

## **DNP Group Sustainability Briefing 2025: Q&A Summary (October 15, 2025)**

### **Questioner 1**

**Q: Please explain the factors behind the reduction of greenhouse gas (GHG) emissions progressing at a pace exceeding the FY2025 target (pages 12 and 13 of the materials). Please also explain the measures and policies necessary to achieve the goal of net-zero emissions by 2050.**

**A:** Reduction of GHG emissions is progressing faster than the target pace.

The DNP Group began its environmental initiatives in the 1970s, establishing a dedicated department for the environment at its headquarters and initially strengthening its efforts starting with energy conservation. Later, in response to heightened social concern for protecting the global environment, we have also strengthened our internal environmental initiatives.

We are proceeding with high-priority measures for the reduction of GHG emissions while also giving full consideration to economic rationality. First, we are promoting energy-saving activities across the entire company and at all our plants worldwide, as these efforts also lead to reduced energy costs. For example, we are strengthening activities to consolidate energy-saving measures at each plant and site, create energy-saving case studies and checklists, and implement these measures throughout the entire company. Next, as part of the transition to renewable energy, we are promoting the installation of solar panels. At present, solar power generation has been introduced at approximately ten locations, and we plan to introduce it at seven more locations going forward. We are also moving forward with switching to electricity contracts that utilize renewable energy.

From 2030 onward, additional measures will be necessary to further reduce emissions by 2040 and achieve carbon neutrality by 2050. The target cannot be achieved with only current energy conservation and solar power generation, so we are also proceeding with the introduction of wind power and hydrogen energy, as well as the development of CO<sub>2</sub>-related technologies such as CCU and CCUS. Upon completion of these technological developments, we plan to deploy them within DNP and partner companies, aiming to contribute to reducing GHG emissions across society as a whole.

**Q: How are you utilizing the numerous patents you hold (page 21 of the materials)? Please explain whether you are utilizing the patents as barriers to entry to business, or whether the revenue from the patents themselves is of a significant scale, along with the current situation and future outlook.**

A: We are using patents to establish barriers to entry and provide licensing. We also utilize patents already published to formulate our research and development strategy. We believe that filing and obtaining patents is not the only means of establishing barriers to entry. Rather than applying for patents on all technologies, we deliberately adopt a strategy of keeping production techniques as black boxes to prevent imitation by competitors.

We intend to continue strengthening our patent strategy from the perspective of building barriers to entry, licensing, and leveraging it for research and development strategies.

**Q: Outside Director Tamura, what is the company's most critical management issue at present from your perspective? Also, I would like to know how you are addressing that issue.**

A: I think the most critical management issue facing our company at present is how we can realize a comfortable life for people in a world where environments are undergoing significant change, in line with our corporate philosophy of "Connect individuals and society, and provide new value".

We consider that it is very important (i) to provide solutions that meet societal needs by taking advantage of DNP's core strength of *P&I*, and our employees who are deeply committed to achieving top management's goals to face this management issue; and (ii) to look back at the current Medium-term Management Plan and incorporate specific measures into the next Medium-term Management Plan. Furthermore, we aim to deepen our deliberations from a more comprehensive and broader perspective by having outside directors with varied experience and expertise participate in discussions in the Board of Directors.

## **Questioner 2**

**Q: Regarding the evaluation of the effectiveness of the Board of Directors, I understood it to be evaluated as "having overall effectiveness" (page 44 of the materials). However, I would like to know whether outside directors made any suggestions for improvement issues concerning the current directors.**

A: In the evaluation of effectiveness of the Board of Directors, we are discussing from the perspective of whether executives possessing the skills and expertise represented in the skill matrix have sufficient knowledge to participate in discussions, in line with the major themes we recognize as management issues. In this process, from the perspective of enhancing human capital, an outside director expressed the view that we should strengthen in that field by adding an expert in the Board of Directors.

**Q: Outside Director Tamura, based on your experience in the manufacturing industry and your role as an outside director at other companies, please share your perspective on DNP's strengths, outlining the differences between DNP and other companies, its strengths and weaknesses, and areas requiring improvement.**

A: *P&I* is a strength of DNP, but another point I would like to highlight is DNP's organizational culture and the capabilities of its young employees. The key points that top management aims for and values are clearly communicated to frontline development and sales personnel, as well as staff, and they internalize these as their own responsibility and possessing a strong sense of ownership and motivation. I believe this constitutes an organizational strength that sets us apart from other companies.

At our company with 150 years of history (founded in 1876), we feel that young employees actively pursuing their goals and taking initiative represent a tremendous source of power for tomorrow's value creation.

### **Questioner 3**

**Q: This year marks the fifth year of your Sustainability Briefings, including ESG Briefings. You have established initiatives and goals centered on human capital, intellectual capital, the environment and governance. Looking back, please share specifics on areas where you achieved results exceeding expectations, areas where you fell short, and areas you wish to focus on moving forward.**

A: Regarding sustainability, we have been working across a variety of fields including the environment, society, human capital, patents, and governance. Regarding the environment, as we have achieved results exceeding our initial targets, we have set even higher goals and are advancing our efforts under the Medium-term Management Plan. Regarding human capital, we have implemented measures to promote the active participation of a diverse workforce and foster an organizational culture with a high level of psychological safety, as well as initiatives to heighten employee engagement. For example, regarding D&I (Diversity & Inclusion), we have established *Diversity Week* and ensure all employees participate in activities, promoting awareness of the DNP Group's initiatives. As a result, many employees have shown understanding of the Company's initiatives and are actively engaged in them. Furthermore, by repeatedly explaining the importance of a psychologically safe organizational culture to directors, corporate officers, and division general managers, we have achieved steady performance progress under this Medium-term Management Plan.

Going forward, we intend to continue advancing our efforts in all aspects, such as strengthening our social responsibility and governance, to address sustainability

issues.

**Q: I understand that the governance framework has been reliably strengthened through initiatives to bridge the information gap between inside and outside officers and evaluations of effectiveness. I would like to know what specific changes occurred within the Board of Directors itself during this process, if there are any concrete examples.**

A: Among efforts to eliminate the information gap, plant and site visits have proven valuable in helping outside directors deepen their understanding of DNP's business operations and implementation of strategy. In particular, speaking directly with people on-site has been extremely beneficial. By not only receiving explanations from the executive officers in charge at meetings of the Board of Directors, but also having Q&A sessions with people actually working on-site, we feel that outside directors' understanding has deepened and their comments in the Board of Directors have increased.

When I first took office, there was a tendency for the Board of Directors to have a skewed distribution of speakers. Recently, however, discussions in the Board of Directors have been stimulated as attendees from both inside and outside the Company raise diverse questions and offer opinions based on their experience, generating a wide range of opinions from all attendees.

**Q: In last year's Sustainability Briefing, one key initiative under Promotion of Global Human Resources and Labor Strategies was the visualization of overseas talent and human capital at overseas group companies. Could you please share any progress made over the past year?**

A: Global divisions hold regular meetings with presidents and other executives of overseas companies, and continuously exchange views on human resources such as the assignment of personnel, systems and also succession plans. Various information is shared among group companies through regular meetings, and we are progressing in a manner that enhances quality.

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