

Dai Nippon Printing, Co., Ltd.
Sustainability Briefing: Q&A Summary
(October 30, 2023)

[Questioner 1]

Q: With regard to governance, I get the impression that President Yoshinari Kitajima is actively engaging in dialogue outside the company, primarily the stock market, but on that point, does he discuss matters with Outside Directors, or take advice from them? Also, what role did the Outside Directors play in the formulation of the Medium-term Management Plan?

A: The four Outside Directors have a variety of skills and experience, which they use as the basis for entering into discussions and providing advice.

In terms of external dialogue, due in part to advice received from the Outside Directors, we are actively taking steps to explain the company through such initiatives as today's Sustainability Briefing and the Medium-term Management Plan Briefing.

As for the role played by Outside Directors, we entered into a variety of discussions with them before the announcement of, for example, the Basic Management Policy in February, the Medium-term Management Plan Outline in March, and the Medium-term Management Plan in May.

Q: In terms of existing products with top market shares you have metal masks, battery pouches, optical films, and so on, but I would like to hear your views on how to consistently create products that win the top share, and their reproducibility. Also, please explain what kind of contribution data-driven management makes to research and development.

A: When developing a new product lineup, what is important is not only seeing the surface but also having the acumen to see through to the underlying reality, and it is also necessary to be able to seize on customer insights, envision a "better future," and develop profound future scenarios. By taking this perspective on development, we hope to develop new product lineups that stand comparison with metal masks, battery pouches, and others.

Also, we have been seeing an increase in complex themes recently, and

given the importance of open innovation we are strengthening our collaborations with partner companies, academia, startups, and others with the objective of opening the way to expansion into new areas of business.

With regard to data-driven management, because the development department is distributed between the various business divisions and the head office divisions, we are now using this approach to aggregate information from the various divisions. We are about to begin the process of analyzing this aggregated information, in order to contribute to development in each of the division.

[Questioner 2]

Q: On the subject of governance, there have been changes over the past 10 years in the number of Directors, the proportion of Outside Directors, and in female Directors originating from within the company. I would like to know what has changed in management as a result. Also, should we consider the current structure to be the final form of the governance system? If there is room for further improvement, please explain what points those would be.

A: The structure of governance and the Board of Directors at DNP has changed considerably. These changes have resulted in Outside Directors and female Directors endowed with a wide range of knowledge participating in discussions concerning the business and risk, which has in turn led to more lively interactions than was hitherto the case. I think we have begun to get quite close to realizing the DNP goal of generating value from diverse human resources.

With regard to the governance system, going forward we will continue to pay attention to trends in governance and the environment in which DNP operates, and seek to refine our own system further.

Q: DNP operates a wide range of businesses, and I think that areas such as DX and life sciences will require diverse human resources. What is your approach to attracting and developing people, for example with regard to the adoption of a job-oriented personnel system?

A: For personnel involved in AI and DX, or working in highly specialized fields such as pharmaceuticals or medicine, when you take consider the length of time required for development it is important to attract such

people from outside the company. Under the salary curve for the previous membership-based system, it was in some ways difficult to recruit specialist personnel from outside the company. By adopting a DNP version of “compensation and related policies that are more closely founded on a job-oriented perspective” we are increasing the proportion of those hired through irregular recruitment, primarily specialist personnel, and actively working to take on people in highly specialized fields.