

Third-party Opinion



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), Visiting scholar at the University of California, Berkeley in 2020-2021. Specialisms include financial accounting, business continuation plans (BCP), and corporate social responsibility (CSR). Publications and papers include "Venture Ikusei Ron Nyumon Kigyō Ka Mind No Josei Ni Mukete" (University Education Press, 2004), "Jigyo Keizoku Management Wo Rikai Suru Hon" (Nikkan Kogyō Shinbun, 2006), "The Impact of BCP Disclosure on Cost of Equity Capital" (Contemporary Disclosure Research, 2012), "Jigyo Keizoku Keikaku Niyoru 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, etc.

I have read your Integrated Report as I did last year. In 2021, the impact of COVID-19 continues on a global level, and the future remains uncertain. In addition, with the increasing threat of global warming, companies and societies are under pressure to make major changes in values and various reforms. Under these circumstances, Under these circumstances, it is highly evaluated that your company calmly analyzes its own situation in the Integrated Report and clearly describes its reforms and short- and long-term, directions and initiatives.

What I found most impressive in this year's report was the message from the president followed, by a refresh of the Mid-term Management Plan. In his message, looking back on the result of the second year of the Mid-term Management Plan, I was struck by the description of how the company achieved its targets ahead of schedule despite the COVID-19 situation, and that he felt a positive response from employees who are boldly tackling risks. In addition, he is not resting on the laurels, but identifying the nest issues related to the Company's

business field and ESG, and setting the stage for further growth. The subsequent special features describe how Dexerials steadily addressed each of the very important themes, such as refreshing the Mid-term Management Plan, TCFD initiatives, shift to a new corporate governance system, relocation of head office, work style reforms, and promotion of digital transformation (DX), among others, which will attract the attention of various stakeholders. Readers would be able to understand how Dexerials is working to build an advanced governance system—including its transition to a company with an Audit and Supervisory Committee—together with the various measures to enhance the effectiveness of the system, and that the Company is committed to continuing these efforts.

The next point that caught my attention is the description regarding environmental considerations. Dexerials has made a great leap forward from the previous year in this respect, having started working on TCFD compliance, has made significant progress in reducing its CO₂

emissions ahead of schedule, and set the new long-term goal of zero CO₂ emissions by fiscal 2030.

The third point I noticed is the rich information on the initiatives leading to DX. The report deserves a close attention, as it covers from the Company's efforts to implement DX internally—which was prompted by the use of remote work—to the creation of new business, which means that DX is being promoted on a company-wide scale. I have a good impression of the rest of the report as well, in that it discusses the relationship between the society and Dexerials' business based on facts, without being swayed into arguing for mere formality.

Meanwhile, in terms of areas where I can expect further improvement than before, now that Dexerials has endorsed TCFD in terms of the environment, I have high expectations that you will incorporate measures to achieve zero CO₂ emissions into more specific strategies by utilizing the framework. Regarding human resources, while Dexerials is proactively investing in human resource development, which is one of its strength, further improvements will be required, such as securing diverse talents and increasing the number of female managers, as mentioned in the CSR goals. In addition, although it is apparent that your company is already aware of this, I would like to add that ESG, DX, and BCP need to be managed in a more integrated manner rather than being treated as individually.

Since this year's report covers a huge progress Dexerials has made in many of the items, I believe the stakeholders' expectations will become even higher. I hope that you take this as a positive challenge and works towards further progress, while using the process itself as an opportunity to recognize the direction it should ultimately be heading.

Response to the Third-party Opinion



Executive Officer and Corporate Strategy Division Head

Koichi Akeyama

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

In 2021, we updated the Mid-term Management Plan "Challenges for Evolution" launched in fiscal 2019 in light of the changes in the business environment and after exceeding the original targets two years in a row.

For the initiatives aimed at decarbonized society, for which there is an accelerating trend worldwide, we have replaced the original target set for fiscal 2030 with a new goal of zero CO₂ emissions from electricity used in our business operations, which we aim to achieve ahead of schedule. Efforts are underway to align our disclosure with the TCFD recommendations, and we are working to integrate

climate-change strategy with business strategies in both our disclosure and initiatives.

As for the promotion of diversity in our human resources, we will continue to promote a variety of work styles while improving the environment through various human resource systems, evaluation mechanisms, and development plans that enable each employee to play an active role. It is also the time to renew our CSR targets, so taking this opportunity, we would like to upgrade our CSR activities to a comprehensive scheme that takes into consideration how DX, BCP and other initiatives correlate with each other.

The environment surrounding us facing a major turning point. Dexerials is committed to meeting the expectations and trust of our stakeholders by contributing to the realization of a sustainable society through ESG promotion efforts integrated with our business.