

DNP Group Sustainability Briefing 2024

DNP

未来のあたりまえをつくる。

October 16, 2024

Dai Nippon Printing Co., Ltd.

- | | |
|---|--|
| (1) About DNP's Sustainability | President Yoshinari Kitajima |
| (2) Initiatives for the Environment | Corporate Officer Hideto Sakata |
| (3) Human Capital Initiatives | Managing Director Minako Miyama
Corporate Officer Takuya Goto |
| (4) Enhancement of DX Infrastructure | Corporate Officer Mitsue Sako |
| (5) Supply Chain Initiatives | Managing Director Toru Miyake |
| (6) Governance Initiatives | Senior Managing Director Masafumi Kuroyanagi |

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Brand Statement

Creating future standards

The DNP Group will strive to realize a sustainable, better society and well-being lives by connecting individuals and society and creating new value.

Concepts and Policies behind DNP's Sustainable Management

DNP

The DNP Group will strive to realize a sustainable, better society and well-being lives by connecting individuals and society and creating new value.

✓ Healthy societies and economies, and comfortable, prosperous lives are achieved through a sustainable planet.

✓ With the environment, society, and the economy undergoing rapid changes in recent years, we will create value that mitigates the negative aspects of various risks while **amplifying their positive impacts**, in order to enhance the sustainability of the environment, society, and the economy.

Well-being
lives

Comfort
Value

Exciting
Value

Sustainability

Sustainable
Environment,
Society and
Economy



Consumers' perspective

Materiality for the Realization of a “Better Future”



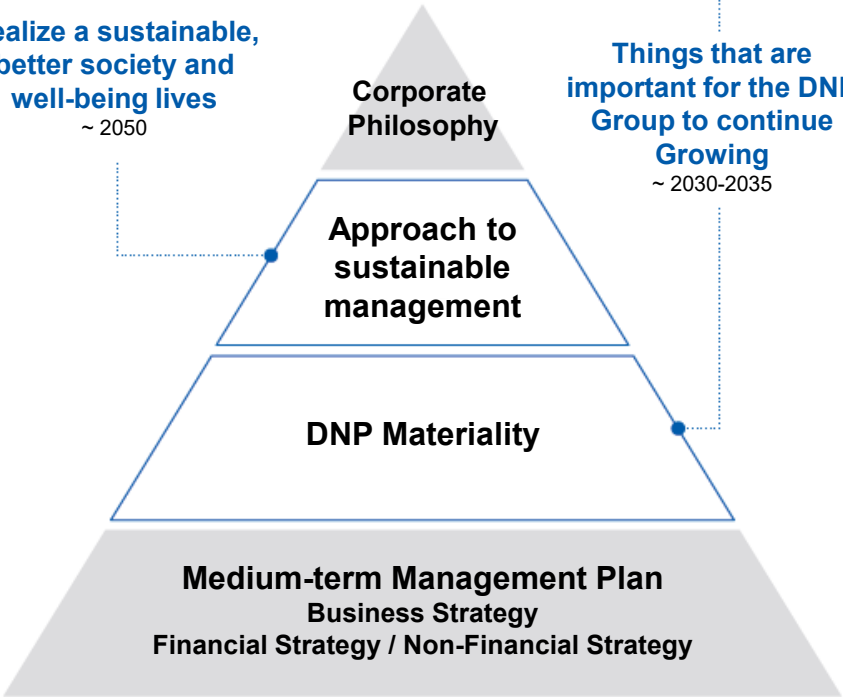
A sustainable society and a well-being live are the shape of a “better future”
DNP has identified materiality by specifying what it should do and what kind of value it should create

✔ DNP Group’s Philosophy and Materiality

A “better future” aimed for by DNP

- A society where people can live safe, secure, healthy and well-being lives
- A society where people can communicate comfortably
- A society where people mutually respect each other
- A society that realizes a balance between economic growth and the global environment

Realize a sustainable, better society and well-being lives
~ 2050

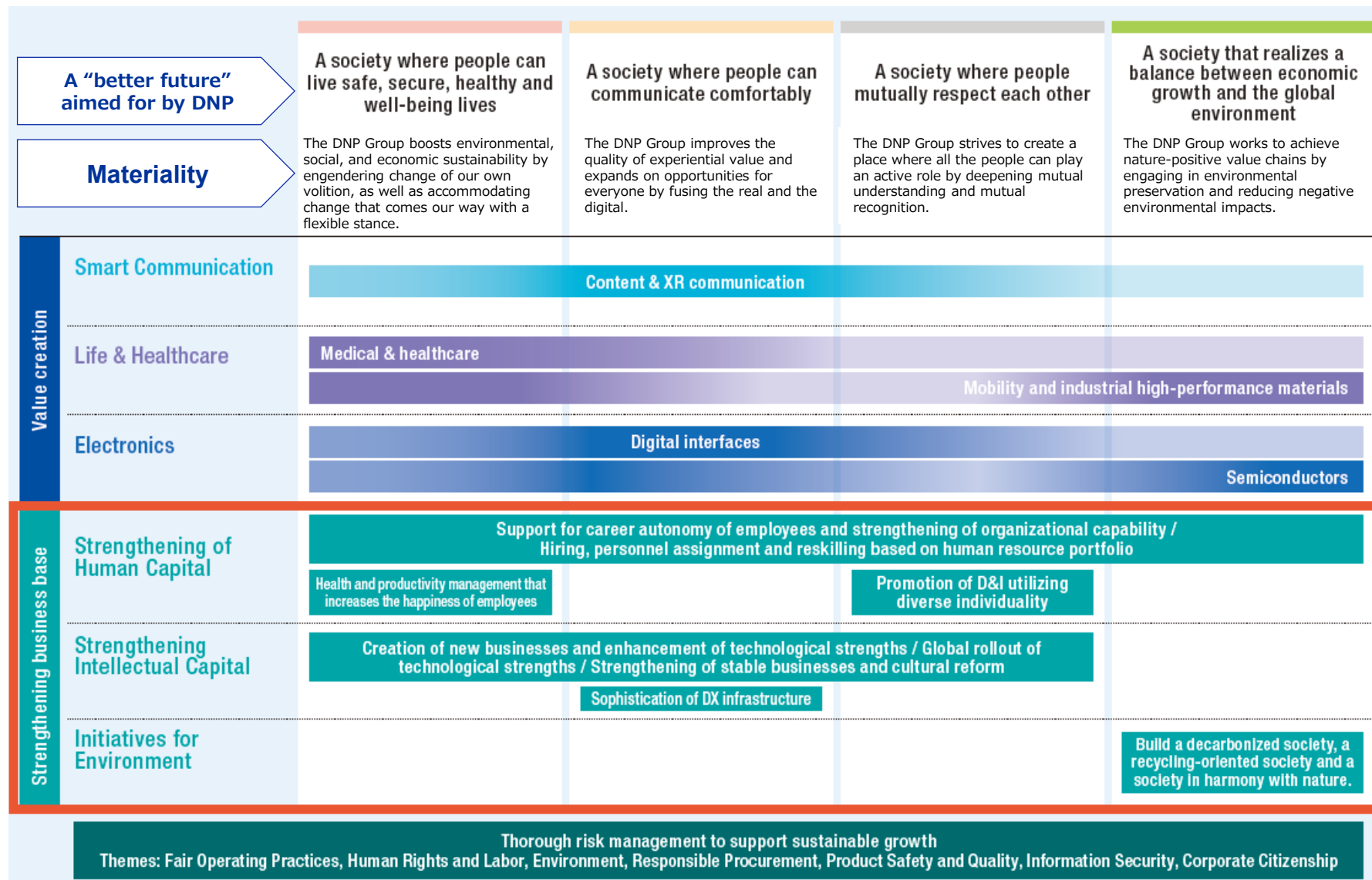


Things that are important for the DNP Group to continue Growing
~ 2030-2035

DNP Materiality

- The DNP Group boosts environmental, social, and economic sustainability by engendering change of our own volition, as well as accommodating change that comes our way with a flexible stance.
- The DNP Group improves the quality of experiential value and expands on opportunities for everyone by fusing the real and the digital.
- The DNP Group strives to create a place where all the people can play an active role by deepening mutual understanding and mutual recognition.
- The DNP Group works to achieve nature-positive value chains by engaging in environmental preservation and reducing negative environmental impacts.

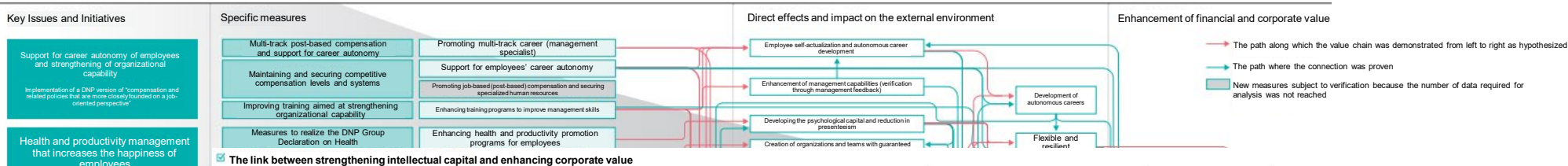
Realizing “Better Society” by “Value Creation” and “Strengthening Business Base”



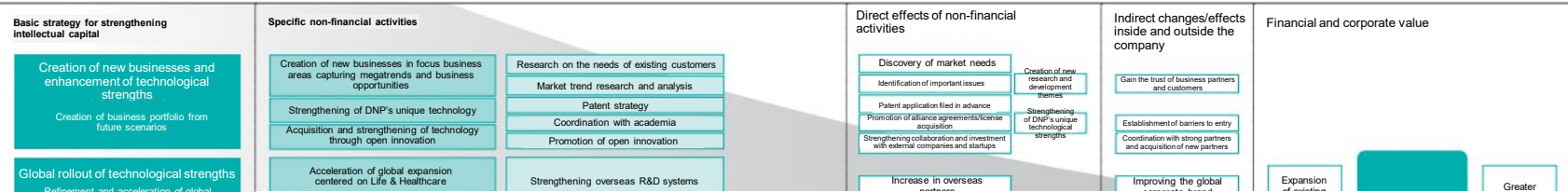
Story for the Realization of a “Better Future”

The “value relationship diagram” is a visualization of the value creation story of DNP’s efforts to grow together with society in the three areas of human, intellectual, and environmental initiatives that it focuses on in its non-financial strategy.

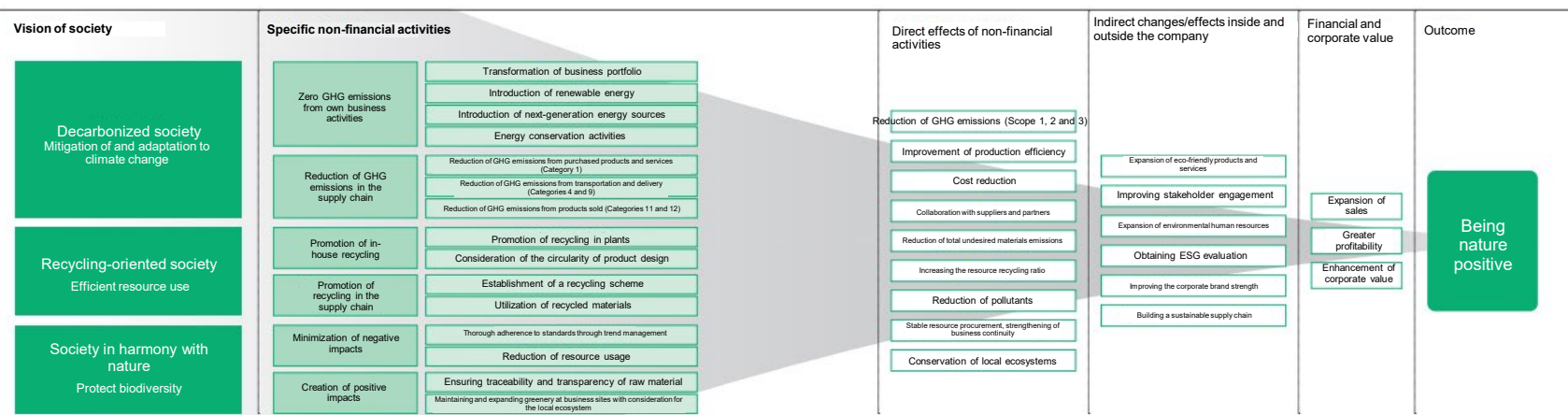
☑ The link between reinforcing human capital and enhancing corporate value



☑ The link between strengthening intellectual capital and enhancing corporate value



☑ The link between environmental initiatives and enhancing corporate value



Positioning of This Briefing

We hold regular briefings on business strategy, financial strategy and non-financial strategy in order to enhance dialogue with shareholders and investors with the aim of continuously improving corporate value.

Financial results briefings

Performance and financial strategy

[Frequency]
2 times/year

[Next date]
November 13, 2024

IR-Day

Business strategy for medium- to long-term growth

[Frequency]
Once/year

[Previous date]
July 1, 2024 (first time)

Sustainability briefings

Non-financial strategy forming the basis for growth

[Frequency]
Once/year

[Held today]

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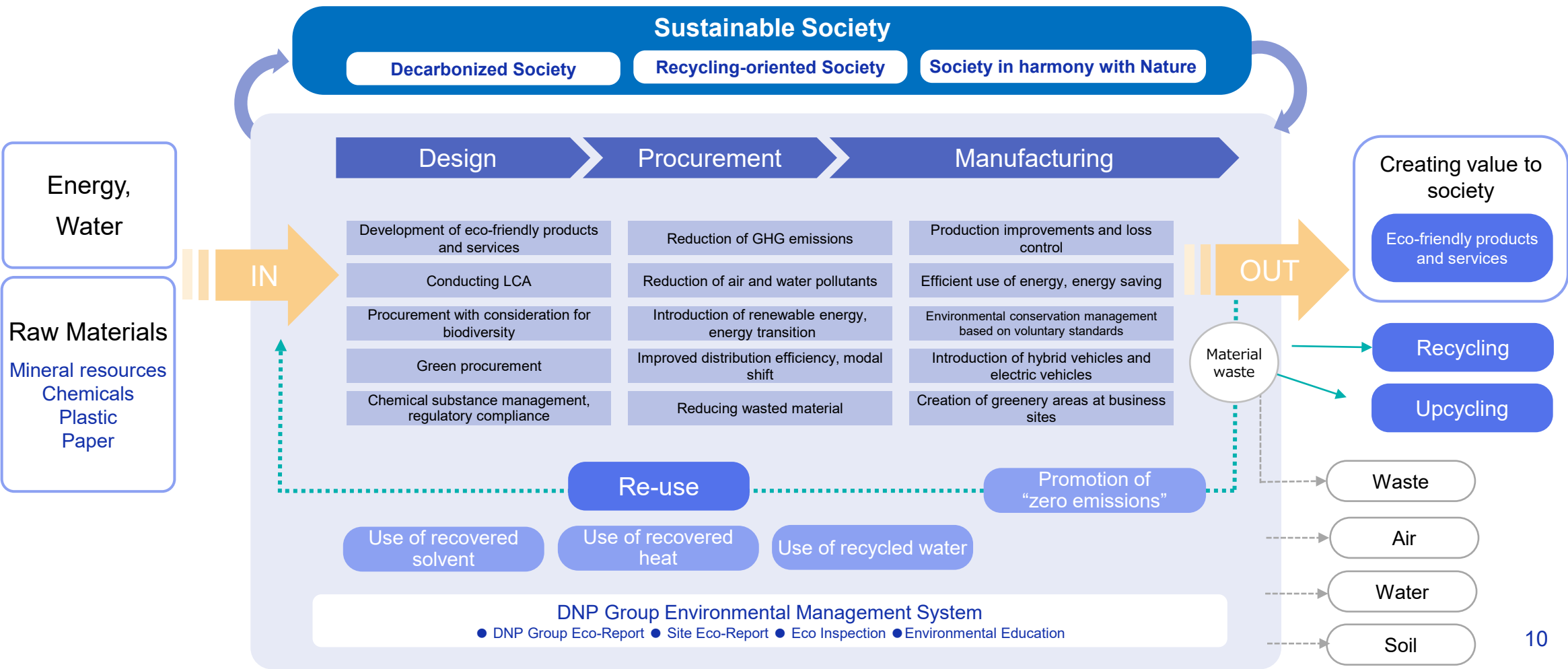
Managing Director Toru Miyake

(6) Governance Initiatives

Senior Managing Director Masafumi Kuroyanagi

Business Activities and Environmental Activities

Aiming to achieve the **coexistence of business activities and the global environment**,
and actively promoting environmental initiatives throughout the supply chain



Initiatives for Realizing the DNP Group Environmental Vision 2050



Working to realize the “three societies” of our Environmental Vision by both creating value and strengthening our business base.



Medium-term Management Plan (FY2023-2025)

✓ Creating value

- Transforming business portfolio
- Expanding the development and utilization of low-carbon materials
- Decarbonizing products and services
- Expanding the utilization of recycled materials
- Creating a recycling scheme

✓ Strengthening business base

- Clarifying environmental impact
- Introducing renewable energy
- Investing in energy-efficient facilities, optimizing production bases
- Minimizing the impact on ecosystems
- Ensuring traceability of raw materials and transparency of supply chain

Medium-term Environmental Targets / DNP Group Environment Vision 2050

✓ 2030 targets

Reduce GHG emissions by 46.2% compared to FY2019 level

Increase the ratio of super-eco products*1 sales to 30%

Achieve 70% resource recycling ratio*2 for all waste

Reduce water usage per unit of sales by 30% compared to FY2019

**Guidelines for Procurement of Paper for Printing and Converting certification rate
Achieve 100% certification ratio**

✓ 2050 targets

Net-zero GHG emissions from own business activities

Building decarbonized society
Contribute via products and services

Efficient resource reuse throughout the value chain

Minimize biodiversity impact throughout the value chain

DNP's vision for society

Decarbonized society



Mitigation of and adaptation to climate change

Recycling-oriented Society



Efficient resource use

Society in harmony with nature



Protect biodiversity

*1 Super eco-products are products and services that DNP deems to be exceptionally environmentally conscious based on its proprietary criteria.

*2 Resource recycling ratio is the rate of wasted materials, excluding valuable materials such as paper, etc., recycled by either material or chemical recycling.

Initiatives for Realizing the DNP Group Environmental Vision 2050

DNP

In April 2024, **we established more challenging environmental targets** and accelerated our activities
We also set up a Sustainability-Linked Finance Framework to raise funds for realizing the Environmental Vision

✓ Medium-term Environmental Targets

	Updated Target Accomplish by FY2030	Previous Target Accomplish by FY2025 (FY2030 for GHG)	FY2023 Result
Reduction of GHG emissions	A reduction of 46.2% from FY2019 levels (1.06 million tons ➡ 0.57 million tons)	A reduction of 40% from FY2015 levels (1.2 million tons ➡ 0.72 million tons)	A reduction of 38.0% from FY2015 levels (0.745 million tons)
Development and sales of eco-friendly products and services	Increase the percentage of super-eco products sales from total sales to 30%	Increase the percentage of super-eco products sales from total sales to 10%	12.0%
Increasing the resource recycling ratio	Achieve 70% resource recycling ratio of all wasted material	Improvement by 5 points compared to FY2015 (51.7% ➡ 56.7%)	10.7 points improvement compared to FY2015 62.4%
Reducing volume of water used	30% reduction of per-unit water usage compared to FY2019 (6.71 m ³ /million yen ➡ 4.70 m ³ /million yen)	35% reduction of per-unit water usage compared to FY2015 (8.82 m ³ /million yen ➡ 5.73 m ³ /million yen)	40.1% reduction compared to FY2015 (5.12 m ³ /million yen)

- In FY2023, we achieved all of the main items in our medium-term environmental targets ahead of schedule.
The GHG emissions reduction target has been updated to a more challenging target, such as raising it in accordance with the “1.5°C target”.
- In October 2024, we established a Sustainability-Linked Finance Framework that conforms to the principles set out by the International Capital Market Association.
From the perspective of funding methods, we will accelerate our activities to realize our Environmental Vision.

Analysis of Risks and Opportunities in Line with the TCFD and TNFD Frameworks



Identification of risks and opportunities based on multiple scenario analyses and reflecting them in specific activities

✓ Environmental risks

Type		Impact on financial affairs, etc. of DNP				
		Scenario	Scenario driver	Risk	Impact Period	Level of impact
Urgent risks	Physical risks	Increase in wind and flood damage from heavy rainfall, flooding, etc., forest fires and landslides	Suspension of operations in the event of a disaster	- Decreased revenue due to delayed and suspended manufacturing - Increased cost of disaster control measures (Disaster control measures for production facilities and bases, development of production systems in multiple locations, etc.)	Short term	Medium
			Supply chain risk	- Decreased revenue due to delayed manufacturing and shipping - Increased cost of purchasing raw materials and interruption of supply	Short term	Medium
Chronic risks	Physical risks	Increase in temperature and long-term heat waves	Hindrance to operations due to average temperature increases	- Decreased revenue due to delayed and suspended manufacturing - Increase in safety and health expenses for the company's employees	Medium term	Medium
			Pandemics of new pathogens			
		Increase in flooding in river basins, etc.	Increase in costs due to growing demand for cooling	- Increase in energy costs, increase in capital investment	Medium term	Medium
			Suspension of operations in locations susceptible to flooding such as river basins	- Decreased revenue due to delayed and suspended manufacturing - Increased cost of disaster control measures (Disaster control measures for production facilities and bases, development of production systems in multiple locations, etc.)	Medium term	Medium
		Acceleration of loss of biodiversity	Disruption of the supply chain due to the depletion of natural resources	- Decreased revenue due to delayed manufacturing and shipping - Increased cost of purchasing raw materials and interruption of supply	Medium to long term	Medium
			Disruption of operations due to insufficient freshwater supply	- Decreased revenue due to delayed manufacturing - Development of production systems in multiple locations	Short term	Medium
		Loss of water resources due to drought, etc.	Supply chain risk	- Decreased revenue due to delayed manufacturing and shipping - Increased cost of purchasing raw materials and interruption of supply	Short term	Medium
			Obligation to rise emission reduction targets	- Increased capital expenditures ▶ Systematic capital expenditures based on internal carbon pricing	Medium term	Medium
			Mandatory introduction of renewable energy	- Increased capital expenditures for the introduction of renewable energy - Increased expenses for purchasing Non-Fossil Certificate ▶ Estimate for additional expenses as of 2030 due to the tightening of GHG emissions regulations to limit the temperature increase to 1.5°C level: Approx. 600 million yen/year	Medium term	Low
			Introduction of an emissions trading system	- Increase in expenses for purchasing emissions rights ▶ Estimated additional expenses as of 2030 due to the tightening of GHG emissions regulations to limit the temperature increase to 1.5°C level: Approx. 400 to 800 million yen/year	Medium term	Low
Transition risk	Policy		Introduction of a carbon tax	- Increase in operating cost due to imposition of a carbon tax on GHG emissions ▶ Estimate for expenses as of 2030, assuming 140 US dollars/t-CO ₂ of carbon tax using the scenario of the International Energy Agency (IEA): Approx. 14.4 billion yen/year	Long term	Medium - High
			Acceleration of the carbon neutrality of the supply chain	- Increased demand from major clients, etc., for the reduction of emissions - Business contracts impacted, suppliers passing on the prices of raw materials	Short to medium term	Medium - High
			Toughening of emissions reporting obligations	- Tougher rules on accurate tracking of emissions - Increase in media for disclosing emissions data	Short term	-
			Strengthening of chemical substance management regulations	- Ensuring control of chemicals - Replacement with alternative materials	Short to medium term	Medium
			Mandatory implementation of environmental due diligence	- More stringent supply chain management - Strengthening of raw material traceability - Shortage of personnel with specialized knowledge	Short term	Medium
			Strengthening of plastic regulations	- Strengthening of raw material traceability regulations - Increase in costs due to rising prices of recycled materials - Review of the design of existing products - Weeding out from the market	Short to medium term	Medium
			Changes in customer behavior	- Loss of market and decrease in revenue due to a lack of reduction of environmental impact - Replacement with alternative materials- Increase in procurement costs- Reorganization of business portfolio	Medium term	High
			Transition to environmentally conscious technology	- Increased investment in the development of new technologies - Loss of markets due to delays in development and decreased profit - Reorganization of business portfolio	Medium term	Medium - High
			Increase in concerns of stakeholders	- Loss of market due to a lack reduction of environmental impact and a decrease in revenue due to a decrease in transactions - Outflow of personnel- Increase in hiring costs - Reorganization of business portfolio - Decline in stock price and exclusion from investments	Short to medium term	High

✓ Environmental opportunities

* From DNP Group Integrated Report 2024 p. 68-69

Type		Impact on financial affairs, etc. of DNP				
		Scenario	Scenario driver	Opportunities	Impact Period	Level of impact
Corporate performance	Market	Changes in customer behavior	Increase in demand for eco-friendly products and services	Promotion of the development of and the growing market for eco-friendly products and services ▶ Aim for 30% percentage of gross sales from sales of super eco products by FY2025 - Secure an advantage by calculating CO ₂ emissions from products' entire lifecycle, developing the calculation business - Enable the market for recycled materials, biomass materials and paper, etc., to grow as replacements for existing plastic products	Short to medium term	High
		Transition to a circular economy	Distribution of traceability information	- Expansion of market for information security products and services - Securing a competitive advantage for products and services associated with ensuring raw material traceability - Improving operational efficiency through a supply chain data integration platform	Short to medium term	Medium
	Capital Flow and Fund Investment	Transition to a decarbonized society	Introduction of an emissions trading system	- Gain on sale of emissions rights due to reduction of emissions	Medium term	Low
		Changes in financial markets	Increased impact investment in environmental issues	- Funding through the issuance of green bonds	Medium to long term	Low
	Resource efficiency	Changes in customer behavior	Increase in demand for eco-friendly products and services	- Enable the market for recycled materials, biomass materials and paper, etc., to grow as replacements for existing plastic products	Short to medium term	High
		Avoiding and reducing negative impacts on nature	Efficient use of natural capital	- Expansion of demand for products and services that contribute to reducing the use of natural capital (PET bottle filling systems, etc.) - Expansion of demand for products and services that contribute to avoiding the use of natural capital (switching from paper books to e-books and promotion of DX, etc.)	Short to medium term	High
	Products and services	Transition to environmentally conscious technology	Accelerating technological innovation toward a nature-positive society	- Capturing the market and increasing license income through the early development of environmentally friendly products - Promotion of use for the use of next-generation fuels such as hydrogen and ammonia - Increased demand due to the widespread popularization of EVs (wireless chargers, battery pouches for lithium-ion batteries, mobility-related materials and films for use as coating alternatives, etc.) ▶ 100 billion yen in overall sales of battery pouches for lithium-ion batteries by 2025 - Widespread adoption of low-carbon product technologies accompanying growing demand for semiconductors (nanoprint lithography, etc.) - Increase in demand for products (flexible LED sheet, etc.) that contribute to the safe and stable supply of food by avoiding external impacts	Short to medium term	High
		Expansion of demand for renewable energy		- Growth of sales of products related to solar power generation	Short to medium term	Medium
		Changes in lifestyle	Diversification of interpersonal communication	- Expanding demand for products and services that support changes in lifestyle (metaverse, remote medical care, education, etc.)	Short to medium term	Medium
		Average temperature rise	Expansion of demand for temperature control technology	- Increase in sales of products utilizing functional films to control light and temperature	Short to medium term	Medium
Sustainable performance	Reputation capital	Changes in awareness of stakeholders	Improvement of corporate image	- Increased information disclosure and improvement of engagements - Securing advantages and human resources as a company leading the way in sustainability - Improvement of investor evaluation	Short to medium term	High
		Transition to a decarbonized society	Introduction of an emissions trading system	- Appealing to a proactive corporate stance toward reducing emissions	Medium term	Low
	Sustainable use of natural capital	Transition to a decarbonized society	Expansion of demand for renewable energy	- The promotion of development for the use of next-generation fuels such as hydrogen and ammonia	Short to medium term	Medium
		Transition to a nature-positive economy	Growing demand for quantitative evaluation of environmental impact in supply chains	- Secure an advantage by creating evaluation of evaluation systems for products' entire lifecycle, developing the calculation business	Medium term	Medium
	Ecosystem	Promotion of the Kunming-Montreal Global Biodiversity Framework	Achieving the 30 by 30 goal	- Corporate greening activities (engagement activities at Ichigaya-no-Mori in Shinjuku, Tokyo, etc.) - Investment in tree-planting projects, support for thinning costs for forest conservation	Long term	Low
	Techno-Evaluation	Transition to environmentally conscious technology	Accelerating technological innovation toward a nature-positive society			
		Increase in concerns of stakeholders	Deterioration of corporate image			

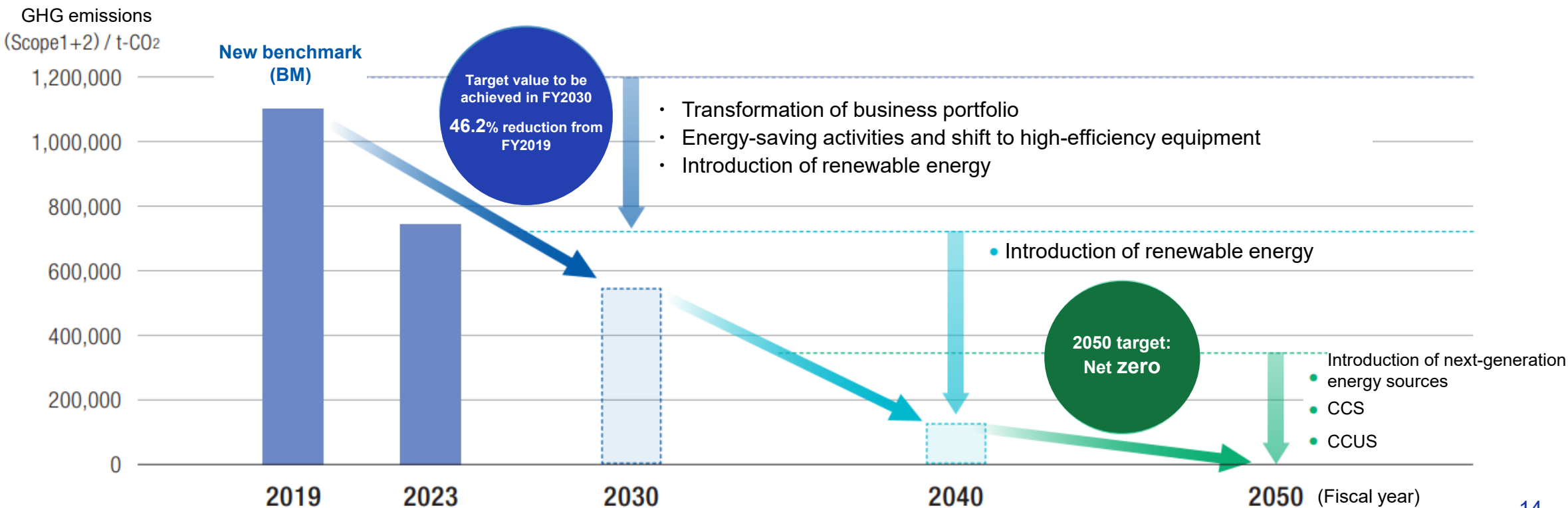
According to the scenario set, we evaluate risks and opportunities based on the business plan from the perspective of the degree of impact on stakeholders and the business, the period over which the impact will occur, and the likelihood of the impact occurring
[Period of impact] Short term: 0-5 years, medium term: 5-15 years, long term: 15 years and beyond [Degree of impact] Large: 10 billion yen scale, medium: 1 billion yen or more, small: less than 1 billion yen [Likelihood] Likelihood of influence occurring: large > medium > small

TCFD: Taskforce on Climate-related Financial Disclosures
TNFD: Taskforce on Nature-related Financial Disclosures

Realizing a Decarbonized Society: Reduction of GHG Emissions

In April 2024, we updated the medium-term target for GHG emissions to the 1.5°C level of the Science Based Targets (SBT). We will promote the transformation of our business portfolio, further strengthening of our energy-saving activities, and active introduction of renewable energy.

✓ Roadmap for achieving carbon neutrality by 2050



Realizing a Decarbonized Society: Reduction of GHG Emissions

Promoting **the introduction of solar panels and the utilization of offsite PPAs** mainly at manufacturing sites nationwide

✔ Results of introduction of renewable energy

- Introduction of large-scale solar panels
 - FY2020 Kashiwa Research Institutes
 - FY2023 Kyotanabe Plant, Mihara East Plant, etc.
 - FY2024 Izumizaki Plant, CMIC CMO Toyama Plant
- Utilization of offsite PPA*
 - FY2023 Sapporo Plant, Hokkaido Coca-Cola Products
 - FY2024 Gradually introduced in the Ichigaya district of Tokyo
 - As of April, the Ichigaya Sanaicho and Takajo-machi Buildings have achieved 100% renewable energy.



Solar power generation equipment at the Izumizaki Plant

* PPA

Power Purchase Agreement. A system in which companies and other electricity users procure electricity from renewable energy by leasing the roofs of their buildings or idle land to PPA operators, who then install solar power equipment there.

Offsite PPA

A method of supplying electricity by installing solar power generation equipment outside the grounds owned by a company and transmitting power from there.

Achieving a Recycling-Oriented Society: Improvement of the Resource Recycling Ratio

DNP

Conducting activities with the resource recycling ratio as an indicator, with the aim of achieving a recycling-oriented society
Updated to more challenging targets from April 2024

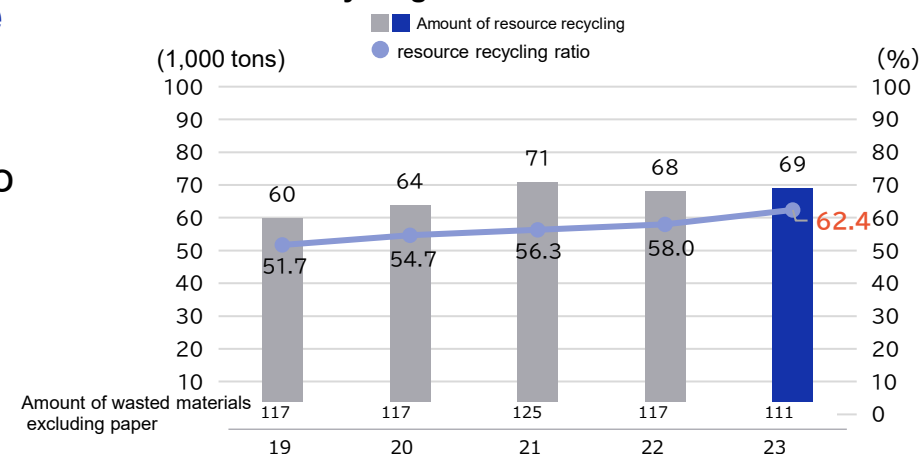
🏆 Improvement of the resource recycling ratio of waste

- Resource recycling ratio:
The ratio of material and chemical recycling in relation to the amount of wasted materials, excluding paper*.
- Target: **5-point increase from 51.7% to 56.7%** (2015 ➡ end of FY2025)
- **Result: FY2023 62.4% (10.7 points improvement)**

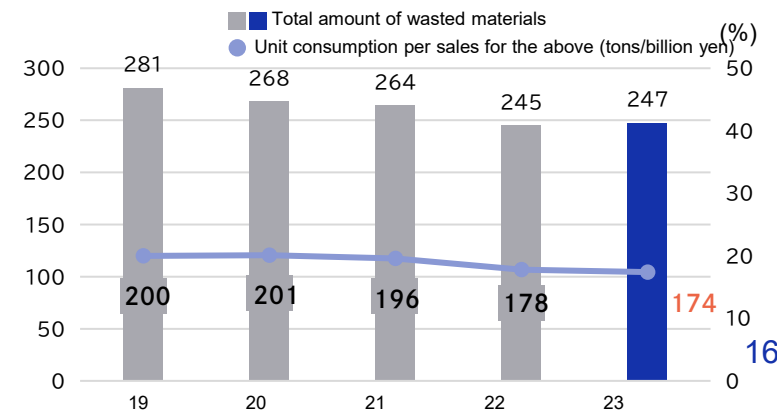
Aim for **resource recycling ratio of all wasted material of 70%** by FY2030

*Amount of wasted materials excluding paper: Amount of wasted materials excluding paper as valuable waste and the amount of sludge subject to on-site intermediate processing

Resource Recycling

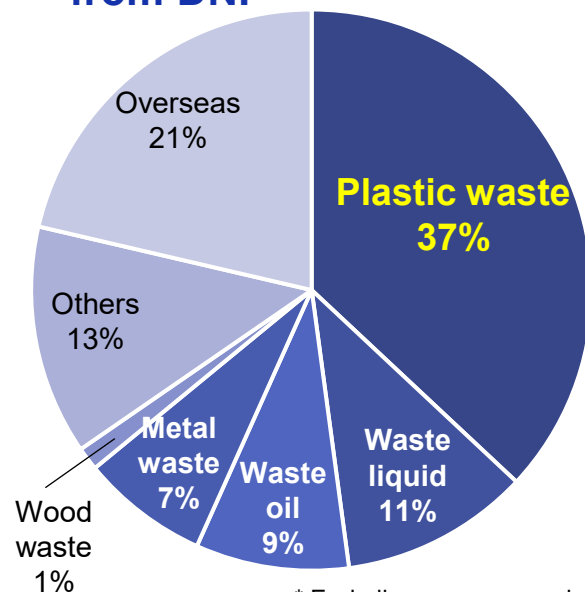


Total amount of wasted materials



Focusing on expanding the recycling ratio of plastic resources, we will promote the expansion of material and chemical recycling

✓ Composition of waste from DNP

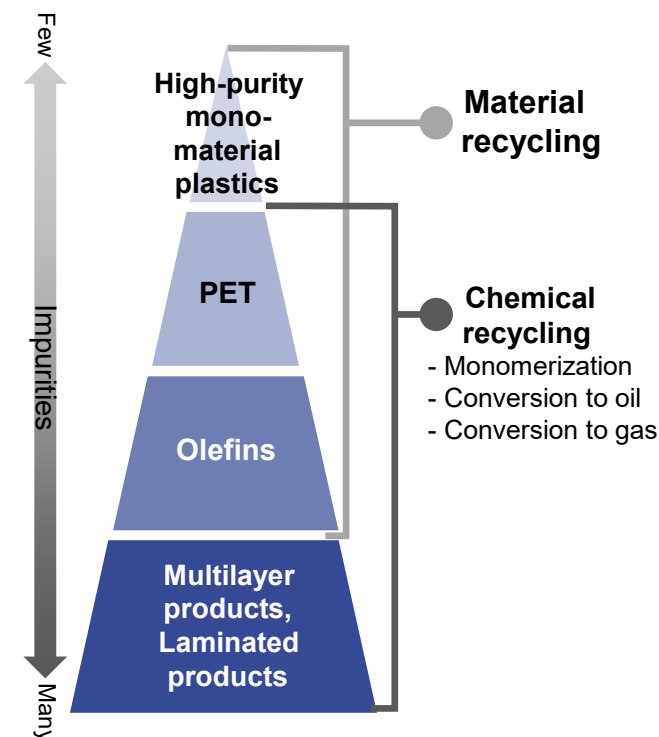


* Excluding paper as a valuable waste

✓ Major efforts

- Reducing the amount of wasted materials generated
- Focus on increasing the plastic resource recycling ratio
 - Subdivision of sorting
 - Conversion to monomaterial
 - **Collaborating with partner companies** for material and chemical recycling

Plastic resource recycling



Promoting the sustainable raw material procurement in order to minimize the impact on biodiversity throughout the value chain

✓ Paper for printing and converting

- Established the **“DNP Group Guidelines for Procurement of Paper for Printing and Converting”** to help achieve zero deforestation in the procurement of paper, which has a significant dependence and impact on the ecosystem
- Promoting the **use of sustainable forest resources** such as thinned wood and paper products with forest certification, and **ensuring traceability of raw materials** in collaboration with suppliers
FY2023 guideline-compliant procurement ratio: 98%

✓ Film and plastic

- Expanding the **use of biomass and recycled materials**, such as by obtaining ISCC PLUS certification* at packaging material manufacturing plants

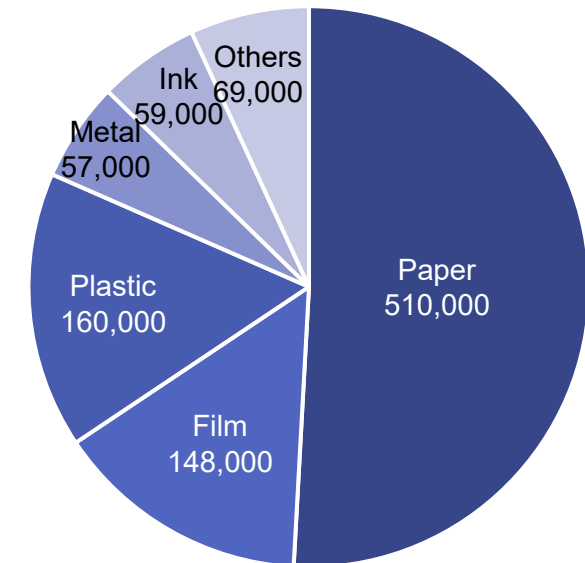
* ISCC PLUS certification

A certification system provided by International Sustainability and Carbon Certification (ISCC). This is a certification that proves the management and security of sustainable raw materials and supply chains for recycled plastics, bioplastics and biomaterials.

✓ Metal

- Through ongoing engagement with suppliers, we are promoting the **transparency of supply chains**, including carbon reduction of raw materials and human rights risk evaluation

✓ Main raw materials input (Unit: tons)



Realizing a Society in Harmony with Nature: Creation of Greenery Areas at Business Sites



Promoting the creation of greenery areas within the workplace that connect the surrounding area and living things, in order to achieve harmony with the local ecosystem

✓ Action taken at each business site

- We are carrying out community-based biodiversity conservation activities on the premises of our sites, including the preservation of endangered species and the creation of greenery areas in light of regional ecosystems.
- In the Ichigaya district of Tokyo, as part of urban planning, we are developing “Ichigaya-no-Mori (The Ichigaya Forest)”, as a new form of urban forest.

✓ Ichigaya-no-Mori

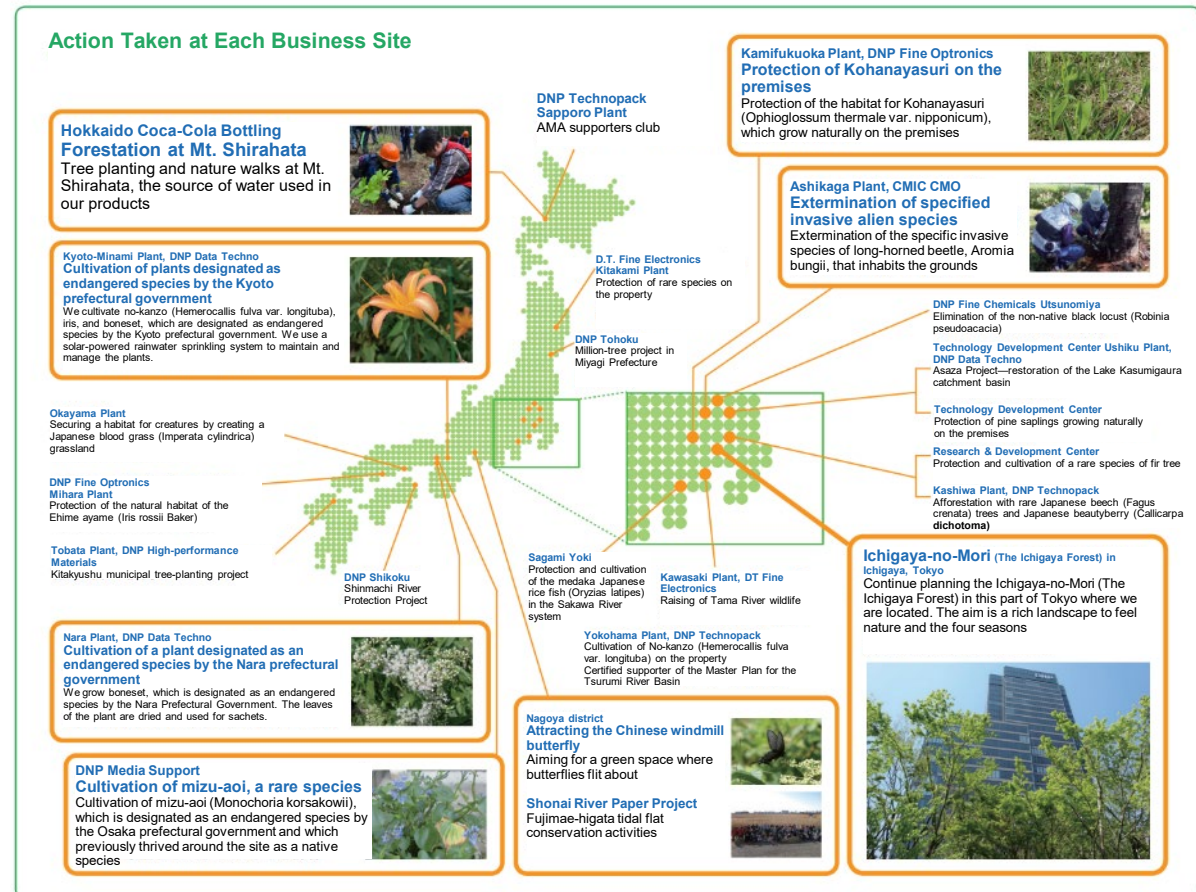
- In October 2023, it was certified as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment as part of its efforts to achieve the 30 by 30*1 target.
- Registered as OECM*2 in an international database in August 2024.

*1 30 by 30

A global goal adopted at the 15th Conference of the Parties to the United Nations Biodiversity Conference (COP15) to protect and conserve at least 30% of land and sea areas in a healthy state by 2030

*2 OECM (Other Effective area-based Conservation Measures)

Areas where conservation is being carried out through the efforts of the private sector, etc., and areas where management not aimed at conservation is also contributing to the protection of the natural environment.



Reduction of Environmental Impact of Products and Services

DNP

Formulated **guidelines for developing eco-friendly products and services in 1998**

Promoting the reduction of environmental impact throughout the life cycle of products and services

✔ Guidelines for developing eco-friendly products and services

- Scoring system for initiatives to reduce environmental impact across the entire product lifecycle.
- Products and services that are particularly outstanding are identified as Super Eco-Products, and we strive for expansion using the total sales ratio as an indicator

Guidelines for developing eco-friendly products and services

Reduction of environmental pollutants

Eliminate ozone-depleting substances, heavy metals, and organic chlorine compounds, and prevent the release of substances such as nitrogen oxides into the environment.

Resource and energy conservation

Reduce the use of metals and fossil fuels. Promote energy-conserving products and systems.

Sustainable use of resources

Utilize natural resources in a sustainable way.

Long-term usability

Consider the ease of repair and parts replacement, length of maintenance and repair service period, function expandability, etc.

Reusability

Product parts should consider disassembly, cleaning, and refilling. Additionally, the establishment of a collection and reuse system should be easily accessible for the purchaser.

Recyclability

Consider whether the product is made from materials that are easy to recycle, whether it is designed so that it can be separated, disassembled and sorted by material, and whether there is a collection and recycling system that can be easily used by the purchaser.

Use of recycled materials, etc.

Use as many collected and recycled materials and parts as possible.

Ease of treatment and disposal

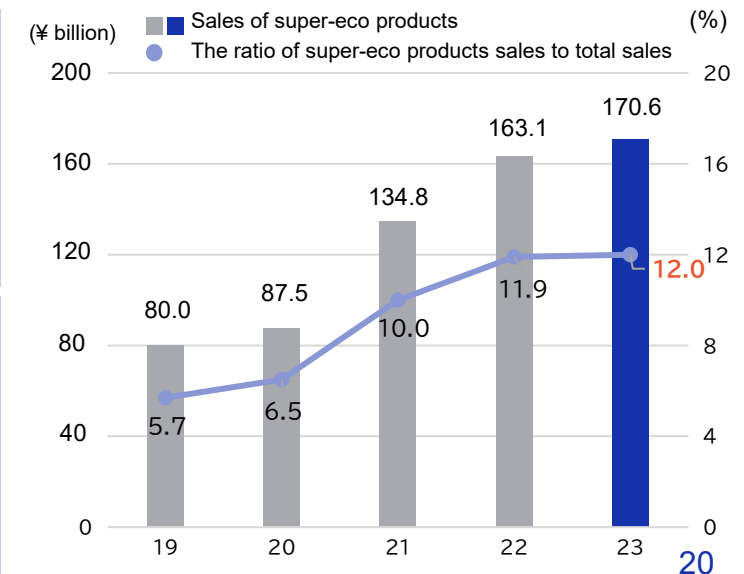
Attempt to place as little burden as possible on incinerator facilities and landfill sites.

Making environmental burden visible and taking into consideration biodiversity

Making visible any burden that should be reduced, and aiming to protect biodiversity.

Supporting and promoting environmental education and awareness

Helping to create a sustainable society.



Reduction of Environmental Impact of Products and Services

DNP

Data on CO₂ emissions over the product lifecycle with high reliability can be provided for the nine main product groups

We will utilize emissions data in our communication with internal and external stakeholders and enhance and expedite our efforts to achieve carbon neutrality across the entire supply chain

✓ High reliability: Certification of the comprehensive calculation system for carbon footprint (CFP)

- Certified by the Sustainable Management Promotion Organization (SuMPO)* for its third-party certified carbon footprint comprehensive calculation scheme.
- The CFP calculation method and management system, including verification of calculation results, are assessed for validity based on ISO 14040:2006 and ISO 14044:2006, enabling the disclosure of calculation results while ensuring a certain level of quality.

* SuMPO

An organization that supports the realization of sustainable business management by assisting in the planning, implementation, evaluation, improvement, etc. of new business models that lead to solutions to social issues such as global environmental problems

✓ Certified product groups

- We are working to create a system to quickly calculate and provide highly reliable carbon footprints, and in April 2022 we became the first company in Japan to obtain certification for three types of packaged products under the SuMPO/Third-party Certified Carbon Footprint Comprehensive Calculation Scheme.
- Added six new product groups to the scope of certification.

April 2022 certification Paper containers, flexible packaging, molded products

April 2024 certification Printed publications, commercial printing, securities printing, thermal transfer printer media, decorative sheets for construction, decorative films for automobile interiors and exteriors



Reduction of Environmental Impact of Products and Services

DNP

Environmentally friendly label slips

Reducing CO₂ emissions during manufacturing to contribute to the realization of a decarbonized society

✓ Product characteristics

- Reduces CO₂ emissions during manufacturing by using release paper that does not use organic solvents.
- Promoting the switch from conventional label slips with the aim of reducing CO₂ emissions by 700 tons or more per year by 2025.
- In March 2024, we obtained certification under the SuMPO/Third-party Certified Carbon Footprint Comprehensive Calculation Scheme. We can visualize the carbon footprint of the life cycle of environmentally friendly label slips, enabling us to present highly reliable calculation results.



EcoPro Awards

Received the
Encouragement Award of
the 7th Eco-Pro Awards

Reduction of Environmental Impact of Products and Services

DNP

DNP reflective sheets for solar power plants

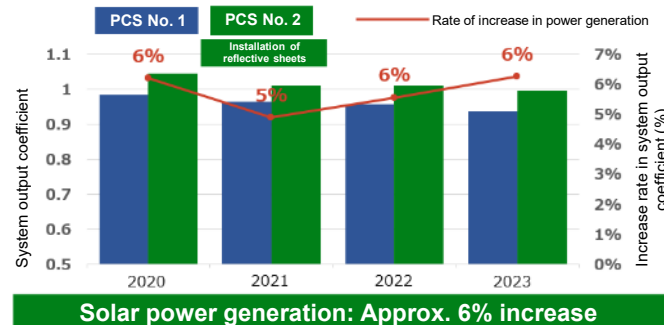
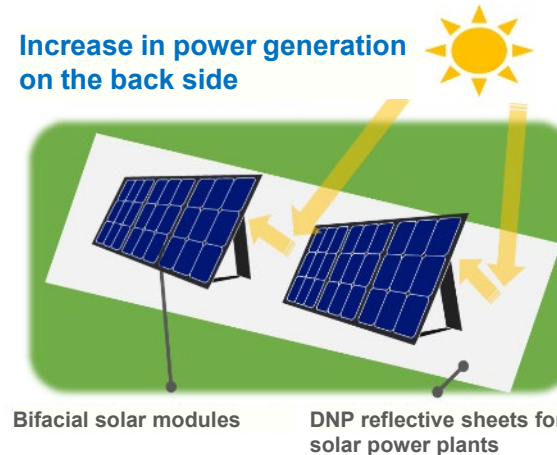
Contributing to the spread and expansion of renewable energy
for the realization of a sustainable society

Product characteristics

- This product is used by laying it on the ground surface of power plants where solar cell modules that generate electricity by receiving light on both sides are installed. It has the effect of increasing the amount of light that enters the back of the module and improves the amount of electricity generated.
- This contributes to the efficient generation of renewable energy.

Field verification data

Power Plant Overview _ Hokkaido Asahikawa Site
Power generation output: 1,250kW, operating since December 2013



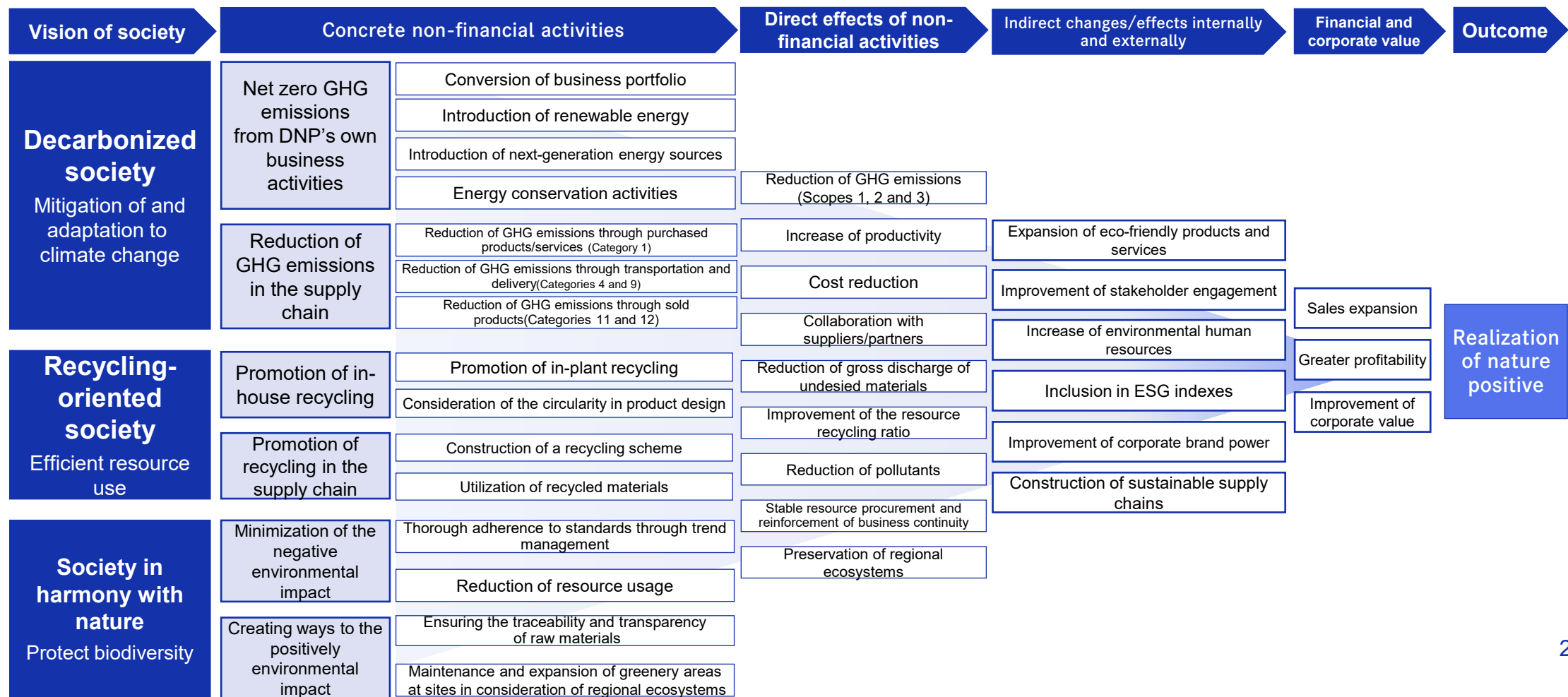
* The results of this test are only a guide and do not guarantee the actual service life of the product.
* The data from November to April has been excluded because of the expected impact of snow.



Promotion of Environmental Activities in Line with the Value Creation Story



Improving both the sustainability of our company and the sustainability of the environment, society and the economy through initiatives spanning the entire supply chain



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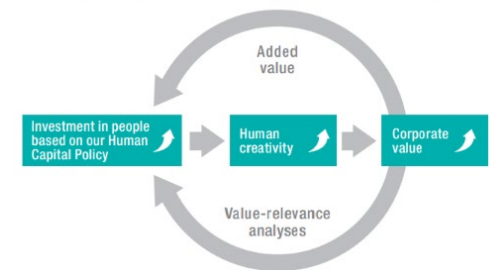
Value-Related Analysis and Human Creativity

DNP

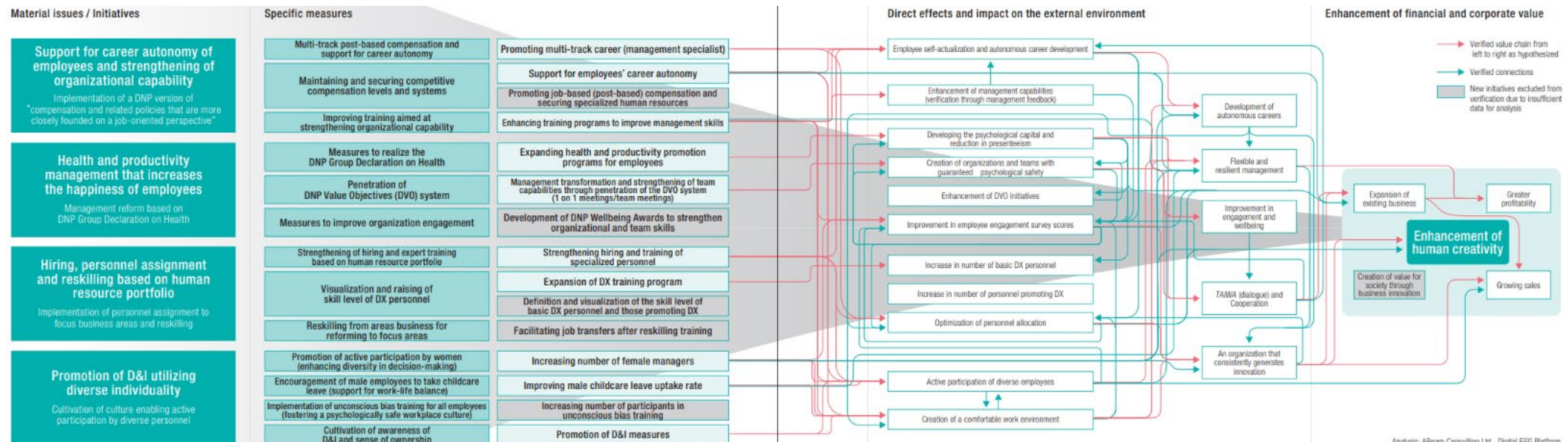
Realization of a virtuous cycle of investing in people

- By investing in people and enhancing human creativity, we aim to maximize added value through our business, thereby investing even more in people to further strengthen our human capital in a virtuous cycle.

Positive feedback loop of investment in human resources



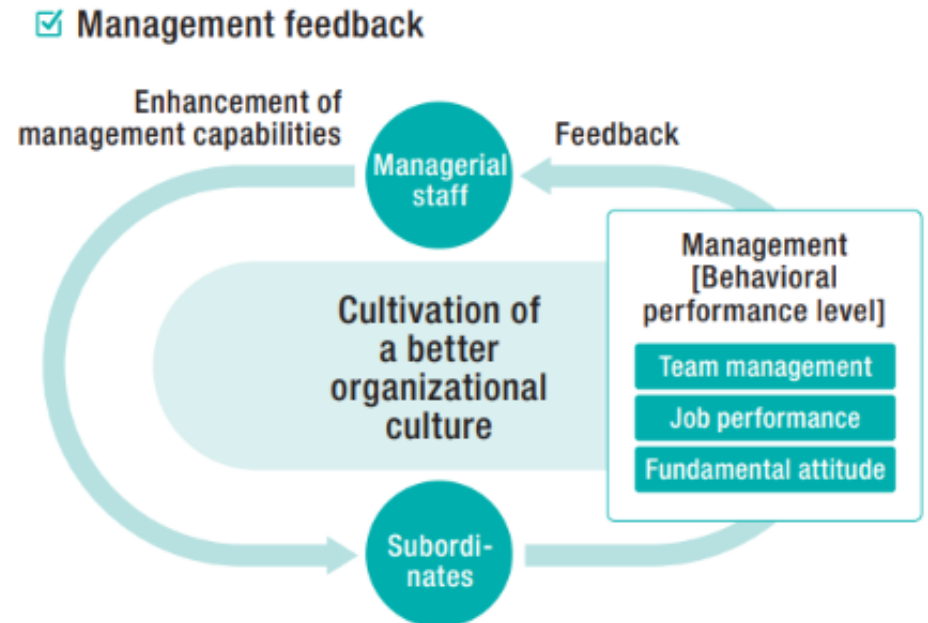
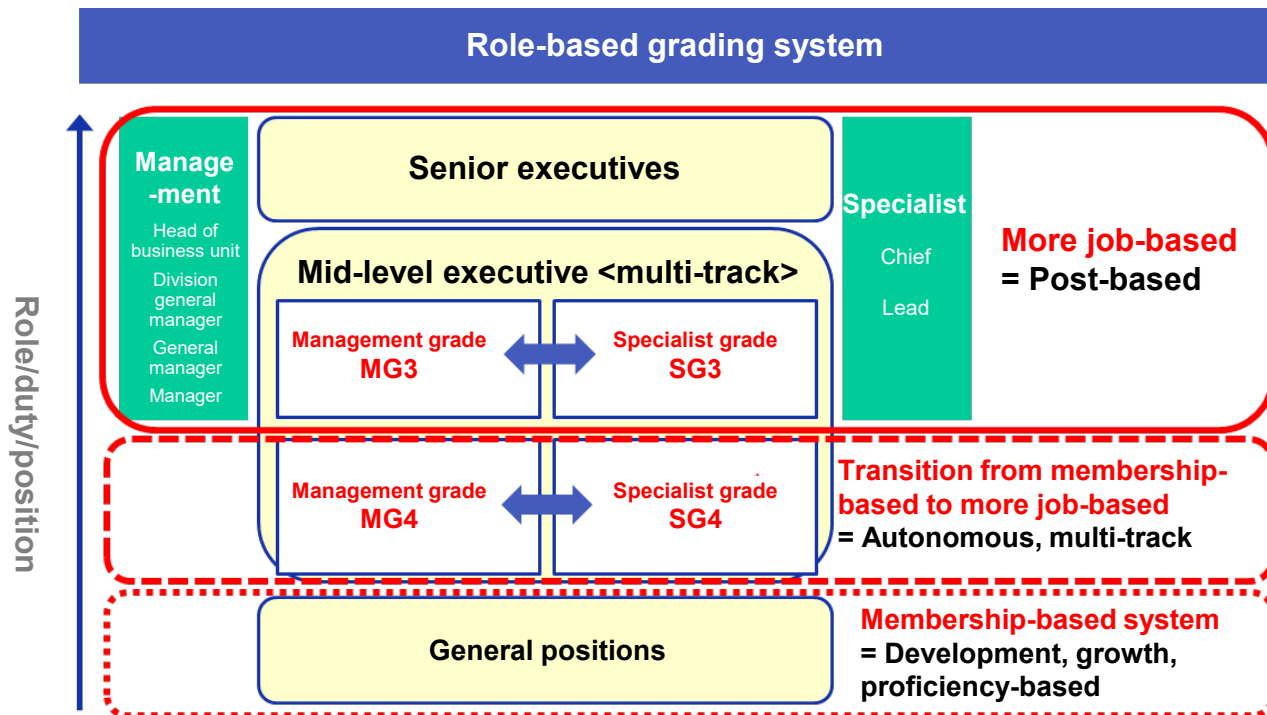
The link between strengthening human capital and enhancing corporate value



Multi-Track Post-Based Compensation and Support for Career Autonomy **DNP**

Multi-track role grading system and management feedback from subordinates for managers

- ✓ Promotion of a multi-track role grading system that allows employees to autonomously choose management or specialist
- ✓ Improving management skills through management feedback from subordinates for managers, and fostering a better organizational culture



Defined the DNP Well-being and establishment of awards

- ✓ “DNP Well-being” is defined as a state in which “both individuals and organizations are in good condition,” and is achieved when three elements are satisfied: mental and physical health, a safe and comfortable work environment, and happiness (spirit of challenge and sense of trust)
- ✓ Awards for initiatives that enhance the three elements defined in DNP Well-being



Promotion of Global Human Resources and Labor Strategies

DNP

Promoting human resource strategies and measures based on the DNP Group's management and business strategies and contributing to the achievement of goals

✓ Three pillars and key measures

Visualization and management of talent

The right person in the right place at the right time:
Creating a situation where the right people are available when needed

- ✓ Visualization of human capital at overseas Group companies
- ✓ Creating a system for systematically sending out representatives matching needs

Development of human resource management infrastructure

Creating attractive and market-competitive conditions in which human resources can play an active role globally

- ✓ Establishment of HR data governance
- ✓ Competitive mobility policy

Strengthening risk management capabilities and developing systems

Supporting business development by establishing roles and functions and acquiring expertise

- ✓ Role identification and establishment of governance functions, local network formation
- ✓ Determination of market competitiveness and strengthening of risk management capabilities
- ✓ Consolidating process management operations and promoting outsourcing

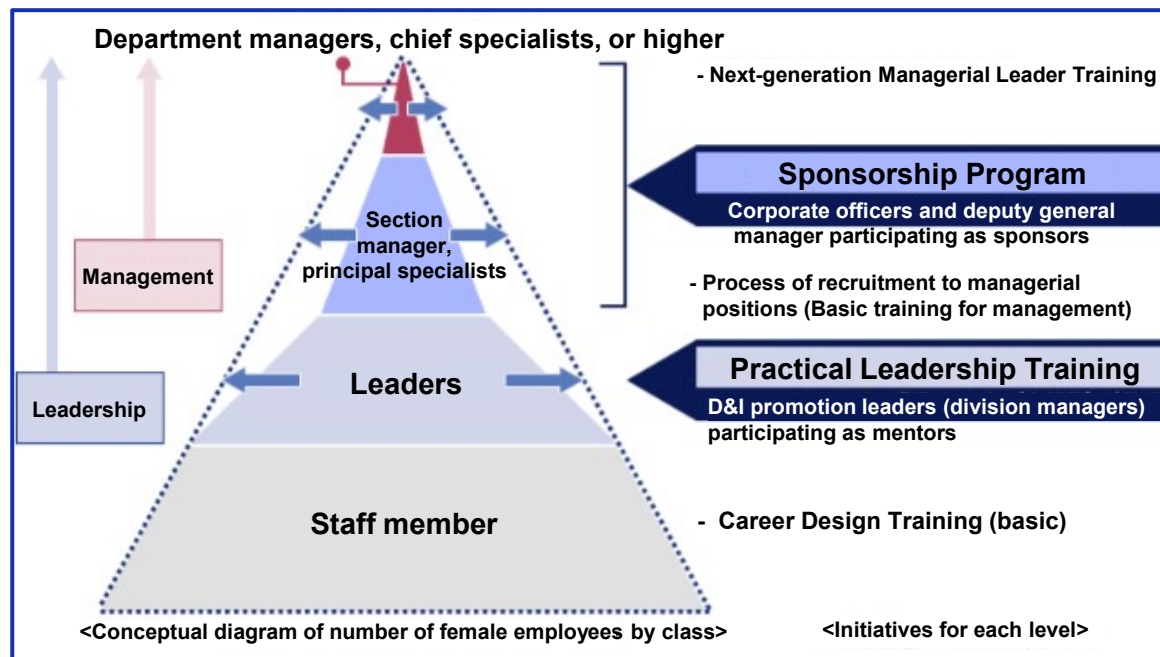
Promotion of D&I Utilizing Diverse Individuality

DNP

Cultivation of a corporate culture that allows diverse people to shine

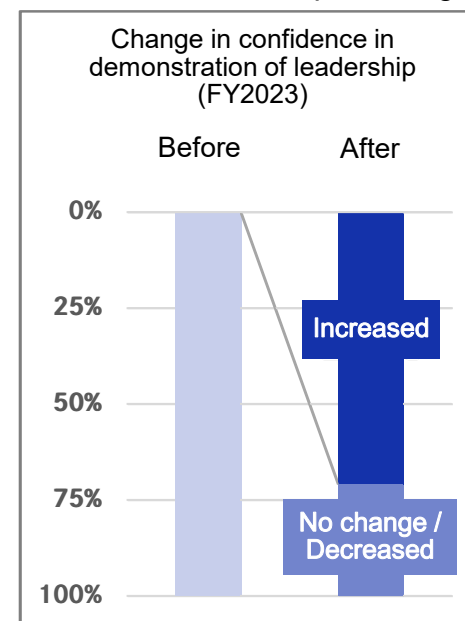
✓ In order to increase diversity in decision-making, we are implementing a development program with the aim of achieving a 30% female executive ratio by 2030. A system that eliminates the gender gap at each level and leads to sustainable promotion.

✓ Measures aimed at the formation of a pipeline

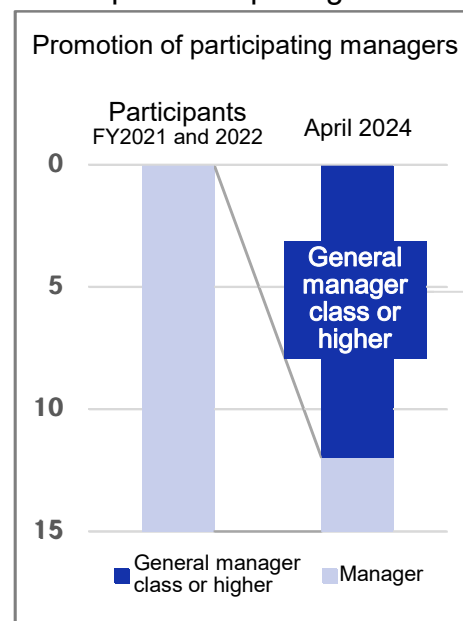


✓ Results of initiatives

Practical Leadership Training



Sponsorship Program



* General manager class includes assistant general managers

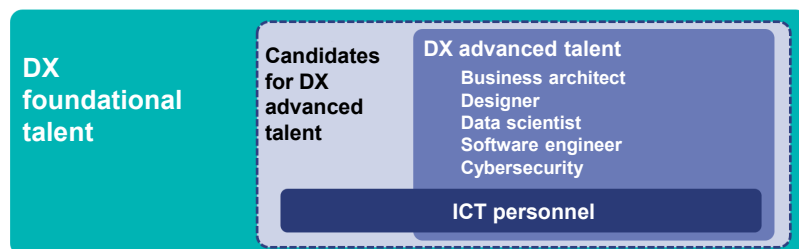
Definition and Visualization of the Skill Level of DX Foundational Talent and DX Advanced Talent

In order to develop human resources who can “create value through P&I innovation”, we have defined DX talent within the DNP Group and are promoting human resource development according to their level

Defining and visualizing DX talent

✓ Definition of DX talent

The DNP Group has defined DX talent in accordance with the digital skills standards set by the Ministry of Economy, Trade and Industry. We have categorized them into DX foundational talent and DX advanced talent and visualized their skill levels, as shown in the diagram, to accelerate human resource development. DX foundational talent are defined as those who have DX literacy and see DX as a personal issue, and the target is all DNP Group employees. DX advanced talent are specialized personnel who support the promotion of DX in each department, and candidates for DX advanced talent are selected and trained by the department from among DX foundational talent.



✓ Diagnosis of DX literacy level

In order to visualize the current skill level, DX foundational talent undergo diagnosis of their DX literacy level. Based on the results of the level diagnosis, we provide educational content appropriate to the level to promote development.

Development of DX talent

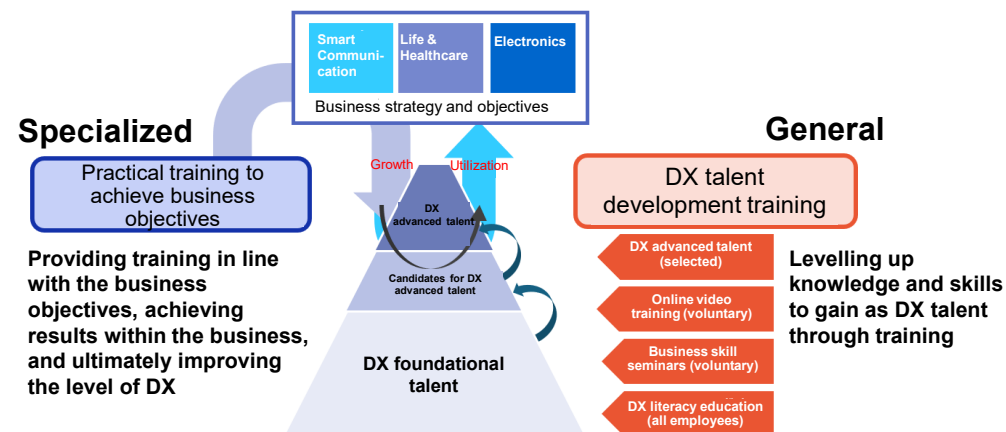
✓ Development of DX foundational talent and DX advanced talent

DX foundational talent

By providing DX literacy education to all DNP employees, we aim to raise each and every employee's level of interest in DX, so that they can take action towards change by seeing it as a personal issue. The target is to have 27,500 people complete the course by the end of FY2025. (As of end of FY2023: 24,408 people completed the course)

DX advanced talent

We select candidates from among the visualized DX foundational talent and promote human resource development using practical training menus that are in line with the objectives of the business.



Main Indicators Aimed at Strengthening of Human Capital Based on the Medium-Term Management Plan

DNP

Specific targets and progress

	FY2022 Results	FY2023 Results	FY2024 Forecast	FY2025 Targets
DNP version of “compensation and related policies that are more closely founded on a job-oriented perspective”	–	–	–	Implementation completed
Development and level of implementation of the DNP Value Objectives (DVO) system	45%	57.5%	65%	100%
Employee engagement survey score	–	Up 3%	Up 4.5%	Up 10% from FY2022
Completion of DX literacy basic education course (cumulative)*	–	24,408 people	25,000 people	27,500 people eligible
Percentage of female managers	8.4%	9.4%	10.3%	12% or more
Percentage of males taking childcare leave	83.6%	98.7%	100%	100%

* Entire DNP Group

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(3) Human Capital Initiatives

Managing Director Minako Miyama

Corporate Officer Takuya Goto

(4) Enhancement of DX Infrastructure

Corporate Officer Mitsue Sako

(5) Supply Chain Initiatives

Managing Director Toru Miyake

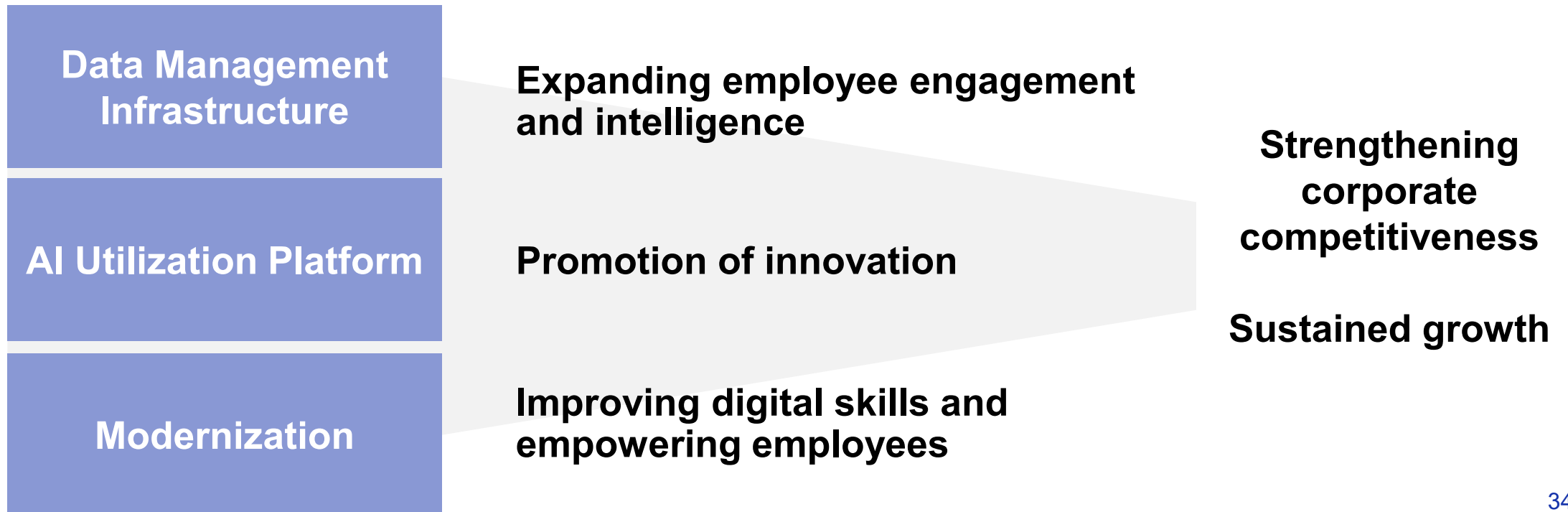
(6) Governance Initiatives

Senior Managing Director Masafumi Kuroyanagi

The necessity for advanced DX infrastructure

DX is an important means of achieving sustainability management. ICT infrastructure is essential for DX. Sustained corporate growth is achieved through continuous advancement of DX infrastructure.

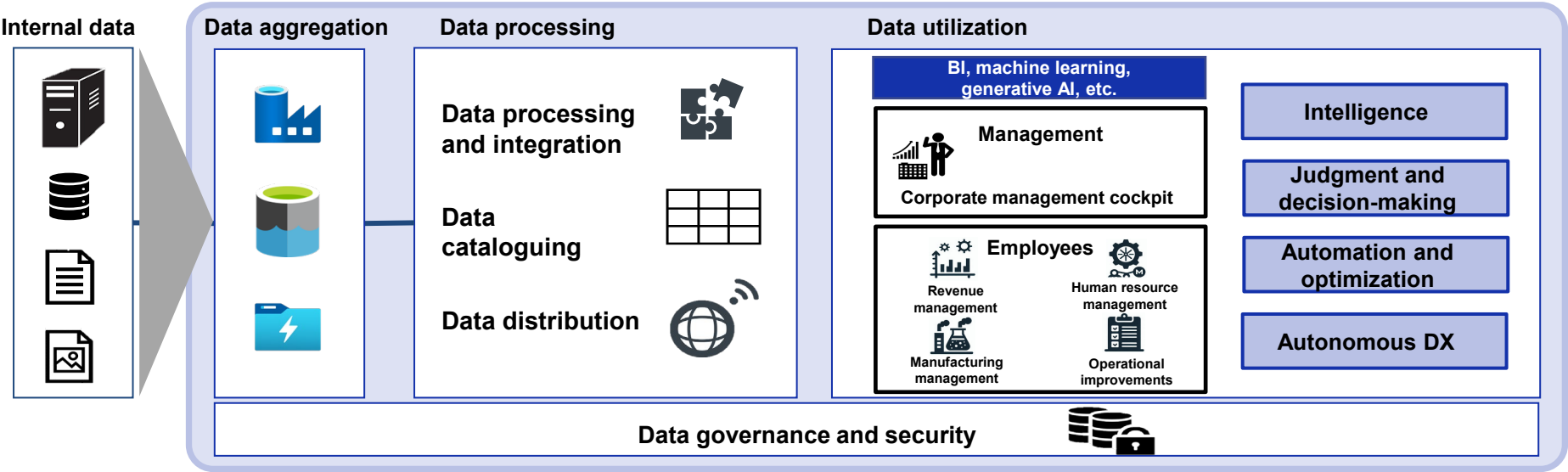
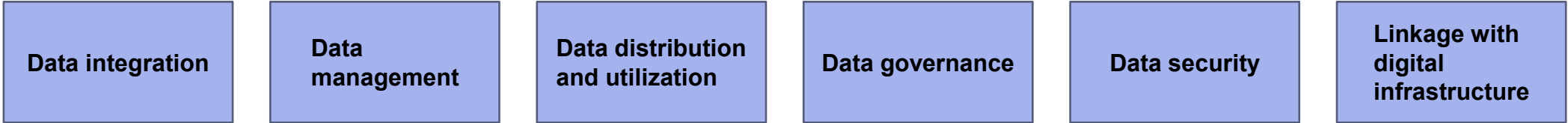
Components of the DX infrastructure



Overview

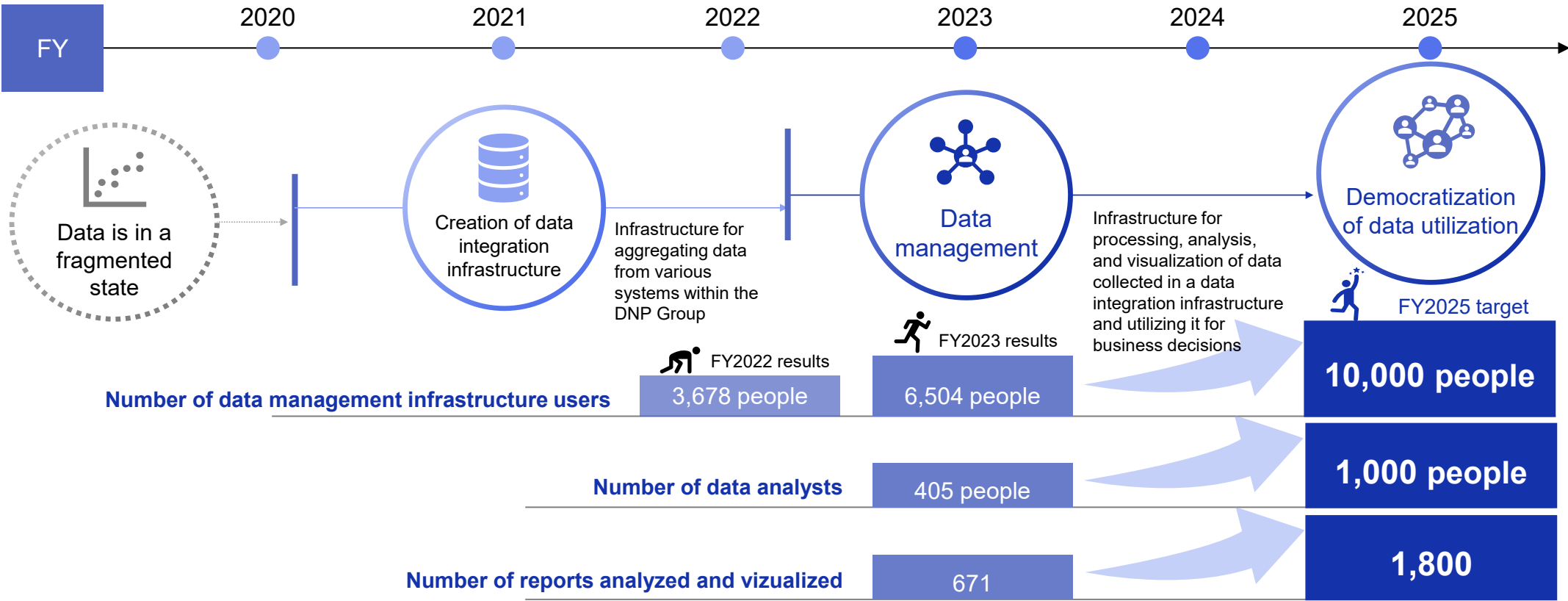
Equipped with six functions: integration, management, distribution and analysis, data governance, data security, and linkage with digital infrastructure. Deepening utilization of data across the entire company through data democratization.

Six functions of data management infrastructure



DX Infrastructure 1. Data Management Infrastructure

The history of continuous advancement of the data utilization infrastructure



DX Infrastructure 1. Data Management Infrastructure

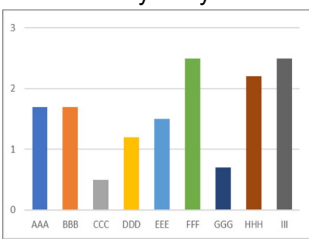


The key to DNP's success in expanding the use of data:
Delegating authority to user departments and supporting user autonomy

Reduction of waste

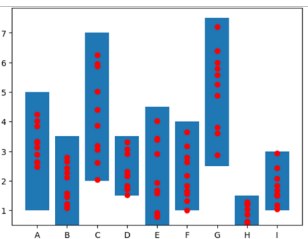
- Visualizing and sharing ingredient and material loss
- Realizing waste reduction and cost reduction

Loss analysis by model



Visualizing the state of loss generated for various conditions, such as by model or by item. Implementing the PDCA cycle for business improvements in a short period of time.

Average by model and by individual

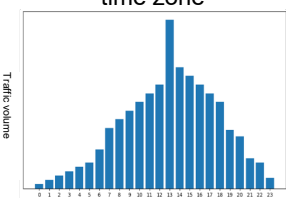


Visualization of average loss occurrence rates by model and by individual. Also leads to improvements in individuals' awareness.

Improving system operation efficiency

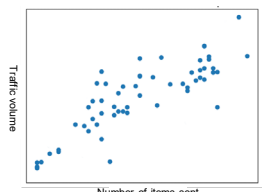
- Visualization of the operation patterns of the data transfer system at each factory site
- Enables efficient data transfer (Analysis time reduced to 1/100)

Transfer volume by time zone



Visualization of transfer volume per server. Enabling use avoiding peak periods.

Transfer distribution by server

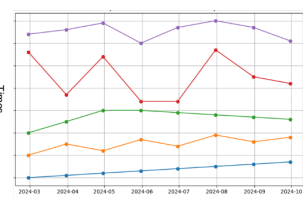


Visualizing the number of transfers and transfer volume by server for reference in equipment renewal planning.

Consideration of measures utilizing generative AI

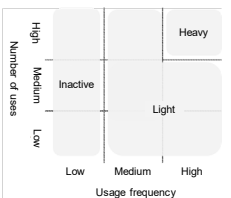
- Analyzing the usage and effectiveness of generative AI tools
- Setting KPIs for each target to enable measurement of effectiveness

Number of uses by app

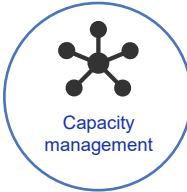


Understanding usage by various criteria, such as user classification or department.

Usage analysis by user



Classifying users based on usage, and measuring the effectiveness of utilization measures.



...

DX Infrastructure 2. Utilization of AI

DNP

Utilization of generative AI

Introduction of generative AI for all employees to improve efficiency and quality. Building a system for ethical utilization to ensure reliability. Improving accuracy with DNP technology and expanding the platform for utilization.

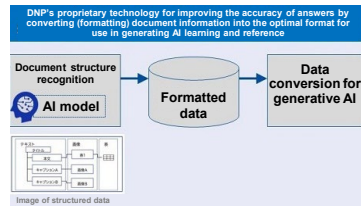
Development of a platform to bring out the potential of employees



In-house generative AI chat
Was released quite early on and is currently used by all employees



Introduction and verification of generative AI tools
Improving the efficiency of routine work



Development of DNP original technology
Technology to improve the accuracy of responses from generative AI



Establishment of platform
Improving the efficiency of in-house system development

Establishing a system for the safe and secure use of AI (guidelines and education)

- Formulation of the DNP Group AI Ethics Policy
- Establishment of AI Usage Guidelines
- Improving literacy by holding of ideathons and hackathons
- Definition and operation of AI quality rules and standards, and regular education

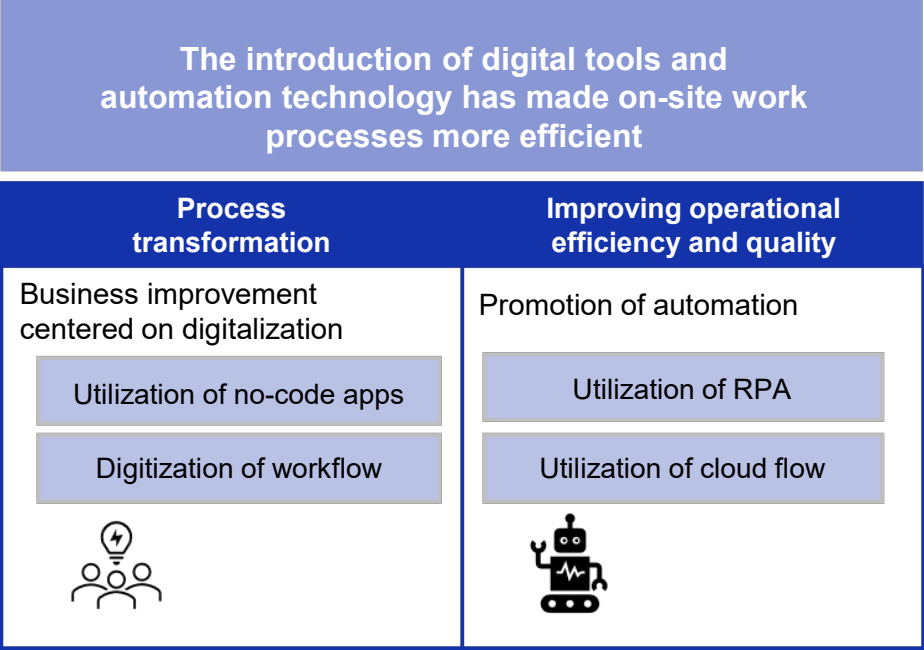
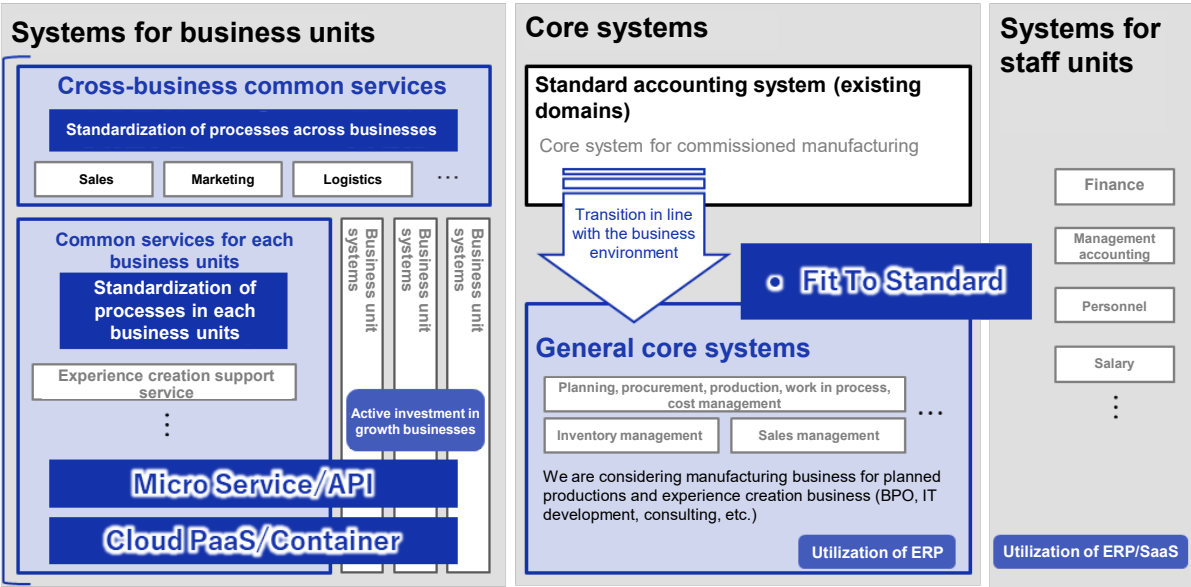


Achieving greater operational efficiency and the creation of new value by enhancing employees' ability to use AI

System modernization and making DX autonomous

Promoting standardization and common use (Fit to Standard) company-wide, alongside business transformation. We have made DX autonomous by providing citizen development tools, introducing automation technology, improving the educational and community environment, and enhancing employee empowerment.

Modernization policy



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Transitions of supply chains and solutions thereto

DNP

Transitions of supply chains

Supply chains are the key to the company's sustainability
The importance of supply chains has increased dramatically over the past five years

Year	Event	Issues and Solutions
2019	Stage 0: Pre-COVID	Supplychain works normaly : Focus on cost - Procuring good things at low cost
2020	Stage 1: COVID and situation in Ukraine	Era of supply chain disruption : BCP Procurement capability = business competitiveness ➔ Increased resilience of the supply chain is essential to address geopolitical risks
2021		
2022	Stage 2: Post-COVID	CSR in supply chains is a prerequisite for sustainability ➔ Clean (human rights, conflict minerals) & Green (environment)
2023	Stage 3: Super-weak yen	Era of all prices going up : ➔ New hedging initiatives have launched through procurement innovation
2024		
2025-	Stage 4: Upcoming	Creating value through the supply chain : Creating a value chain ➔ DX x information sharing: Entering an era of creating new value

Consideration about supply chains

DNP

Policy

Trust in the supply chain is a key point

Building a system that creates value throughout the entire supply chain

Approach

DNP business is based on B2B, so **the relationship of trust with our clients is important**.
Our clients and the consumers are connected with us(DNP).

All members of the supply chain working together as partners, fosters a relationship of mutual trust,
enabling the trust of clients and consumers to be gained.

Solutions

Building a supply chain based on a relationship of trust improving our execution ability, and achieving the followings :

- **Eliminating procurement risks** and **responding to social demands** such as human rights and environmental issues, to **maximize our business value**
- **Building on the strengths** of the supply chain, we **create new value** that takes advantage of opportunities



DNP declared Partnership-building Declaration on September 7, 2022 and made an update on July 31, 2024.

1. Towards a More Resilient Supply Chain (BCP)
2. From CSR to Sustainability
3. Addressing Social Responsibilities (Human Rights, Conflict Minerals, etc.)
4. Environmental Solutions (GHG Emissions)
5. Procurement Innovation Initiatives
6. Progress through Implementation of DX
7. Development plan of the supply chain

1. Towards a More Resilient Supply Chain (BCP)

Stable Procurement

The key is to make the supply chain more resilient and evaluate risks

Stable procurement and stable production lead to trust in the supply chain

DNP business is based on B2B, so the relationship of trust with our clients is important. We are connected to our clients and the consumers beyond them through trust.

Without stopping production due to procurement issues (including our own factories, clients, and suppliers)
- Building a trustworthy image of “With DNP, we can ensure stable production for our company.”

Key Points for Stable Procurement (BCP)

More resilient supply chains

- Visualization of the supply chain: Understanding the supply chain, beginning with raw materials
- Multiple supply chains: Cultivating and helping to develop diverse global sources
- Simplification of the supply chain: Reducing the number of layers in the supply chain. Switching to general-purpose products
- Supply chain quality evaluation: Evaluation of supplier supply stability (management indicators, supply capacity, quality level)

Risk evaluation

- Visualization of risks in advance:
- Estimation of risks (period of factory shutdown at the time of a disaster, accident, or cyber security incident)
- Introduction of a supply chain risk management system
- Risk prevention: Multiple locations, inventory*

*We basically place an order for materials after receiving an order.

- When ordering materials in advance, we aim to reduce inventory risk, such as by making agreements with clients.

2. From CSR to Sustainability

Sustainable Procurement Guidelines and Compliance Measures

Changing to Sustainable Procurement Guidelines

To comply with changes in the environment surrounding us and society's expectations, we have changed the content and title of the guidelines

● History to date

- DNP is continuously working to promote responsible procurement with consideration for human rights and the environment.
- The **DNP Group CSR Procurement Standards** were established in 2006. **In 2017**, the DNP Group CSR Procurement Standards was revised to become the **DNP Group CSR Procurement Guidelines** and the scope of application was expanded to include suppliers and agents at all overseas sites.

● Recent social trends (background to this revision)

- Revision of various international norms and standards by the United Nations, the OECD, the ILO, etc., and the accompanying acceleration of legislation, centered on the United States, the EU, and EU member countries.
- Amidst these social trends, companies are being strongly urged by their client companies and governments to take the following measures.
DNP is receiving an increasing number of requests (incorporating into transaction agreements, conducting third-party audits, etc.) mainly from client companies in the Electronics and Life & Healthcare segments.

● Main demands from society

- (1)Manage risks related to human rights, labor, the environment, corruption, bribery and other issues throughout the entire supply chain (particularly mineral resources)
- (2) Development of a management system that can respond to all risks that could hinder business continuity, such as large-scale natural disasters, infectious disease pandemics, war, conflict, terrorism, system failures, and cyber attacks
- (3) Strict compliance with the Foreign Exchange and Foreign Trade Act (Foreign Exchange Act) and regulations related to economic sanctions stipulated by each country

● DNP's solutions

In order to respond to these social demands, DNP **makes partial changes** to the content of the **CSR Procurement Guidelines**, based on discussions and deliberations by the Sustainability Committee.

The name would also be changed to the Sustainable Procurement Guidelines with this revision.

2. From CSR to Sustainability

DNP

Sustainable Procurement Guidelines and Compliance Measures

Changing to Sustainable Procurement Guidelines

To comply with changes in the environment surrounding us and society's expectations, we have changed the content and title of the guidelines

The New Sustainable Procurement Guidelines

- **Establishing a Management System** (Items being required)
 - A. Establishing a Management System **Partial revision**
 - B. Supplier Management **Partial revision**
 - C. Supply Chain Risk Management New**
 - D. Ensuring Business Continuity New**
 - E. Establishing a Grievance Mechanism **Partial revision**
 - F. Disclosing the Activities
- **Code of Conduct** (Items to be complied with)
 - 1. Respecting the Laws and Internationally Recognized Standards
 - 2. Human Rights and Labor **Partial revision**
 - 3. Health and Safety **Partial revision**
 - 4. Environment Partial revision**
 - 5. Fair Trading and Ethics Partial revision**
 - 6. Quality and Safety **Partial revision**
 - 7. Information Security **Partial revision**
 - 8. Business Continuity Planning **Partial revision**
- **Contribution to Society** (Items Recommended)
 - 1. Contribution to Society

New and revised items

● Supply Chain Risk Management New

Added establishment of a management system that visualizes the entire supply chain, identifies and evaluates risks such as human rights, labor, the environment, corruption and bribery, and works to reduce them as a requirement.

● Ensuring Business Continuity New

We had already included **developing and preparing a business continuity plan** as an action standard (matter to be complied with), but we have added a **management system for ensuring business continuity** as a requirement.

● Environment Partial revision

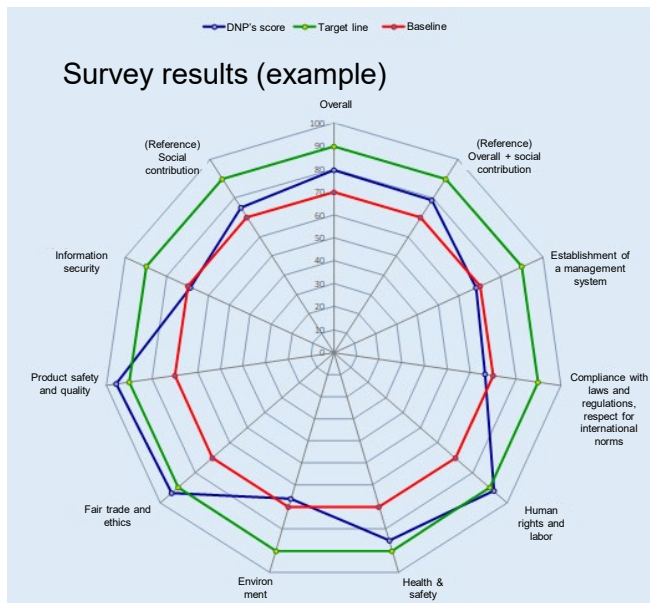
In order to **reduce CO₂ emissions** not only within the DNP Group but also **throughout the entire supply chain**, we have specifically included **the setting of voluntary targets at the 1.5°C level of SBT (Science Based Targets)** in our Code of Conduct (matters to be complied with).

● Fair Trading and Ethics Partial revision

We included strict compliance with the Foreign Exchange and Foreign Trade Act (Foreign Exchange Act) and **regulations related to economic sanctions stipulated by each country as a matter to be complied with.**

Survey on Sustainable Procurement Guidelines

	FY2021	FY2022	FY2023
Suppliers	164	180	274
Response rate	76%	87%	75%



3. Addressing Social Responsibilities (Human Rights, Conflict Minerals, etc.) **DNP**

Addressing human rights

Human rights due diligence

Supply chains are also subject to human rights policy surveys and guidance

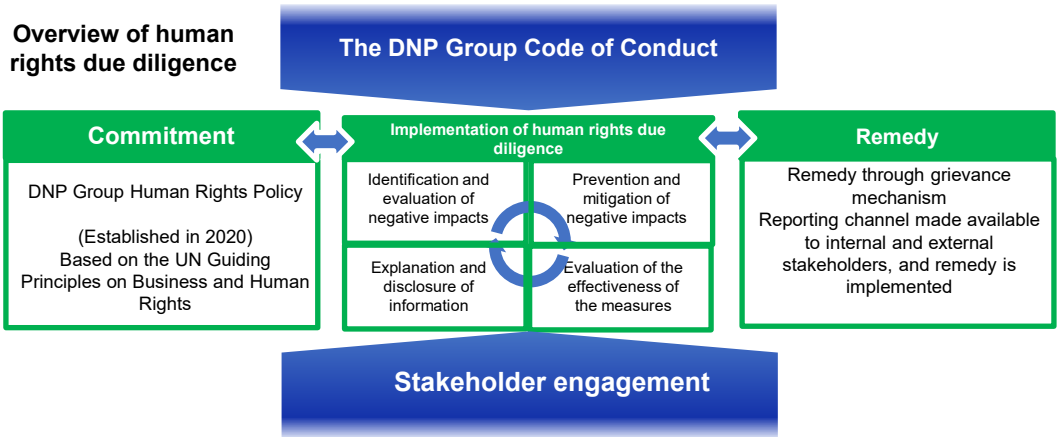
DNP formulated the “DNP Group Human Rights Policy” in March 2020 to realize a society that respects human rights.

We are promoting **human rights due diligence based on the UN Guiding Principles on Business and Human Rights***.

We recognize that our business activities affect the human rights of all stakeholders, including not only our employees but also **suppliers in the supply chain** and local communities, and we are implementing various measures to prevent and mitigate any negative impacts of these.

In addition, in order to ensure access to remedies required in human rights due diligence, we are strengthening the effectiveness of **the reporting channels available to each stakeholder** and promoting dialogue, etc. with stakeholders.

Overview of human rights due diligence



* Guiding Principles on Business and Human Rights Human rights due diligence

The process should include **assessing** actual and potential human rights impacts, integrating and **acting** upon the findings, **tracking** responses, and **communicating** how impacts are addressed.

Survey of Suppliers on Human Rights Issues and Conflict Mineral Issues

- **Survey of the country of origin of raw materials** (Xinjiang Uyghur Autonomous Region, Myanmar, Democratic Republic of the Congo, etc.)
- Risk assessment of 23 minerals contained in raw materials (**tin, tantalum, tungsten, gold, etc.**) using the RMAP conformity verification programs of the RMI, an organization that spearheads the responsible procurement of minerals.
- For minerals that are important to our business, we conduct detailed risk assessments of the entire supply chain, including mines and smelters, through individual consultations with suppliers.

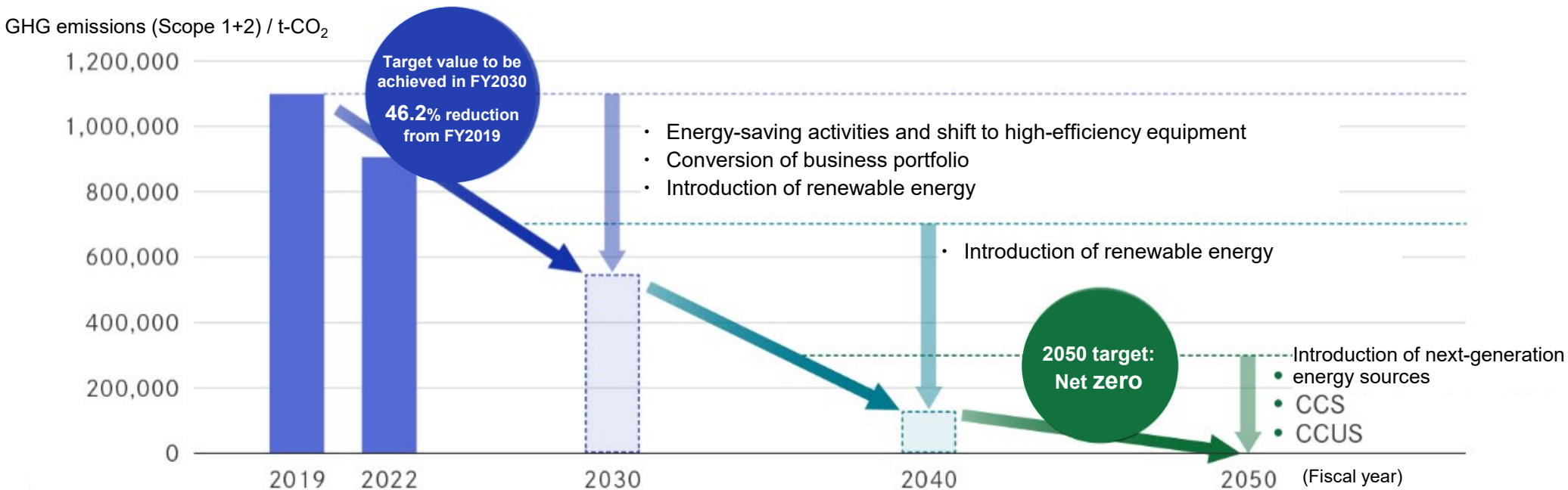
Survey scope: 171 companies in 2022, 253 companies in 2023

4. Environmental Solutions (GHG Emissions)

Current GHG emissions and solutions

DNP Group Environmental Medium-term Targets
Achieving a Decarbonized Society

In April 2024, DNP revised its greenhouse gas (GHG) reduction target upwards to comply with the international standard of the 1.5°C target.



4. Environmental Solutions (GHG Emissions)

Current GHG emissions and solutions

At DNP, emissions in the **raw material procurement phase (Scope 3, Category 1)** are **approx. 50%** of the emissions from the entire supply chain.

To reduce emissions from the supply chain, DNP shares and discusses initiatives to reduce GHG emissions and other agenda items with suppliers, including **holding explanatory seminars, conducting questionnaires** and **face-to-face meetings**, and are promoting reductions by **encouraging** major suppliers **to obtain SBT certification* by 2025**.

At present, of the 2,650,000 tons in Scope 3 Category 1, **approximately 18% (396,000 tons) of CO₂ emissions are being emitted by suppliers that have obtained SBT certification**.

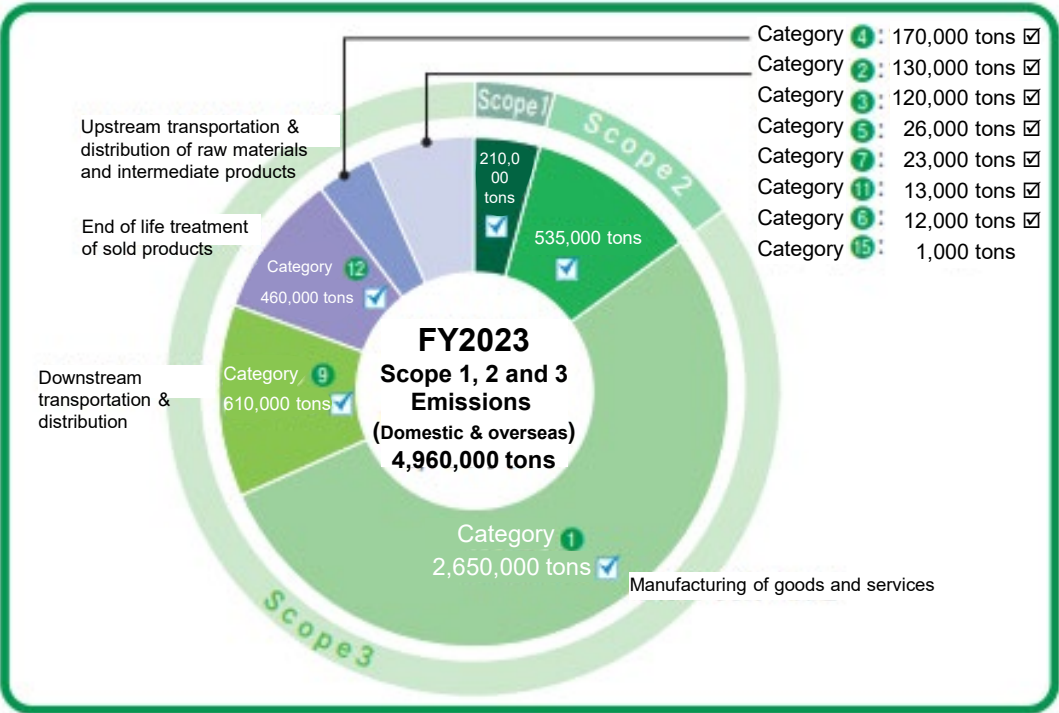


In the future, we will ask our **suppliers, who account for 70% of emissions, to set targets at the SBT 1.5°C level by 2028**, and **DNP will support the promotion of these targets** to further promote DNP's Scope 3 reductions.

Supply chain emissions

Reducing GHG emissions from raw materials for the realization of a decarbonized society

Supply chain emissions



*SBT (Science Based Targets)
Greenhouse gas emission reduction targets set by companies that are consistent with the standards required by the Paris Agreement.

[SBT_syousai_all_20240301.pdf \(env.go.jp\)](#)

4. Environmental Solutions (GHG Emissions)

DNP

Current GHG emissions and solutions

Environmentally friendly initiatives such as biomass plastic and recycled plastic

Procurement of environmentally friendly materials with the aim of realizing a decarbonized society

In order to reduce supply chain emissions at DNP, we are actively working to develop environmentally friendly products and are promoting the **exploration and procurement of environmentally friendly materials** such as biomass plastics and recycled plastics.

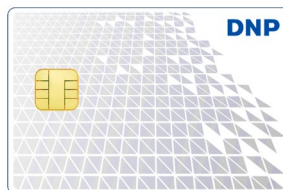
Smart Communication Segment

Expansion of environmentally friendly smart cards

We are working to reduce the environmental impact of CO₂ emissions and promote recycling by expanding the use of biomass cards made from plant-derived materials and recycled smart cards made from 100% recycled resin throughout the supply chain.

Expanding procurement of Forest-certified paper

We are working to expand the procurement of Forest-certified paper with the aim of maintaining sustainable forest resources.



Life and Healthcare Segment

Expansion of biomass plastic and recycled PET

The use of biomass plastics and recycled plastics in packaging are increasing, mainly for non-food products such as toiletries, fertilizers, pesticides, and pet food. In addition, the use of recycled PET bottles, which use recycled resin from PET bottles, is also increasing.



Reducing the environmental impact by introducing exterior film

The painting process accounts for about 25% of CO₂ emissions during automobile manufacturing. By introducing exterior roof film, it is possible to reduce environmental impact, including the emission of substances that cause environmental impact other than CO₂.



5. Procurement Innovation Initiatives

Innovating procurement

Era of all prices going up

New initiatives launched through procurement innovation involving the supply chain

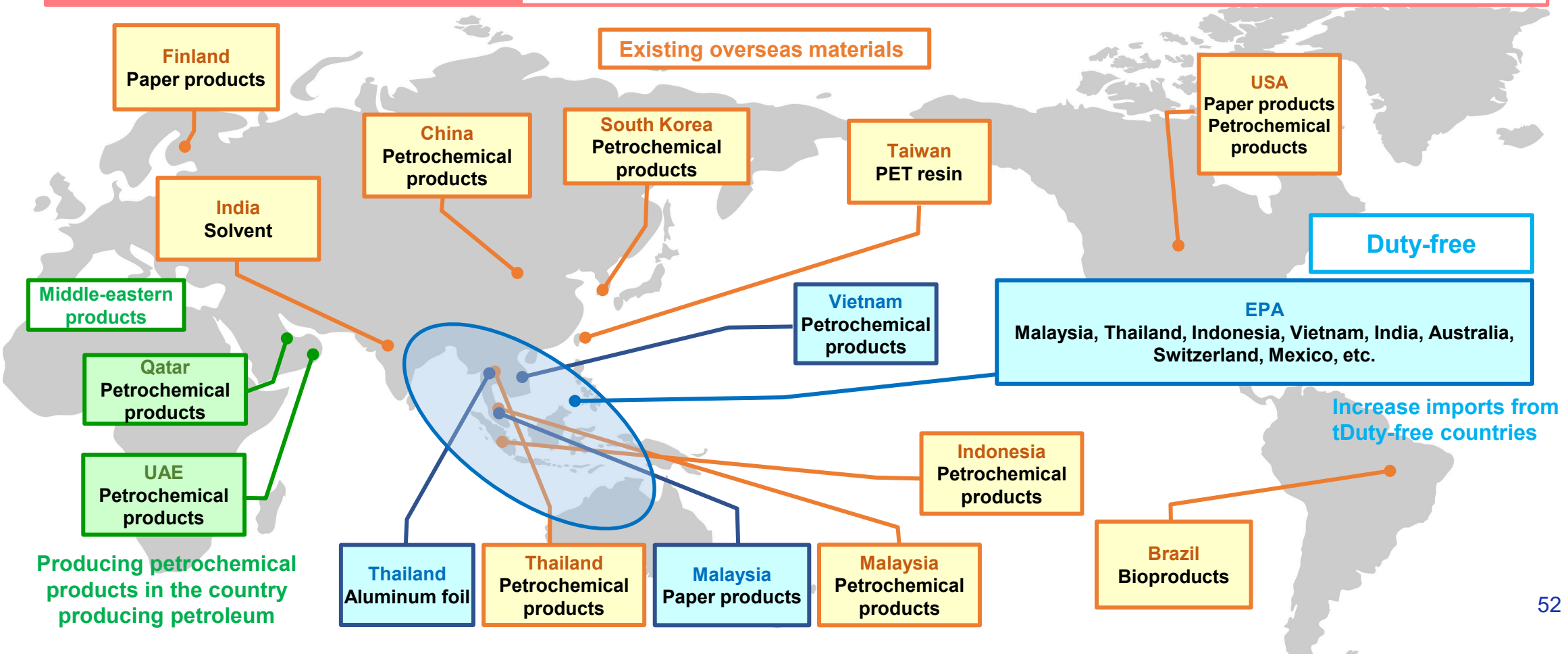
Theme	Content
(1) Supply chain innovation (Discovering new procurement routes)	Challenge to explore new procurement routes <ul style="list-style-type: none">- Global procurement (petrochemical products of oil-producing countries, importing from countries with zero tariffs)- Challenge to utilize local quality products
(2) Innovation in the production process (Upending general knowledge about manufacturing)	Intentionally reviewing raw materials and processes that produce stable quality and yield <ul style="list-style-type: none">- Mastering the use of low-cost, low-quality products: Achieving high-quality products using low-quality materials- Eliminating waste: Using the entire length of the winding roll
(3) Cost transfer innovation (Appropriately distributing costs)	By appropriately distributing cost increases throughout the supply chain , DNP builds a sense of unity and cooperative relationships that will allow us to work on new challenges from an impartial standpoint. <ul style="list-style-type: none">- Thorough analysis of material costs: Calculation of labor expenses and transportation costs - logical negotiation- Reducing the delay between material price increases and transferring the price to customers
(4) Innovation in the 2024 logistics problem (Turning risk into opportunity)	Transform the risk of reducing the number of shipments into an initiative that leads to cost reductions and environmental responses <ul style="list-style-type: none">- 1st: Securing shipments ➡ 2nd: Hedging against cost increases ➡ 3rd: Reducing GHG emissions- Reduce the number of shipments /use shuttle service

5. Procurement Innovation Initiatives

Global procurement

Challenge to new procurement routes

Building a new global procurement network with the objective of reducing costs, etc.



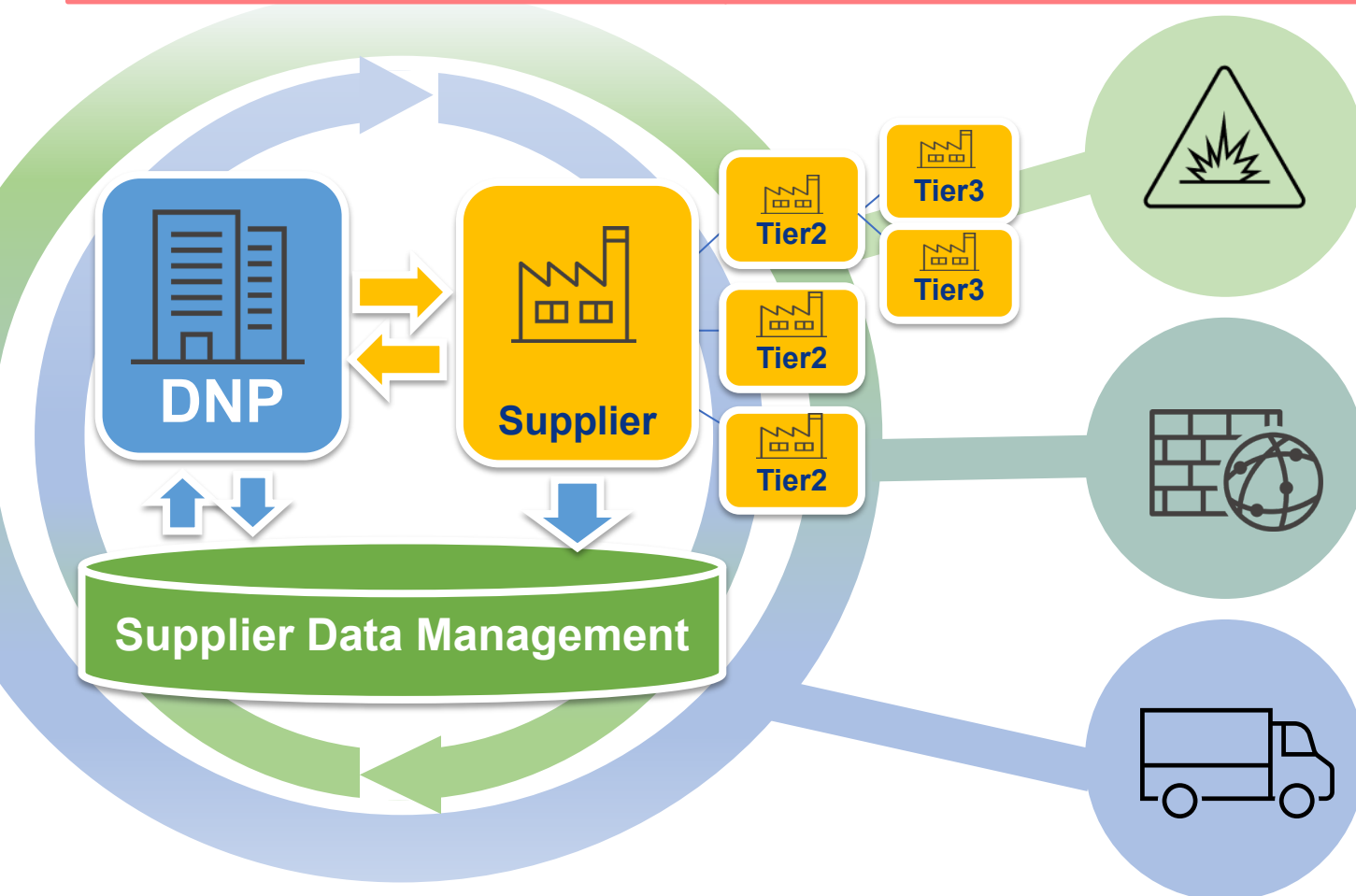
6. Progress through Implementation of DX

DNP

Supply chain DX

Towards a sustainable future through digitization

Contributing to improved sustainability by increasing efficiency and transparency through supply chain DX



Supply chain risk management system

Introduced a risk management system to visualize the supply chain and immediately respond to incidents

Strengthening information security

Strengthening risk communication with suppliers, and implementing countermeasures

Logistics optimization

Realizing efficient innovation in a short period of time by using DX to understand the current situation and visualize the effects of measures

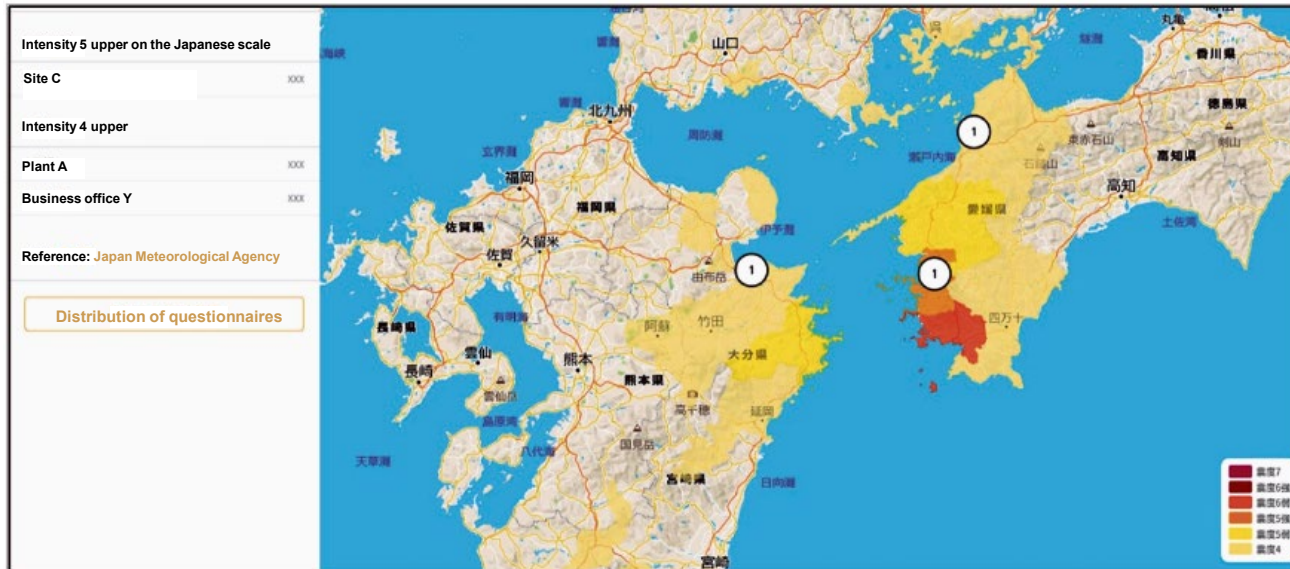
6. Progress through Implementation of DX

DNP

Supply chain risk management

Strengthening of supply chain flexibility and resilience

Introduction of the 'Resilire' supply chain risk management system



[Strengthening Sustainable Procurement Systems by Introducing a Supply Chain Risk Management Cloud](#) | News | DNP Dai Nippon Printing

July 26, 2024

Strengthening Sustainable Procurement Systems by Introducing a Supply Chain Risk Management Cloud

Aiming to visualize risks in the supply chain and speed up initial responses in emergencies

By introducing “Resilire,” we will be able to constantly monitor supply chain risks, enhance resilience as a strong force that can quickly recover even in the event of a disaster, and achieve sustainable procurement. This will contribute to maintaining and developing the business activities of DNP’s client companies and the lives of consumers.

Compiling a database of supply chains and visualizing them will enable us to link them to disaster information in a timely manner

Domestic: Earthquakes, power outages, floods, etc.

Global: Fires, logistics disruptions, tornadoes, volcanic eruptions, etc.

DNP considers the optimal database format for each material, product, supplier, etc., including utilization in internal risk management at DNP’s manufacturing and development sites.

6. Progress through Implementation of DX

DNP

Information security

Strengthening supply chain information security

Strengthening risk communication with suppliers, and implementing countermeasures

■ Background

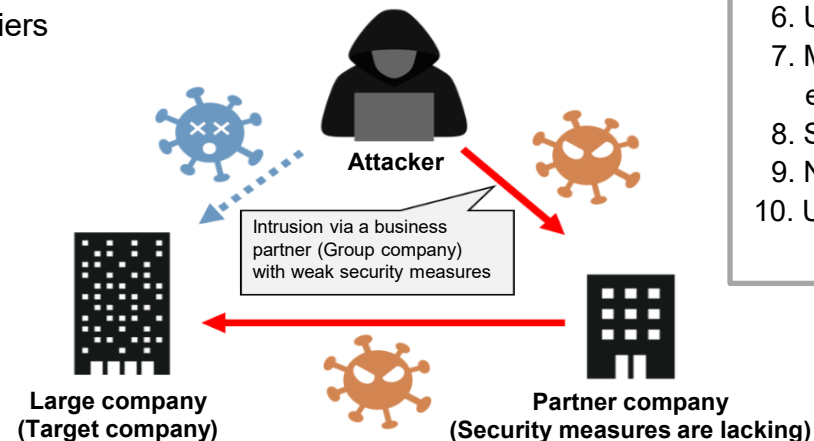
- Supply chain attacks are increasing, aiming to gain unauthorized access via business partners with insufficient security measures.
- **Cyber attacks on the supply chain** caused suppliers to stop production and information leaks, which **spread throughout** the supply chain.

■ Strengthening risk communication with suppliers

- Conducted an **information security questionnaire** for suppliers to **identify risks**
- Consideration of risk **countermeasures**. and encourage implementation.
- **Confirmation and evaluation** of implementation of risk countermeasures
- Work with suppliers to **improve** countermeasures.

■ Security questionnaire items

1. Basic policy and information security promotion system
2. Management of confidential information
3. Education for employees
4. Information security management for business partners
5. Responding to incidents
6. User management
7. Management of information equipment
8. System administration
9. Network administration
10. Use of e-mail and websites



6. Progress through Implementation of DX

DNP

2024 logistics problem

Innovation in the 2024 logistics problem

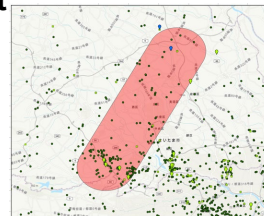
Realizing efficient innovation in a short period by using DX to understand the current situation and visualize the effects of measures



- (1) **Shorter** transportation distance
- (2) Improvement of **loading rate**
- (3) **Reduction of number of vehicles** in operation



- (1) Understanding current conditions, **data** input



Rebuilding the domestic distribution network from an all-DNP perspective

1. Efficient delivery

2. Reducing loading and unloading time

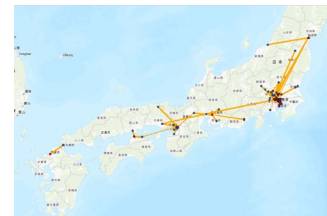
3. Improvement of efficiency through DX



- (1) Utilization of **gate-front warehouses**
- (2) Thorough **palletization**
- (3) Establishment of **platform**



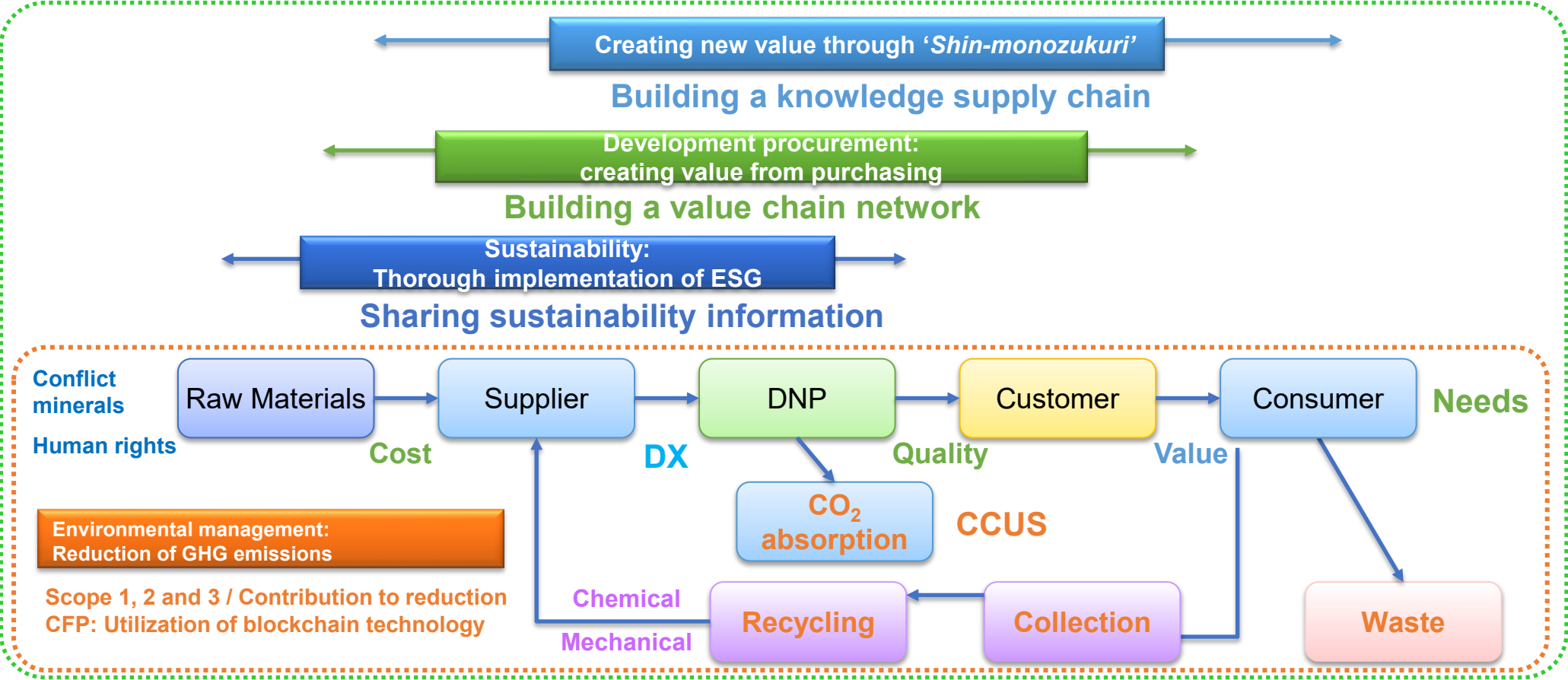
- (3) **Optimization** of delivery **efficiency**



7. Development plan of the supply chain

Towards the creation of new value

Creating new value throughout the entire supply chain
Transforming the supply chain from suppliers to end consumers to create new value



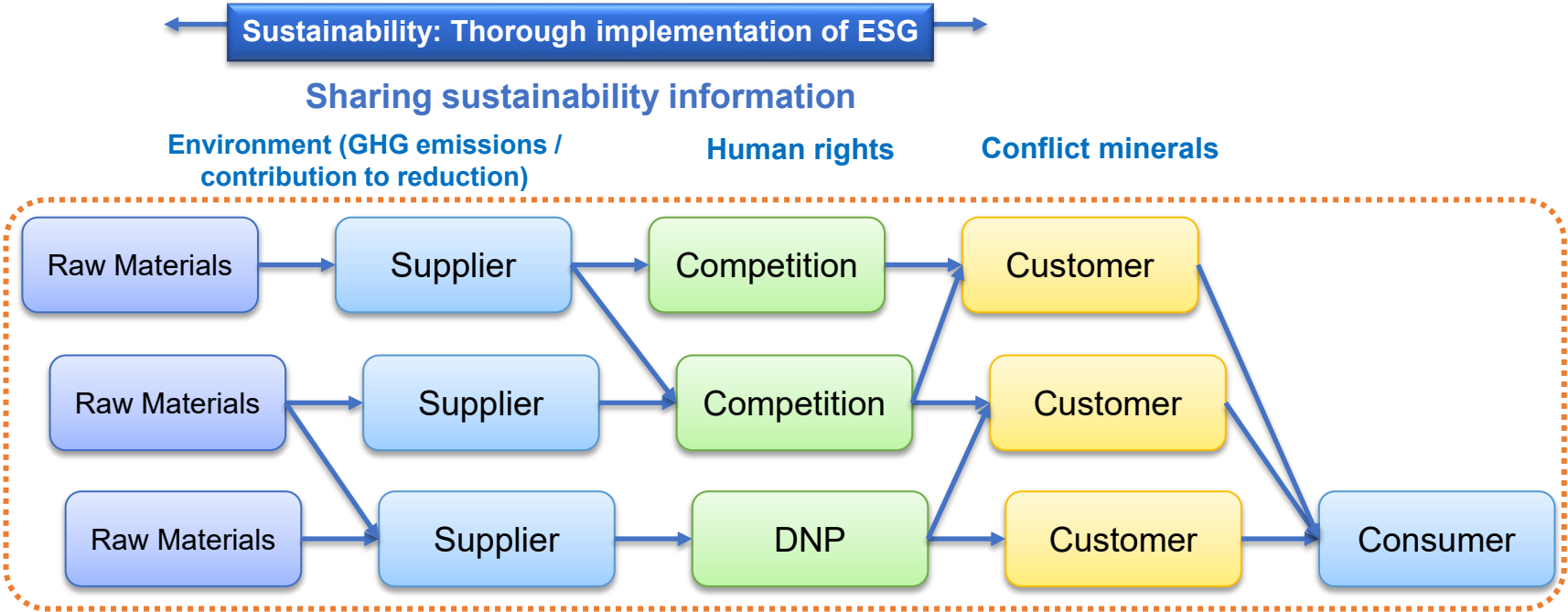
7. Development plan of the supply chain

Sharing information

Creating new value throughout the entire supply chain
Sharing sustainability information in the supply chain

In addition to visualizing the supply chain for BCP, by **creating a database of information on the environment, human rights, etc. and sharing it in the supply chain**, it is possible to:

- not only realize **improved efficiency of collection and utilization of information** throughout all of Japan, but also
- **freely design the supply chain** for the company according to the level of the products that the company makes, such as “quality-oriented,” “environmentally friendly,” and “cost-priority”



7. Development plan of the supply chain

Value chain creation

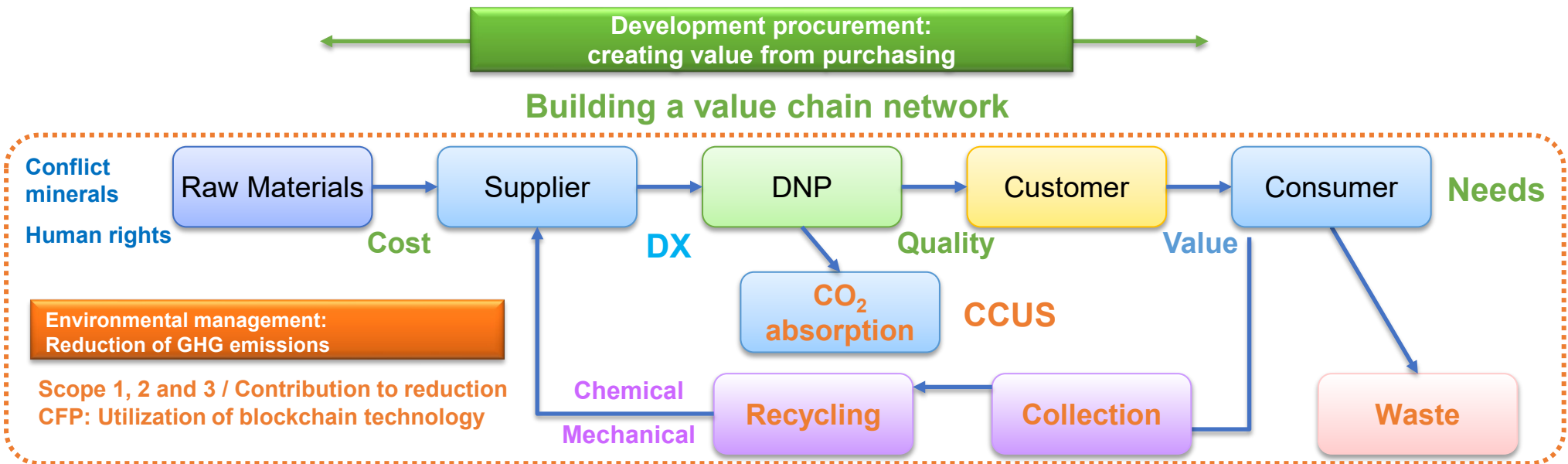
Creating new value through a value chain network

Designing new value by combining the strengths of each member of the supply chain

Creating new value in the supply chain ➡ Building a **value chain network**

Value = Safe and reliable **because DNP is involved** (chemical substance regulations, environmental and human rights considerations, logistics), and will create new value

Collecting **various information** from suppliers about markets, technology, competitors, etc.: Creating new value through **collaboration between the development department and suppliers**



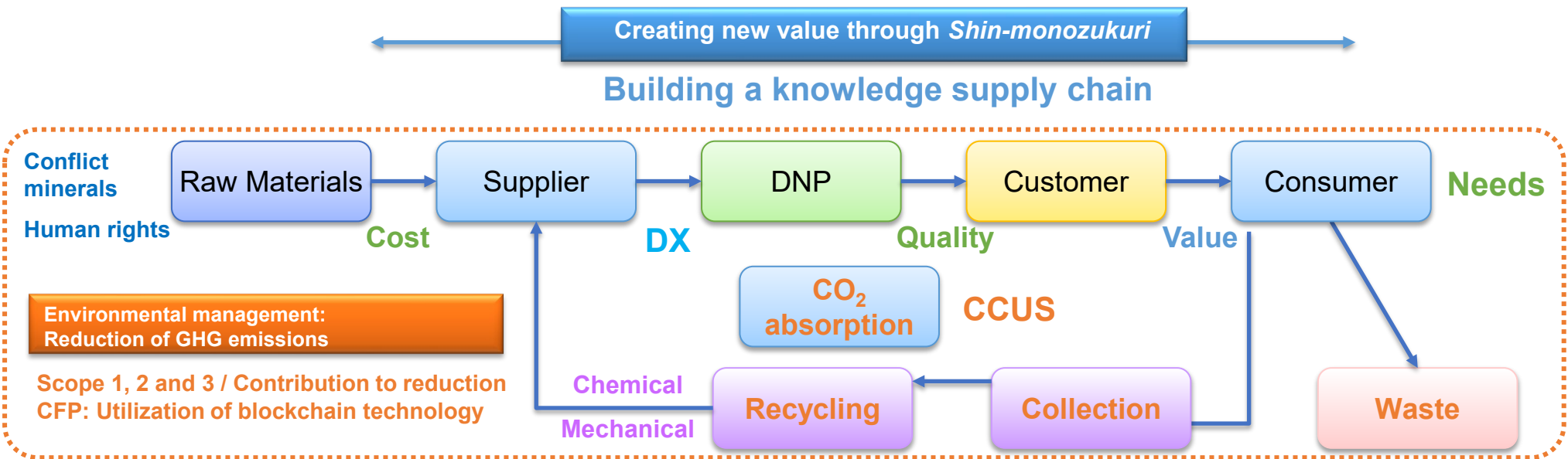
7. Development plan of the supply chain

‘Shin-monozukuri’

Creating new value with P&I

Creating new value from the customer’s perspective with combining manufacturing and IT

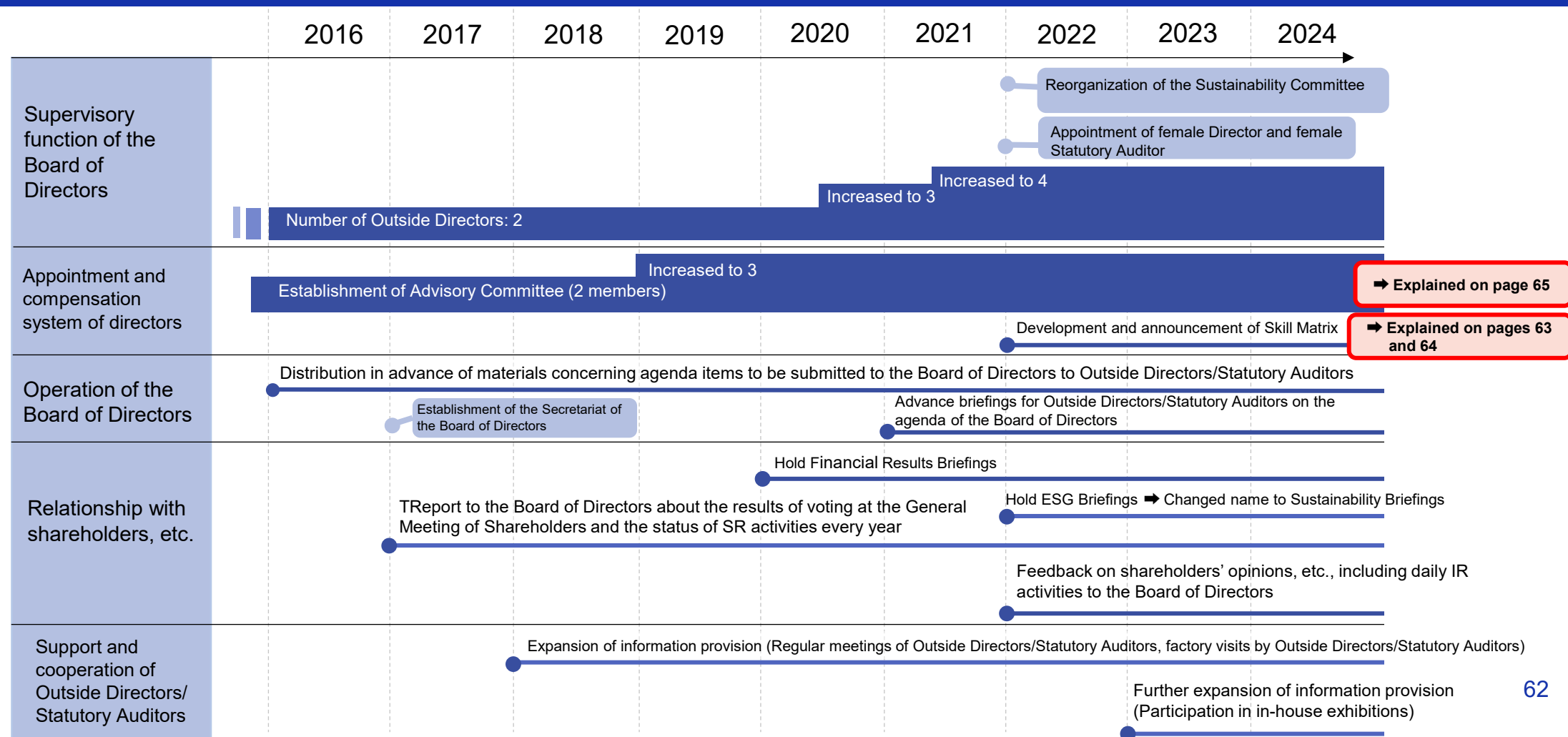
Producing and asking “please use it” ➡ Providing a solution **that starts with "wishing to use it"**
To achieve this, realizing P&I innovation through **"shin-monozukuri,"** which combines manufacturing and IT.
For the purpose of **"shin-monozukuri"** DNP will share not only products but also knowledge to build of concept for "knowledge of supply chain"



(1) About DNP's Sustainability	President Yoshinari Kitajima
(2) Initiatives for the Environment	Corporate Officer Hideto Sakata
(3) Human Capital Initiatives	Managing Director Minako Miyama Corporate Officer Takuya Goto
(4) Enhancement of DX Infrastructure	Corporate Officer Mitsue Sako
(5) Supply Chain Initiatives	Managing Director Toru Miyake
(6) Governance Initiatives	Senior Managing Director Masafumi Kuroyanagi

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Past improvement activities using effectiveness evaluation questionnaires



Enhancement of Governance to Realize the Corporate Philosophy

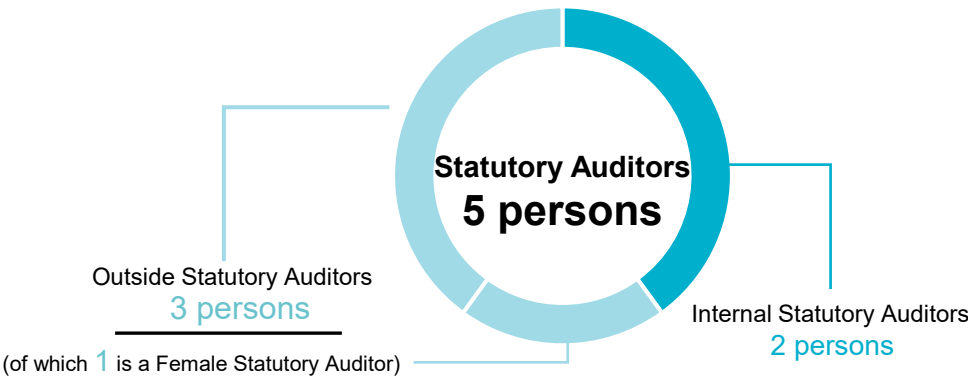
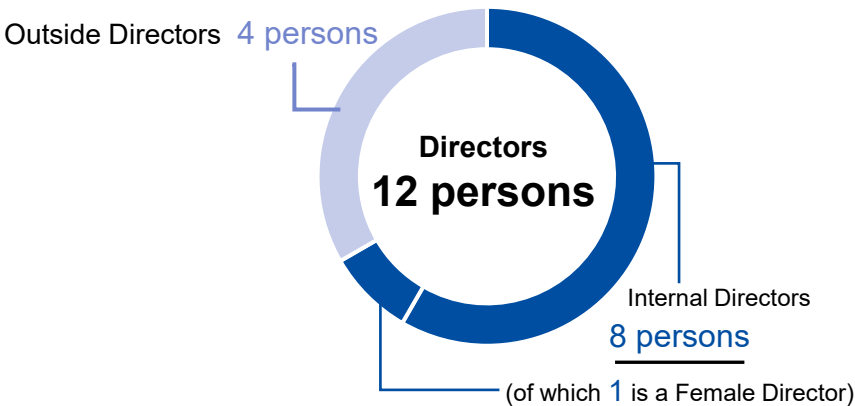
The Board of Directors consists of members with diverse backgrounds

Background of Directors and Statutory Auditors (Skill Matrix)

		Corporate Management, Business Strategy	Financial/ Management Accounting, Capital/policy initiatives	ESG, Diversity	Legal Affairs, Compliance, Risk Management	HR/Labor, Human Resource Development	R&D, New Business	Overseas Business	IT, DX
Director	Yoshinari Kitajima	◎		◎	○			○	
	Kenji Miya	◎	○	◎	○	◎	○	○	
	Masato Yamaguchi	◎			○		◎	◎	◎
	Masafumi Kuroyanagi	◎	◎		○				
	Kazuhiko Sugita	○	◎	◎					
	Toru Miyake	○		○			◎		○
	Minako Miyama	○		◎		◎	○		○
	Takahito Kanazawa	○			◎		○		◎
Outside	Tsukasa Miyajima*				◎				
	Yoshiaki Tamura*	◎		○			○	◎	○
	Hiroshi Shirakawa*	◎	◎		○				
	Nobuhiko Sugiura	○	◎		◎			○	○
Statutory auditors	Ryuji Minemura	○			◎				
	Tatsuya Hisakura	○	◎		○			◎	○
	Kazuhisa Morigayama	○	◎		○	○			
	Taeko Ishii			◎	○	○			
	Yasuyoshi Ichikawa		◎		○				

*Advisory Committee Member

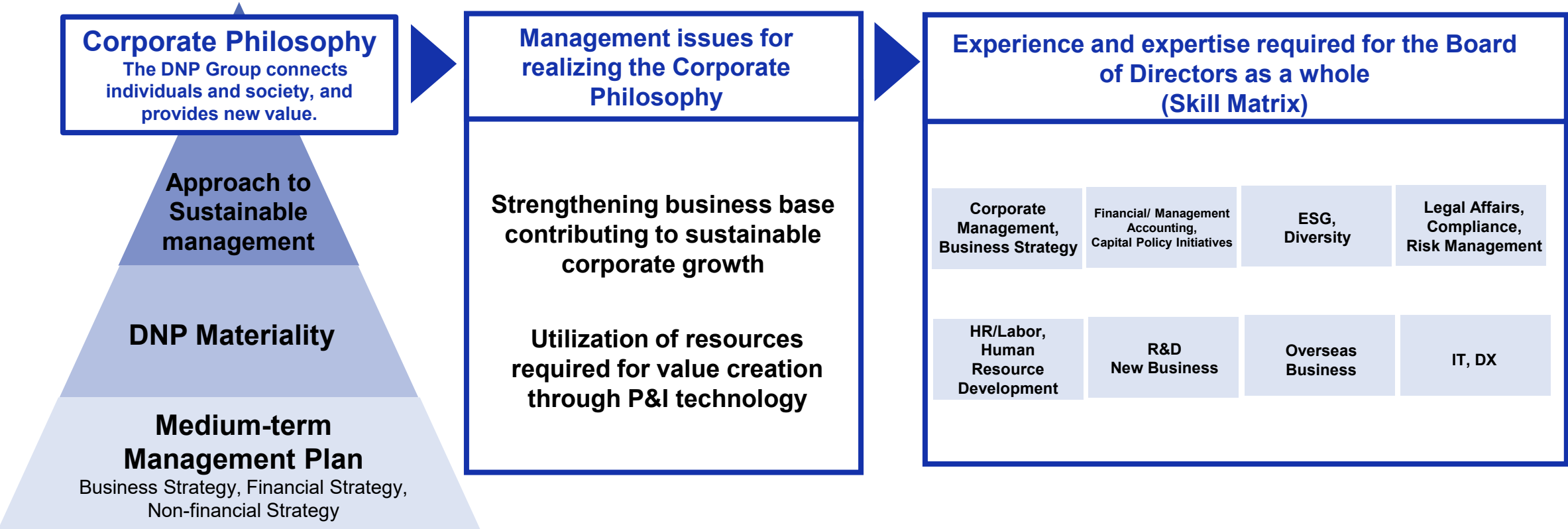
Composition of the Board of Directors



Management Team with Diverse Backgrounds

The Board of Directors as a whole maintains a balance of experience and expertise (skills), ensuring diversity and effectiveness

✓ DNP Group’s Philosophy and Skill Matrix



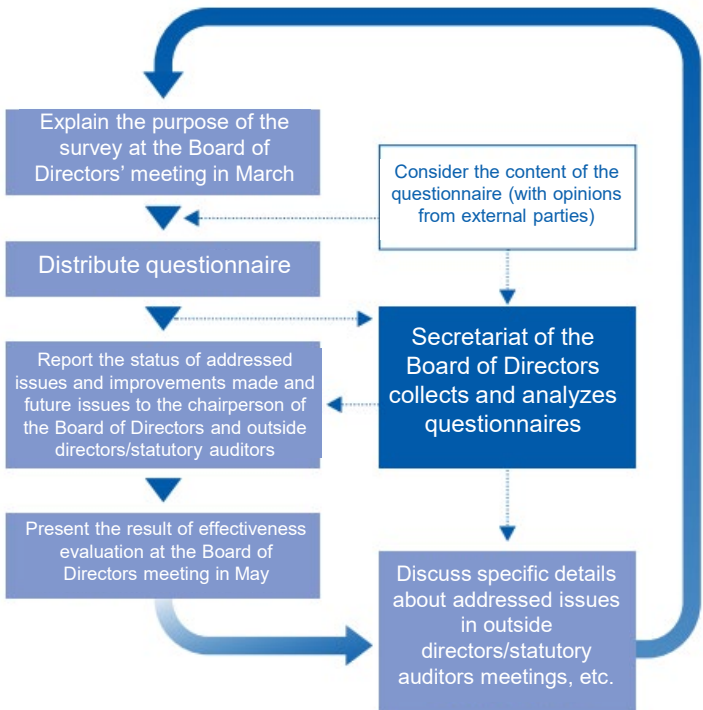
Ensuring transparency and objectivity in the procedures for important management decisions

✔ Status of Advisory Committee activities for the Fiscal Year ended March 2024

Members	Outside Director Miyajima (Chairperson), Outside Director Tamura, Outside Director Shirakawa
Number of meetings	5 meetings (all members in attendance)
Main topic deliberated	<ul style="list-style-type: none">• Proposals for the 2024 Ordinary General Meeting of Shareholders• Appointment of corporate officers (including Board of Directors structure after the 2024 Ordinary General Meeting of Shareholders and Skill Matrix)• Basic policy on compensationfor directors and corporate officers, individual compensation• Policy on IR activities• Status of deliberation in the Sustainability Committee• Status of measures to train female management leaders and managers• Employee engagement

Details of initiatives for the Fiscal Year ending March 2025 based on the results of the effectiveness evaluation

- Every April, a questionnaire is distributed to all directors and statutory auditors to evaluate the effectiveness
- Future issues are reported to the Board of Directors based on the results of the questionnaire and past improvement issues



Results of the effectiveness evaluation for the Fiscal Year ended March 2024

- The Board of Directors fulfills its supervisory function aimed at realizing the corporate philosophy
- There is no end to the issues with the format of discussion in the Board of Directors
- The information gap between inside and outside officers has been eliminated



Initiatives for the Fiscal Year ending March 2025

Further follow-up on important investment proposals resolved and reported in the Board of Directors, and progress reports on IR activities, etc.

Continuation of opportunities for communication between outside officers and management/employees

Steady Execution of Medium-term Management Plan for the Realization of the Corporate Philosophy

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Accurate management decision-making and appropriate and swift business execution through the enhancement of governance

Outline of Measures in the Medium-term Management Plan

Business Strategy	<ul style="list-style-type: none"> Realize growth through concentrated investment of 260 billion yen or more (over the 5 years from FY2023 to FY2027) in focus business areas Transform business portfolio including businesses for reforming
Financial Strategy	<ul style="list-style-type: none"> Reduce strategic shareholdings to less than 10% of net assets Plan to acquire treasury shares valued at 300 billion yen to improve capital efficiency (over the 5 years from FY2023 to FY2027)
Non-financial Strategy	<ul style="list-style-type: none"> Expand investment in people based on Human Capital Policy Enhance intellectual capital utilizing DNP's unique strengths and external partnerships Contribute to the realization of a decarbonized society, a recycling-oriented society, and a society in harmony with nature

Progress of the Medium-term Management Plan

Management indicators for the Fiscal Year ended March 2024

Operating income	¥75.4 billion
Net income	¥110.9 billion (Record high)
ROE	9.8%

From April 2023 to April 2024

Sale of strategic shareholdings:
¥139.4 billion

From April 2023 to September 2024

Acquisition of treasury shares ¥150 billion

Period-end PBR
(End of June 2024) 1.08X

Reassignment and reskilling of personnel from businesses for reforming to focus business areas, etc.
(FY2020-FY2023)
1,000 employees or more

DNP Group's vision for Revenue and Capital Structure

Operating income **¥130 billion** or more
(Record high operating income: ¥120.6 billion)

Equity capital **¥1 trillion**

ROE **10%**

By implementing the above initiatives and also expanding disclosure especially on focus business areas, we will expedite achieving a PBR of more than 1.0X.

- D N P Group Integrated Report 2024 (Japanese)
https://www.dnp.co.jp/ir/library/annual/pdf/DNP_integrated2024j.pdf
✂The English version is scheduled to be released at the end of October.
- D N P Group Environmental Report 2024 (Japanese)
https://www.dnp.co.jp/sustainability/report/pdf/dnp_csr2024data.pdf
✂The English version is scheduled to be released at the end of October.
- Corporate Governance Reports (Japanese)
<https://www.dnp.co.jp/sustainability/governance/corporate/pdf/governance.pdf>

未来のあたりまえをつくる。

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Disclaimer

The earnings forecasts, medium-term management targets, and other forward-looking statements contained in these materials represent DNP's judgement of the current outlook based on information available at the time of preparation, and involve potential risks and uncertainties. Actual performance may therefore differ materially from these forward-looking statements due to changes in the various assumptions on which they are based.