## **Identifying Materiality**

DNP believes that a healthy society and economy as well as comfortable and well-being lives for people can only be achieved on a sustainable earth. Toward realizing the "better future" envisioned by DNP, we will identify key issues (materiality) for the sustainable growth of both society and DNP.

In identifying materiality, DNP comprehensively ascertains social issues, identifies and evaluates medium- to-long-term risks (variable factors) for DNP in undertaking business activities, and identifies and prioritizes social issues with high materiality for DNP, society and stakeholders.

Additionally, to create value and strengthen the management foundation that supports value creation, we have selected "CSR Management Principal Themes" (pages 62-63) and are progressing with efforts to strengthen management across the entire supply chain.

#### A "better future" aimed for by DNP



- · A society where people can live safe, secure, healthy and well-being lives
- · An information society that connects real and digital
- A society that realizes a balance between economic growth and the global environment
- A society where people mutually respect each other

Consumers' perspective

#### Process for identifying materiality

**Ascertaining** social issues DNP comprehensively ascertains social issues from the perspectives of market changes and megatrends and the materiality of these for each stakeholder as well as international frameworks such as SDGs, the GRI standards and ESG social evaluation items.

#### Related stakeholders

Employees, local communities, business partners, shareholders/institutional investors, education/research institutions, NPOs/NGOs, various organizations, etc.

#### International frameworks considered

SDGs, the GRI Standards, United Nations Global Compact, SASB Standards, UN Guiding Principles on Business and Human Rights, etc.

Identifying and prioritizing social

Identifying materiality

DNP identifies and prioritizes social issues with high materiality for DNP, society and stakeholders by identifying the relationship of these issues with our Corporate Philosophy and Business Strategy, as well as by identifying short-, medium-, and long-term risks and opportunities and assessing the impact of these on management.

DNP holds opinion exchanges with relevant internal departments, external experts and outside directors. We identify DNP's materiality after discussion with and approval by the Sustainability Committee, Management Committee and Board of Directors.

#### Identifying and analyzing risks (variables) closely associated with DNP's business activities

#### Short-term and medium- to-long-term variables in economic activity occurring in each country/region and in the global market

- Accelerate development of business models/technologies/products/services, etc.
- · Acceleration of digital transformation (DX) and establishment of a global network, etc.
- · Rapid changes in various economic indicators (domestic and overseas economic conditions, industry trends, consumer confidence, prices, exchange rates, GDP and others)
- · Changes in the balance as well as the fragmentation of the global economy due to geopolitical factors, etc.

#### Variables in systems that form the basis of economic activities and in market trends

- · Changes in financial infrastructure due to reassessment of capitalism, the establishment of virtual economic zones and other factors
- Changes related to the information infrastructure (strengthening and loosening of various rules and regulations such as GDPR, threats to information security and others)
- Depletion of natural resources, shortages or restrictions in the supply of energy and resources, soaring prices, etc.

#### Variables related to human capital and human rights

- . Declining birthrates and aging population, labor shortage and acceleration of employment mobility
- Changes in issues related to the dignity of diverse people living in diverse societies
- Changes in various conditions needed for all people to live comfortably (mental and physical health, safety, hygiene and others)
- Increasing importance of responding to human rights risks throughout the supply chain, etc.

#### Variables in systems for building a healthy society and in market trends

- Changes in legal and political systems in each country/region and strengthen responses to risks in the supply chain
- Expansion of geopolitical risk/country risk
- Manifestation of various risks due to differences in culture, systems and rules, and other factors

#### Variables related to the sustainability of the global environment that form the foundation of all corporate activities

- Increased frequency and severity of natural disasters and increased water risks such as droughts and floods due to climate change
- Accelerating plastic pollution and biodiversity loss, etc.

#### Changing variables in market trends and systems related to global environmental conservation

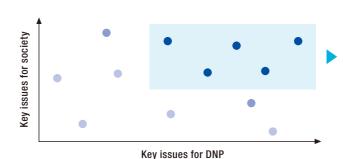
- Strengthening and globalization of disclosure of climate change risks and nature-related information
- Tightening of regulations on GHG emissions, revisions to Japan's energy policy and acceleration of the transition to a circular economy
- Expansion of market for environmentally positive products and services and acceleration of technology

#### Prioritization of issues

**Economic risks** 

Social risks

**Environmental risks** 



We identify and prioritize key issues for society and stakeholders as well as key issues for DNP.

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### **DNP's Value Creation Process**

DNP recognizes it has a mission of creating a better future in keeping with its corporate statement "Creating future standards." To fulfill this mission, DNP will accurately identify and analyze changes and issues in the environment, society and economy, draw the shape of the future hoped for by people throughout the world and then continuously create indispensable value that exists as future standards.

The DNP Group operates a business model that utilizes inputs such as diverse management resources and appropriate and important information entrusted by domestic and overseas companies, organizations and consumers and delivers the value (outcome) that is created by the output of products and services to the most-suitable partners. By building on the achievements of this model and ensuring these continuously have a positive impact on the environment, society and economy, we will realize a sustainable, better society and well-being lives.

**Impact** Risks & business opportunities/ Outcome **Business Strategy/Business model/ Output: products and services** Impact on the environment. Input/Management resources Value for people society and economy Social issues that will be solved by DNP **Business model** New value creation The "better future" aimed for DNP Social Issues & Megatrends **Brand Statement** The DNP Group aims to realize a sustainable society, and The DNP Group will create sustained its corporate philosophy is to connect individuals and business value and shareholder value. Imbalance of supply **Creating future standards** and demand of society and provide new value. Based on this philosophy, Information ources, electricity with an ROE target of 10% and expedite DNP will conduct business activities that create a better society water and food future with a long-term view in order to realize a Well-being lives achieving a PBR of more than 1.0X. A society where real The balance of supply and demand of resources, electricity, water and food is and digital seamlessly sustainable, better society and well-being lives. **Enriched lifestyle** connect, with robotics significantly affected by and Al blending in climate change, the population problem and advancement of an information society **Business Strategy Population** Creating new value problem Climate Promote concentrated investment and business structure by promoting change While the population of transformation in focus business areas Japan decreases and World continuing to business global population ove toward prevention Transform risks into growth opportunities increases, the birthrate of global warming and is decreasing and decarbonization **Business Strategy** Financial Strategy Non-financial Strategy society is aging worldwide Generate funds for growth Expand investment in people investment through business based on the Human Capital Sustainability activities and maximizing **P&I Innovations** capital efficiency Sustainable, better society Enhance intellectual capital **INPUT** (management resources) utilizing DNP's unique Improve capital efficiency Securely and seamlessly connect real and digital, strengths and external contributing to the evolution of an information society through treasury share Utilize various types of content (text, images, video, audio) acquisition, etc. partnerships Printing & Information and confidential information and important information Maintain financial stability Accelerate environmental backed by the strong relationships of trust built with for sustainable corporate initiatives DNP's core values developed through printing companies, organizations and consumers in Japan and activities overseas and our highly advanced information security DNP Group's vision for revenue and capital structure

Sustainably 10% or more achieve achieve achieve achieve achieve achieve and capital structure

BNP Group's vision for revenue and capital structure

Sustainably 10% or more achieve ach infrastructure. Contributing to a sustainable society where people can live safe, secure and healthy lives • Create new value by synergizing the DNP Group's diverse strengths and assets, which serve as our business base Integrated usage of financial capital and non-financial capital · Generate funds for growth investment through corporate activities 2026 DNP's 150th anniversary Strengthening Financial capital business base Human capital Total DNP will firmly create a by step. better future step by step. Intellectual capital strenaths of Financial Strategy All DNP Manufactured capital **Non-financial Strategy** 

FY 2022 result

FY 2023 target

# **DNP's Strengths Beginning with Technologies**

#### Creating new value by combining diverse strengths

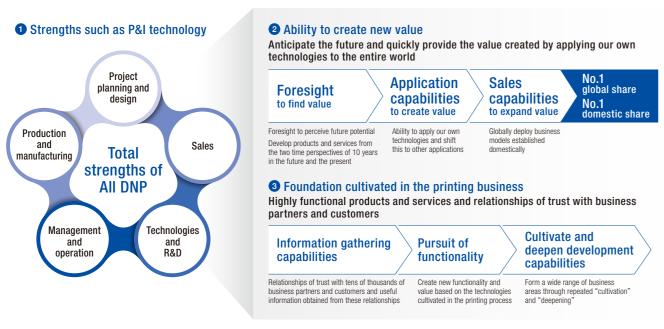
We are constantly refining our most advanced technologies, such as microfabrication, precision coating and post-processing, based on printing processes, which is the basis of manufacturing, as well as planning and design, information processing, materials development and assessment and analysis. These in turn create synergies with our know-how in sales, planning, manufacturing, management and other practices, as well as with our partners' strengths, to create new value.

Especially for the promotion of DX, we will leverage DNP's hybrid strengths in both analog and digital technology, reality and

virtual reality, manufacturing and services. (See pages 54 and 55.)

We are also strengthening collaboration with diverse external partners to speed up value creation. There are endless such ways in which our strengths can be combined, and we will continue to pursue the many possibilities to achieve a better future.

DNP's unique strengths that it has advanced in both P&I (Printing & Information) are unmatched by any other company. By deploying the total strengths of All DNP, we will create unprecedented value that is indispensable to people and society.



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#### Technologies cultivated through printing processes



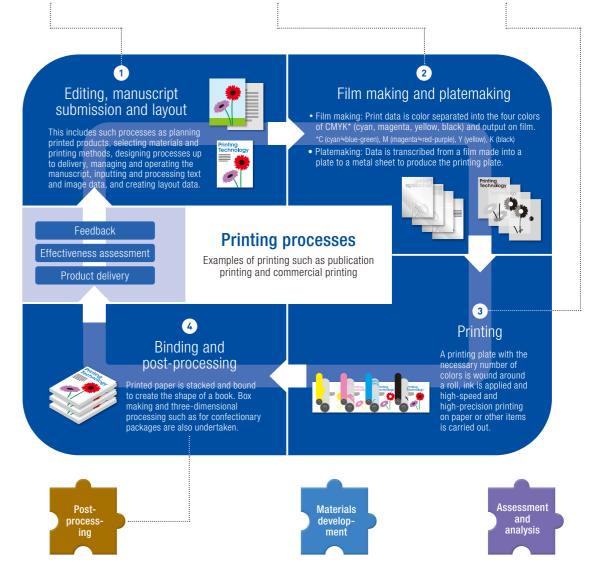
DNP plans and designs a process suited to the desired layout. DNP continuously handles large volumes of text, still images, videos, voice and other data and arranges data formats and color tones, and also undertakes processing and storage. DNP is raising its know-how for safely and properly handling large volumes of data as it expands into various types of important information processing and analysis and security technologies.



In the printing process, extremely minute processing is performed to ensure that halftone dots of printed ink are difficult to discern with the naked eye. We have further advanced this technology to enable microfabrication for such substrates as metals, glass and plastics. This technology is being applied in numerous leading-edge electronics products and in such fields as hologram anti-counterfeiting and security.



Precision coating is a technology that forms a coating film on materials with a variety of features, in either single or multilayers, in a homogenous and uniform manner on the surface of substrates such as paper as well as plastic film, metal and glass. A variety of functions that include optical and barrier properties and heat resistance can be added, giving this technology widespread applications in such areas as packaging and building materials, photographic print materials, battery materials and optical films.



Post-processing technologies are derived from various processes that follow printing, such as bookbinding. These technologies are applied to make printed products easy to use and suitable for the purpose of the finished product and are also outstanding for use in three-dimensional processing such as die cutting and assembly. These technologies have enabled the creation of packaging for such items as foods, beverages and daily necessities; the development of systems for the aseptic filling of contents; and the inspection, measurement and analysis of various products.

This technology, which works to synthetize, disperse and mix materials, is applied in the design and manufacture of materials such as ink, adhesives, photosensitive materials, coatings, etc. In order to maximize performance as the printing accuracy becomes sophisticated and products become highly functional and diversified, the development process begins with materials.

Through analysis of the manufacturing process, this technology boosts productivity, consistency of product quality, improvement of the work environment and more. Incorporating elements of theory in the latest sensing technology, we find mechanisms to identify the materials and processes impacting product quality, as well as to realize functionality and performance.

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