



Dai Nippon Printing Co., Ltd.

Sustainability Presentation 2024

October 16, 2024

Event Summary

[Company Name]	Dai Nippon Printing Co., Ltd.	
[Company ID]	7912-QCODE	
[Event Language]	JPN	
[Event Type]	Analyst Meeting	
[Event Name]	Sustainability Presentation 2024	
[Fiscal Period]		
[Date]	October 16, 2024	
[Number of Pages]	59	
[Time]	13:00 – 14:35 (Total: 95 minutes, Presentation: 66 minutes, Q&A: 29 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	8	
	Yoshinari Kitajima	President
	Masafumi Kuroyanagi	Senior Managing Director
	Toru Miyake	Managing Director
	Minako Miyama	Managing Director
	Takuya Goto	Corporate Officer
	Mitsue Sako	Corporate Officer
	Hideto Sakata	Corporate Officer
	Naoki Wakabayashi	General Manager, IR and Public Relations Division
[Analyst Names]*	Takaomi Kono	Nomura Securities
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*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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Presentation

Wakabayashi: It is now time to commence the DNP Group "Sustainability Briefing," for institutional investors and analysts. I, Wakabayashi of the Investor Relations and Public Relations Division, will serve as today's moderator. I would like to thank everyone for taking time out of your busy schedule today to participate in our online information session.

Our session will be explained in accordance with the briefing materials. The briefing materials are available on DNP's website in both Japanese and English. The speakers for today's session encompass seven individuals, including Mr. Kitajima, the President, and those in charge of each of the areas listed on this slide.

As for today's proceedings, the seven speakers will give presentations, followed by a question-and-answer session. The session is scheduled to end at 2:30 PM. Thank you for your cooperation.

Now, let us move on to the presentation.

First, Mr. Kitajima, the President, will give an overview of DNP's sustainability activities. President Kitajima, please.

Kitajima: Hello, everyone. I am Kitajima, President of Dai Nippon Printing Co., Ltd. Thank you very much for attending the DNP Group's Sustainability Briefing today.

Concepts and Policies behind DNP's Sustainable Management

DNP

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.

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Please see page three of the document.

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The DNP Group strives to realize a sustainable, better society and more well-being lives under the corporate philosophy of “Connecting individuals and society, and providing new value.” We are focused on solving social issues, creating new value that meets people's expectations, and making that value something "natural" that is always present in people's daily lives.

This aspiration is reflected in our brand statement, “Creating future standards.”

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.**



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Please see page four of the document.

Based on our corporate philosophy, we aim to realize "a better sustainable society and well-being lives" as our approach to sustainable management, and we are developing business activities to create a "better future" on our own initiative.

In order to realize a "better future," to contribute to the realization of a sustainable environment, society, and economy, and for DNP to grow over the long term, we must grasp the impact of diverse and rapid social changes on our operations and transform risks into business opportunities.

We believe that by not only responding flexibly and agilely to various risks and variables, but also by anticipating changes and transforming them into business opportunities, we can enhance both our sustainability as a company and our environmental, social, and economic potential.

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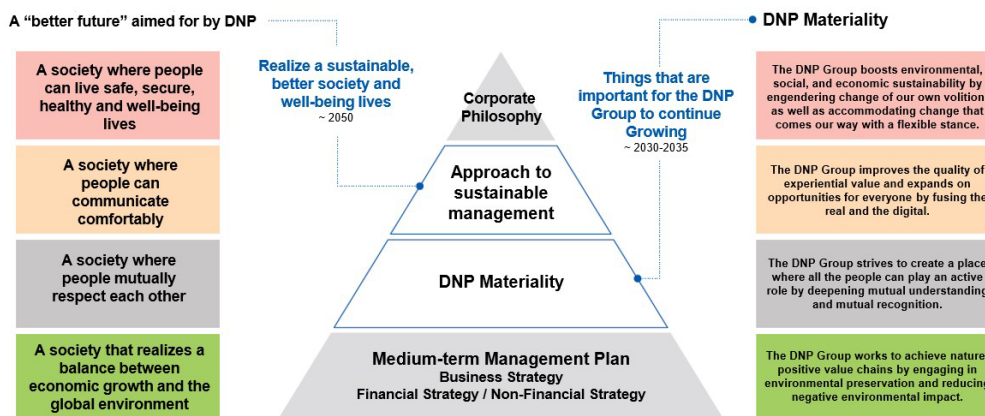
Materiality for the Realization of a “Better Future”

DNP

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



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Please see page five of the document.

In March of this year, DNP identified materiality as important for DNP to continue growing together with society by concretizing what we should do and what kind of value we should create in order to realize the "four societies" that DNP aims to achieve as a "better future."

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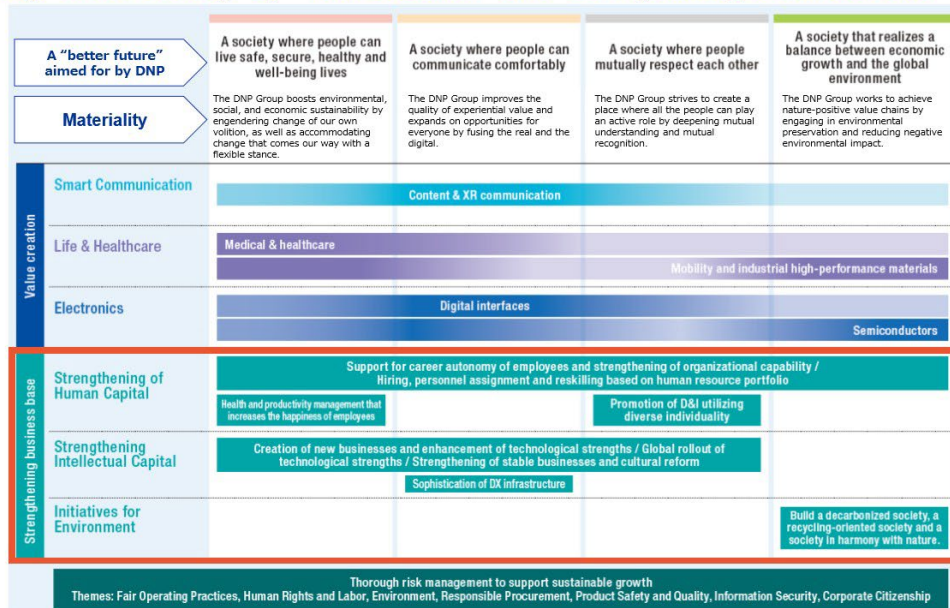
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Realizing “Better Society” by “Value Creation” and “Strengthening Business Base”

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Please see page six of the document.

We are now promoting activities in line with "creating business value" and "strengthening management foundations" as activities based on materiality.

In addition, to minimize the negative impact of our business activities on society and the environment, we are committed to thorough risk management with a focus on the entire supply chain.

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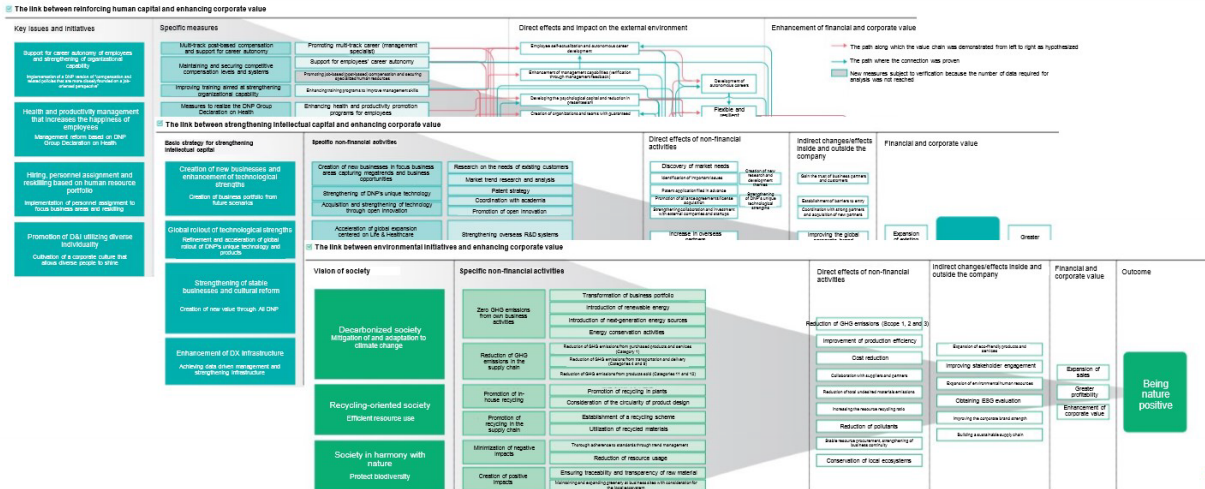
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Story for the Realization of a “Better Future”

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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.



Please see page seven of the document.

DNP is focusing on "strengthening of human capital," "strengthening intellectual capital," and "initiatives for environment" in its non-financial strategies to strengthen its management foundation and has identified key issues in each strategy and is in the process of defining and implementing specific measures for each.

Furthermore, in the Integrated Report issued at the end of August, DNP conducted its own value relevance analysis to analyze and verify whether each measure is linked to the improvement of financial and corporate value, and to communicate this in an easy-to-understand manner as a value creation story, thereby enhancing the effectiveness of each activity.

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Positioning of This Briefing

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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	IR-Day	Sustainability briefings
Performance and financial strategy	Business strategy for medium- to long-term growth	Non-financial strategy forming the basis for growth
[Frequency] 2 times/year	[Frequency] Once/year	[Frequency] Once/year
[Next date] November 13, 2024	[Previous date] July 1, 2024 (first time)	[Held today]

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Please see page eight of the document.

DNP held its first "IR-Day" in July of this year to discuss its business strategy in detail, explaining the "Growth Driving Businesses" and "New Businesses" that have high growth potential and attractiveness in the markets DNP is focusing on.

At today's Sustainability Briefings, we will explain our efforts to strengthen the management foundation, or nonfinancial strategies, that will serve as the foundation for growth. DNP will continue to enhance the content of information disclosure to stakeholders through a variety of presentations and websites to deepen their understanding of our growth strategy. We would appreciate your candid feedback to further enhance our corporate value.

That is all for me, but after this, the directors in charge will explain the initiatives that DNP is currently pursuing.

Thank you very much.

Wakabayashi: Next, Corporate Officer Mr. Sakata , will explain about "Initiatives for Environment."

Corporate Officer Sakata, please.

Sakata: My name is Sakata, Corporate Officer. I would like to explain our "Initiatives for Environment."

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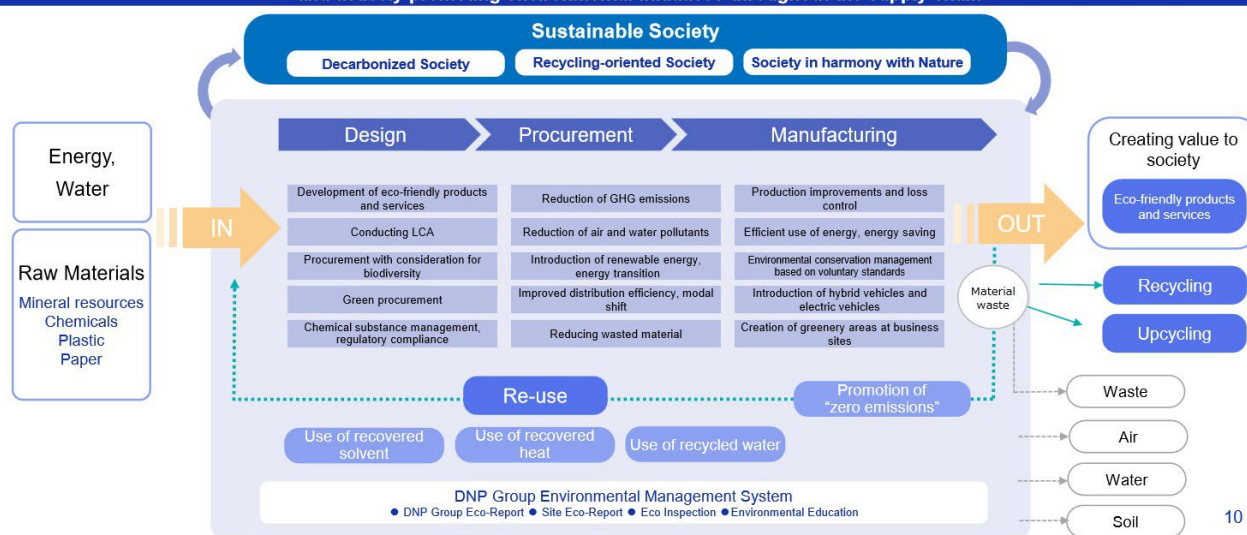
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Business Activities and Environmental Activities

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



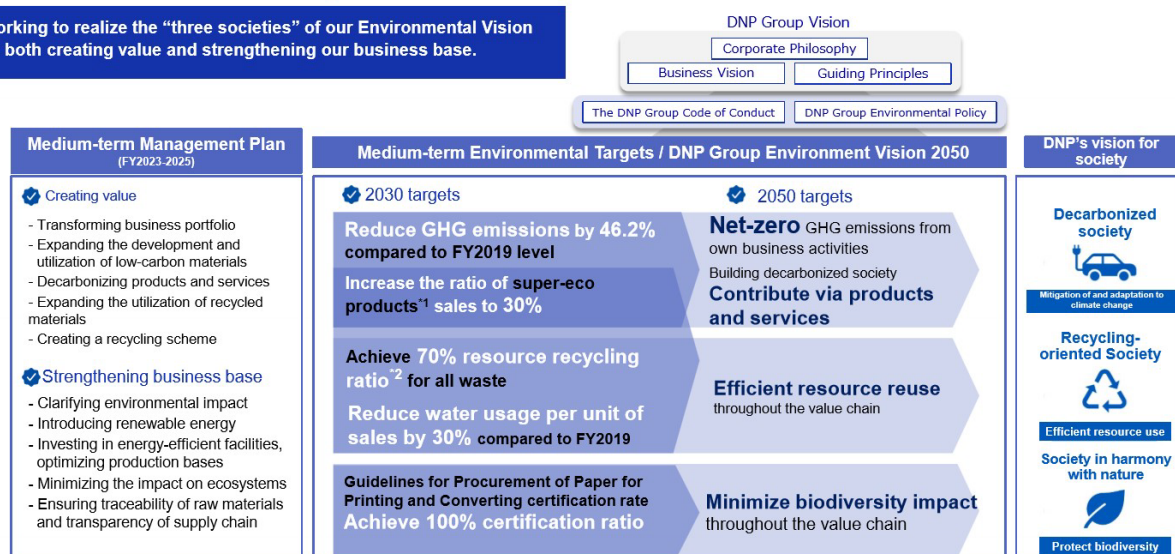
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See page 10. The DNP Group always considers the coexistence of its business activities with the global environment and is promoting activities with a strong awareness of environmental considerations throughout its supply chain.

Initiatives for Realizing the DNP Group Environmental Vision 2050

DNP

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



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.

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See page 11. In March 2020, we formulated the DNP Group Environmental Vision 2050.

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In order to realize a "decarbonized society," a "recycling-oriented society," and a "society in harmony with nature," we have also set "mid-term targets" that define the level to be reached by 2030 as our mid-term goal by 2050, and we are making concrete efforts to "create value" and "strengthening business base" to support these goals.

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.

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See page 12.

At present, we are progressing beyond our plan in all of our stated "mid-term goals," and in April of this year, we raised these mid-term goals to more challenging targets.

In addition, as a means of strengthening our "financing structure" to realize our vision, we are the first in the printing industry to establish a "Sustainability Linked Finance" framework, which we announced today.

As indicators, we have set "reduction of GHG emissions" and "Increasing the resource recycling ratio" the importance and ambition of which have been evaluated by third-party organizations.

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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	Scenario	Impact on financial affairs, etc. of DNP	Risk	Time Period	Level of Impact	Level of Risk
Physical risks	Sea level rise	Subsidence of operations in the event of a disaster	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Extreme weather events	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Water scarcity	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Supply chain risk	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
Transition risks	Carbon price	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Renewable energy	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Energy efficiency	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Energy storage	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
Policy risks	Carbon price	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Renewable energy	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Energy efficiency	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Energy storage	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High

Environmental opportunities

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

Type	Scenario	Impact on financial affairs, etc. of DNP	Opportunities	Time Period	Level of Impact	Level of Opportunity
Physical risks	Sea level rise	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Extreme weather events	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
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	Energy efficiency	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High
	Energy storage	Increased revenue due to delayed and suspended manufacturing	Increased revenue due to delayed and suspended manufacturing	Short-term	Medium	High

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

See page 13.

In line with the international disclosure frameworks of TCFD and TNFD, the DNP Group identifies medium- and long-term risks and opportunities and assesses their qualitative and quantitative financial impacts and is expanding its environmental initiatives and reflecting them in its business strategies.

Today, we would like to introduce specific initiatives to realize the three societal goals set forth in our Environmental Vision.

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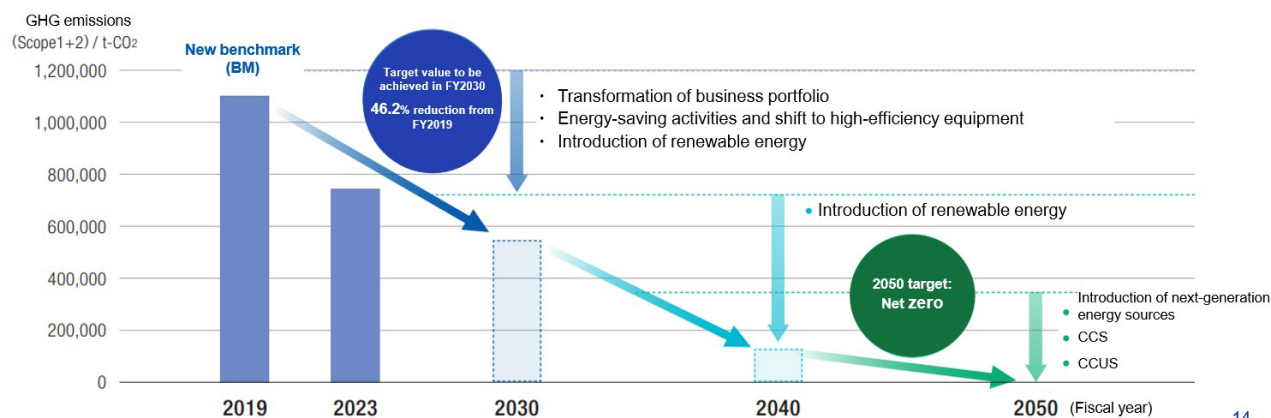


Realizing a Decarbonized Society: Reduction of GHG Emissions

DNP

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



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See page 14.

With respect to the realization of a "decarbonized society," we are promoting "upgrading to high-efficiency equipment" and "introduction of renewable energy" while strengthening our existing "energy-saving activities" using "GHG emissions in business activities" as an indicator.

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✓ 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.

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See page 15.

This is the actual introduction of renewable energy.

While taking economic rationality into consideration, we are installing solar panels at our manufacturing sites nationwide. In addition, at sites where installation space is limited, we are promoting the use of off-site PPAs that supply power from external solar panels to expand renewable energy sources.

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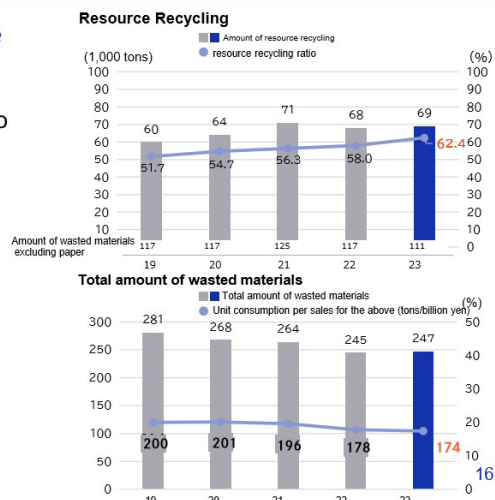
Conducting activities with the resource recycling ratio as an indicator, with the aim of achieving a recycling-oriented society
Updated to more challenging targets from April 2024

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

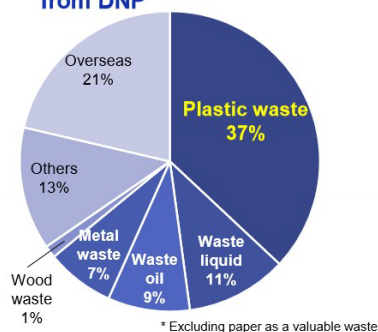
*Amount of wasted materials excluding paper: Amount of wasted materials excluding paper as valuable waste and the amount of sludge subject to on-site intermediate processing



See page 16. To realize a "recycling-oriented society," we use the resource recycling ratio as an indicator, and are mainly engaged in "recycling of undesired materials generated in the course of our business activities."

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

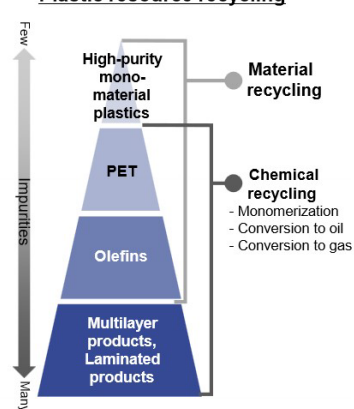
Composition of waste from DNP



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



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See page 17. The pie chart shows the composition of "in-house undesired materials," with recycling efforts centered on "plastic waste," which has the highest composition ratio.

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Specifically, to make recycling easier, we are working on "using a single material for our products" and expanding recycling by "subdividing undesired materials."

Realizing a Society in Harmony with Nature: Sustainable Raw Material Procurement

DNP

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

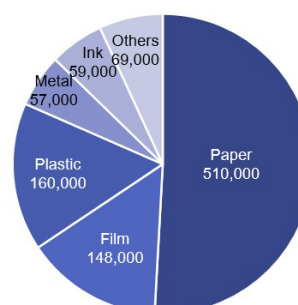
*** ISCC PLUS certification**

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)



See page 18.

In order to realize a "society in harmony with nature," we are focusing our procurement efforts on "raw materials," which have a large impact on biodiversity.

As shown in the pie chart on the right, we have established "DNP Group Guidelines for Procurement of Printing and Converting" and are promoting "use of sustainable forest resources such as thinned wood and certified forest paper" and "ensuring traceability of raw materials in cooperation with suppliers" to achieve zero deforestation for paper, which is the largest input material.

For films and resins, we are also promoting the use of biomass materials and recycled materials.

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

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

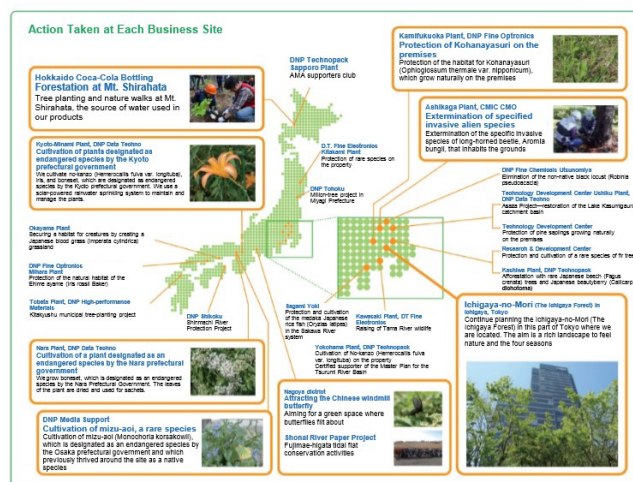
- In October 2023, it was certified as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment as part of its efforts to achieve the 30 by 30^{*1} target.
- Registered as OECM^{*2} in an international database in August 2024.

^{*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.



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See page 19.

At each of its business sites, DNP engages in community-based activities such as the conservation of endangered species and the creation of green spaces in consideration of the local ecosystem.

In the Ichigaya district of Shinjuku-ku, Tokyo, where our head office is located, the Ichigaya Forest (Ichigaya no mori), which we are fostering as part of our "New Urban Forestation" initiative, was certified as a "harmony with nature Site" in October 2023, an initiative of the Ministry of the Environment.

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Reduction of Environmental Impact of Products and Services

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

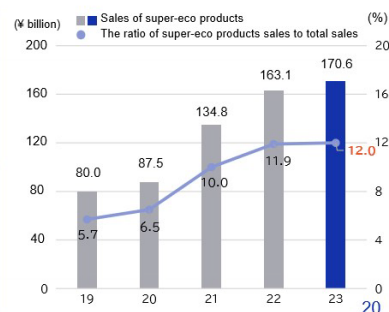
Promoting the reduction of environmental impact throughout the life cycle of products and services

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.



See page 20.

DNP is actively working to reduce the environmental impact of the products and services we provide and has established "Guidelines for developing eco-friendly products and Services" to ensure that our products and services are eco-friendly from the development stage.

Among these products, those that are particularly effective in reducing environmental impact are identified as "Super Eco Products" and are being developed with the aim of expanding their sales as a percentage of DNP's total sales.

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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.

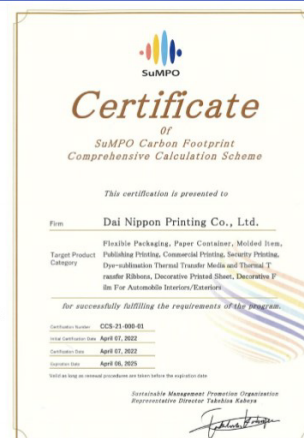
* SuMPO

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



21

See page 21.

DNP is also working to quantify the reduction of environmental impact from its products and services.

We have obtained third-party certification for our carbon footprint calculation mechanism, and based on reliable data, we are striving to reduce CO₂ emissions on a product-by-product basis.

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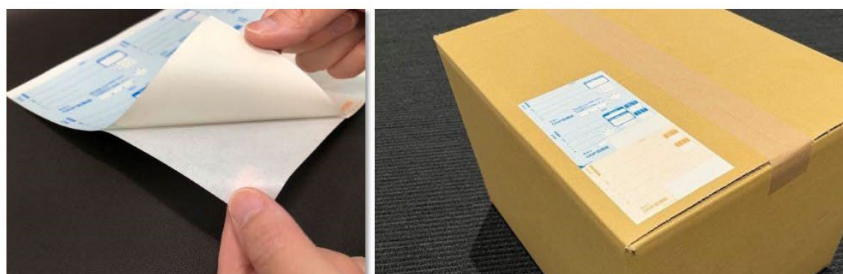
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✔ Product characteristics

- 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.



22

See page 22.

This is one of the examples of our efforts to quantify and reduce environmental impact on a product-by-product basis. This is a "shipping label slip" that reduces CO₂ emissions during manufacturing.

Although the reduction per piece is small, given the future increase in the number of parcel deliveries handled, the environmental impact is significant and was commended by an outside* organization.

*The 7th EcoPro Awards sponsored by the Sustainable Management Promotion Organization (SuMPO).

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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

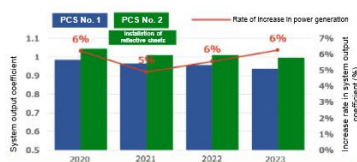
- This product is used by laying it on the ground surface of power plants where solar cell modules that generate electricity by receiving light on both sides are installed. It has the effect of increasing the amount of light that enters the back of the module and improves the amount of electricity generated.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



Increase in power generation on the back side



Solar power generation: Approx. 6% increase

* 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.



23

See page 23.

DNP is also committed to developing products that contribute to the diffusion and development of renewable energy sources in order to realize a "decarbonized society."

For example, this product (DNP reflective sheets for solar power plants), when laid on the ground of double-sided solar cells, has the effect of increasing the amount of light incident on the backside of the solar cells, thereby increasing power generation.

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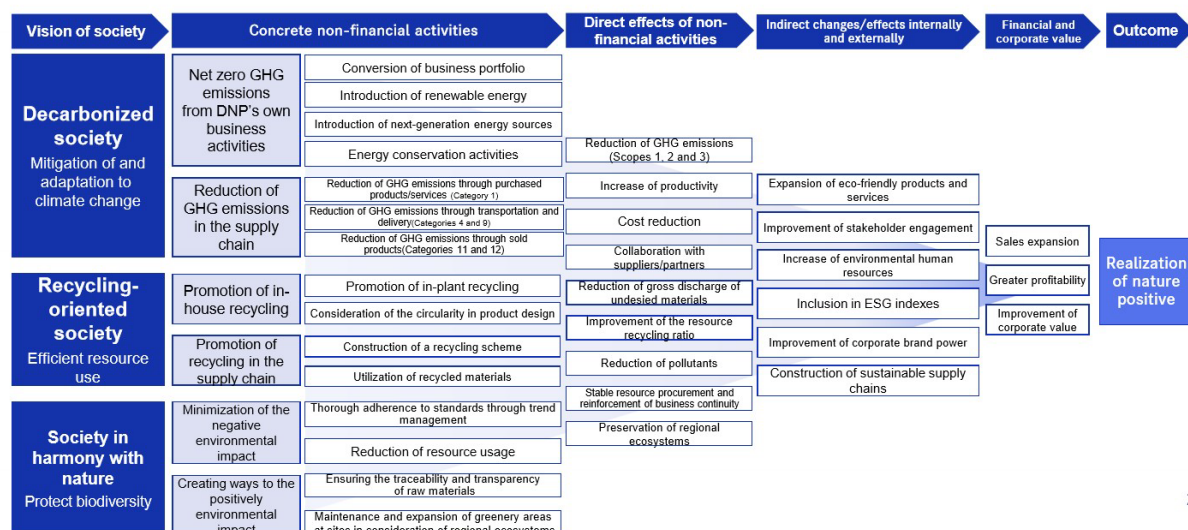
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Promotion of Environmental Activities in Line with the Value Creation Story

DNP

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



24

See page 24.

As I have mentioned, the DNP Group has set forth three social visions that we would like to achieve, and we are in the process of establishing and implementing specific measures to achieve them.

Furthermore, we intend to further improve the effectiveness of these measures by analyzing and verifying whether they are linked to the realization of Nature Positive and the improvement of financial and corporate value.

By increasing effectiveness, we will contribute to the realization of Nature Positive, which we hold up as a "better future."

Wakabayashi: Next, Managing Director Mrs. Miyama and Corporate Officer Mr. Goto will explain Human Capital Initiatives.

Managing Director Miyama, Corporate Officer Goto, please.

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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.



Material issues / Initiatives	Specific measures	Direct effects and impact on the external environment	Enhancement of financial and corporate value	
Support for career autonomy of employees and strengthening of organizational capability <small>Improvement level of D&I practices</small> <small>* Compensation and reward policies that are more closely linked to a job-oriented perspective</small>	Multi-track job-based compensation and support for career autonomy Maintaining and securing competitive compensation levels and systems Improving training aimed at strengthening organizational capability Measures to realize the D&I Group Declaration on Health	Promoting multi-track career management specialized support for employees' career autonomy Promoting job-based (post-based) compensation and performance-based (post-based) compensation Extending training programs to improve management skills Expanding health and productivity promotion programs for employees Management transformation and strengthening of team capabilities of the D&I teams (in a management-oriented manner)	Employees self-educational and autonomous career development Enhancement of organizational capabilities achieved through management abilities Development of a pipeline of management personnel Overcoming the psychological capital and education to management Creation of organizations and teams with improved management safety Enhancement of D&I initiatives Improvement of employee engagement across teams Improvement in corporate profitability	Verified value chain from job to right to happiness Strengthened connections New initiatives more closely verification that is verified in the verification chain
Health and productivity management that increases the happiness of employees <small>Management efforts based on D&I Office Declaration on Health</small>	Promotion of the D&I Value Proposition (D&I) system Measures to improve organizational engagement	Development of management research to strengthen of organizational and team skills Strengthening hiring and training of employees Expansion of D&I training program Definition and evaluation of the skill level of personnel (D&I personnel) and those promoting D&I Facilitating job transfers after reskilling training	Enhancement of D&I initiatives Improvement in corporate profitability Expansion of existing business Creation of new business Enhancement of human creativity	Creation of new business Enhancement of human creativity
Hiring, personnel assignment and reskilling based on human resource portfolio <small>Implementation of personnel assignment to basic business units and building</small>	Strengthening of hiring and support training based on human resource portfolio Visualization and raising of skill level of D&I personnel Reskilling from areas business for reforming to focus areas	Strengthening hiring and training of employees Expansion of D&I training program Definition and evaluation of the skill level of personnel (D&I personnel) and those promoting D&I Facilitating job transfers after reskilling training	Increase in number of basic D&I personnel Increase in number of personnel promoting D&I PARO diagnosis and categorization No change in the number of personnel promoting D&I Active participation of diverse employees Creation of a comfortable work environment	Creation of new business Enhancement of human creativity Growing sales
Promotion of D&I utilizing diverse diversity <small>Cultivation of culture enabling active participation by diverse personnel</small>	Promotion of active participation for women enhancing diversity in decision-making Encouragement of active employees to take initiative (Active support for work-life balance) Implementation of awareness-based training for all employees (Promoting a comprehensive skill level and talent culture) Cultivation of awareness of D&I and sense of ownership Promotion of D&I measures	Increasing number of female managers Improving male managers leave uptake rate Increasing number of participants in comprehensive skill training Promotion of D&I measures	Active participation of diverse employees Creation of a comfortable work environment	Growing sales

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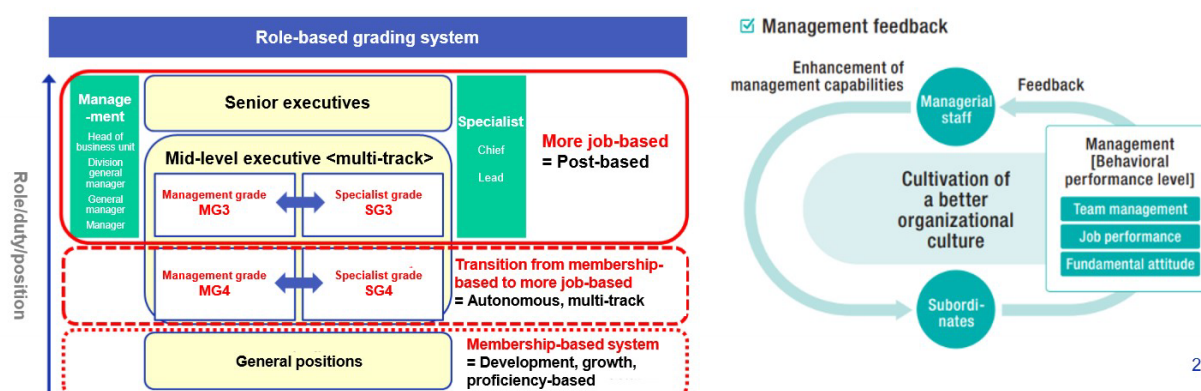
For example, this analysis found that increased use of initiatives and programs that support career autonomy increases engagement and productivity. The DNP Group will continue to actively invest in people, and we will verify the relationship between each measure to strengthen human capital, human creativity, and corporate

value to further improve the effectiveness of our measures. We will then realize a positive feedbackloop of investment in people and further strengthen our human capital, which is our greatest strength.

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



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As explained in the previous section on value relevance analysis, a strong correlation has been found between each system supporting career autonomy and increases in engagement and productivity, and the DNP Group, based on its "Human Capital Policy," is working to enhance initiatives and systems to encourage each employee's autonomous career development and challenges.

As one of the foundations of these career autonomy support measures, we are developing DNP's version of "treatment and related measures that are also more job-oriented," a unique hybrid career autonomy system that leverages the merits of both membership-type and job-type employment.

As shown in the figure on the left, the new hires and other inexperienced employees are trained, grow, and become proficient in a membership-based system, while mid-level executives can autonomously choose a management or specialist course of their ownwill. In the higher grades, the job-based stage is positioned as a post-type of treatment and grading stage that emphasizes duties and positions, such as managers and specialists.

DNP's unique, multilayered role grading system is the foundation of the career autonomy system, which allows each employee to choose what career path he or she wants to pursue, whether aiming for a managerial or specialist position.

In addition to this role-grading system, for example, for managers, we implement management feedback from subordinates. By regularly visualizing the state of managers' management skills through feedback from their subordinates, this will lead to awareness centered on the discovery of issues by the managers themselves, which will lead to improved management skills and a better organizational climate.

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This system will also help to spread the DNP Group's vision of what we are looking for in managers to all employees, including non-managers, which we believe will lead to the autonomous career development, self-development, and skill development of each individual.

In addition to these career autonomy support measures, we are focusing on "health and productivity management" to enhance employee happiness as a foundation for providing value to society.

Promotion of Health and Productivity Management

DNP

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



28

In 2021, the DNP Group declared the "DNP Group Health Declaration" and is working on our own health management measures that aim to improve corporate value not only by maintaining and improving physical and mental health, but also by fostering "psychological capital" in each individual and building "psychological safety" in organizations and teams.

In addition, this fiscal year we defined our own "DNP Well-Being" as a state that all DNP Group employees should aim for in common, to create a vibrant workplace culture that is the foundation for value creation and to strengthen organizational and team capabilities.

Based on academic research by Professor Takashi Maeno of Keio University, a leading expert in happiness studies, "DNP Well-Being" is defined as a state in which, in addition to "physical and mental health" and a "safe and comfortable work environment," "happiness," which is a state of satisfaction with a sense of challenge and trust, is satisfied, and these three elements, including "happiness," are satisfied, and both individuals and It is defined as a state in which both the individual and the organization are in good condition.

In addition to continuing our traditional activities to enhance health and safety, we will further stimulate our efforts to build a positive mindset that leads to the happiness of each employee, a positive mindset that wants to take on more challenges, and the team trust that supports this.

To expand this "DNP Well-Being" concept to the entire DNP Group, this year we started the "DNP Well-Being Award" in the three categories of "Challenge and Trust," "Health," and "Safety," and received many

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applications (168 in total) in each category. The screening process is conducted by DNP Group employees who wish to participate, and we have received over 1,000 applications in total, with many employees showing interest in the program.

As a result of the screening, the President's Commendation is presented to outstanding initiatives at the "DNP Group Awards Ceremony" as well as awards based on business performance, and good practices are shared throughout the Company.

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



29

Next, I will explain our "Global HR and Labour Strategy."

DNP has a diverse business portfolio with operations in 34 cities around the world. In the last fiscal year, the ratio of overseas sales to total sales was 23.6% and the ratio of overseas employees was approximately 10%, and the scale of business is steadily increasing every year.

In the past, local subsidiaries and business divisions in each country and region handled and developed their own human resource policies, and know-how and information were dispersed. To change this situation and support the development of overseas business operations that will drive the Group's growth, a dedicated department has been established in the Personnel & Employee Relation Division so that the Human Resources function at headquarters can consolidate know-how and information from each country and region and provide stronger support for the achievement of business plans.

In our medium-term management plan for the three years from FY2023, we are focusing on three major strategic pillars: visualization and management of talent, development of human resource management infrastructure, and enhancement of risk management capabilities and systems.

Through these activities, we will continue to contribute to the achievement of our business strategy goals and improve human creativity on a global basis.

That is all from me.

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Miyama: I am Miyama, the managing director in charge of the Diversity & Inclusion Promotion Department and the Recruiting and training Department. From the D&I promotion to make the most of diverse individuals, I will explain the promotion of women's activities to increase diversity in decision making.

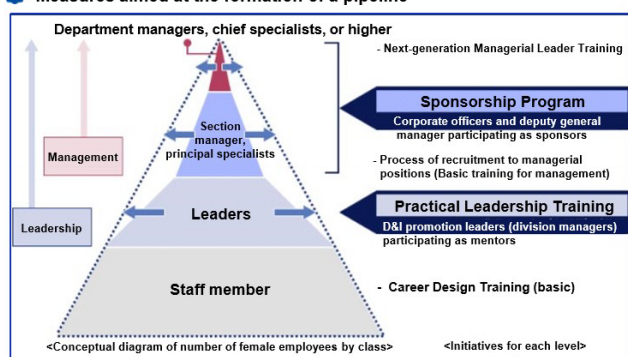
Promotion of D&I Utilizing Diverse Individuality

DNP

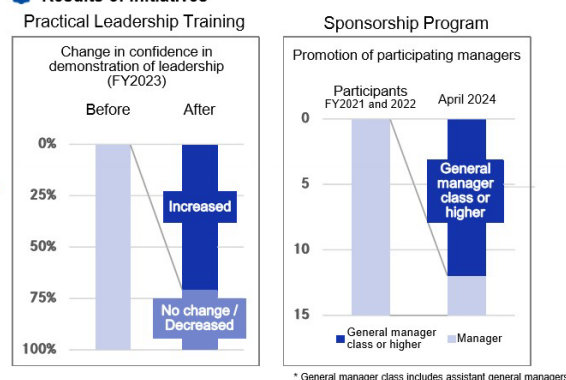
Cultivation of a corporate culture that allows diverse people to shine

- ✓ 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



About development: (1) Providing opportunities for experience through work, (2) Sponsorship program, (3) Rotation between different departments 30

Please see page 30 of the document.

The figure on the left shows measures taken to develop human resources and create a pipeline for female employees.

All female employees of the DNP Group who have reached the leadership level are expanding their own potential through this practical leadership training. Nearly 1,000 people have already taken the course, with approximately 140 taking it this year. After the program, 70% of the participants responded in a survey that their confidence in their leadership skills had increased, leading them to be motivated to pursue management positions.

In addition, we have a "sponsorship program," which is a three-party effort involving female employees in managerial positions at the section manager and department manager levels, deputy division heads and above from other divisions, and executives from the divisions to which the employee belong. After the past three implementations, nearly 80% have been promoted.

What is unique about our company is that in each of these initiatives, not only female but also male executives and general managers accompany the employee for more than six months while confronting their ideas and workplace issues, thereby fostering a culture in which diverse human resources can play an active role in each department.

Through these systematic efforts, we are working to increase the diversity of our decision-making ranks and chart a course to achieve a 30% ratio of female board members in FY2030.

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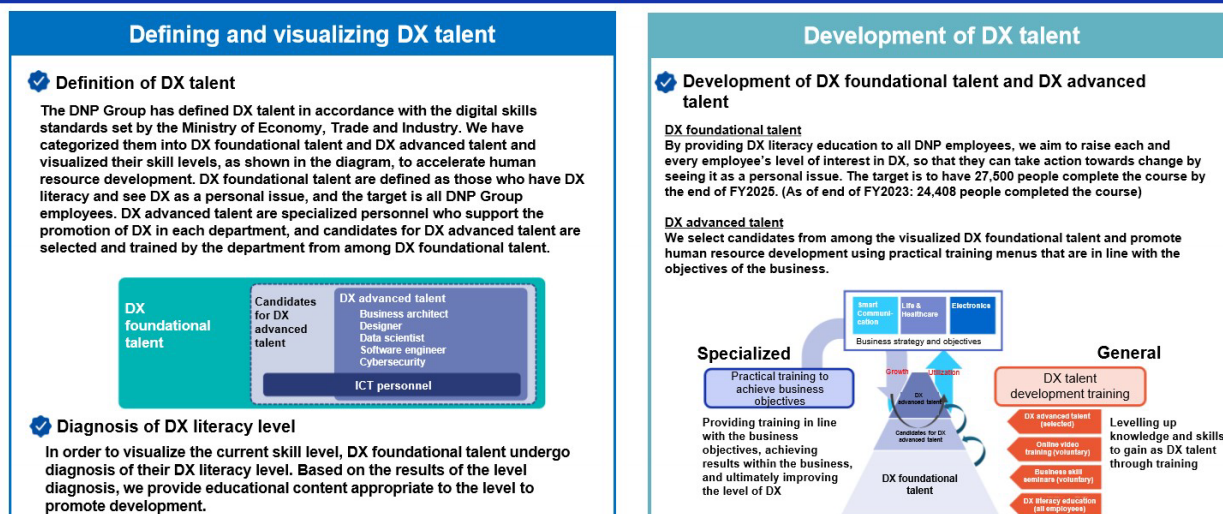
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Definition and Visualization of the Skill Level of DX Foundational Talent and DX Advanced Talent

DNP

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



31

Next, I will explain how to improve the skill level of DX personnel.

To develop human resources who can realize "value creation through P&I innovation," we have defined DX talent as the DNP Group and are promoting human resource development according to their level.

As shown in the figure on the left, the DNP Group defines DX talents in accordance with the digital skill standards set by the Ministry of Economy, Trade and Industry. The "DX Basic talent " are all employees of the DNP Group. DX Promotional talent are selected from "DX Basic talent " and trained.

To visualize the current skill level, approximately 20,000 people across the DNP Group had undergone a DX literacy level assessment by the end of last fiscal year.

The pyramid structure on the right shows DX human resource development. Based on the results of the level assessment mentioned earlier, we are working to raise the level of DX literacy education using e-learning and in-house training programs suited to each individual's level.

One of the main indicators in the midium-term management plan, "DX Literacy Standard Basic Education," is to have 27,500 employees complete the program by the end of FY2025, and 24,408 employees have completed the program by the end of FY2023.

Next, regarding the development of "DX promotion talent," we select and train employees above a certain level as "DX promotion talent" candidates from among the "DX basic talent" that we have visualized. We are working to improve skill levels by establishing a new practical training menu in line with the objectives of the project and by using a level-based training menu.

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

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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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Finally, I would like to explain the main indicators and their progress toward "strengthening human capital," as outlined in our medium-term management plan for FY2023 through FY2025.

The DVO (DNP Value Objectives) system, which has been introduced to strengthen team capabilities and further promote management innovation, is expected to reach 65% by the end of FY2024, a 20% increase compared to FY2022.

As for the Engagement Survey score, it grew by 4.5% in FY2024, compared to the targeted score at the end of FY2025.

Although we are still some ways from achieving our goals in both areas, we have seen significant growth in the Engagement Survey for indicators related to individual challenge and organizational psychological safety.

We have also found a correlation that engagement is higher in organizations that are engaged in the DVO system, and we are confident that DNP is making progress in strengthening its teams and changing its management.

Regarding the ratio of female managers, DNP has been focusing on the formation of a pipeline to continuously increase the ratio of women in decision-making positions by fostering women not only in managerial positions but also in young and mid-level positions and is making steady progress toward achieving its goal.

With regard to the rate of male employees taking childcare leave, we declared our "100% Male Maternity Leave Declaration" in FY2020, and have been promoting support and utilization of the system. As a result, the acquisition rate exceeded 98% at the end of FY2023, and the target is well within reach.

These are the DNP Group's efforts to "strengthen human capital."

Thank you very much.

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Wakabayashi: Next, Corporate Officer Ms. Sako, , will explain about "advancement of DX infrastructure."

Corporate Officer Sako, please.

Sako: I am Sako, Corporate Officer. I will explain about "advancement of DX infrastructure."

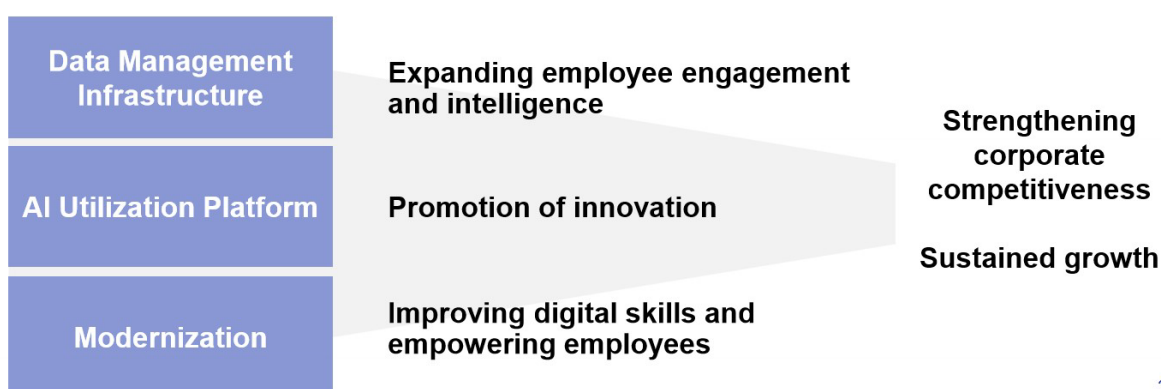
DX Infrastructure for Achieving Sustainability Management

DNP

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



34

See page 34.

Digital transformation (DX) is an important tool for sustainability management, and the DX infrastructure of ICT infrastructure is essential for that DX. By continuously upgrading this DX infrastructure, we accompany DX and maximize results.

The DX infrastructure has three components. The first is "data management infrastructure," the second is "AI utilization platform," and the last is "system modernization." These key initiatives will increase employee engagement and intelligence, strengthen the ability to leverage digital, and foster innovation.

We will explain these three initiatives.

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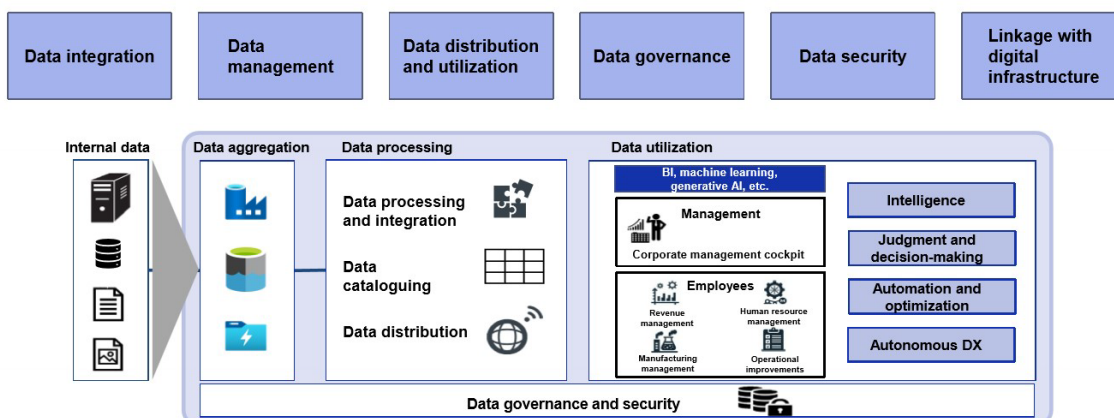
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Overview

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



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See page 35.

First is the Data Management Infrastructure.

We are continuously upgrading and upgrading six functions: data integration, data management, data utilization, data governance, data security, and collaboration among digital infrastructures.

The foundation will ensure data quality and reliability, maintain a safe and secure environment for data utilization, share information across the entire company, promote democratization of data so that anyone can obtain and utilize data, and draw out data-based decision-making and useful insights.

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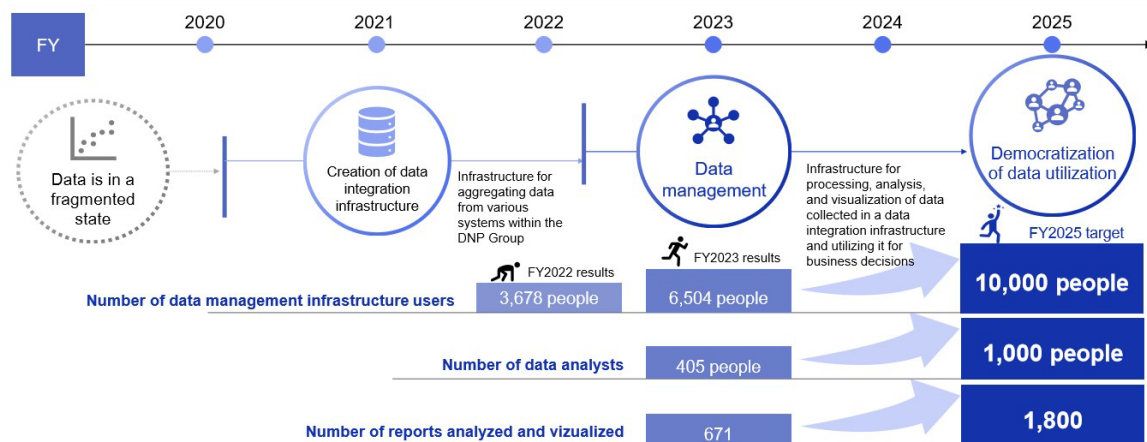
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DX Infrastructure 1. Data Management Infrastructure

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The history of continuous advancement of the data utilization infrastructure



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See page 36.

Here is a history of the "Data Utilization Infrastructure."

Until 2020, data were fragmented and siloed. Data visualization and analysis had been made available to employees in 2022, and data utilization has begun.

As of the end of FY2023, there were 6,504 users of the infrastructure, 405 data analysts, and 671 total reports visualized and analyzed.

By the end of FY2025, we will promote the number of users to 10,000; the number of analysts to 1,000 or 10%; and the number of reports to 1,800, setting these as KPIs.

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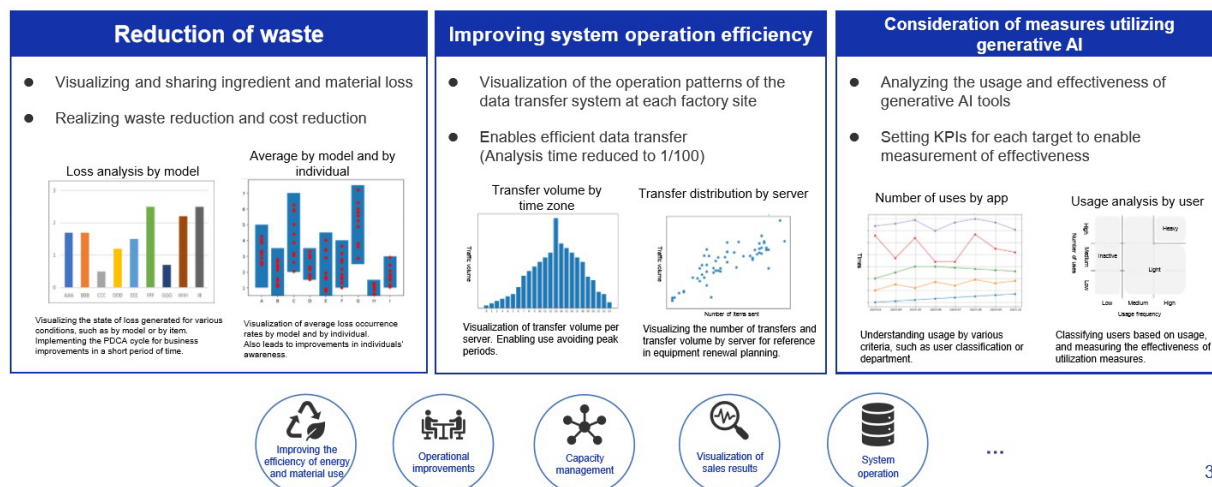
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DX Infrastructure 1. Data Management Infrastructure

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



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See page 37.

In just over a year and a half since its inception, the use of data has expanded and become more widespread.

This success is due to the fact that the authority has been delegated to the user departments within the Company, and the users themselves, as well as the business units themselves, are able to utilize the data on their own.

We would like to introduce three examples of its use.

The first is a case study of a manufacturing division that reduced waste and costs.

Visualize and monitor material and material losses to identify good practices and gain valuable insights. This is an example of the ongoing horizontal development of this process. We have also achieved the effect of raising awareness of both the environment and reducing costs.

The second is an example of improving the efficiency of operational process operations in a factory or engineering department.

The analysis of the huge and siloed logs of the data transmission system between factory locations has been migrated to the foundation. The time previously spent on analysis has been reduced to approximately one-hundredth. The time and effort previously spent on analysis has been freed up, and the analysis can now be performed immediately and from a variety of angles. This is an example of how this has provided useful insights into transfer efficiency and future maintenance planning.

This is the last case study. Here is an example of analyzing data to determine effective measures to further improve the use of generative AI and its effectiveness.

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We analyzed log data on usage of the generated AI applications over several months, as well as the results of the survey. For each user attribute, such as job type, organization, and frequency of use, we analyzed the operations and tasks that utilize AI and their operational efficiency effects, respectively.

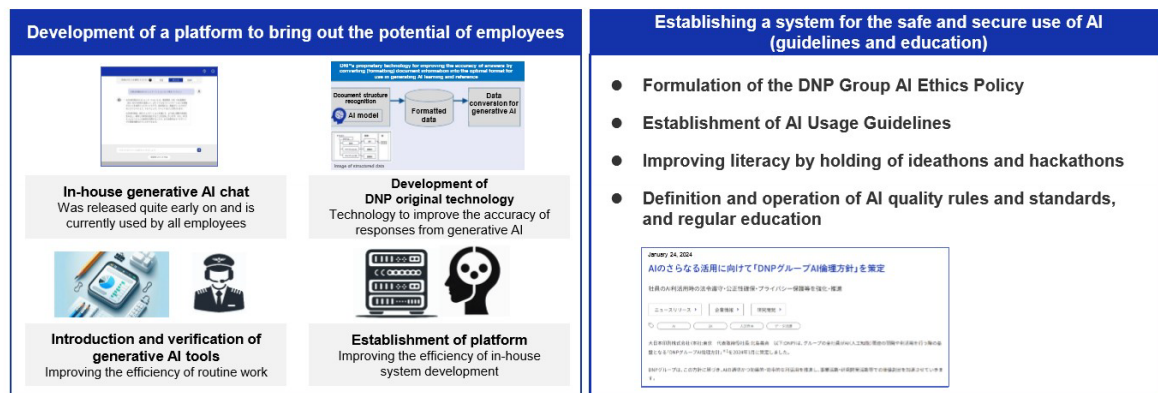
In addition, the transition after the study sessions and use case sharing meetings, et cetera, provide useful insights through them and lead to the consideration of measures.

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.



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

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See page 38.

Next, I will explain the second "AI utilization initiative."

The DNP Group has been an early user of AI technology, such as AI OCR, but rapid advances in generative AI technology have greatly expanded the possibilities.

In May 2023, a secure environment for the use of generative AI was established for 30,000 employees, and company-wide efforts to utilize generative AI have begun in earnest. By applying technology developed at DNP to mold diverse documents into a data format suitable for learning by generative AI, we are improving the accuracy of responses.

In addition, both business and internal use will always require ethical and trustworthy use of generated AI. DNP will formulate an "AI Ethics Policy" and "AI Usage Guidelines" at an early stage, conduct ongoing education including idea-thons and practical workshops, define AI quality rules and standards, establish a mechanism to ensure governance and reliability, and develop a platform to realize new value creation.

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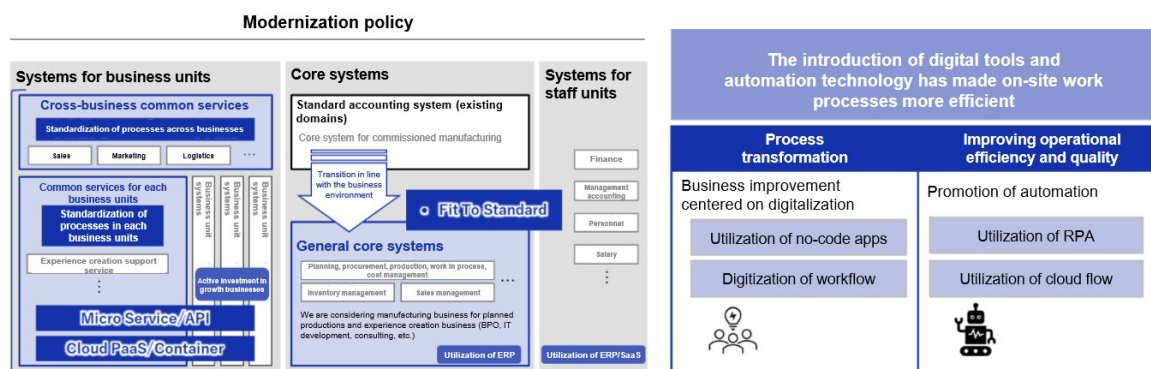
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System modernization and making DX autonomous

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.



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See page 39.

Finally, we will discuss "system modernization."

Our company-wide horizontal efforts are to actively utilize ERP SaaS services for the core system, to standardize company-wide business processes with Fit to Standard, and to achieve business transformation.

On the other hand, for business-related systems, noncompetitive areas will be standardized across the entire company, and for competitive areas, the system architecture will be reformed to strengthen the ability to respond to and prepare for change.

On the other hand, there are also many improvement issues and reform initiatives in each of the current business units.

As a means of autonomously resolving those issues in the current business units, we have introduced no-code and low-code tools, known as citizen development, which allow program development without IT expertise, and are deployed to ensure security and governance, and to promote automation and other processes in a secure environment.

Through these efforts, we will work on "advancement of DX infrastructure" as the power for each employee to utilize digital technology, draw out their respective potentials, and practice self-driving and co-creation.

Thank you very much.

Wakabayashi: Next, Managing Director Mr. Miyake will explain "Supply Chain Initiatives."

Managing Director Miyake, please.

Miyake: My name is Miyake, Managing Director. Today, I would like to explain our "Supply Chain Initiatives."

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Transitions of supply chains and solutions thereto

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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 normally: 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	Stage 2: Post-COVID	CSR in supply chains is a prerequisite for sustainability ➔ Clean (human rights, conflict minerals) & Green (environment)
2022	Stage 3: Super-weak yen	Era of all prices going up: ➔ New hedging initiatives have launched through procurement innovation
2023	Stage 4: Upcoming	Creating value through the supply chain: Creating a value chain ➔ DX x information sharing: Entering an era of creating new value
2024		
2025-		

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What you see here is a description of the events of the last five years and the issues related to the supply chain.

After all, the time has come since coronavirus in 2020 when materials are not available and BCPs are important. Then, as now, we live in an era of rising prices for everything, CSR, human rights, and most recently, environmental responsiveness.

I would like to talk about how to create value in the supply chain in the future.

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Consideration about supply chains

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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.

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Page 42.

First, let me explain our policy on the supply chain.

We are basically a BtoB company. Therefore, relationships of trust with customers are extremely important. We aim to build a relationship of trust by including people such as members of the supply chain, raw material manufacturers, and suppliers, working together as a partner.

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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

43

Page 43 is the Table of Contents. The first half of the presentation will focus on BCP and other risk responses, while the second half will explain how to create value in 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.

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See page 44, please. This is BCP.

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As I said earlier, trust is important. In other words, by not stopping production, we aim to have our customers believe DNP is capable of stable production and there are no supply problems.

The key to achieving it is to strengthen the supply chain. The purpose of this project is to visualize and duplicate the supply chain, as well as risk assessment. We are moving forward with efforts to address high-risk areas in advance.

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

● 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.

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As for CSR initiatives, we in the Purchasing Division have been working on them since 2006.

In this context, we have expanded our CSR Procurement Guidelines and renamed them the "Sustainable Procurement Guidelines."

The following pages will explain in detail.

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2. From CSR to Sustainability

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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

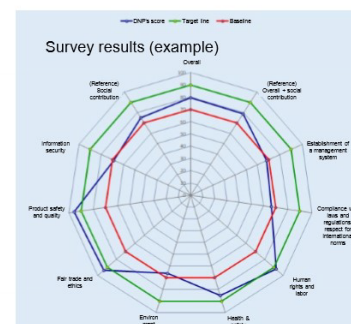
- Establishing a Management System (Items being required)
 - A. Establishing a Management System **Partial revision**
 - B. Supplier Management **Partial revision**
 - C. Supply Chain Risk Management New**
 - D. Ensuring Business Continuity New**
 - E. Establishing a Grievance Mechanism **Partial revision**
 - 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%



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As you can see on the left side with the red line, we have a new category C, "Supply Chain Risk Management." Thus, we have changed the guidelines this time to look at risks not only for suppliers but for the entire supply chain.

As you can see in the lower right-hand corner, the evaluation is based on the radar chart with green as the target, red as the at minimum, and blue as the current status. We intend to investigate it, including new guidelines in the future.

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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

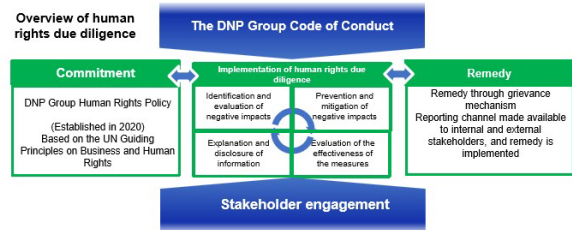
DNP formulated the “DNP Group Human Rights Policy” in March 2020 to realize a society that respects human rights. We are promoting **human rights due diligence based on the UN Guiding Principles on Business and Human Rights***. We recognize that our business activities affect the human rights of all 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.

* 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.

Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework (A/HRC/17/31) | United Nations Information Centre, Tokyo (unic.or.jp)

Overview of human rights due diligence



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

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Page 47.

Here we will explain the human rights response and human rights due diligence.

In March 2020, the DNP Group formulated its Human Rights Policy. This policy is to protect human rights not only for our employees but also for all suppliers in our supply chain.

Specifically, as you can see on the lower right, we have been conducting the "Survey of Suppliers on Human Rights Issues and Conflict Minerals Issues" in 2022 and 2023. No problematic suppliers have been found so far.

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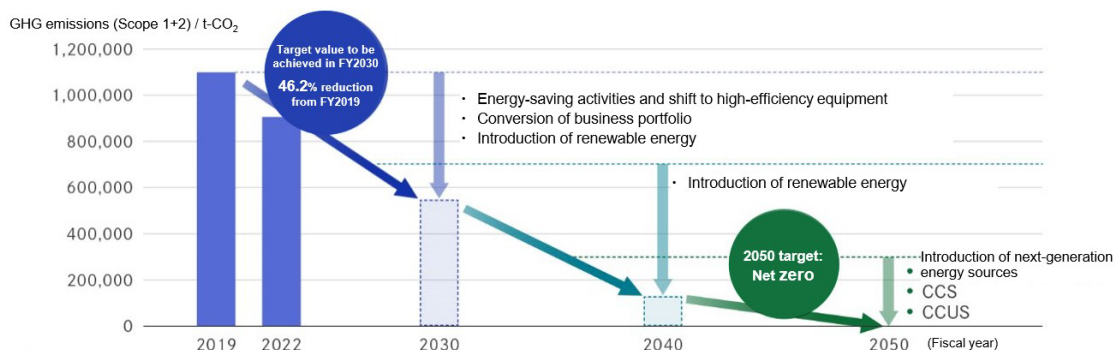
4. Environmental Solutions (GHG Emissions)

DNP

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.



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Next, I will explain our "Environmental Initiatives. As I explained earlier in the environment section, this one is to accelerate environmental solution by changing the target to 1.5°C.

4. Environmental Solutions (GHG Emissions)

DNP

Current GHG emissions and solutions

Supply chain emissions

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

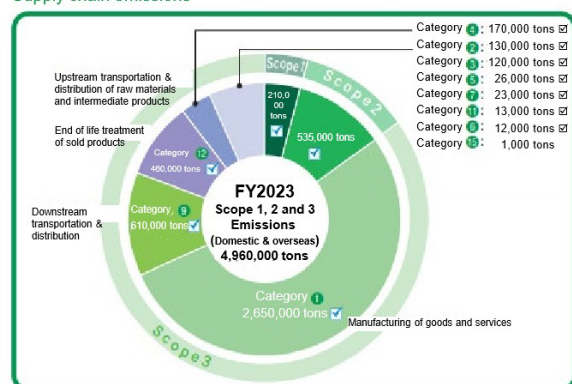
At DNP, emissions in the **raw material procurement phase (Scope 3, Category 1)** are **approx. 50%** of the emissions from the entire supply chain.

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



*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 \(env.go.jp\)](https://www.sbt.io/sbt_all_20240301.pdf)

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See page 49. The figure on the right shows emissions for the entire supply chain, including not only Scope 1 and 2, but also Scope 3.

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As shown in the figure, CO2 and GHG emissions from raw materials and materials account for more than half of the Scope 3 emissions, so the key point is how to reduce these emissions.

Since DNP cannot do this by ourselves only , we are asking our suppliers to work together with us to acquire Science-Based Targets (SBT). Specifically, we are now asking for the cooperation for 18% of our suppliers and targeted over 70% of our suppliers by the year 2028.

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.



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Page 50.

To help reduce GHG emissions, we also promote the procurement of eco-friendly and environmentally friendly materials. Specifically, we procure recycled materials and plant-derived biomaterials, such as the plastic used for IC cards and packaging, as shown in the photo above, to make our products.

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5. Procurement Innovation Initiatives

DNP

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

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Procurement Innovation Initiative.

I mentioned earlier that everything is going up in price, and now , we need to make new efforts to overturn conventional wisdom. We need to explore new procurement routes and use low-quality materials that could not be used before to make high-quality products.

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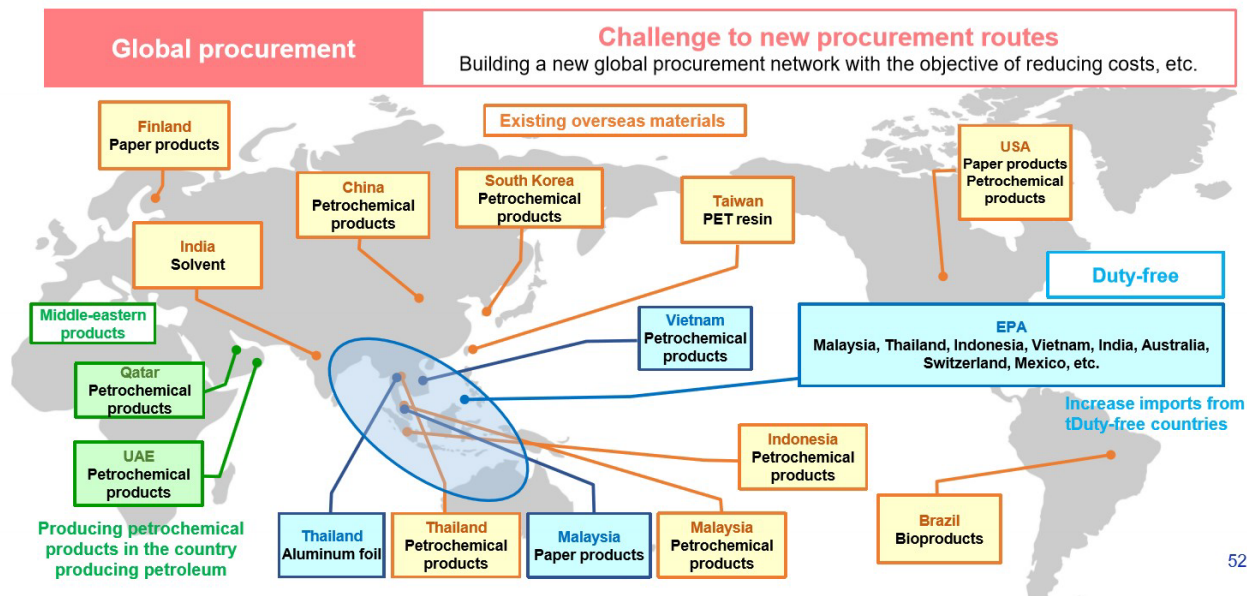
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5. Procurement Innovation Initiatives

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As shown in green, we procure not only crude oil from the Middle East but also petrochemical products from there, and we are also accelerating efforts to reduce costs by procuring Duty-free products in blue.

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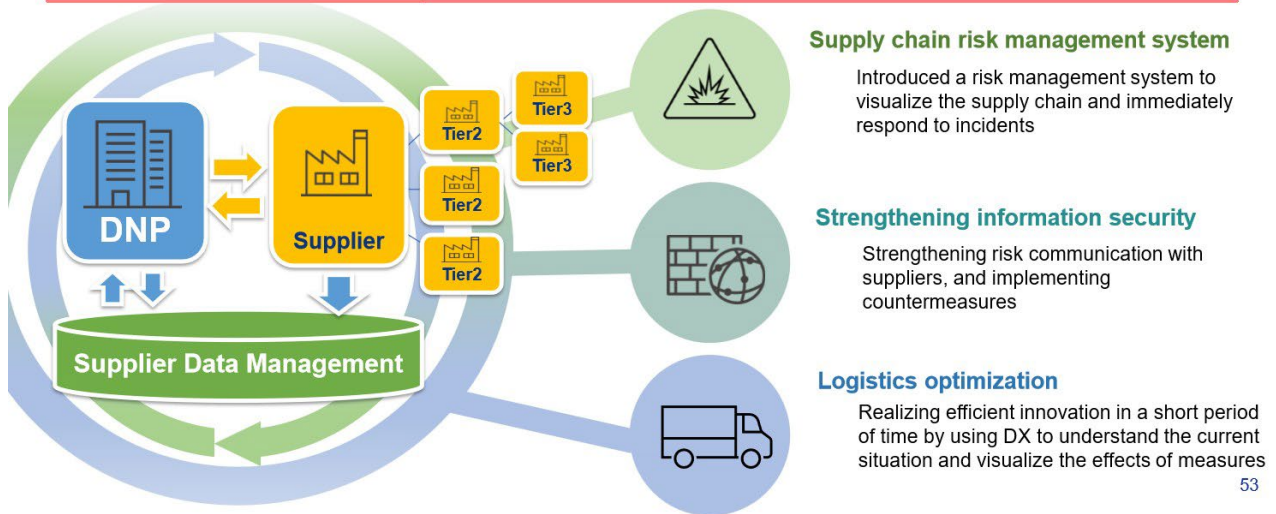
6. Progress through Implementation of DX

DNP

Supply chain DX

Towards a sustainable future through digitization

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



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Page 53.

In the figure on the left, there are DNP suppliers, Tier 2 and Tier 3, of course we have data on the various items purchased between us and our suppliers, to strengthen the supply chain, we are using DX to address the three issues on the right: "supply chain risk," "information security," and "logistics optimization."

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6. Progress through Implementation of DX

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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.

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The first one, "Managing Supply Chain Risks."

As shown in the figure on the left, for example, when there is an earthquake, a map shows where the supplier is and what the situation is, and an email is automatically sent to to check the situation of the supplier.

We plan to develop this by managing our suppliers and supply chain, adding our own factories , and even adding our clients onto there , so that we can see the risk of the entire supply chain.

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6. Progress through Implementation of DX

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Information security

Strengthening supply chain information security Strengthening risk communication with suppliers, and implementing countermeasures

■ Background

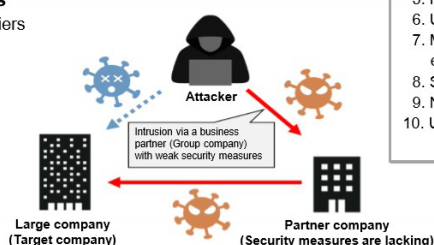
- Supply chain attacks are increasing, aiming to gain unauthorized access via business partners with insufficient security measures.
- **Cyber attacks on the supply chain** caused suppliers to stop production and information leaks, which **spread throughout** the supply chain.

■ 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



Source : Intelligent Wave Inc. Security Blog

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Next is "Information Security."

Not only us, but also our suppliers are exposed to cyber-attacks, which poses a considerable risk to the supply chain.

Therefore, we at DNP, in order to check the status of our suppliers, we first submit the questionnaire items on the right to our suppliers to confirm their current status, and then evaluate their countermeasures to strengthen information security by protecting our supply chain from cyber-attacks.

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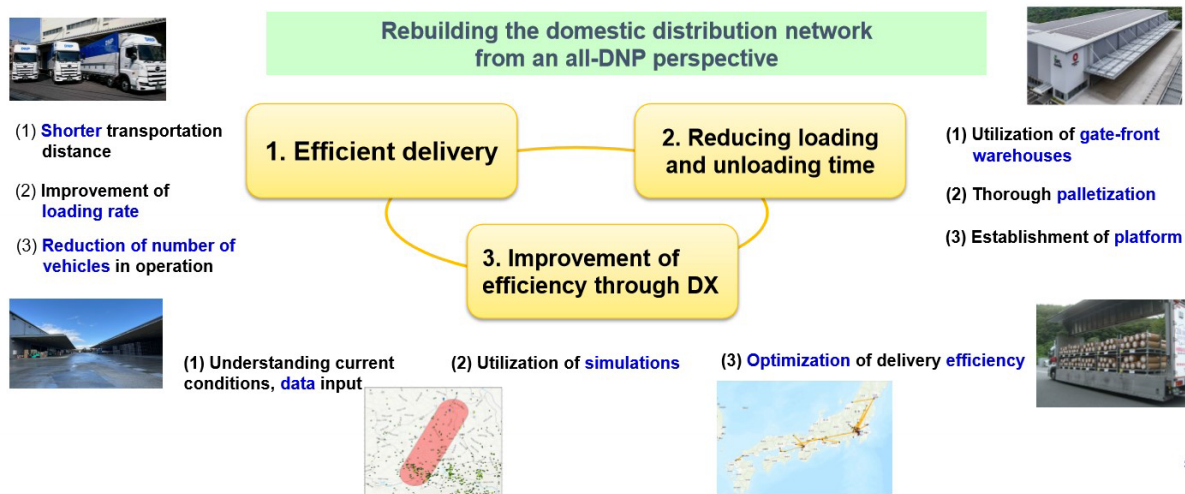
6. Progress through Implementation of DX

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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



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Here we would like to explain DX's approach to logistics issues.

We are working on physical initiatives, but especially with DX, we are using simulation technology to see the situation of current deliveries and how they can be more efficiently combined.

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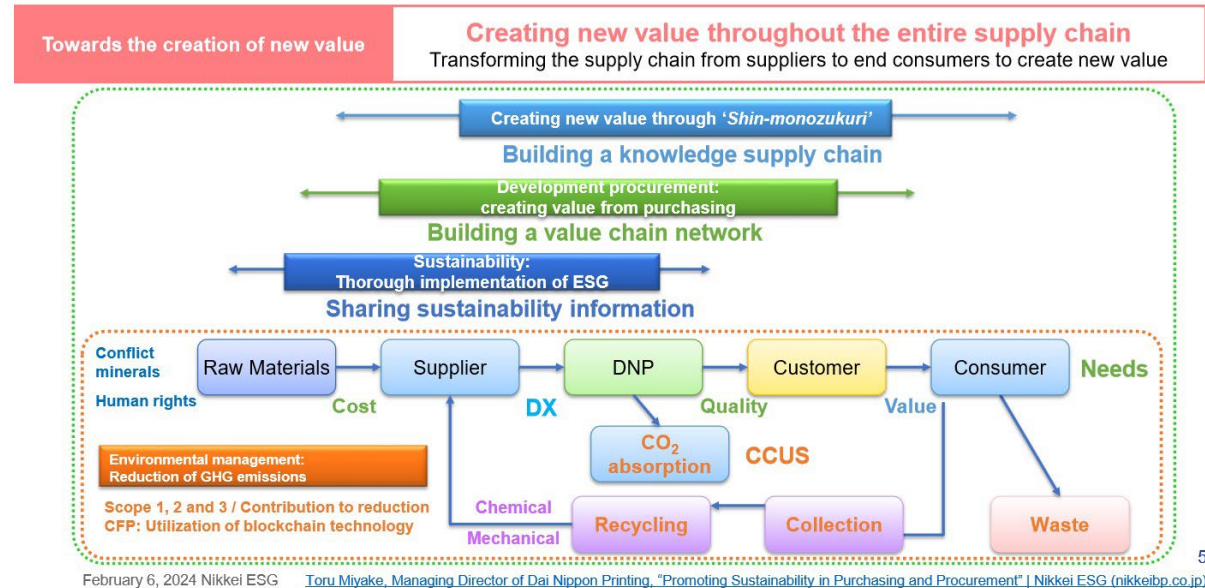
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7. Development plan of the supply chain

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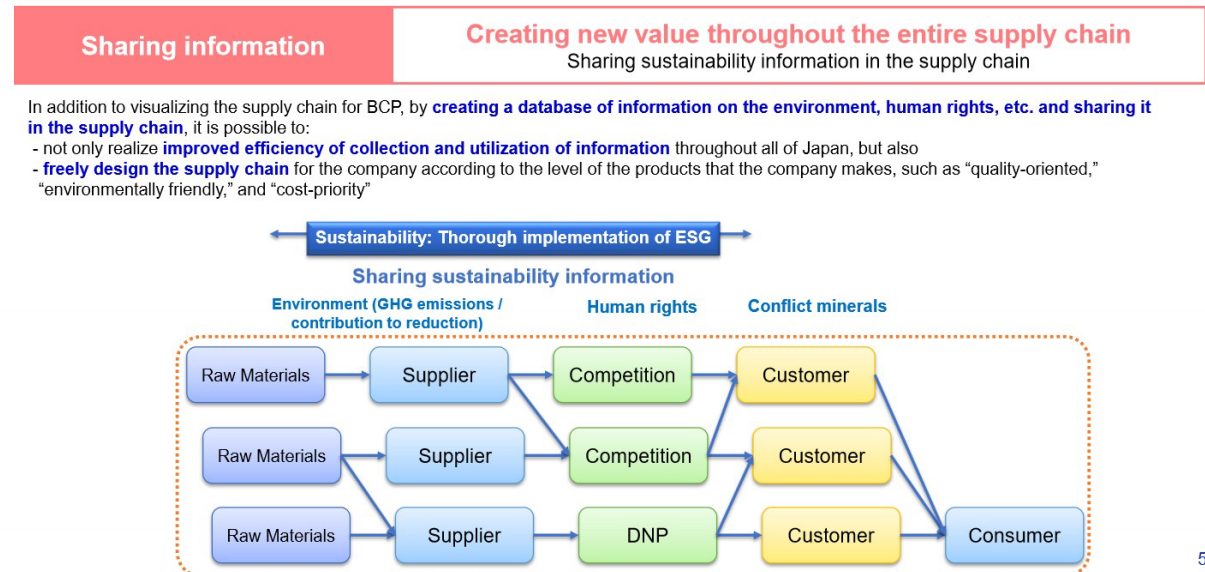


57

Page 57. For the future development of the supply chain, there is a supply chain diagram below and three arrows as above. Let me explain this.

7. Development plan of the supply chain

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Page 58. As shown in the figure below, not only DNP, but we have multiple suppliers, competitors, and customers.

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In this context, we are promoting this initiative because it is possible to improve the efficiency of information collection and further utilization by sharing such information, rather than each company taking information on human rights and the environment one by one.

7. Development plan of the supply chain

DNP

Value chain creation

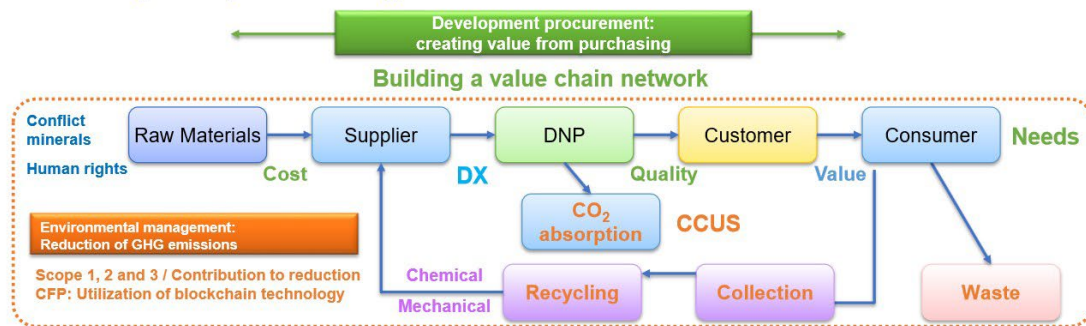
Creating new value through a value chain network

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**



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Page 59.

DNP is a BtoB company, and our customers and consumers trust and expect us to be safe and secure because we are incorporated in their supply chain, and they also believe that we must be able to create new value.

We are working to create a value chain that creates value in the supply chain.

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7. Development plan of the supply chain

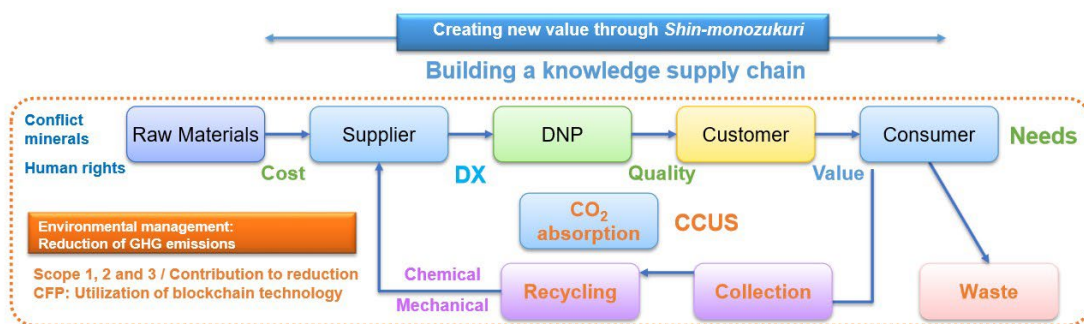
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'Shin-monozukuri'

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"



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Page 60. This is my last slide.

As I mentioned earlier, we are a BtoB company, manufacturing what our customers ask for or request, but we also look at the needs of consumers as well as the market and create new value that our customers want to use.

We call this a new type of manufacturing that combines our manufacturing and IT technologies. We call it "Shin Monozukuri." In the area of new manufacturing and value creation, we are not merely transporting products through the supply chain but are also working to create new value one after another by linking the knowledge and intelligence of each member.

In this way, we hope to create value and strengthen our business competitiveness by further developing our supply chain in the future.

This concludes my explanation. Thank you very much.

Wakabayashi: Next, Senior Managing Director Mr. Kuroyanagi, will explain "Governance Initiatives."

Senior Managing Director Kuroyanagi, please.

Kuroyanagi: Now, as the last topic of today's briefing, I will explain about "corporate governance."

At a recent (June 2024) general meeting of shareholders, a shareholder proposal for the election of an outside director was rejected. In explaining the Company's opinion on this shareholder proposal to institutional investors, we explained the corporate governance system that DNP has been strengthening its efforts to date and the results of the business and other activities being developed under this system, and we understand that our explanation has received the approval of many of our shareholders.

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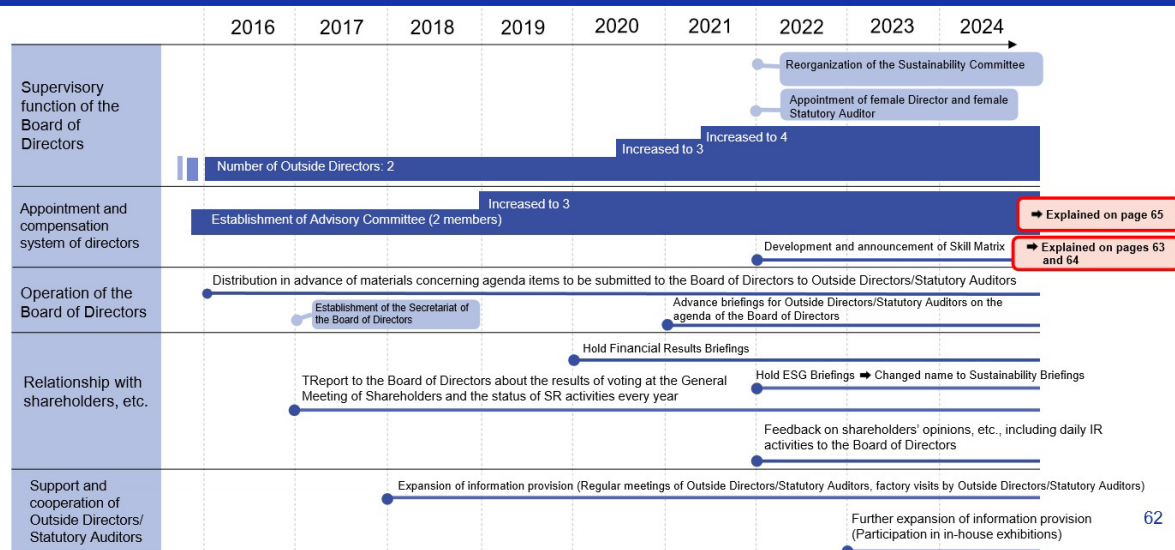
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We believe that corporate governance requires continuous improvement in response to changes in the business and operating environment. I would like to explain that to what extent we are always strongly aware of this and are working on it.

Ensuring the Effectiveness of the Board of Directors with the Aim of Improving Governance

DNP

Past improvement activities using effectiveness evaluation questionnaires



The screen you are looking at shows the progress made since the introduction of the Corporate Governance Code in Year 2015 in ensuring and improving the effectiveness of the Board of Directors with respect to its supervisory function, director nomination and compensation system, operation of the Board of Directors, relations with shareholders and other stakeholders, and support and cooperation with outside directors/statutory auditors.

Based on the results of the annual evaluation of the effectiveness of the Board of Directors, we are continuously working to improve the governance of the Company by increasing the number of outside directors and holding briefings on financial results and sustainability. As a result, we hope this list will help you understand that we are making steady progress in transforming ourselves to meet the requests of our stakeholders.

In this context, today I would like to introduce the Skill Matrix and Advisory Committee for the composition of the Board of Directors in the following pages.

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Enhancement of Governance to Realize the Corporate Philosophy

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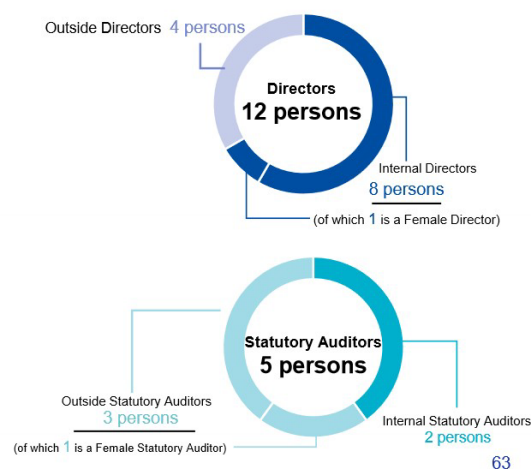
The Board of Directors consists of members with diverse backgrounds

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	○			○	○		○
	Tsukasa Miyajima*				○			
	Yoshiaki Tamura*	○		○		○	○	○
Statutory auditors	Hiroshi Shirakawa*	○	○	○				
	Nobuhiko Sugiura	○	○	○			○	○
	Ryuji Minemura	○		○				
	Tatsuya Hisakura	○	○		○		○	○
	Kazuhide Morigayama	○	○		○	○		
	Taeko Ishii			○	○	○		
	Yasuyoshi Ichikawa		○		○			

*Advisory Committee Member

Composition of the Board of Directors



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Here is the current Skill Matrix of the directors and statutory auditors who compose the Board of Directors.

While we have announced and are implementing a basic management policy with challenging goals, the composition of the Board of Directors emphasizes the supervisory function to steadily implement business strategies and capital policies. The composition of the Board of Directors as a whole is based on careful consideration of the balance of background of each director and statutory auditor to enable effective deliberations and resolutions from a variety of perspectives aimed at medium- to long-term growth.

The last four members of the directors are outside directors, including those with management experience at other companies, and their comments at the Board of Directors' meetings, in addition to ensuring the equality of shareholders, have provided us with many opinions and suggestions that contribute to making decisive management decisions.

All of the statutory auditors attend almost 100% of the Board of Directors meetings, which are not merely limited to the statutory auditing framework, but also include remarks and comments from each of the statutory auditors from their respective backgrounds with consideration for various stakeholders, contributing to very open-minded deliberations.

We are confident that this makes the Board of Directors a very effective meeting body.

To support such a meeting body, the secretariat of the Board of Directors is working not only to improve the efficiency of meeting operations, but also to further enhance the provision of information to outside directors/statutory auditors.

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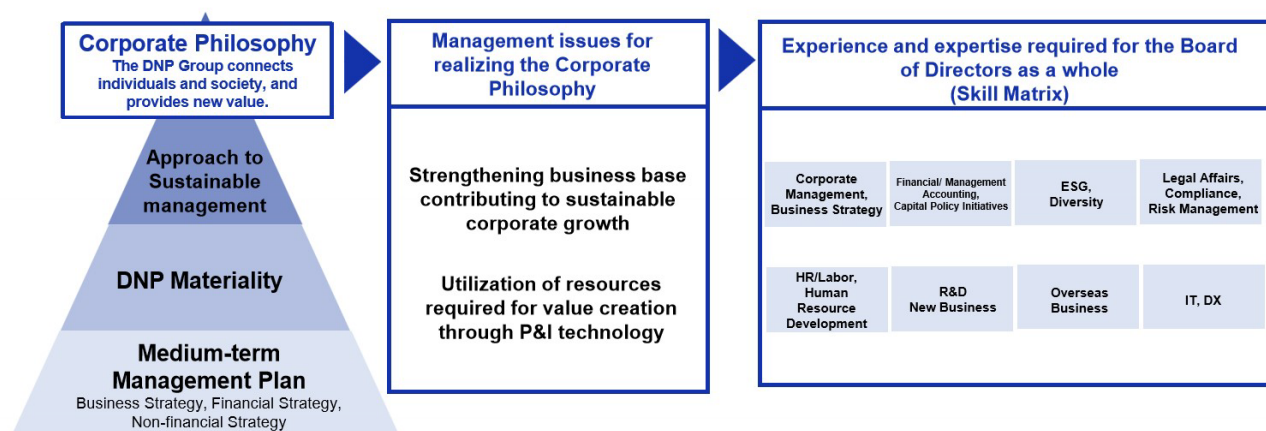
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Management Team with Diverse Backgrounds

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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



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I would like to add a few more explanations about the Skill Matrix. The relationship with our corporate philosophy is shown on the screen.

There is a pyramid on the left. This diagram shows how we aim to realize our corporate philosophy based on specific management strategies.

In order to properly supervise the planning and implementation of that story, the skills which the Board of Directors must have to discuss management issues, as shown in the center of the screen, are: (1) each board member's aptitude to strengthen the management foundation that contributes to sustainable corporate growth; and (2) experience to enable the utilization or allocation of various resources in order to create value based on our strength in P&I (Printing and Information) technology.

These two skills are further subdivided into the eight items listed in the Skill Matrix on the right side of the screen. We place "o" in the Skill Matrix for items that we determined each board member has as background.

The effectiveness of the Board of Directors can be enhanced by the interaction of individual skills through "dialogue." We will continue to examine the composition of the Board of Directors, as well as the necessary skills, while utilizing this Skill Matrix to enhance the Board of Directors' function as a decision-making body to promptly and accurately respond to our current situation.

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✔ 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 compensation for 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

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I would like to continue with an explanation on the activities of our Advisory Committee.

The Company's Advisory Committee is a non-statutory committee consisting solely of three independent outside directors that advises the Board of Directors on important management issues to be discussed before the Board of Directors' meetings, including candidates and compensation proposals for directors, statutory auditors and corporate officers.

The main activities of the Advisory Committee in the most recent fiscal year are shown in the figure. Recently, the Advisory Committee members have participated in SR interviews with institutional investors, and we believe this indicates that the Advisory Committee has become an increasingly important body to bring objectivity to the decision-making process on management issues.

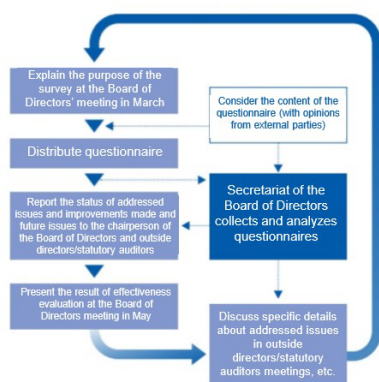
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Details of initiatives for the Fiscal Year ending March 2025 based on the results of the effectiveness evaluation

- 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

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At the outset, I indicated the progress in ensuring and improving the effectiveness of the Board of Directors. I would now like to explain a little about the status of improvement based on the evaluation of the effectiveness of the Board of Directors conducted in April of this year.

Every April, we conduct a questionnaire survey which all directors and statutory auditors answer regarding the activities of the Board of Directors and committees such as the Advisory Committee.

In light of changes in the management and business environment, the questionnaire items are reviewed every year, and recently, in particular, we have increased the number of open-ended items to allow all directors and statutory auditors to express their opinions in detail and in concrete terms. We would like to use the results of the questionnaire as a basis for improving the governance system.

The evaluation of the issues the year before last and the issues to be addressed this year are shown on the right side of the screen.

In the current fiscal year, we intend to further strengthen follow-up on important investment projects resolved and reported in the Board of Directors and progress reports on IR activities. We will also work to increase opportunities for communication between outside directors/statutory auditors and our management team as well as DNP employees.

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

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.

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This is an explanation of our efforts to improve our governance system from the perspective of evaluating the effectiveness of the Board of Directors. I would like to conclude by explaining that this initiative is steadily producing results toward the realization of our corporate philosophy.

Under the leadership of President Kitajima, in addition to the supervision of the Board of Directors, we have been working on a three-year Medium-term Management Plan announced last year, and in the first year of this plan, we achieved record profits. We have begun to see positive results regarding our "ROE of 10% and PBR of more than one x," a goal we set ahead of other companies for management with an awareness of the cost of capital. We feel that the stock market has responded very positively.

Since the management and business environment is constantly changing, we will continue to firmly promote important management measures such as "concentrated investment in focused businesses," "transformation of businesses for reforming," and "return to shareholders" based on the flexible judgment of the Board of Directors.

The Board of Directors intends to deepen discussions aimed at the further growth of the DNP Group by promoting and strengthening efforts to improve governance in parallel with the steady implementation of the Plan.

Last, but not least, we would like to ask our shareholders and investors for their continued support and further guidance and assistance. Thank you very much for your cooperation.

That is all from me. Thank you very much.

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