



## Corporate Governance

Dexerials recognizes that establishing robust corporate governance is a critical management priority for achieving our Purpose, balancing economic and social value, and continuously enhancing sustainable growth and corporate value. Our management team is committed to setting a clear strategic direction in the BANI\* era and to maintaining and strengthening a governance framework that enables swift and decisive decision-making (including risk-taking), while continuously evolving toward more effective and transparent corporate governance.

\* BANI...Brittle, Anxious, Non-linear, Incomprehensible

### Initiatives to Strengthen and Improve Corporate Governance

In light of social trends and changes in the business environment, we have been quick to strengthen and improve both our corporate governance systems and operations.

#### Transition of Dexerials' Corporate Governance (Progress in Strengthening and Improving)

	2020	2021	2022	2023	2024	2025
Corporate Philosophy/ Management Strategy	Corporate Philosophy "Integrity" Corporate Vision "Value Matters"				Purpose: "Empower Evolution. Connect People and Technology."	
	Mid-Term Management Plan 2023 "Challenges for Evolution" (2019–2023)				Mid-Term Management Plan 2028 "Achieving Evolution" (2024–2028)	
Building a system to improve management effectiveness and transparency	Delegated executive officer system (2019–)					
	Company with a Board of Corporate Auditors	Company with an Audit and Supervisory Committee (monitoring board oriented, with greater delegation of authority)				
	Headquarters: Osaki, Tokyo	Headquarters: Relocated to Shimotsuke-shi, Tochigi Prefecture, to promote integration of management and front-line operations; annual shareholders' meeting also held in Tochigi (2023–)				
Strengthening management transparency and oversight	Board of Directors: independent outside directors accounting for the majority (2015–)					
	▶ Clarification of the Skills Matrix      📖 P. 47 Skills Matrix of the Board of Directors					
	Nomination and Remuneration Committee (2019–), Discussion about presidential succession (2018–)					
Mechanisms and initiatives to improve the effectiveness of the Board of Directors (PDCA)	Conducting evaluation of the effectiveness of the Board of Directors and formulation and implementation of the action plan (Implemented every fiscal year, 2015–)					
	CSR Targets				ESG Key Issues	
Executive officer remuneration system that contributes to sustainable growth and enhanced corporate value	Performance-linked stock compensation plan (2016–)					
	▶ RelativeTSR      📖 P. 69 Officers' Remuneration ▶ Addition of non-financial indicators      📖 P. 69 Officers' Remuneration					

### Corporate Governance System

#### Board of Directors and Directors

Dexerials' Board of Directors consists of eight members, the majority of whom are independent directors (five members) who play a role in strengthening oversight from an independent and fair standpoint.

Each of the directors has diverse skills, knowledge, and expertise in their respective fields.

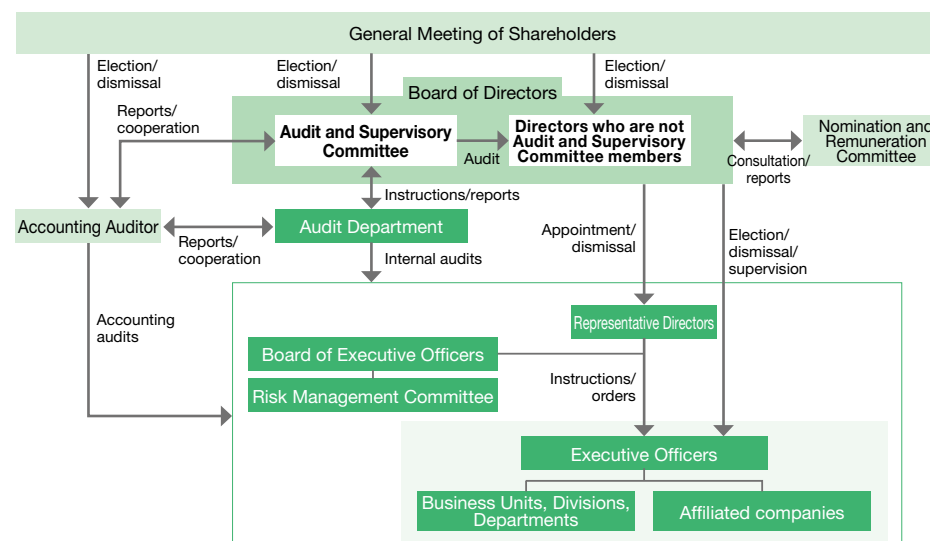
ⓘ P. 46 Strengthening Corporate Governance to Achieve Sustainable Growth and Enhance Corporate Value

In principle, the Board of Directors conducts regular meetings once per month. In addition to matters to be resolved and matters to be reported (decisions on legally mandated matters, determination of major management policies and strategies, selection of officer candidates), the agenda includes discussion items. Directors engage in lively discussion, as needed, on management risks and topics that contribute to improving the effectiveness of the Board.

Off-site meetings and business site visits, including those to subsidiaries in Japan and globally, also take place, and discussions on the Board's ideal form, philosophy, and policies and important measures, as well as discussions at Audit and Supervisory Committee and Nomination and Remuneration Committee meetings, are shared throughout the Board of Directors. Furthermore, enhancement of direct communication between management and frontline operations is pursued.

These initiatives are designed to invigorate discussions at the Board of Directors meetings, while gaining understanding of the status of business execution.

#### Corporate Governance System



As of April 2025

## Board of Directors Meeting Agenda (FY2024 Monitoring Items)

Dexerials' Board of Directors designates important measures for achieving the Mid-Term Management Plan and the single-year budget as “monitoring items” and sets the meeting agenda accordingly. At the same time, The Board operates with flexibility, discussing issues that emerge in the ever-changing business environment and in the course of discussions. In fiscal 2024, the following topics were designated as monitoring items and discussed by the Board.

Main Monitoring Items
Growth strategy, sales function reform, production strategy, sustainability management, capital allocation/capital policy, risk management

## Audit and Supervisory Committee and the Members

Dexerials is a company with an Audit and Supervisory Committee. The Company's Audit and Supervisory Committee consists of three members (of whom two are outside directors) and is chaired by an outside director, which ensures transparency and independence in audits. In addition, a position for one standing Audit and Supervisory Committee Member has been created to secure the effectiveness of audits.

The Audit and Supervisory Committee deliberates and makes necessary resolutions on matters such as the formulation of audit policies and plans, preparation of audit reports, evaluation and appointment of the accounting auditor, approval of the accounting auditor's remuneration, and verification of the development and operation of the internal control system.

In accordance with the audit policy and division of duties determined by the Audit and Supervisory Committee, the committee members participate in the Board of Directors meeting and other important meetings and exchange views with the directors. Additionally, they check and exchange opinions on the audit reports provided by the Internal Audit Division and those officers in charge of subsidiary audits. At the three-way audit meeting, etc., the committee members also check and exchange opinions on the content of the accounting auditor's audit plan.

The standing committee member attends the Board of Executive Officers meetings and other meetings, and also reviews documents related to important resolutions. The member also interviews representatives from various business units, the Risk Management Department, and global subsidiaries, and exchanges views with the Internal Audit Division. Additionally, the member works to strengthen communication with the accounting auditor by confirming the progress of audits and exchanging opinions on a monthly basis.

## Nomination and Remuneration Committee

The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors. Its purpose is to guarantee appropriate and transparent decision-making processes for the selection, dismissal, and remuneration of officers. The committee consists of five directors, three of whom, including the committee's chairperson, are independent outside directors, thus ensuring the objectivity and transparency of its discussions. In fiscal 2024, in addition to holding seven committee meetings, the committee engaged in communication with the next generation of leaders outside of formal meetings. In fiscal 2025, the number of committee members was reduced from seven to five, creating a leaner structure conducive to lively discussions, including on such topics as Board succession over the medium to long term.

## Main Agenda and Meetings of the Nomination and Remuneration Committee (FY2024)

Main agenda	Months
● (Overall) FY2024 Nomination and Remuneration Committee annual schedule of deliberations	July
● (Nomination) Discussion about Board succession	April, July, August, November, December, February
● (Nomination) Discussion of executive structure for the next fiscal year	December
● (Nomination) Communication with the next generation of leaders in Japan and overseas	October
● (Remuneration) Review of FY2023 performance of directors and executive officers	June
● (Remuneration) Confirmation of commitments of executive officers for FY2024	July
● (Remuneration) Discussion of LTI performance-linked indicators	April

## Executive Officers and Board of Executive Officers

The Company has appointed 11 executive officers (including two who concurrently serve as executive directors), all of whom serve under delegation contracts. Broad discretionary authority has been delegated from the executive directors, establishing a framework that enables prompt decision-making and clearly defines responsibility for business execution.

In principle, Board of Executive Officers meetings are held twice a month, with all executive officers serving as members. The meetings review the status of and challenges of business execution and discuss major proposals in advance in order to have meaningful dialogues at the Board of Directors meetings. In order to ensure the effectiveness of supervision of business execution and auditing, a Standing Audit and Supervisory Committee Member is always present at meetings, and the content of deliberations is regularly shared with the Board of Directors.

## Internal Audits

The Internal Audit Division conducts internal audits based on the audit plan, taking into account the development and operating status of the internal control, compliance, and risk management systems of the Dexerials Group. It then evaluates an internal control reporting system (J-SOX). The Internal Audit Division reports the audit results to the Audit and Supervisory Committee and the Board of Directors (dual reporting line) and also monitors the status of the improvements being made. It reports the J-SOX evaluation results via the J-SOX secretariat, and checks the status of the improvements being made for any deficiencies detected.

Once every quarter, the Internal Audit Division holds a three-way audit meeting with the accounting auditor to exchange opinions. For any significant internal control-related events identified through internal audits, the Internal Audit Division provides information to the accounting auditor and seeks appropriate guidance and advice as necessary.

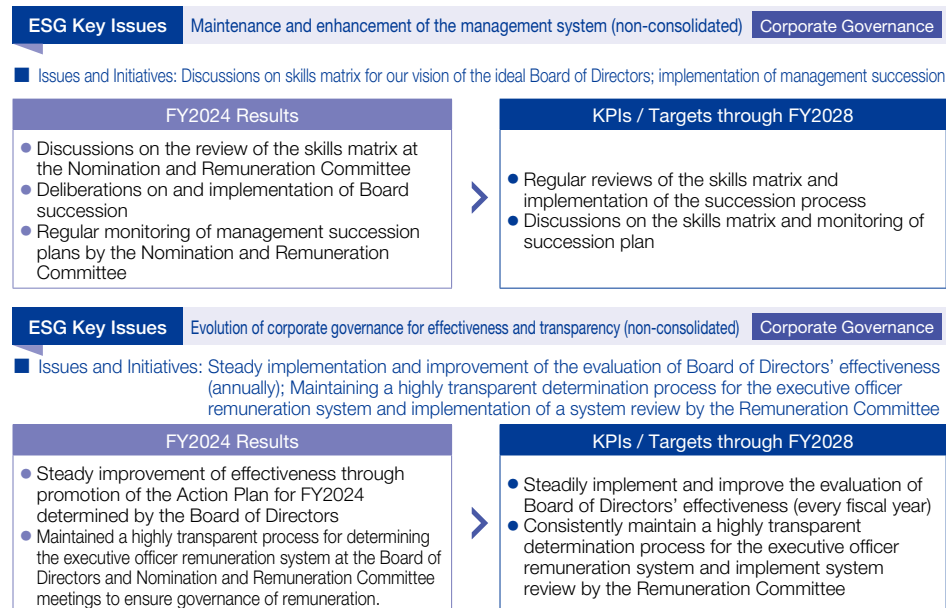
## Accounting Audit

The Company has an audit agreement with PricewaterhouseCoopers Japan LLC, which conducts accounting audits in compliance with the Companies Act and the Financial Instruments and Exchange Act. To ensure stringent audits, measures have been taken so that the Company and the accounting auditor share no material interests and will not be involved in accounting audits of the Company for more than a certain period of time.

## Initiatives to Enhance Corporate Governance Effectiveness

In order to realize the evolution of corporate governance toward greater effectiveness and transparency, we are addressing “ESG key issues.” We regularly identify key issues and promote the strengthening and improvement of the “Board Effectiveness Assessment” in pursuit of sustainable growth and corporate value enhancement over the medium to long term.

P. 64 Approach to ESG Key Issues



### Summary of the Analysis and Evaluation of the Board's Overall Effectiveness

#### Results of FY2024 Board of Directors Effectiveness Evaluation (Summary)

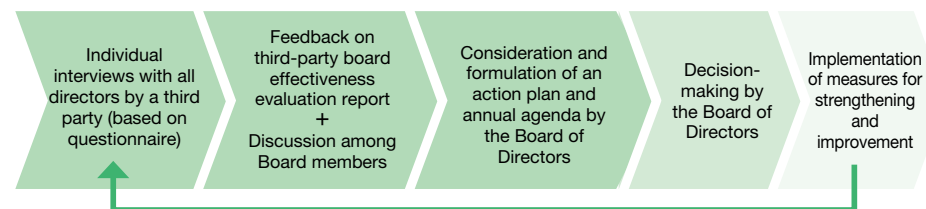
As a result of the review from an objective third-party perspective, the overall effectiveness of the Company's Board of Directors was evaluated as being of a high level. The strengths of the Board of Directors (compared to the previous year) derived from each director's responses are as follows.

- Implementation of Board succession after repeated deliberations by the Nomination and Remuneration Committee
- Efficient operation of the Board of Directors, based on past effectiveness evaluations, so that the Board can focus on discussion

In addition, the key points of improvement (compared to the previous year) of the Company's Audit and Supervisory Committee are as follows.

- Improved accuracy of information sharing by the Standing Audit and Supervisory Committee Member
- Enhanced effectiveness of departmental audits through collaboration with the Internal Audit Division

#### Process from Evaluation to Action Plan Formulation and Implementation (Overview)



#### FY2025 Action Plan for Enhancing the Effectiveness of the Board of Directors

Based on the results of the previous fiscal year's evaluation and multiple discussions at Board of Directors meetings, the action plan for fiscal 2025 was determined as follows.

#### Realize management scenarios conducive to sustainable growth and enhancement of corporate value, and enhance the effectiveness of the Board of Directors in view of environmental changes and management risks

- The ideal state that the Board of Directors should aim for, with a view to achieving the medium- and long-term vision and the Mid-Term Management Plan.
- Specify and prioritize the functions and roles of the Board of Directors as well as monitoring items.
- Strengthen the corporate governance system to prepare for medium- and long-term management risks and to enhance the executive side's self-correcting capability.
- Clarify the functions and roles of the Nomination and Remuneration Committee, review its composition, and clarify advisory matters
  - Review committee structure (composition and number of members) in light of the current issues
  - Clarify “advisory” and “reports”
- Clarify functions and roles expected of individual outside directors
  - Discuss the medium- and long-term vision, redefine the skills matrix in sync with the Mid-Term Management Plan, as well as the concept of successions and how to proceed.
- How best to provide information to outside directors that enhances the quality of Board discussions (discussion and practice)
  - Improve access to information necessary for decision-making, etc., share discussion points early, and improve deliberation materials and timing of prior provision

## Officers' Remuneration

### Basic Policy

Remuneration for the Company's directors is determined through an appropriate process based on the Policy on Determination of Officers' Remuneration, which reflects a remuneration system designed to promote sustainable growth and enhance corporate value, as discussed and approved by the Board of Directors and the Nomination and Remuneration Committee. In addition, the appropriateness of the officers' remuneration levels is verified by benchmarking against companies of similar size, industry, and business type, using executive compensation survey data from external research organizations.

#### Policy on Determination of Officers' Remuneration

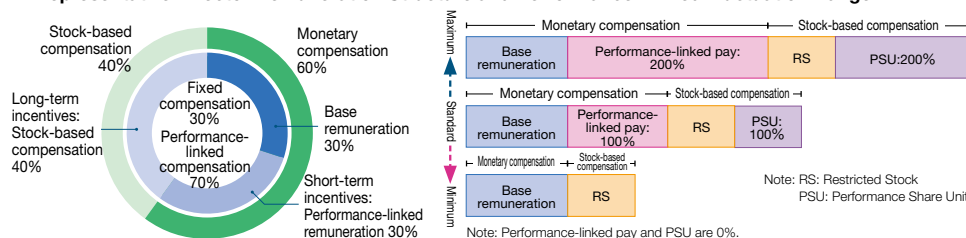
- Officers' remuneration shall correspond to the role, responsibilities, and performance of each officer.
- Officers' remuneration shall be designed such that it reflects the medium- to long-term management strategy and also strongly incentivizes sustainable growth.
- The composition of officers' remuneration shall be such that it encourages the sharing of profits and risks with the shareholders, raises awareness of the shareholders' perspective, and instills a stronger drive to enhance corporate value.
- The level of remuneration shall be appropriate for attracting and retaining excellent global human resources.
- The remuneration determination process shall be objective and transparent.

#### Composition of Officers' Remuneration

The Company is strengthening the linkage between officers' remuneration and business performance to further motivate directors, etc. to contribute to our sustainable growth, the medium- to long-term enhancement of corporate value, and the Company's business performance. In addition, to encourage the sharing of profits and risks with the shareholders and to instill a stronger drive to enhance corporate value, the proportion of stock-based compensation has been increased.

Regarding officers' remuneration, the maximum amount of monetary compensation for directors (excluding directors who are Audit and Supervisory Committee members) is 450 million yen annually (including 70 million yen for outside directors), and that for directors who are Audit and Supervisory Committee members is 70 million yen annually, as resolved at the Company's 12th Annual General Meeting of Shareholders (held on June 25, 2024). Outside directors and directors who are Audit and Supervisory Committee members only receive base remuneration.

#### Representative Director Remuneration Structure and Performance-Linked Fluctuation Range



### Base Remuneration

The Company pays fixed monthly remuneration that is allocated in accordance with each director's position and responsibilities.

### Performance-Linked Compensation

Performance-linked compensation comprises "performance-linked pay," which is paid according to performance during the fiscal year, and "stock-based compensation," which is intended to share a sense of profit awareness with shareholders and incentivize the achievement of medium- to long-term goals. This compensation structure is designed to motivate the Company's executive directors to manage the business with an awareness of performance and share prices from a medium- to long-term perspective.

#### • Performance-linked pay

Performance-linked pay is calculated at the ratio of 50% consolidated net sales and 50% EBITDA, which demonstrate the Company's earnings power, while also taking into account the evaluation by the Remuneration Committee. The determined amount is divided into 12 equal payments and paid monthly, starting from the month following the conclusion of the Annual General Meeting of Shareholders.

#### • Stock-based compensation

Stock-based compensation is set separately from monetary compensation to strengthen the recipients' awareness toward improving the Company's medium- to long-term performance and enhancing corporate value. (Maximum of 990,000 points)

Once every five consecutive fiscal years, the Company contributes to a trust the capital necessary for acquiring the shares slated to be granted to the directors.

The shares acquired through the trust are granted in two ways: RS granted according to points commensurate to the job post, with one point being equivalent to one share, and PSUs granted according to points reflecting the results versus the Mid-Term Management Plan, with one point also being equivalent to one share. (subject to transfer restrictions specified by the Company).

#### Evaluation Indicators to Determine the Performance-Linked Portion of PSUs

Evaluation indicators	Indicator outline	Weight
<b>Total shareholder returns (TSR)</b>	TSR performance over five years (versus benchmark companies)	80%
<b>Sustainability strategy target</b>	Level of achievement of key performance indicators for Technology and Human Capital (the materiality indispensable to our sustainable growth)	20%

Furthermore, the amount of PSUs will be reduced partially or in full if we cannot reach the minimum targets that should be met to fulfill our responsibility as a corporate entity. These include cases where the average ROE performance during the performance-linked term falls short of a certain level or where the CO<sub>2</sub> emissions reduction target is not achieved, which is relevant to a material social issue (climate change).

### Process for Determining Each Director's Remuneration

The remuneration of individual directors (excluding directors who are Audit and Supervisory Committee members) is determined by the Board of Directors following discussion by the Nomination and Remuneration Committee. The remuneration of individual directors who are Audit and Supervisory Committee members is determined appropriately through consultation among the Audit and Supervisory Committee members.





## Risk Management

The Dexerials Group regards risk management as the foundation for sustainable growth and enhancement of corporate value. In a rapidly changing environment, we view risk as “uncertainty that affects the achievement of business goals.” We not only avert risk, but also use it as an opportunity to establish competitive advantage. In order to continue providing value to stakeholders, we are building a resilient corporate constitution by practicing aggressive risk management.

✉ P. 60 Message from Corporate Risk Management Head

### Risk Management Structure

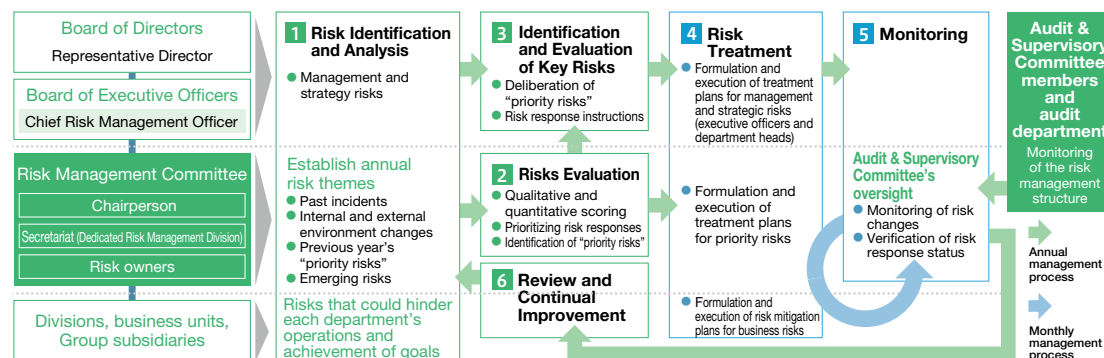
The Dexerials Group has established a structure in which the Board of Directors is the highest supervisory body and an executive officer appointed by the Representative Director is the Chief Risk Management Officer. In fiscal 2025, Dedicated Risk Management Division was reorganized as an entity under the direct control of an executive officer, which is responsible for formulating company-wide policies, unifying evaluation criteria, monitoring and supporting risk management activities, and promoting “aggressive risk management” to further enhance effectiveness.

The Dexerials Group’s risk management structure is based on the “three-line model.” As the first line of defense, business units and headquarters act as risk owners and manage risks in their daily operations. As the second line of defense, the Dedicated Risk Management Division and the Risk Management Committee are responsible for progress management and support across the board, while the Dedicated Risk Management Division carries out company-wide coordination for risks in specific areas. As the third line of defense, the Internal Audit Section evaluates the effectiveness of the structure from an independent standpoint and reports to the Risk Management Committee and the Board of Directors. As a result, a system is realized in which supervision, execution, and auditing complement one another.

### Risk Management Process

Since the internal and external environment constantly changes, the Risk Management Committee spearheads risk management, following the process outlined below, so that

#### Risk Management Structure and Process



countermeasures can be implemented in a timely manner.

### Risk Response Initiatives

In fiscal 2024, the Dexerials Group defined a “four-quadrant framework” for risk response in order to accurately respond to changes in the environment, and established a systematic risk response system. In addition to the identification and response to “priority risks” that have been implemented so far, this framework will enable effective risk response.

#### Identification of and Response to Priority Risks

The Dexerials Group designates risks that exceed a certain threshold in its risk assessment as “priority risks” and addresses them as the most important issues for the fiscal year. For priority risks, the Dedicated Risk Management Division formulates and monitors an annual risk mitigation plan, which the executive officer periodically confirms, gives instructions for corrective action, and reports to the Board of Directors. Furthermore, the Audit Division also assesses the risk situation and evaluates the effectiveness of the management system. Through these activities, we continue to strengthen management of priority risks.

#### Four-Quadrant Framework for Risk Response

The Dexerials Group has established a response system based on the “four-quadrant framework” described below according to the nature of risks. Site-specific and department-specific risks are handled promptly with expertise (Quadrant 1), while the Risk Management Committee is responsible for company-wide coordination of cross-functional risks (Quadrant 2). Moreover, the Dedicated Risk Management Division and external experts will work together to strengthen our ability to respond to emerging risks associated with social change and technological innovation (Quadrant 3). Strategic risks directly related to management strategy are then addressed at the division head and executive officer level (Quadrant 4). This framework promotes agile and effective risk response in a rapidly changing business environment.

#### Four-Quadrant Framework for Risk Response



## List of Major Corporate Risks

We have identified the following risks that, if manifested, could affect the Group's business operations, performance, and social credibility, and countermeasures for such risks. Risks are identified in conjunction with the Mid-Term Management Plan, and progress is regularly managed and reviewed as necessary.

We will strive to avert the occurrence of risks through risk management functions, and when they do occur, we will respond appropriately to minimize their impact and use them as opportunities.

Risks	Main contents	Main countermeasures	Reference page
Management and strategy risk	Market contraction and structural decline of existing businesses	<ul style="list-style-type: none"> <li>Reestablish the portfolio and M&amp;A strategy</li> <li>Develop new business</li> </ul>	P. 52 Message from the Corporate Strategy Division Head
	Price competition and pressure on earnings due to intensifying global competition	<ul style="list-style-type: none"> <li>Develop differentiation technology</li> </ul>	P. 26 Message from the Technology Strategy Head
	Delayed response to decarbonization and recycling	<ul style="list-style-type: none"> <li>Carbon neutral strategy</li> <li>Introduce renewable raw materials</li> </ul>	P. 78 Climate Change
Emerging risk	Changes in industrial structure	<ul style="list-style-type: none"> <li>Clarify ESG strategy</li> </ul>	P. 63 Sustainability Management
	Changes in procurement structure due to regional concentration risk in the supply chain	<ul style="list-style-type: none"> <li>Strengthen supply chain resilience</li> </ul>	P. 74 Supply Chain Management (CSR Procurement)
	Changes in product evaluation due to changes in social values and ethics	<ul style="list-style-type: none"> <li>Redefine the social significance of products and engage in dialogue with stakeholders</li> </ul>	P. 20 A Business Model Born from Materiality
Geopolitical and macro-environmental risk	Suspension of operations and freezing of funds due to geopolitical tensions	<ul style="list-style-type: none"> <li>Scenario analysis of geopolitical risk</li> <li>Scenario analysis of tariff impact</li> </ul>	P. 74 Supply Chain Management (CSR Procurement)
	Greater import/export restrictions and increased tariff burdens due to trade frictions and sanctions		
	Earnings fluctuations due to volatility in the foreign exchange market		
Environmental and sustainability-related risk	Changes in business models due to tighter environmental regulations in various countries		
	Need to change product design and materials due to stricter PFAS <sup>*1</sup> regulations and other chemical substance regulations	<ul style="list-style-type: none"> <li>Develop alternative materials</li> <li>Monitor regulatory trends</li> </ul>	P. 84 Chemical Substance Management
	Environmental accidents and friction with local communities due to inadequate management of wastewater, exhaust gas, and waste		P. 83 Pollution Control
	Burden on the entire supply chain arising from mandatory Scope 3 emissions disclosure	<ul style="list-style-type: none"> <li>Collaborate with suppliers</li> </ul>	P. 78 Climate Change
Quality and product risk	Rapid changes in raw material and energy costs due to climate change	<ul style="list-style-type: none"> <li>Introduce renewable energy</li> </ul>	
	Customer dissatisfaction, withdrawal of certification, and lawsuits due to serious quality problems	<ul style="list-style-type: none"> <li>Strengthen quality assurance system and safety assessment, conduct risk review prior to launch of products</li> </ul>	P. 90 Product Quality
	Long-term social responsibility regarding toxicity and safety of new chemical substances	<ul style="list-style-type: none"> <li>Ensure traceability</li> <li>Reinforce education and training</li> <li>Collaborate with external experts</li> </ul>	
Digital and information security risk	Brand damage due to decreased product reliability		
	Information leakage and shutdown due to cyberattack	<ul style="list-style-type: none"> <li>Introduce multi-layered defense, system redundancy, SOC<sup>*2</sup></li> <li>Conduct employee education and incident response training</li> <li>Manage external vendors</li> </ul>	P. 72 Strengthening Information Security
	Security vulnerabilities revealed		
Compliance reputation risk	Business interruption due to switching or aging of core systems	<ul style="list-style-type: none"> <li>Conduct risk assessment at switchover</li> </ul>	
	Administrative penalties and loss of social credibility due to violations of security trade and environmental laws and regulations	<ul style="list-style-type: none"> <li>Obtain information on revisions of laws early</li> <li>Deploy specialized personnel</li> </ul>	P. 73 Compliance P. 83 Pollution Control
	Litigation and technology leakage due to infringement or violation of intellectual property rights	<ul style="list-style-type: none"> <li>Strengthen patent management system and contract management</li> </ul>	P. 30 Intellectual Property Strategy
Human and organizational risk	Damage to corporate reputation due to harassment and human rights violations	<ul style="list-style-type: none"> <li>Operate the reporting system and provide human rights training</li> </ul>	P. 85 Respect for Human Rights
	Decline in technical succession and competitiveness due to aging population and lack of experts		P. 32 Message from the Human Resources Division Head
	Loss of human resources and decline of productivity due to occupational accidents and health risks	<ul style="list-style-type: none"> <li>Strengthen recruitment of human resources</li> <li>Reform the personnel system</li> </ul>	P. 34 Human Capital Strategies
Business continuity and infrastructure risk			P. 88 Health and Productivity Management
	Manufacturing and distribution stoppages due to natural disasters and pandemics		P. 89 Occupational Health and Safety
	Failure to meet supply responsibilities due to facility and infrastructure outages	<ul style="list-style-type: none"> <li>Reinforce preventive maintenance and utilize IoT</li> <li>Formulate facility renewal plan</li> <li>Conduct BCP drill</li> </ul>	P. 75 BCP Initiatives
	Operational interruptions and safety incidents due to aging manufacturing facilities		

\*1 PFAS: Per- and polyfluoroalkyl substances \*2 SOC: Security Operation Centers



## Strengthening Information Security

The business environment in which the Dexerials Group operates has changed significantly in recent years, with risks becoming increasingly diverse due to factors such as geopolitical development, digital transformation, and climate change. We recognize that strengthening information security is essential to accurately identify these risks and minimize their potential impact.

In particular, with the rapid advancement of digital technology, the risk of information leaks or losses caused by cyberattacks or malware infections—and even the suspension of business operations—is increasing. In line with its Information Security Policy, the Dexerials Group is strengthening countermeasures to address these risks and continually working to maintain and enhance information security.

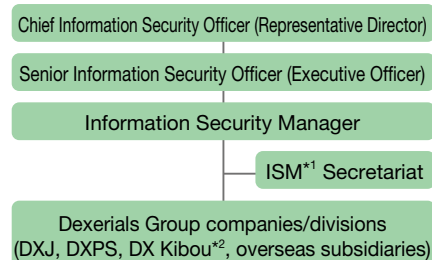
Information Security Policy  
For more details, please refer to our website.



ESG Key Issues	Strengthening information security	Responding to Risks
■ Issues and Initiatives: Prepare for the risk of dealing with significant environmental changes		
FY2024 Results	KPIs / Targets through FY2028	
Major security incidents: None	Major security incidents: None (every fiscal year)	

### Information Security Promotion System

Under Dexerials' information security management structure, a representative director serves as Chief Information Security Officer, while the executive officer, acting as Senior Information Security Officer, oversees company-wide initiatives. Working under their direction, Information Security Manager and ISM<sup>\*1</sup> Secretariat promote activities to strengthen information security across the organization.



\*2 DXJ: Dexerials Corporation, DXPS: Dexerials Photonics Solutions Corporation, DX Kibou: Dexerials Kibou Corporation

\*1 ISM: Information Security Management

### FY2024 Initiatives

#### Strengthening Information Security Rules

In response to the increasing sophistication and frequency of cyberattacks in recent years, as well as revisions to ISMS<sup>\*3</sup> standards, the Dexerials Group has updated its information security regulations. In addition, we have engaged an external expert organization to assess our current status and are preparing for ISMS implementation. Going forward, we will continue working to establish a system based on international standards and further enhance business continuity and reliability.

\*3 ISMS: Information Security Management System

#### Bolstering Monitoring Systems

To defend against cyberattacks and prevent internal misconduct that could result in information leaks or operational shutdowns, we have strengthened our authentication system and enhanced security monitoring capabilities through a dedicated team. As a result, in fiscal 2024, we detected four security incidents at an early stage and implemented prompt countermeasures, confirming the effectiveness of our preventative measures.

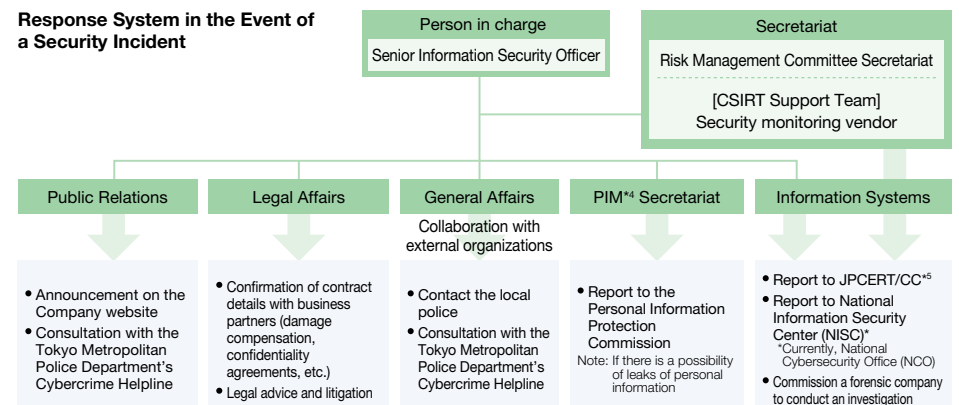
#### Raising Employee Awareness

To foster awareness of the importance of information security, we distributed email newsletters and conducted e-learning education for all employees (100% participation rate in information security education in fiscal 2024). In addition, we conducted cybersecurity training incorporating the latest case studies, as well as drills simulating targeted email attacks. As a result, 16% of employees clicked on simulated phishing messages. We will continue to enhance the awareness of each employee and strengthen overall security through ongoing education and training.

### Response System in the Event of a Security Incident and Initiatives

In fiscal 2024, the Dexerials Group established and began operating a Computer Security Incident Response Team (CSIRT). Headed by Senior Information Security Officer, CSIRT comprises the company's secretariat and an external specialist support team. The structure enables close cooperation across divisions and ensures a system for rapid and effective response to incidents. Following the launch of the CSIRT system, we conducted security incident response training involving relevant divisions. This training, based on scenarios simulating real-life responses, helped identify issues and areas for improvement. Going forward, through regular training and continuous enhancement, we will further strengthen our ability to respond to incidents and support safe and secure business operations.

#### Response System in the Event of a Security Incident



\*4 PIM: Personal Information Management \*5 JPCERT/CC: Japan Computer Emergency Response Team Coordination Center

## Compliance

The Dexerials Group's corporate philosophy—"Integrity: Have Integrity and Sincerity"—is at the core of all our activities. Practicing compliance is not only our social responsibility but also the very realization of Dexerials' corporate philosophy, and it is an essential element for sustainable growth and enhancement of corporate value.

As a company trusted by our customers and other stakeholders, we have set compliance as one of the ESG Key Issues, and are working to ensure compliance with laws and regulations globally while instilling our corporate philosophy.

### Corporate Philosophy

## Integrity

Have Integrity and Sincerity

### ESG Key Issues

Compliance with laws and regulations and penetration of the Dexerials Group Code of Conduct

### Compliance

- Issues and initiatives: Strictly maintain zero tolerance of serious violations of laws and regulations, including violations associated with the prevention of bribery and other corruption (every fiscal year)  
Improve employee awareness of compliance

#### FY2024 Results

- Serious violations of laws and regulations: 0 cases
- Establishment of the Compliance Committee
- 100% participation rate in in-house training (Japan and overseas combined)

#### KPIs / Targets through FY2028

- Strictly maintain zero tolerance of serious violations of laws and regulations, including violations associated with the prevention of bribery and other corruption (every fiscal year)
- Improving scores in the group-wide survey on compliance awareness

### System and Policy

In accordance with the Global Compliance Management Regulations established in April 2024, we established the Compliance Committee chaired by the executive officer in charge of Corporate Risk Management Head, who also serves as the Chief Compliance Officer. The committee includes officers in charge of promoting compliance according to functions and workplaces.

Furthermore, the Dexerials Group Code of Conduct, which sets out the fundamental principles that must be always observed, has been translated into English, Chinese, and Korean and applies to all officers and employees worldwide. Based on the Code of Conduct, we have established the Global Anti-Bribery Regulations and provide education on anti-corruption and anti-bribery globally. Additionally, in fiscal 2025, we disclosed our Anti-Corruption Policy on our website.

Based on these policies, we are earnestly advancing our initiatives.

Anti-corruption Policy  
For more details, please refer to our website.



### Tax Compliance

The Dexerials Group complies with the tax laws of all countries and regions in which it operates, as well as with international rules, and fulfills its tax obligations in an appropriate and fair manner. In fiscal 2025, we formulated and disclosed our Tax Policy, which clearly prohibits the use of tax havens for the purpose of tax avoidance. Based on this policy, we are committed to properly managing tax risks and ensuring a high level of transparency in our tax practices, thereby fulfilling our social responsibility.

Tax Policy  
For more details, please refer to our website.



### Compliance Hotline

The Dexerials Group has established internal and external points of contact (Hotline) for whistleblowing by employees, etc. at all Group companies in Japan and globally to detect and alleviate compliance-related issues as early as possible. The Hotline is available in Japanese, English, Chinese, and Korean and allows anonymous reporting. It is made clear that the disadvantageous treatment of whistleblowers is prohibited. This means that all employees of the Dexerials Group and employees of our business partners can use the Hotline with peace of mind.

When a report is received, the Hotline will investigate the facts, and if the report is judged to be credible as a result of the investigation, the Representative Director and President and the relevant officers are notified, and the Board of Executive Officers, etc. will deliberate on and implement measures necessary for correction and prevention of recurrence.

### FY2024 Initiatives

In fiscal 2024, we established the Compliance Committee to further strengthen compliance activities across the Dexerials Group. During the annual Compliance Month in October, management demonstrated its strong commitment through a message from the President, and compliance training was conducted for all employees. Furthermore, we provided training on such themes as harassment prevention, quality compliance, and insider trading prevention. We also distributed "Compliance News" e-mail newsletters in multiple languages, which present cases of violation in an easy-to-understand format using manga and other illustrative methods.

Sharing compliance-related issues throughout the Dexerials Group, centering on the activities of the Compliance Committee, we will continue to work to instill our corporate philosophy and strengthen the PDCA cycle.

<Major results>

- Number of serious violations: 0
- Number of internal reports: 7 (11 in the previous fiscal year)
- Participation rate in compliance training: 100% (in Japan and overseas)





## Supply Chain Management (CSR Procurement)

In accordance with the Basic Philosophy of Supply Chain Management, which is based on “fair business practices, transparency, and equal opportunities,” the Dexerials Group aims to achieve both economic value and social value by promoting sustainability throughout the supply chain.

As we work toward the realization of a sustainable society, we practice good communication with our suppliers based on the principle of coexistence and mutual prosperity, striving to fulfill our social responsibilities throughout the supply chain.

ESG Key Issues	Supply Chain Management	Supply Chain
■ Issues and Initiatives: Work with suppliers and have the entire supply chain fulfill its social responsibilities regarding the global environment, human rights, labor, and other matters		
FY2024 Results* <sup>1</sup>		KPIs / Targets through FY2028
CSR* <sup>2</sup> procurement assessment: 96%* <sup>3</sup> of suppliers achieved an average score of 3 or higher		CSR procurement assessment: Average score of 3 or higher

\*1 The latest score as of July 2025 is indicated. \*2 Corporate Social Responsibility

\*3 Evaluation conducted for 105 suppliers from whom our Group procures key raw materials

### CSR Procurement Promotion System

#### Promoting Sustainable Procurement

In accordance with Basic Procurement Policy, the Dexerials Group aims to build highly transparent, fair, and sound relationships with its suppliers, pursuing mutual growth through the realization of a sustainable society and maximization of customer value. The Basic Philosophy of Supply Chain Management emphasizes the principles of “fair business practices, transparency, and equal opportunities,” and the Group is committed to compliance with laws, regulations, and social standards (including the RBA Code of Conduct\*<sup>4</sup>), respect for human rights, environmental protection, anti-corruption, risk management, and information management.

We are also promoting partnerships in the supply chain to enhance technological capabilities and quality, and to achieve competitive prices.

Additionally, we request that our suppliers take action in areas such as human rights, health and safety, the environment, and ethics in accordance with the Dexerials CSR Procurement Guidelines, and we work with them to promote improvement activities.

\*4 RBA Code of Conduct: A code for the electronics industry supply chain established by the Responsible Business Alliance (RBA).

<p>Basic Procurement Policy For more details, please refer to our <a href="#">website</a>.</p>		<p>Dexerials CSR Procurement Guidelines (Japanese only) For more details, please refer to our <a href="#">website</a>.</p>	
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#### Main Contents of Dexerials CSR Procurement Guidelines (Excerpt)

- Human Rights and Labor—Prohibition of forced labor, child labor, etc.
- Health and Safety—Safety measures, health management, etc.
- Environment—Reduction of CO<sub>2</sub> emissions sources, chemical substance management, etc.
- Fair Trade and Ethics—Compliance with laws and regulations, corruption prevention, etc.
- Quality and Safety—Product safety, quality control, etc.
- Information Security—Cyberattack countermeasures, etc.
- Supply Chain—Responsible mineral procurement, etc.
- Governance—Development of management system, etc.

### FY2024 / FY2025 Initiatives

- Once a year, we conduct a CSR procurement survey consisting of 39 questions (covering human rights, labor, health and safety, environment, etc.)<sup>\*5</sup>. The survey includes questions on the status of initiatives outlined in the Dexerials CSR Procurement Guidelines, as well as confirmation of the sustainability and ESG-related policies implemented by each supplier.
- When entering into a new business relationship, in addition to checking for any ties with anti-social forces and reviewing the financial status, we require raw material suppliers to obtain Green Partner<sup>\*6</sup> certification.
- In response to rising raw material prices and labor costs, we are implementing pricing policies in line with government guidelines.

\*5 The survey in the previous fiscal year had 48 questions, including on information security, but as it was decided to conduct a separate information security survey in September 2025, the current survey comprises 39 questions, excluding those related to information security.

\*6 Green Partner: A supplier that meets the criteria based on the Management Standards for Environment-related Substances

### CSR Procurement Survey and Improvement Activities

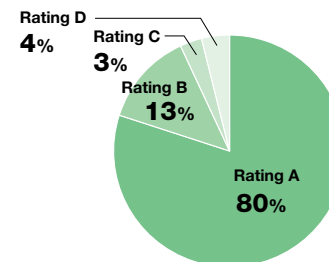
We continue to conduct CSR procurement surveys and carry out improvement activities, focusing on suppliers of key raw materials.

In fiscal 2025, our survey covered 105 suppliers in total, 96% of which were evaluated as having implemented initiatives satisfying the level required by the Dexerials Group (rating C or higher). As in the previous year, we conducted interviews with suppliers from which improvements were requested (rating D). During interviews, we first assess the supplier's current situation, then explain our policies based on the CSR Procurement Guidelines, and provide reference materials prepared by the Small and Medium Enterprise Agency. We continue to work together with these suppliers on improvement initiatives while providing educational support.

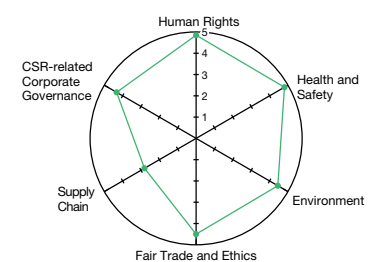
### CSR Procurement Survey Results (as of July 2025)

Survey period	Number of questions	Average score for all questions
April to July 2025	39	4.3 points

#### Percentage by Rating Rank



#### Average Score by Category



Rating A: Average 4.0 or above  
Rating B: Average 3.5 or above  
Rating C: Average 3.0 or above  
Rating D: Average less than 3.0

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