

# Dexerials Corporation

## Summary of Questions & Answers at ESG Briefing

Date	Friday, December 20, 2019	
Attendees from the Company	Toshiya Satake	Representative Director and Senior Managing Executive Officer
	Naoyuki Sanada	Senior Executive Officer, CFO, Corporate Planning & Control Division Head
	Satoshi Ishiguro	Senior Executive Officer, General Affairs & Human Resources Division Head

\* This document summarizes the contents of main questions and answers during the ESG Briefing. Some additions and revisions were made to the text to assist investors' understanding.

### [Main Questions and Answers]

<On the initiatives for governance>

Q1	Even in companies with advanced governance, there are problems with quality, accounting, and so on. Do you objectively analyze the cases of other companies and provide feedback with the company?
A1	(Satake) Internal escalation is well organized systematically and operationally, and the monitoring process has been confirmed and discussed not only by the Board of Directors but also by meetings of outside directors as appropriate. We believe that compliance awareness in the company is high, but we will continue to raise the awareness and enhance systematic functions.
Q2	As a majority of directors are outside directors, were there any cases where outside directors opposed a proposal?
A2	(Satake) Since the basic idea is to hold open discussions, we do not end the discussions only at the Board of Directors' meetings, and we also repeat the discussions on other occasions. We also focus on transparency not only on pro and con arguments at the Board of Directors and continue to discuss until we reach a conclusion without leaving room for ambiguity.

<On the initiatives for creating new value>

Q3	How do you instill the sales mindset in technical personnel?
A3	(Sanada) Engineers accompany sales staff to talk directly with clients and practically learn what clients are looking for, and this style is taking root in our company. From a sales perspective, we are focusing on how to shift to the marketing of technologies that are not simply of products.
Q4	For the business model, was the company not able to fully appeal the process technologies, which include optical elasticity resins as an example? Will the same thing happen for automotive use?
A4	(Sanada) With regard to optical elasticity resins, we sincerely reflect on that we could not fully resolve our customer challenges. We believe that it is important to use this as a material for our reflections to lead to the development of products for automotive use that reflect requests and issues of customers.

<On the environmental initiatives>

Q5	What is the reason of “increasing profits by achieving the environmental targets for FY2030”?
A5	(Ishiguro) For example, through initiatives to improve productivity, we are considering ways to contribute to a profit increase by the cost reduction effect, such as a reduction in the amount of chemical substances used as materials, by improving the yield.
Q6	As a target that “the CO <sub>2</sub> emission in FY2030 is to be reduced by 50% compared to FY2013” is set, why do you set the total amount instead of the basic unit?
A6	(Ishiguro) Although there are various concepts regarding the standards for CO <sub>2</sub> reduction, the total amount has been set based on the idea of essentially reducing the environmental load by reducing the absolute amount of energy used.
Q7	Do you consider reducing emissions and waste throughout your supply chain, not just by your own production activities?
A7	(Ishiguro) Even though it is difficult to evaluate the overall reduction in the supply chain, our ACF capable of bonding at low temperatures, for example, has the effect of reducing energy consumption on our customer side; therefore, we would like to consider it in the future by broadening our horizons.

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