

Initiatives on ESG Key Issues

		ESG Key Issues	Issues and Initiatives	Fiscal 2024 Results	KPIs / Goals to Fiscal 2028	
Governance	Corporate governance	Non-Consolidated	Maintenance and enhancement of the management system	Discussions on skills matrix for our vision of the ideal Board of Directors; implementation management succession	<ul style="list-style-type: none"> <li>Discussions on revising the skills matrix at the Nomination and Remuneration Committee</li> <li>Deliberation and implementation of Board successions</li> <li>Regular monitoring of succession plans for management at the Nomination and Remuneration Committee</li> </ul>	(1) Regular reviews of the skills matrix and implementation of the succession process (2) Discussions on the skills matrix and monitoring of the succession plan
			Evolution of corporate governance toward greater effectiveness and transparency	Steadily implement and improve the evaluation of Board of Directors' effectiveness (every fiscal year)	Steadily improved effectiveness through the implementation of the fiscal 2024 action plan finalized by the Board of Directors	Steadily implement and improve the evaluation of Board of Directors' effectiveness (every fiscal year)
		Consistently maintain a highly transparent determination process for the executive remuneration system and implement system review by the Remuneration Committee		Maintained a transparent decision-making process for the executive remuneration system at the Board of Directors and Nomination and Remuneration Committee toward the upkeep of remuneration governance	Consistently maintain a highly transparent determination process for the executive remuneration system and implement system review by the Remuneration Committee	
	Compliance	Consolidated	Compliance with laws and regulations and penetration of the Dexerials Group Code of Conduct	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)	Serious violations of laws and regulations: None	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	<ul style="list-style-type: none"> <li>Launched the Compliance Committee</li> <li>100% participation rate in internal training (Japan and overseas combined)</li> </ul>	Improve scores in the Group-wide survey on compliance awareness
	Risk treatment	Consolidated	Strengthening information security	Prepare for the risk of dealing with significant environmental changes	Major security incidents: None	Major security incidents: None (every fiscal year)
Strengthening BCP			<ul style="list-style-type: none"> <li>Finalized activities policy for an all-hazards approach business continuity plan and clarified challenges</li> <li>Conducted BCP drill for Group company (DXPS)*1</li> </ul>		Development and operation of a business continuity plan that adopts an all-hazards approach to counter diverse risks	
	Supply chain	Supply chain management	Work with suppliers and have the entire supply chain fulfill its social responsibilities regarding the global environment, human rights, labor, and other matters	CSR*2 procurement assessment: 96%*3 of suppliers achieved an average score of 3 or higher	CSR procurement assessment: Average score of 3 or higher	
Environmental	Climate change	Supply chain	Reduction in CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions (Scope 1,2): -37% versus FY2019</li> <li>CO<sub>2</sub> emissions (Scope 3): DXPS*1 calculation framework</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions (Scope 1,2): -38% versus FY2019</li> <li>CO<sub>2</sub> emissions (Scope 3): Set reduction target and reduce</li> </ul>	
		Consolidated		Improve energy efficiency and productivity through measures including energy-saving and the adoption of smart factories	<ul style="list-style-type: none"> <li>Clarified and analyzed current statuses</li> <li>Formulated implementation plan</li> </ul>	Energy productivity (Net sales + energy used): 1.5x versus FY2023
	Resource recycling	Consolidated	Resource recycling	Reduce waste and use resources efficiently	<ul style="list-style-type: none"> <li>Percentage of waste disposed at landfills: 0.12%*4</li> <li>Chemical recycling initiatives with R Plus Japan, Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of waste disposed at landfills: 0.5% or less (every fiscal year)</li> <li>Establish chemical recycling system for waste plastic</li> </ul>
	Pollution control	Consolidated	Reduction of environmental incidents*5	Practice strict compliance with laws and regulations for environmental conservation (including the prevention of water and air pollution)	Violation of environmental regulations: None	Violation of environmental regulations: None (every fiscal year)
Social	Diversity and respect for human rights	Non-Consolidated	Promoting active involvement of diverse human resources	Improve ratio of female managers	Ratio of female managers: 7.9%	Ratio of female managers: 10% or higher
		Supply chain	Compliance with international human rights principles	Promote human rights awareness and due diligence based on our human rights policy	Drafted human rights policy document	Promote human rights awareness and due diligence based on our human rights policy
	Employee health and safety	Consolidated	Health and productivity management	Create an environment where employees can continue to work safely, maintaining sound mental and physical health	Introduction of data-driven health management and a complete smoking ban covering domestic sites	FY2030: Steady improvement based on the roadmap
			Strengthening occupational safety		Serious industrial accidents, equipment-induced accidents: None	Serious industrial accidents, equipment-induced accidents: None (every fiscal year)
	Product quality	Consolidated	Maintenance and improvement of product quality	Provide Dexerials Group products that are high quality, safe, and reliable	Occurrence of serious quality problems: None*6	Occurrence of serious quality problems: None (every fiscal year)

\*1 DXPS: Dexerials Photonics Solutions Corporation \*2 CSR: Corporate Social Responsibility \*3 Scores are as of July 2025 and based on evaluations of 105 suppliers from which Dexerials Group procures key raw materials

\*4 Headquarters and Tochigi Technology Center, Kanuma Plant, Tome Operation \*5 Pollution that adversely affects the environment, such as chemical substance leaks and illegal emissions

\*6 Quality problems that may result in accidents, product recalls, or compensation payments due to quality defects