

# 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

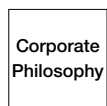
#### Developing People Who Create Value

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.

#### HR Philosophy, HR Vision, and HR Strategy

**HR philosophy** Developing people who create value

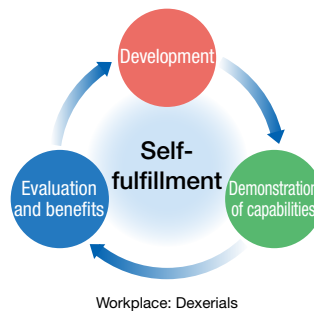
**HR vision** Optimize the cycle for self-fulfillment



**Integrity**  
Have Integrity and Sincerity



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



**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

#### 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.

#### Basic Policy for Human Resource Development and Education and Training System

Based on the belief that the development of each and every employee is 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.

#### 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.

## Initiatives for Sustainable Growth

Our goal is to become a company that grows continuously while solving social issues. Towards this, we are exploring the idea of introducing a “job-type” personnel system, in which employees are appointed to a particular job of their choice instead of rotating from post to post.

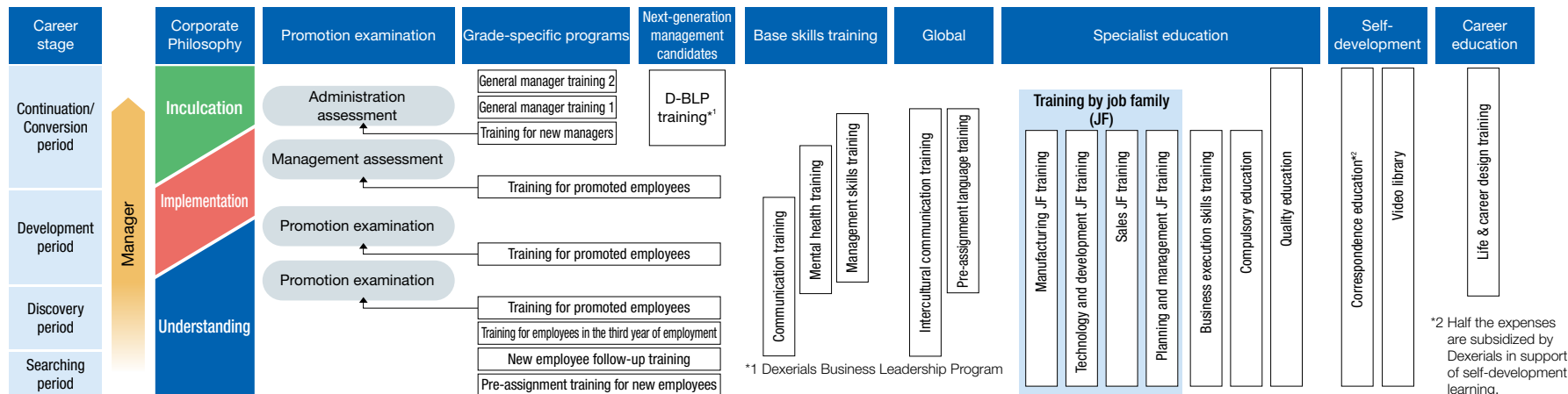
We are aiming to build a system in which our diverse talents are evaluated and treated fairly according to their duty and role, regardless of age, experience or the location of work. We will provide an environment where employees come together and grow to become creators of new value and promoters of productivity, and strengthen the foundation to establish ourselves as a solution provider that supports the solution of social issues with the materials we produce.

## Education and Training System

### 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

#### Education and training system



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. In addition to spurring the participants' own development, the training also offers participants an opportunity to reflect on how they can train their junior colleagues, so as to cultivate a culture of growth among the employees.

### Training for Managers

Managers, who support the growth of employees, play a huge role in the practicing of our HR philosophy of developing people who create value, on top of the awareness of each employee. To help them understand and actually play the role of line managers, which is essential to the growth of employees through their daily work, we are enriching manager training programs including training for evaluators, and thereby strengthening support for the growth of our employees.

### Training for New Employees in the First Three Years

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, product knowledge, and social contribution activities. In addition, we offer opportunities for new employees to develop their initiative, which provide 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.

## Specialist Education System

### 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 apply those to their work, as well as 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 have been conducting the D-BLP\* next-generation management candidate development program since fiscal 2019. This program provides selected members, comprising mainly managers, 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 extend this program to the younger group of leaders and use it to strengthen the pipeline that systematically produces next-generation management and leadership personnel. In cooperation with the management, we will continue working to enrich our human resource development programs in tune with the business environment and related Company strategies, and to develop

management personnel that will underpin the Company's continued growth.

\*Dexerials Business Leadership Program

## 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 are offering remote work management training to all managers.

### Selected Among MIC's "Top Hundred Telework Pioneers"

As a leading firm in the introduction and utilization of teleworking, Dexerials was chosen by the Ministry of Internal Affairs and Communications (MIC) in November 2021 among the "Top Hundred Telework Pioneers" for fiscal 2021.

The "Top Hundred Telework Pioneers" is a teleworking promotion scheme that MIC has been implementing since fiscal 2015. MIC selects and announces the names of firms that excel in the promotion of teleworking and also have sufficient achievements in that respect.



### 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. To further encourage the active practice of diversity communication, we will add more e-learning content and make other efforts to become an organization that brings the uniqueness of each individual into full play.

### Training for Mid-career New Hires

Dexerials is putting emphasis on the hiring of mid-career staff who can immediately contribute from day one in order to accelerate business transformation or to start a new business. We have a system in place to help the mid-career new hires quickly become a vital part of the workforce by offering them training aimed at supporting them in making a smooth start to their work.

## Promotion of Female Participation and Career Advancement

As part of its diversity management initiatives, Dexerials is working to promote female participation and career advancement in the workplace.

In the three-year action plan beginning in fiscal 2021, we have set two targets themed on offering females more opportunities in their career, which are: 1) raising the proportion of females in new graduate hires to at least 20%; and 2) raising the number of female managers to 20 by fiscal 2023. We will push on with the plan to achieve these goals.

## Employment of People with Disabilities and Communication Training

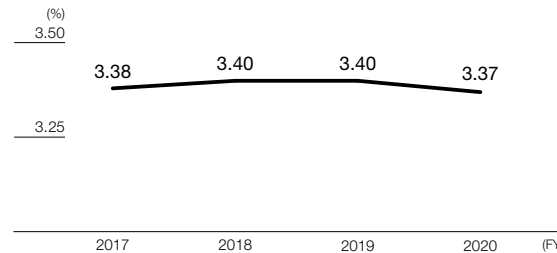
We employ people with disabilities in a wide range of areas, from office work through to manufacturing.

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 accident 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.

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 23 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 3.37%.

### Percentage of employees with disabilities



## 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.

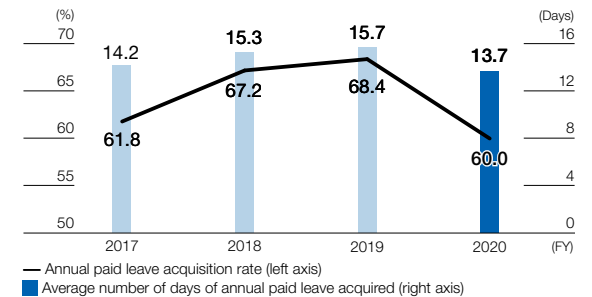
### Appropriate Working Hours

#### 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, care for sick child, fertility treatment, etc. To let employees choose working styles that better suit their lifestyles, in April 2020, we introduced a system of paid leave that can be taken in units of an hour for up to a total of five days per year. The drop in the average number of days of annual paid leave acquired in fiscal 2020 compared to the previous year was conceivably due to the increase in the amount

of work as well as the start of the hourly paid leave system that led to a lower rate of leave acquisition. We will continue our efforts to create an environment that facilitates the use of leave by encouraging the use of paid leave in a well-planned manner so that our employees can enjoy both work and leisure.

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



## Remote Work

In the wake of COVID-19, we set up an environment for remote work and promoted its use as a measure to protect our employees from infection and to secure business continuity.

Recognizing that remote work contributes to improving productivity by cutting commuting time and increasing hours of concentration, we have relaunched remote work as a permanent scheme and began offering it as a new workstyles of the company in April 2021.

## 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. In fiscal 2020, there were 41 users of child-rearing support leave (0 women, 41 men), 14 users of childcare temporary leave (13 women, 1 man), and 30 users of shorter working hours for childcare (29 women, 1 man).

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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 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:



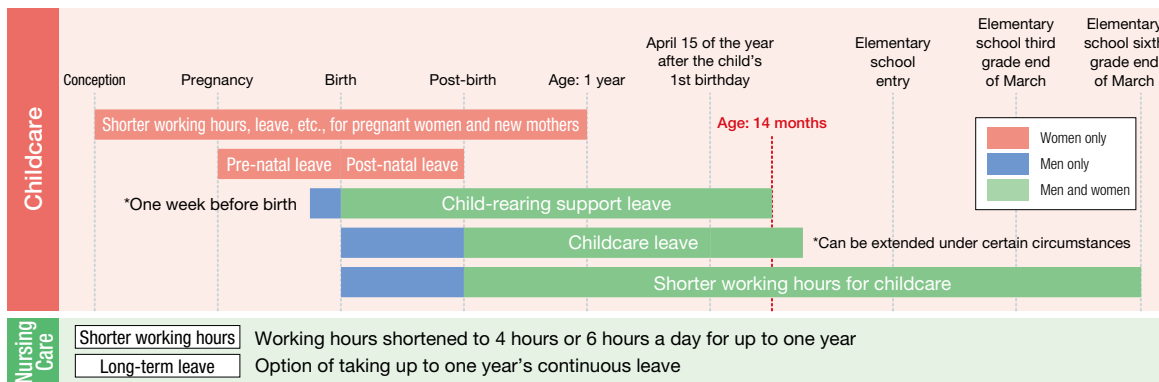
We also received a Platinum Kurumin certificate on August 18, 2020. Platinum Kurumin certificate is given to selected firms among the recipients of Kurumin Mark—an accreditation system of the Ministry of Health, Labour and Welfare that recognizes firms that support child-rearing—for their higher level of support. We will continue working to create a workplace environment that allows each and every employee to demonstrate their capabilities to the fullest and feel rewarded, and ultimately to balance and harmonize their family and work life.

### 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 of employees who have nursing care responsibility 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.

chapter 1	chapter 2	<b>chapter 3</b>	chapter 4	chapter 5	chapter 6
Introduction	Strategy	<b>Materiality</b>	IR / Social Contribution	Financial Section	Corporate Info

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



### Expansion of Systems to Support Balance Between Work and Home Needs

We are improving our schemes and programs to support employees who value their families and work. Flexible work style choices are available, including the childcare and nursing care support systems and hourly paid leave system, allowing each employee to work in a way that suits his/her lifestyle.

### 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.

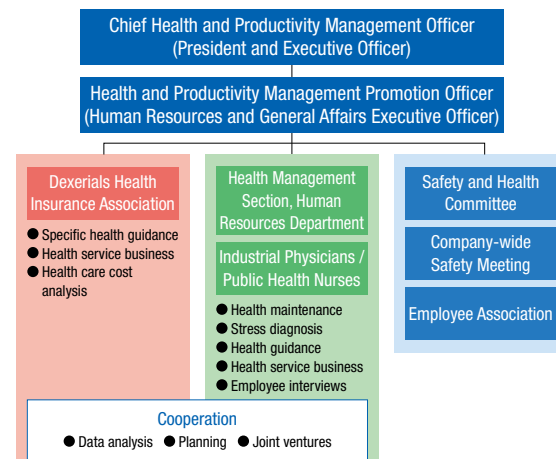
In order to achieve this aim, we believe it is essential that all employees are physically and mentally healthy.

Dexerials will continue to promote workstyle reform and 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 Association, and the Human Resources and General Affairs divisions to maintain and promote employee health.

The survey of employees' awareness about the improvement of lifestyles conducted for all employees each year shows that the ratio of respondents working to improve their lifestyle is increasing year by year. According to the fiscal 2020 survey, 28% of our employees are continuously working to make their lifestyle more healthy.

In fiscal 2020, we co-organized an e-learning program featuring health promotion sessions with the health insurance association, which the participants were able to continue even under the COVID-19 pandemic. A total of 2,079 people participated in the program.

We hope to see more health-conscious employees who are able to voluntarily practice activities to improve their lifestyles, and to that end we will continue our initiatives aimed at raising employees' health awareness.

## Sleep Survey of Shift Workers

In fiscal 2020, we focused on the sleep issue of shift workers and conducted a company-wide sleep survey targeting all shift workers. The survey revealed that 94% of the respondents were experiencing some sort of sleep problem. Following the survey, a sleep improvement program was provided to those who wished for one month, which helped some participants understand their sleep habits and challenges through visualized data and increased their consciousness for sleep.

## Dexerials Walk and Pre-check-up Challenge

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

At the fiscal 2020 Dexerials Walk, a month-long walking

competition event, some participants voiced their willingness to continue walking beyond the event period, so the event period was extended by one month for those who wished to join. The event succeeded in inspiring our employees to voluntarily practice activities to improve their lifestyles.

## Emphasis on Mental Health: from Stress Checks to Improvement

As addressing mental health issues is becoming increasingly important, we are implementing meticulous measures including self-care, daily care by line managers, and counseling by industrial healthcare staff as measures to address employees' mental health issues and initiatives to support employees returning to work, and to improve the workplace environment.

With the increasing adoption of remote work in view, we will watch out for new types of issues and continue taking measures that place importance on communication.

## 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.

In fiscal 2020, we conducted anti-discrimination training via e-learning, with a focus on human rights issues surrounding businesses. As a responsible member of society, we are committed to respecting human rights and creating a non-discriminatory environment.

## 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 Dexerials Employee Association consists of employee representatives of each site and holds a steering council meeting with the Company every quarter. At the meetings, the Company 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 plans and holds various events involving all employees. While some of the activities were restricted during the COVID-19 pandemic, the Association has found ways to keep up the activities such as using remote work tools to connect the sites online. The Employee Association is implementing initiatives to involve many employees and cultivate a sense of unity, including with the management team.