their efforts in areas such as human rights, labor, health and safety, and environment. In this way, we are making efforts for sustainable procurement.

Primary check items in CSR questionnaire survey

Classification	Items to be checked
Human rights/ Labor	Forced labor, harassment, child labor, discrimination, fair wages, appropriate working hours, employees' right to organize
Health and safety	Measures for health and safety at workplaces, industrial accidents, industrial diseases, emergency response, consideration to work with physical loads, health management of workers
Environment	Chemical substance management, environmental management system, minimization of environmental impacts, environmental license/administrative permission, effective use of resources/energy, reduction of greenhouse gas emissions, reduction of industrial wastes, disclosure of status of initiatives for environmental conservation

Green Procurement

For the purposes of global environmental conservation and the realization of a sustainable society, Dexerials has established a set of Management Standards for Environment-Related Substances. The Standards define controlled substances, which are categorized as substances to be banned immediately, substances to be phased out, or exempted substances. They are also subject to monitoring in order to prevent inclusion in our products or to confirm reduction of their use.

Dexerials designates suppliers who cooperate with these standards as Dexerials Green Partners. In

principle, the Dexerials Group procures all raw materials and parts used for its products from suppliers who have been qualified as Dexerials Green Partners.

As the process to grant certification as a Green Partner, we start with explaining the "Management Standards for Environment-Related Substances" to suppliers for their understanding. Next, we individually investigate specific matters such as legal compliance to check conformity with our internal certification criteria. Each supplier meeting the certification criteria is certified and registered as a "Green Partner," and business with such supplier starts.

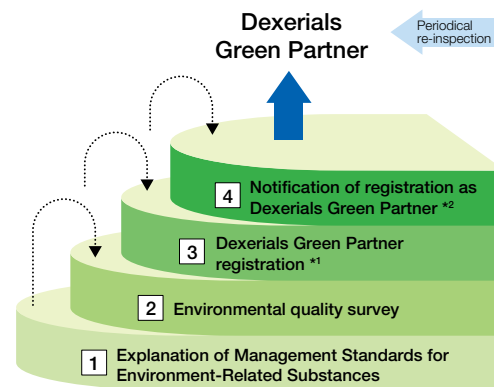
Through the stable procurement based on the trust relationship with "Green Partners," the Company will provide high-quality, reliable, and safe products to customers.

"Management Standards for Environment-Related Substances" is disclosed on our website.

* For details of the Management Standards for Environment-Related Substances, please refer to Dexerials website.

<https://www.dexerials.jp/en/csr/social/green.html>

Dexerials Green Partner Program



*1 Suppliers who meet the criteria are registered as Dexerials Green Partners

*2 Registered suppliers are notified of their status as Dexerials Green Partners, and the business relationship commences

Procurement/Logistics Risk Management

In order to reduce procurement/logistics risks arising from natural disasters, etc., Dexerials is further enhancing measures for BCP including our supply chain.

Specifically, supplier's BCP status is confirmed through the questionnaire, and, based on its contents, risks at domestic and overseas suppliers are identified and compiled as a database to build a system for monitoring status of response to BCP. In this way, the Company is building the system capable of responding to various risks and disasters in the supply chain.

Response to Climate Changes

As measures against climate changes in combination with the supply chain, the Company works to visualize CO₂ emissions (carbon footprint) concerning its products from procurement of raw materials through distribution.

Going forward, we will push ahead with the reduction of CO₂ emissions in the entire supply chain, by knowing CO₂ emissions at suppliers through the questionnaire survey, and managing the survey data by incorporating them into the system for visualization.

Response to Conflict Minerals

The Dexerials Group promotes responsible procurement based on a policy of not using raw materials and parts that contain conflict minerals from countries with human rights violations or similar issues. As a product supplier, we check for trace levels of the relevant minerals in our products and provide the appropriate information to customers.