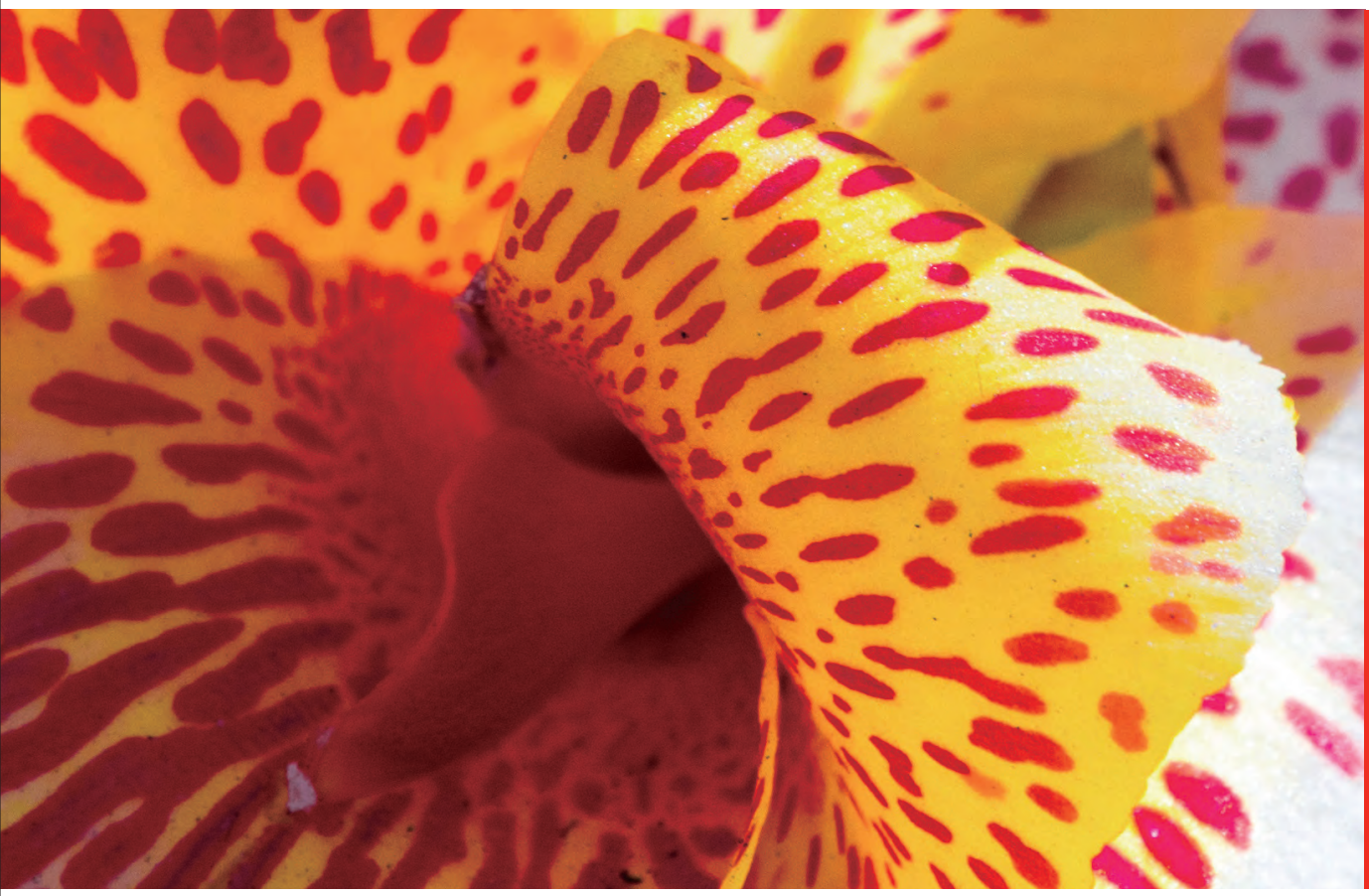
Color & Comfort

DIC REPORT 2025

The DIC Group Integrated Report



DIC Corporation

Purpose/Philosophy

— Concepts Guiding the DIC Group —

The DIC Way

Mission

We create enhanced value and utilize innovation to introduce socially responsible and sustainable products.

DIC's mission defines the DIC Group's ultimate aspirations, delivering enhanced value, dignity and trust, customer satisfaction, and social harmony.

Established in 1908, DIC has capitalized on its capabilities in the area of printing inks, as well as in the principal raw materials used in these products, namely, organic pigments and synthetic resins, while at the same time cultivating related core technologies to the highest global standards. The Company is committed to product development and technological innovation with a view to helping resolve social imperatives, focusing on unique products and solutions based on these core technologies. This enables DIC to create enhanced value in a broad range of fields essential to modern lifestyles, as well as to contribute to sustainability for both its customers and society.

Vision

We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*

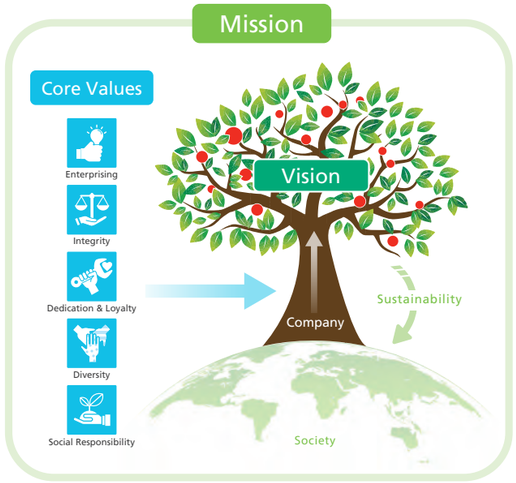
DIC's vision defines the broad direction in which DIC Group businesses must advance to achieve its mission. The "Color & Comfort" component of the vision statement reflects not only its ability to manufacture socially responsible and sustainable products but also its determination to propose new value as an organization that creates new value in areas that transcend the traditional constraints of chemicals manufacturing. For DIC, providing color means adding new value for greater joy, while providing comfort means extending indispensable products and solutions in areas ranging from infrastructure to automobiles, home appliances and electronics, working to continuously update its offerings, helping to secure a brighter future for humanity and the planet.

Core Values

Enterprising, Integrity, Dedication & Loyalty, Diversity, Social Responsibility

DIC's core values express conduct that DIC Group employees should always exhibit and serve as guideposts for achieving its mission and fulfilling its vision.

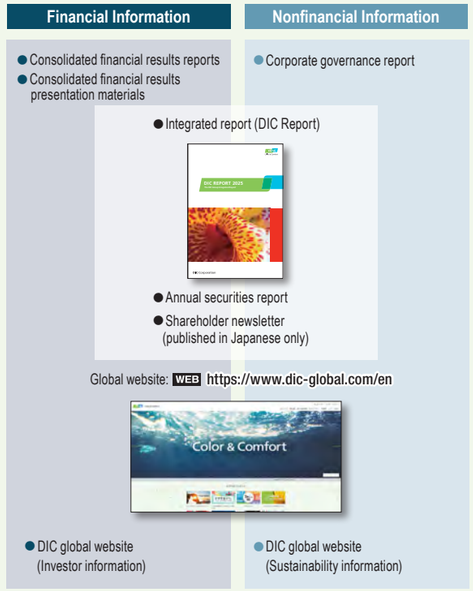
These five values—enterprising, integrity, dedication & loyalty, diversity and social responsibility—not only underpin the way DIC Group employees comport themselves but also guide the Group's efforts to achieve sustainable improvements in corporate value by working as one to leverage the key advantages it has cultivated over more than 100 years in business. As a global organization with operations in approximately 60 countries and territories, DIC draws strength from its enterprising spirit and diverse global family.



Editorial Policy

The DIC Report is an integrated report aimed at shareholders and other stakeholders regarding the DIC Group's efforts to resolve social imperatives and improve corporate value through its operations by summarizing related information, from both financial and nonfinancial perspectives, in a systematic manner. This edition of DIC Report was approved by the DIC Group's Sustainability Committee and presented to the Board of Directors prior to publication.

Principal Disclosure Framework



Scope of Reporting

In principle, this report provides information on DIC Corporation and consolidated DIC Group companies worldwide. For information on the scope of reporting for ESH-related initiatives, please visit the pertinent page of the DIC global website.

WEB https://www.dic-global.com/pdf/csr/environment/dic_report_scope_en_2025.pdf

Note: As used herein, the term "Asia–Pacific region"—a geographic designation that, like "the Americas and Europe" and "Greater China," represents a grouping of companies overseen by a regional headquarters—refers to Asia (excluding Japan, the People's Republic of China (PRC) and the Republic of Korea (ROK)) and Oceania. The term "Asia and Oceania" refers to Asia (excluding Japan) and Oceania.

Reporting Period

Fiscal year 2024 (January 1–December 31, 2024)

Date of Publication

July 2025

Guidelines Referenced

- Integrated Reporting Framework (IFRS Foundation)
- Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry of Japan)
- ISO 26000 (International Organization for Standardization's standard for social responsibility)
- GRI Standards (Global Reporting Initiative)

Disclaimer Regarding Forward-Looking Statements

Performance forecasts and other forward-looking statements contained in this integrated report are forward-looking statements based on information available to management as of the publication date and certain assumptions that management judges to be reasonable and are not guarantees of future performance. Owing to a variety of factors, actual results may differ materially from these statements.

Cover Design

The cover of this year's DIC Report takes its inspiration from the natural world, employing brightly colored flowers to evoke DIC's vision statement, which expresses the Company's goals of delivering greater value through broader innovation, improving the human condition and promoting sustainability for a brighter future.

Contents

The WEB mark is displayed in places where detailed information and data can be viewed on the DIC Group's global website. URLs for relevant website pages are provided. Beginning from fiscal year 2025, the following information is available exclusively on the global website:

- Harmony with the Community and Social Contributions — WEB https://www.dic-global.com/en/csr/2025/society/index.html
- Communication with Stakeholders — WEB https://www.dic-global.com/en/csr/2025/stakeholder/
- Quality — WEB https://www.dic-global.com/en/csr/2025/quality/
- Compliance — WEB https://www.dic-global.com/en/csr/2025/philosophy/compliance.html
- Business Continuity Management (BCM) and Crisis Management — WEB https://www.dic-global.com/en/csr/2025/philosophy/bcm.html
- Information Security — WEB https://www.dic-global.com/en/csr/2025/philosophy/security.html

Value Creation Essentials and Strategies | Sustainability | Financial Section

DIC Group Milestones

Established in 1908 as a manufacturer of printing inks, DIC has capitalized on its capabilities in organic pigments and synthetic resins to build a broad portfolio of products for diverse industries. The Company is also the core of the DIC Group, a multinational manufacturer of fine chemicals with operations worldwide. Since its founding, the Company has achieved outstanding global growth guided by a basic philosophy founded on three key concepts, summarized as “resourcefulness,” “diligence” and “sincerity.” Resourcefulness has enabled the Company to overcome numerous obstacles over the years. Diligence, together with loyalty, has underpinned committed efforts to expand and grow. Sincerity has helped the Company earn the trust of customers throughout its history and evolve with the times. Above all, the first of these concepts has been the driving force behind the Group’s outstanding growth.

1908 — **Established as Kawamura Ink Manufactory**

Founder Kijuro Kawamura

1925 — **Begins production of organic pigments**

Organic pigments

1952 — **Makes full-scale entry into the synthetic resins business**

Synthetic resins

1962 — **Changes name to Dainippon Ink and Chemicals, Incorporated (DIC)**

DIC 大日本インキ化学

1973 — **Develops high-performance nematic liquid crystals (LCs)**

LCs

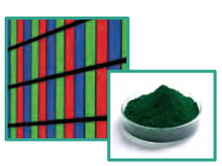
LC display (LCD) pocket calculator

1986 — **Acquires the graphic arts materials division of Sun Chemical Corporation of the United States**

2008 — **Celebrates 100th anniversary and changes name to DIC Corporation**

dic Color & Comfort

2010 — **Develops green pigments for color filters**



Pigments for color filters

2021 — **Acquires the Colors & Effects pigments business from BASF SE of Germany**

2030

1908

Commences the production and sale of printing inks

The Company was established in February 1908 as Kawamura Ink Manufactory by founder and first president Kijuro Kawamura in Honjo (today’s Sumida-ku), Tokyo. Operations began with three three-roll mills and four employees.

1920–1949

- **Becomes the first company in Japan to produce its own supply of organic pigments for printing inks**
  Thanks to the active introduction of manufacturing technologies from overseas, in 1925 the Company succeeded in producing its own supply of organic pigments, which had become difficult to import in the aftermath of World War I. With the rapid expansion of its domestic operations, the Company took the first steps in its evolution into a manufacturer of fine chemicals.

- **Expands into China**
  The Great Kanto Earthquake of 1923 triggered an economic recession in Japan. In response, the Company sought to increase sales channels in China, initially by expanding its network of authorized dealers across China and initiating exports. In 2025, the Company established its first local sales base in the city of Dalian.

1950–1959

Makes full-scale entry into the synthetic resins business

In 1952, the Company established a joint venture with Reichhold Chemicals Inc. of the United States, enabling it to launch a new business as a manufacturer of synthetic resins.

1960–1979

Competitive strengths cultivated since its founding enable DIC to redefine itself as a manufacturer of fine chemicals

- 1969: The Company began manufacturing polystyrene using technology developed in-house.
- 1970: The Company entered the market for multilayered packaging films.
- 1974: The Company commercialized cultivation of Spirulina, a high-protein edible algae.
- 1973: The Company developed high-performance nematic LCs, which were adopted for use in the world’s first LCD pocket calculators.

1980–1999

Accelerates full-scale global expansion through M&As, evolving into one of the world’s leading manufacturers of fine chemicals

- Acquires the graphic arts materials division of Sun Chemical
  In 1986, the Company acquired the graphic arts materials division of Sun Chemical Corporation of the United States for approximately $550 million (¥85 billion), thereby becoming the world’s largest manufacturer of printing inks in terms of market share.

- Acquires Reichhold Chemicals
  In 1987, the Company acquired Reichhold Chemicals Inc. of the United States, thereby becoming the top global manufacturer of thermosetting resins.

- Acquires Coates, the printing inks division of TOTALFINA
  In 1999, the Company acquired Coates, the printing inks division of France’s TOTALFINA S.A., the world’s third-largest manufacturer of printing inks in terms of market share.

2000–2009

Develops environment-friendly products

Spurred by rising public awareness of environmental issues, the Company developed the world’s first sheet-fed offset printing ink made with 100% vegetable oil and containing no petroleum-based solvents.

2010–2019

Develops display-related products

- The Company developed the groundbreaking G58 series of green pigments for use in color filters for LCDs, earning the leading share of the global green pigments market.
- Sales of newly developed thin-film transistor LCs for LCD televisions expanded.

2020–Present

Focuses on strategic investments aimed at portfolio transformation

- **Acquires a pigments business from BASF**
  In 2021, the Company acquired the Colors & Effects pigments business of Germany’s BASF SE for ¥128.4 billion-plus. This business has sites around the world, particularly in Europe, and has established itself as a prominent global manufacturer of high-grade pigments, effect pigments for cosmetics and inorganic pigments, further cementing its position as one of the world’s leading pigment manufacturers.

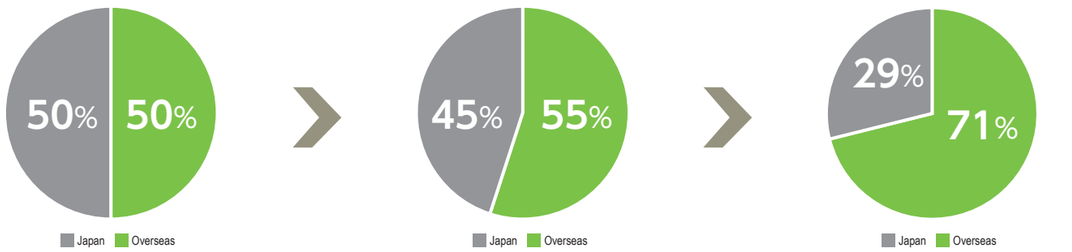
- **Acquires Sapici**
  In 2022, the Company acquired Italian adhesives and polymers manufacturer Sapici S.p.A., which became the DIC Group’s global development and production base for environment-friendly adhesives and waterborne polyurethane resins.

- **Acquires photoresist polymers manufacturer PCAS Canada**
  In 2023, the Company acquired PCAS Canada Inc. (since renamed Innovation DIC Chimitroniques Inc.), a Canadian manufacturer of photoresist polymers used in semiconductor photolithography, securing a North American production base for these polymers.

A Global Powerhouse / The Global DIC Group

DIC Corporation is the core of the DIC Group, an organization with operations in approximately 60 countries and territories. Established in 1908, the Company was swift to introduce outstanding production technologies from abroad and in the 1980s embarked on an ambitious M&A program, acquiring multiple companies overseas, thereby creating a global production and supply configuration. Since then, the Company has boldly expanded its presence outside Japan, evolving into a global powerhouse. The DIC Group's management configuration centers on DIC's corporate headquarters in Japan and includes regional headquarters Sun Chemical Corporation, DIC Asia Pacific Pte Ltd and DIC (China) Co., Ltd., which oversee operations in, respectively, the Americas and Europe, the Asia–Pacific region and Greater China. Leveraging the diverse global family it has built, the DIC Group continues working to promote prosperity worldwide.

Consolidated Net Sales in Japan and Overseas

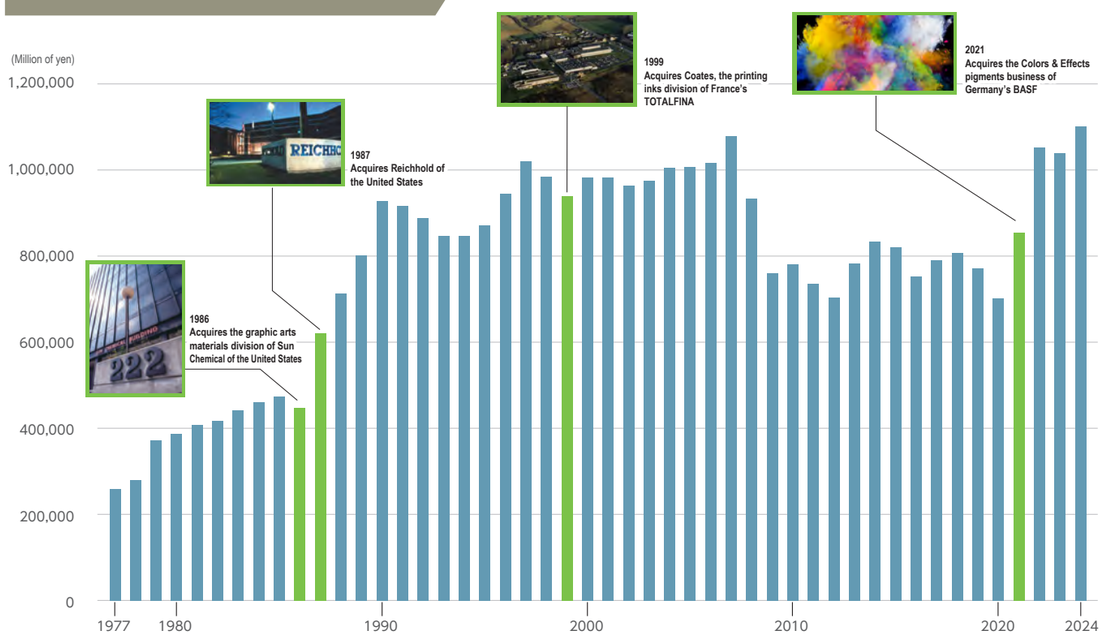


Fiscal year 1990
consolidated net sales
¥925.2 billion

Fiscal year 2000
consolidated net sales
¥981.8 billion

Fiscal year 2024
consolidated net sales
¥1,071.1 billion

Consolidated Net Sales



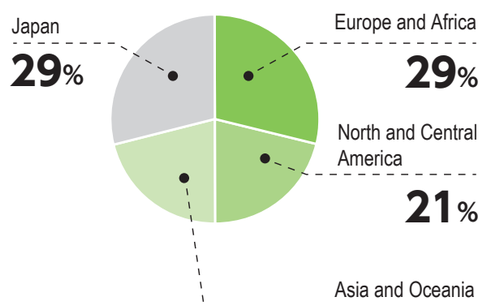
DIC Group Companies

171 (Japan: 24, overseas: 147)

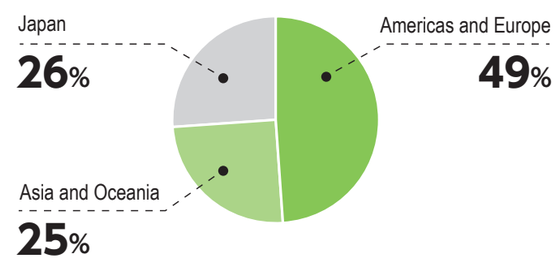
DIC Group Employees (Consolidated)

21,184

Net Sales by Region



Employees by Region of Origin



Value Creation Essentials and Strategies | Sustainability | Financial Section

DIC in the Future: The DIC Group's Value Creation Process

This chart represents how the DIC Group is creating new value with the goal of achieving sustainable growth. The Group is leveraging its competitive strengths, including its six management capitals, to expand its operations in priority business areas by promoting sustainability and portfolio transformation strategies in line with DIC Vision 2030. Through these efforts to contribute to the resolution of social imperatives, the Group aims to help realize a sustainable society and increase corporate value over the long term.

Management capitals

Financial capital
Consolidated total assets: ¥1,226.4 billion
Invested capital: ¥798.8 billion

Manufacturing capital
More than 100 production sites worldwide
Annual capital investment: ¥43.5 billion

Intellectual capital
28 R&D facilities
10,407 patents held

Human capital
21,184 employees,
including 15,732 overseas (74%)

Social capital
Global network of 171 companies in approximately 60 countries and territories

Natural capital
Energy consumed: 13,486 TJ
Fresh water withdrawn: 36,558 m^3

Note: All figures are as of December 31, 2024.

The DIC Way (For more information, please see page 1.)

● Mission
We create enhanced value and utilize innovation to introduce socially responsible and sustainable products.

● Vision
We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*

● Core Values
Enterprising, Integrity, Dedication & Loyalty, Diversity, Social Responsibility

Enterprising spirit
Diverse global family

The DIC Group's Competitive Strengths (Sources of Value) (For more information, please see page 9.)

Backcasting

DIC Vision 2030 long-term management plan

(For more information, please see page 19.)

Basic policy

Safely delivering Color & Comfort for sustainable prosperity to enhance shareholder value and long-term corporate value

Redefining the "Color & Comfort" value proposition
Introducing the "Direct to Society" business creation mechanism

Basic strategies

Business portfolio transformation and sustainability strategies

Strategies supporting business portfolio transformation

- Enhance the technology platform and make strategic investments
- Reinforce management of human capital and establish a more global management configuration
- Promote IT and DX

DIC in the future

1. **Build a business portfolio that contributes to sustainable prosperity for society**
   Expand businesses in growth markets and create new businesses to build a business portfolio that does not depend on ink products
   (Expand selection of sustainable products with the aim of contributing to a society that is increasingly green, digital and quality of life (QOL)-oriented and of enhancing corporate value)
2. **Help achieve sustainability for the global environment and for society**
   Advance sustainability strategies to help realize a carbon-neutral society

Society in the future

Increasingly green	Help achieve carbon neutrality and realize a circular economy
Increasingly digital	Propel the evolution of information and communications, drive the evolution of CASE (Connected, Autonomous, Shared and Electric) vehicles and Mobility as a Service (MaaS), and promote the development of AI and IoT technologies
Increasingly QOL-oriented	Deliver safety, peace of mind and convenience, help address food issues, and embrace diverse values

Uniquely DIC value

Packaging & Graphic (For more information, please see page 27.)
- Add depth to sustainable technologies, including those essential to the push toward paper, mono-material and biomass packaging, as well as those for deinking
- Build an ecologically sound closed-loop recycling system employing material and chemical recycling

Color & Display (For more information, please see page 31.)
- Focus on the expansion of effect pigments with outstanding decorative properties and sustainable color materials that are safe and environment friendly
- Develop next-generation, high-performance materials, including pigments for light detection and ranging (LiDAR) signal coatings, key to autonomous driving vehicles

Functional Products (For more information, please see page 35.)
- Extend functional materials portfolio with forward-looking offerings for an increasingly digital society, including resins with heat-resistant, electroconductive and adhesive properties,
- Augment lineup of industrial adhesive tapes and polyphenylene sulfide (PPS) compounds, and offer bonding and disassembly solutions for electronic devices and CASE vehicles

Support for stakeholders

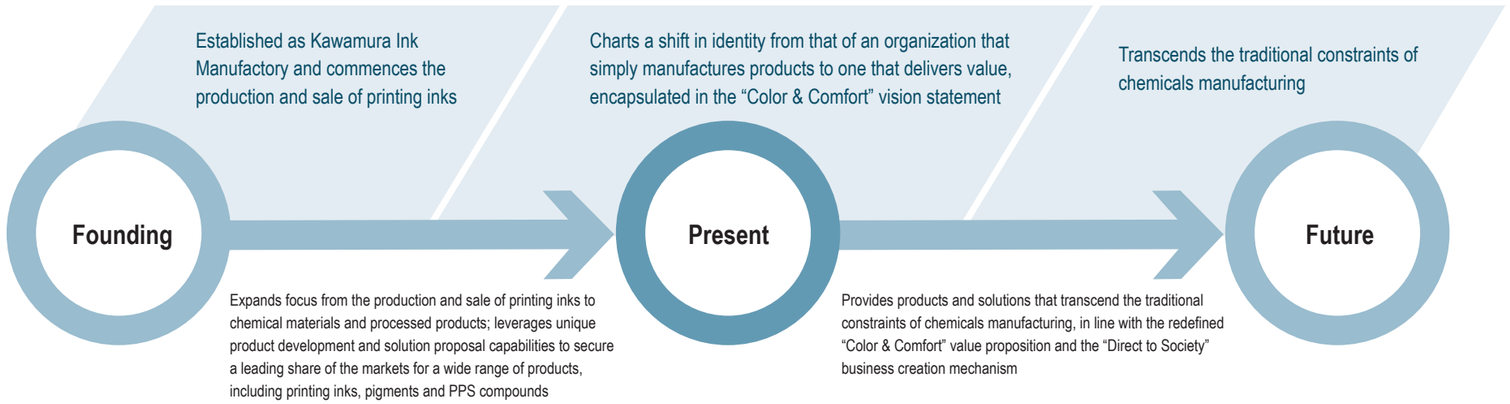
Contribute to society by continuously providing safety and peace of mind, as well as color and comfort, and enhance corporate value over the long term

Value Creation Essentials and Strategies | Sustainability | Financial Section

The DIC Group's Competitive Strengths (Sources of Value)

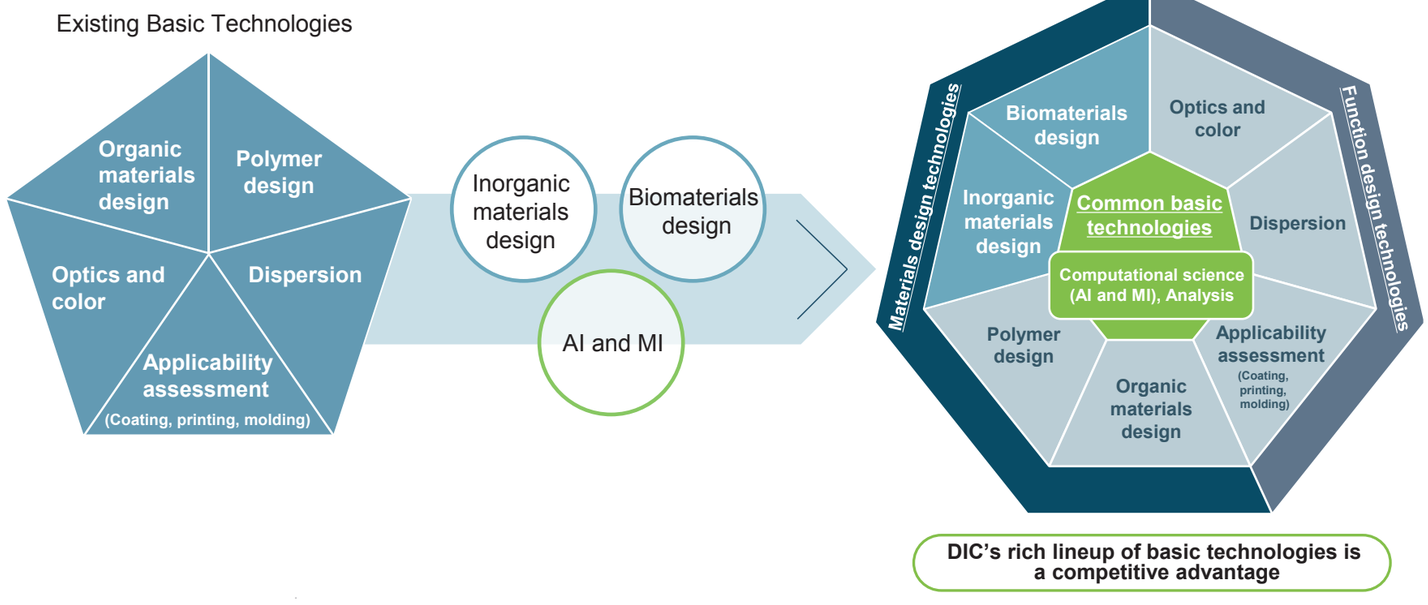
An organization that evolves with the times

The DIC Group has diversified from its beginnings as a manufacturer of printing inks, organic pigments and synthetic resins, and expanded its global presence through M&As and other efforts to evolve as a unique company that is trusted by society.



Basic technologies underpinning DIC's evolution

Having established basic technologies in five key areas over 100-plus years, the DIC Group is fostering new technologies in important new areas such as inorganic materials design, biomaterials design and computational science.



DIC's rich lineup of basic technologies is a competitive advantage

Four mainstays

of the DIC Group's history that demonstrate its enterprising spirit and diverse global family

1 Active expansion into new business areas

- Expansion of operations by building on core technologies in the areas of printing inks and synthetic resins, DIC's original businesses
- Diversification based on a willingness to take on challenges cultivated since its establishment, underpinning its evolution from a manufacturer of printing inks to a chemicals manufacturer
- Designation of businesses centered on chemicals and materials for electronics applications as "chemitronics" and shift to focus on cultivating this as a next-generation growth business

2 Development of uniquely DIC products that leverage superior technological capabilities

- Development of a 100% vegetable oil–based printing ink, spurred by rising public awareness of environmental issues
- Development of the G58 series of green pigments for use in color filters for LCDs, a world first. These pigments, which deliver marked increases in brightness and contrast compared with previous products, have secured an overwhelming share of the global green pigments market
- Development and launch of a surfactant that does not contain perfluoroalkyl or polyfluoroalkyl substances (PFASs) using proprietary technology that delivers reduced environmental impact

3 Early establishment of a presence overseas, becoming one of Japan's first companies to do so

- Start of global expansion with the conclusion of agency agreement with trading company in China in 1919
- Establishment of presence in Indonesia in 1931
- Opening of first overseas office in the postwar period in Hong Kong in 1958

4 Globalization of labor force and collaboration with overseas partners through bold M&A program

- Establishment of joint venture with a U.S. company in 1952
- Acquisition of the graphic arts materials division of Sun Chemical, the foremost producer of printing inks and organic pigments in the United States, in 1986
- Acquisition of Coates, the printing inks division of TOTALFINA, in 1999
- Acquisition of the Colors & Effects pigments business of Germany's BASF in 2021

Creation of a global business configuration with more than 70% of employees and consolidated net sales overseas

A Message from the President

President and CEO
DIC Corporation
Takashi Ikeda

We are rallying our capabilities as a global organization that provides essential materials to society with the goal of returning the DIC Group to a growth trajectory.

Optimizing the Allocation of Management Resources and Promoting Structural Reforms to Restore the DIC Group to Profitability

A little over a year has passed since I was named President and CEO of DIC. Immediately prior to that, the DIC Group had announced ambitious targets under the new DIC Vision 2030 long-term management plan, launched in fiscal year 2022 to guide our efforts through fiscal year 2030, and was advancing business portfolio transformation. However, with the global fine chemicals industry facing considerable difficulties, in fiscal year 2023 we reported a sizable net loss attributable to owners of the parent. It was in these circumstances that I took the reins with a mandate to further accelerate transformation. I have worked in multiple areas, including R&D, corporate planning and business planning, since joining DIC more than 30 years ago, and I knew from my own experience that DIC had what it takes to do better. I was convinced then, as now, that the Group's true strengths—including its diversity, teamwork and creativity—are unparalleled.

Seeking to maximize these strengths, we made the decision to revise our targets for Phase 1 of DIC Vision 2030 (fiscal year 2022 to fiscal year 2025) to more realistic levels. We also resolved to highlight measures aimed at yielding a prompt return to profitability and prioritize the balanced and optimal allocation of management resources, as well as to accelerate the creation of next-generation and growth businesses, implement structural reforms in our recently acquired pigments business in the Americas and Europe, and withdraw from unprofitable and noncore businesses. Efforts in fiscal year 2026 will focus on achieving record-level operating income. (The current record, ¥56.5 billion, was set in fiscal year 2017.)

Exceeding Our Operating Income Target for Fiscal Year 2024, Thanks to a Shared Sense of Urgency and Collaboration among Business Groups and DIC Group Companies

Having made a fresh start in fiscal year 2024, ended December 31, 2024, we advanced the aforementioned strategies despite varied market conditions across our three business segments. Consolidated net sales increased 3.1%, to ¥1,071.1 billion. Operating income climbed 148.1%, to ¥44.5 billion. Net income attributable to owners of the parent was ¥21.3 billion.

The Packaging & Graphic segment, which accounts for approximately 50% of net sales, and which includes printing inks and materials used in packaging for food and everyday items, saw a significant operating income gain. This came amid price-cutting pressure in the Americas and Europe, and reflected the implementation of a pricing policy for inks that emphasized the stable supply and service capabilities for which DIC is renowned. DIC Group company Sun Chemical Corporation, which is based in the United States and oversees Group operations in the Americas and Europe, played a key role here as companies in the region worked together to demonstrate the Group's potency as the world's largest manufacturer of inks, while concurrently encouraging a renewed appreciation by stakeholders of the important role inks play in our daily lives.

In the Color & Display segment, which accounts for around 20% of net sales and centers on pigments for color filters used in television screens, functional pigments for applications such as cosmetics, and health foods, took steps to lower costs by promoting structural reforms in its production configurations, mainly in the United States and Europe. These measures underpinned a significant reduction in the segment's operating loss compared with the previous fiscal year. These structural reforms are ongoing, but are progressing largely according to plan.

The Functional Products segment, which accounts for roughly 30% of net sales, encompasses performance materials for digital applications such as electronics equipment and semiconductors, and materials for industrial applications, particularly mobility solutions. Sales of epoxy resins—the foremost application for which is electronics materials, notably semiconductors—advanced, owing to an improvement in the product mix attributable to, among others, resurgence in demand for use in AI servers, computers and smartphones, which pushed up shipments of related products. Shipments of products for use in mobility solutions were also up, bolstered by an upturn in shipments of PPS compounds (super engineering plastics) used in automobile parts. As a consequence, segment operating income also rose.

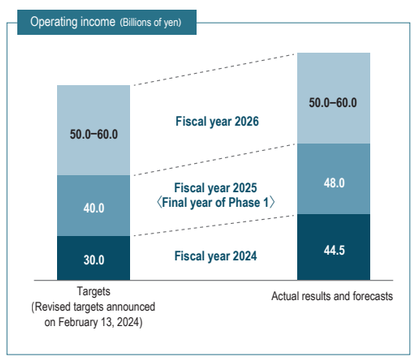
Solidifying Our Footing in Fiscal Year 2025 to Propel Growth and Ensure the Achievement of Our Immediate Goal of Record-Level Operating Income in Fiscal Year 2026

While our operating results in fiscal year 2024 were far from satisfactory, they are unmistakable proof that we are on track for recovery and ready to embark on a new stage in our evolution. As such, this is all the more reason to view fiscal year 2025 as a year for solidifying our footing by reinforcing our operating foundation. Accordingly, we will focus on repositioning our pigments business—which is currently undergoing major structural reforms—on a path to growth, and on delivering results in terms of new businesses and products in the business area we have dubbed "smart living," which we expect to drive growth going forward. At the same time, we will work to fortify the efficiency of our operations at the Group level.

Against a backdrop of rising economic and geopolitical risks, we expect uncertainty in our operating environment to continue intensifying for the foreseeable future. This is a factor that will influence our performance, but it cannot be an excuse. We will closely monitor trends across our supply chains and, in addition to standard backup plans, we will formulate supplementary plans that include reorganization and structural reforms—something I call a "double-track strategy." In tandem, we will prioritize meeting quantitative targets and adhere to the deadlines we have set for ourselves to maximize our accomplishments.

Our immediate target, as mentioned above, is to achieve record-level operating income in fiscal year 2026, putting us in an ideal position to embark on Phase 2 of DIC Vision 2030.

Progress under the DIC Vision 2030 long-term management plan



Having adopted a "Direct to Society" business creation mechanism, which aims to create new businesses by addressing social imperatives, we are venturing into areas that transcend the traditional constraints of chemicals manufacturing, including chemitronics.

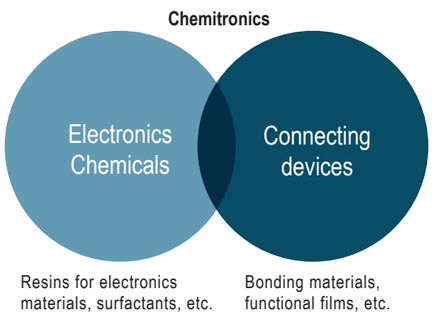
Focusing Our Allocation of Management Resources on Smart Living to Provide "Direct to Society" Solutions

While DIC is essentially a business-to-business (B2B) company insofar as our transactions are primarily with other companies, I believe strongly that we must be more than just a supply chain link that cranks out products based on orders from our customers, and should instead seek to create a business model founded on actively envisaging future needs and providing solutions to society. We do not necessarily aim to be a manufacturer of finished products, but it is crucial that our offerings afford people the opportunity to experience our technologies and ideas, that they are inspiring, and that they convey both our raison d'être and our potential to our many stakeholders. Only by breaking through to the next level can we create solutions that deliver true value. This is the concept behind our Direct to Society mechanism.

One way we are bringing this mechanism to life is through our new chemitronics business, which we launched in January 2024. This is a designation we coined to refer to businesses centered on chemicals and materials for electronics applications (including components for electrical and electronics equipment). In this new business, we are endeavoring to swiftly commercialize highly profitable, high-value-added chemicals with electrical or electronic properties for use in semiconductors and advanced electronics components. To this end, we integrated pertinent production, sales and technological functions to create the Chemitronics Business Division, which is positioned within the Functional Products Business Group.

Of particular importance here is smart living, where we are concentrating management resources in areas pivotal to the evolution of society, including semiconductors, communications, devices and batteries. It is especially critical that we are able to anticipate social changes and to accurately grasp market needs in line with the philosophy behind the Direct to Society mechanism.

Leveraging DIC's unique strengths by investing in the next-generation high-growth-potential chemitronics business to improve ROE and ROIC



Develop products that contribute to society		
Reduce environmental impact	Surfactants that contain no PFASs	
Contribute to an increasingly digital society	Low-dielectric resins Resins for next-generation semiconductors	
	Binders for storage batteries Bonding materials for next-generation batteries	
Promote recycling and reuse	Materials that can be easily joined and disassembled	

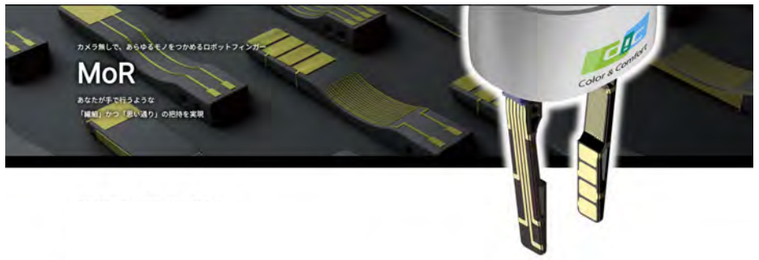
DIC has been manufacturing epoxy resins, which are fundamental to semiconductor fabrication, for nearly four decades. Advances in our own technological prowess have enabled us to successfully deliver the heat resistance, dielectric properties, adhesiveness and other properties that semiconductor manufacturers require. Today, we are also applying the epoxy resin technologies we have developed over the years to a wide range of peripheral materials, including photoresist polymers, surfactants, resins for optical applications, industrial adhesive tapes and double-sided adhesive tapes. Combining these materials and processing technologies have in turn enhanced our compounding technologies.

Recent years have brought the development of more powerful, higher-density electronics components for semiconductors, the production processes for which have become increasingly complex. As a consequence, even something as simple as the resin used in a printed circuit board must help maximize electrical conductivity while minimizing heat generation and the resulting energy loss. Moreover, individual materials are not the only thing that affects quality—bonding methods and interface controls are also determining factors, so both chemical and electronics perspectives are important. Having technologies and know-how in both areas gives us a unique competitive edge in a promising market that other companies are not easily able to enter.

Transcending the Constraints of Chemicals Manufacturing to Develop Groundbreaking Drones and Robotic Fingers that Have Captured the Interest of Both Society and the Corporate World

Our efforts to venture into areas that transcend the traditional constraints of chemicals manufacturing are leading us to explore a variety of new themes. One example is the *HAGAMOSphere*™ omnidirectional multicopter, which we developed in collaboration with Tokushima University. This new drone features eight mounted propellers, the rotation of which is controlled using a unique algorithm that enables it to move in any direction without tilting. This drone is housed in a spherical drone guard consisting of a combination of geometric shapes, allowing it to roll on the ground and travel autonomously. To control the drone's position when it is airborne, we employed fluid analysis simulation software used for molding resins. We also capitalized on our extensive materials data to select the ideal materials for the spherical guard. A prototype of *HAGAMOSphere*™ was exhibited at CES 2025, a leading technology trade show in the United States, where it earned praise for its innovative design and engineering features, earning DIC its first designation as a CES Innovation Awards® 2025 Honoree.

Another example is the multifunctional robotic finger (MoR). This device lets a robotic hand (claw) recognize the object it is trying to grasp without the need for built-in 3D cameras or sensors, and also pick up and move both soft and hard objects with the appropriate grip. This involves leveraging the properties of PPS resins and using molded interconnect device (MID) technology to laser-etch circuit traces directly onto the robotic hand. These traces are then metallized, enabling the MoR to function as an electronic circuit. Advantages include the reduction of part counts and weight, which helps lower costs. This innovative product has already been launched and is being used at the production facilities of a number of customers.



The laser-etching of circuit traces directly onto the robotic hand (claw) imparts multiple sensor functions to the MoR.

Both the *HAGAMOSphere*™ and the MoR truly embody our Direct to Society business creation mechanism, which seeks to heighten our responsiveness to the needs of society. The many insights gained in the development of these pioneering offerings, as well as the approach we took, which benefited from the incorporation of external perspectives, have encouraged a change in employee awareness while also providing a few pointers to new business ideas. Both products have received high marks from multiple market sectors and we look forward to seeing applications proliferate in the years ahead.

WEB https://hagamosphere.com

WEB https://www.dic-global.com/ja/project/robot_finger_mor/index.html (in Japanese only)

Making Steady Progress toward Meeting Our Medium-Term Targets through the Practical Implementation of Climate Change Countermeasures and Resource Recycling Systems

We continue to advance resolute efforts to help realize a sustainable society, guided by our sustainability strategies, which prioritize addressing climate change under two overriding targets, which are to reduce CO_2 emissions by 50% from the fiscal year 2013 level by fiscal year 2030 and to achieve carbon neutrality—net zero CO_2 emissions—by fiscal year 2050. Moves to lower emissions from DIC Group sites (Scope 1 and 2) emphasize improving production processes, implementing energy-saving initiatives and promoting the electrification of production facilities, as well as switching to green power (purchased electric power generated using renewable energy).

In terms of sustainability-related endeavors across our supply chains (Scope 3), we are cooperating with our suppliers to reduce CO_2 emissions from purchased raw materials, cultivate the use of bioderived and recycled raw materials, and provide products that help our customers improve their recycling rates and curb waste.

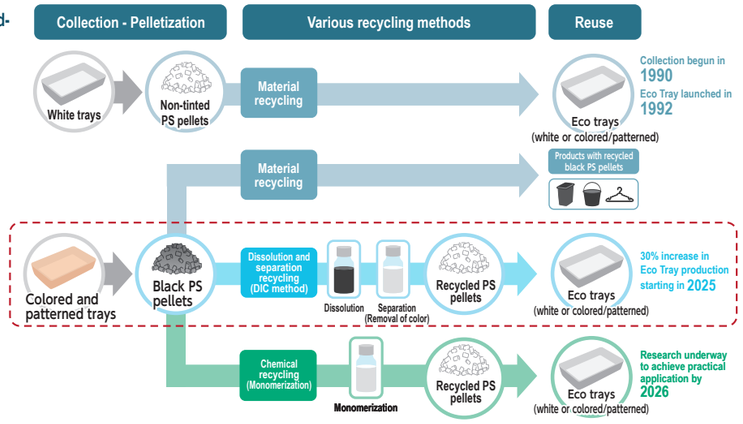
Related initiatives conducted across the Group have earned global recognition, including selection as one of 350 companies included in the Asia-Pacific Climate Leaders 2024 index, which recognizes companies that have made outstanding contributions to the reduction of greenhouse gas emissions. Constituents of this index are chosen by U.K.-based The Financial Times Limited and Statista GmbH of Germany. We will also seek to contribute further to the creation of a circular economy by helping minimize waste generation, a key issue for manufacturers of packaging materials.

Working in collaboration with a major food tray manufacturer to achieve the first-ever closed-loop recycling system for colored and/or patterned polystyrene foamed food trays, which are more difficult to recycle than white trays, we

developed a proprietary dissolution and separation technology—a deinking chemical process—that facilitates the recycling of such trays into transparent polystyrene. In November 2024, we commenced full-scale operations at a new "tray-to-tray" material recycling facility at our Yokkaichi Plant. This facility will supply approximately 10,000 tonnes of polystyrene annually that has been recycled from colored and/or patterned foamed food trays.

The practical implementation of this polystyrene dissolution and separation facility is a significant achievement. We have received extensive feedback from interested parties, both in Japan and overseas. In addition to expanding the volume of polystyrene processed at this facility using material recycling, we are developing technologies for chemical recycling, which returns depolymerized polystyrene back into its precursor, that is, styrene monomer, which we plan to begin using in fiscal year 2026, with the aim of creating a comprehensive hybrid closed-loop recycling system.

Various Processes Used in the Closed-Loop Recycling of Polystyrene



Accelerating Efforts to Improve Capital Efficiency and Reinforcing Profitability through Management that Is Conscious of Capital Costs and Share Price

In line with the Tokyo Stock Exchange's request to implement management that is conscious of capital costs and share price, we recognize improving capital profitability as a key management challenge and have set targets for fiscal year 2026 for return on invested capital (ROIC)—a financial indicator of a company's profitability—of between 4.0% and 5.0%, and return on equity (ROE) of between 7.0% and 8.0%, equal to or greater than the cost of equity. To reach these targets, we continued to promote structural reforms, as well as our strategy of selectivity and concentration in allocating management resources. In fiscal year 2024, ROIC was 3.8%, up from 1.5% in fiscal year 2023, while ROE was 5.6%, a significant improvement from -10.6%. Price–book value (P/B) ratio, which has remained below 1.00 times since fiscal year 2019, rose to 0.80 times, from 0.72 times in fiscal year 2023. However, we believe that none of these figures are yet sufficient to satisfy the standards demanded by the stock market.

Our decision to disclose segment ROIC figures for the first time when we announced our fiscal year 2024 operating results was made with the express purpose of strengthening engagement with shareholders and improving disclosure. Our objective is to quantitatively demonstrate to both internal and external stakeholders our determination to enhance operating margins by ensuring the optimal allocation of management resources to each segment, as well as to shift our focus to products that deliver higher value-added and, at the same time, reduce invested capital.

Consistent with our policy of prescribing stringent cash flow management, in fiscal year 2024 we generated ¥24 billion in cash by shrinking assets, including through the divestiture of cross-shareholdings and the sale of production facilities and land as part of an effort to rationalize production configurations. With further moves to trim assets expected to yield a total of ¥40 billion-plus in cash by fiscal year 2026, we plan to boost returns to shareholders by approximately ¥10 billion in fiscal year 2025.

The completion of ongoing bold moves to transform our business portfolio and implement structural reforms at certain recently acquired businesses will enable us to swiftly build a robust operating base, enhancing our ability to generate cash. I am confident that the effective use of this cash, in accordance with our cash allocation policies, will in due course lead to a further improvement in ROE and that this will be reflected in our P/B ratio. We believe it is paramount to communicate fully with stakeholders and report the progress of each of these initiatives in detail to ensure their understanding and engagement.

Incorporating the Advice of the Corporate Value Improvement Committee into Management to Strengthen Governance and Guide the Formulation of Strategies

In this era of increasingly diverse and complex social values, it is crucial to integrate long-term, objective perspectives into management and to make use of high-level, wide-ranging viewpoints in decision making and strategic planning, both of which are essential to strengthening governance. It was with this conviction that in April 2024 we established the Corporate Value Improvement Committee, which consists of four outside directors whose remit is to explore a variety of management issues and to advise the Board of Directors from an independent stance. Themes for deliberation include general matters related to ensuring management is conscious of capital costs and the Company's share price, such as measures to augment ROIC, making more effective use of owned assets and the operation of the Kawamura Memorial DIC Museum of Art.

In this era of increasingly diverse and complex social values, we will continue to pursue enhancements in corporate value.

The first theme taken up for focused deliberation by the Corporate Value Improvement Committee was the operation of the museum. Given the social importance of the museum, we recognized that deciding its future solely in terms of our own particular concerns was not appropriate, and we therefore sought to address this matter from a higher and broader viewpoint. Accordingly, this was the ideal choice for the committee's first topic of discussion.

Imagine DIC as a ship on the open sea. In this metaphor, the museum is valuable cargo and the seas are stormy. Steering a ship—making calm and objective decisions—while being tossed about on the waves can be challenging. However, beams from a lighthouse sweeping over the waters can illuminate both the state of the sea and the state of the ship, thereby helping the captain make the right call. The Corporate Value Improvement Committee acts as such a beacon, exploring themes from an elevated perspective that is different from that of DIC's management.

Guided by the advice of the Corporate Value Improvement Committee, we resolved to continue operating the Kawamura Memorial DIC Museum of Art by downsizing and relocating it to Tokyo. This was an extremely difficult decision but, after also considering feedback from our many stakeholders, we concluded that this was the best way forward, and that it will yield significant benefits both socially and economically. In terms of our ability to strengthen governance and formulate strategies, I see this committee as vital to charting an appropriate course not only for the Kawamura Memorial DIC Museum of Art but also for the entire DIC Group, and to determining how both should evolve to keep abreast of the changing times and operating environment.

Leveraging Our Strengths as a Diverse and Resilient Global Organization

Established in 1908, the DIC Group has capitalized on its capabilities in its original printing inks business, as well as in the principal raw materials used in these products, namely, organic pigments and synthetic resins, while also cultivating related core technologies to the highest global standards. The materials and components we produce in these areas are indispensable to society, playing key roles in a wide range of industries, including automobiles, household appliances, food, housing and lifestyle-related products, contributing to manufacturers' ability to ensure quality and improved functionality. We have operations in approximately 60 countries and territories around the world, with over 170 DIC Group companies employing in excess of 21,000 people of various nationalities.

I firmly believe that our greatest strengths as a global organization lie in our wealth of technological assets, extensive lineup of products that are critical to society and our diverse human capital. If we experience a downturn in one business, for example, our other businesses marshal their capabilities to buttress our operating foundation. Similarly, if our operations in one region are adversely affected by heightened geopolitical risks, Group companies in other countries and territories work together to temper the damage. As I noted at the beginning of this message, we experienced a downturn in the Group's performance in fiscal year 2023. The company that oversees Group operations in the Americas and Europe contributed significantly to our recovery by pushing ahead with efforts to negotiate prices with customers for packaging inks and by implementing structural reforms in the pigments business. This is a perfect example of the Group's diversity and resilience.

To put it another way, the more we are able to bring together the talent, technologies and assets from diverse regions going forward, the more successful we will be in leveraging our immense synergies, as well as creating new products and services that will help bolster corporate value. Through structural reforms and our strategy of selectivity and concentration, we are laying a foundation that will propel us into our next dramatic advance and ensure we return to a growth trajectory in Phase 2 of DIC Vision 2030.

To Our Stakeholders

The DIC Group is a leading global manufacturer of fine chemicals that provides materials, components and processed products essential to modern lifestyles. For this and other reasons, we see securing stable growth and helping resolve ever-more complex and diverse social imperatives as both a mission and a responsibility, regardless of market conditions and geopolitical risks. Having acknowledged this, we will continue working as one with our colleagues around the world to provide society with safety and security, as well as color and comfort, and to constantly redefine our "Color & Comfort" value proposition—and in so doing, to contribute to sustainability and enhanced corporate value. We also pledge to do our utmost to bring forward the achievement of our targets for fiscal years 2026 and 2030. In these and all of our endeavors, I am grateful for the ongoing support of our stakeholders.

A Message from the CFO

We are taking decisive steps to generate and ensure the optimal allocation of cash by promoting ROIC management.

Takeshi Asai
Director, Senior Managing Executive Officer
Head of Finance and Accounting Unit
CFO

Operating Results and Financial Condition

In fiscal year 2024, consolidated net sales increased 3.1%, while operating income climbed 148.1%, reflecting a notable improvement over fiscal year 2023—a particularly challenging period for DIC. With the goal of enhancing capital efficiency, we made the decision to divest subsidiary SEIKO PMC CORPORATION and transferred the intellectual property related to our LC materials business to a third party. Additionally, structural reforms and efforts to reduce costs have significantly narrowed the loss in our pigments business. Our financial position also improved, as evidenced by a ¥19.0 billion decrease in net interest-bearing debt, driven by steady cash generation as a result of a recovery in operating results and the sale of assets, and by an increase in the net debt-to-equity (D/E) ratio*1 to 1.05 times, reflecting an increase in operating income and a weak yen, and remaining within our target range of 1.00 to 1.10 times.

Adoption of Policies for Cash Allocation

As part of the review of our DIC Vision 2030 long-term management plan, released in the period under review, we established cash allocation policies with the goal of optimizing the allocation of cash generated. In fiscal year 2024, the first year of the revised plan, we implemented structural reforms in the pigments business and sought to maintain sales prices for printing inks in overseas markets, leading to an improvement in performance that bolstered cash provided by operating activities. We also moved to shrink assets, including the aforementioned divestiture and the active reduction of cross-shareholdings. Working capital is also on an uptrend, owing to rising sales, so we will continue taking steps to achieve reductions, primarily by optimizing inventory management, to improve the cash conversion cycle.*2

Strengthening Returns to Shareholders

Annual dividends for fiscal year 2024 were ¥100.00, the minimum limit set forth in our pertinent cash allocation policy. In fiscal year 2025, we intend to maintain annual dividends at ¥100, as well as allocate ¥10 billion to additional returns to shareholders. Going forward, applications for additional cash generated through asset sales or other means will be deliberated and applied to shareholder returns in a flexible manner in accordance with this policy.

Promoting Management that Is Conscious of Capital Costs

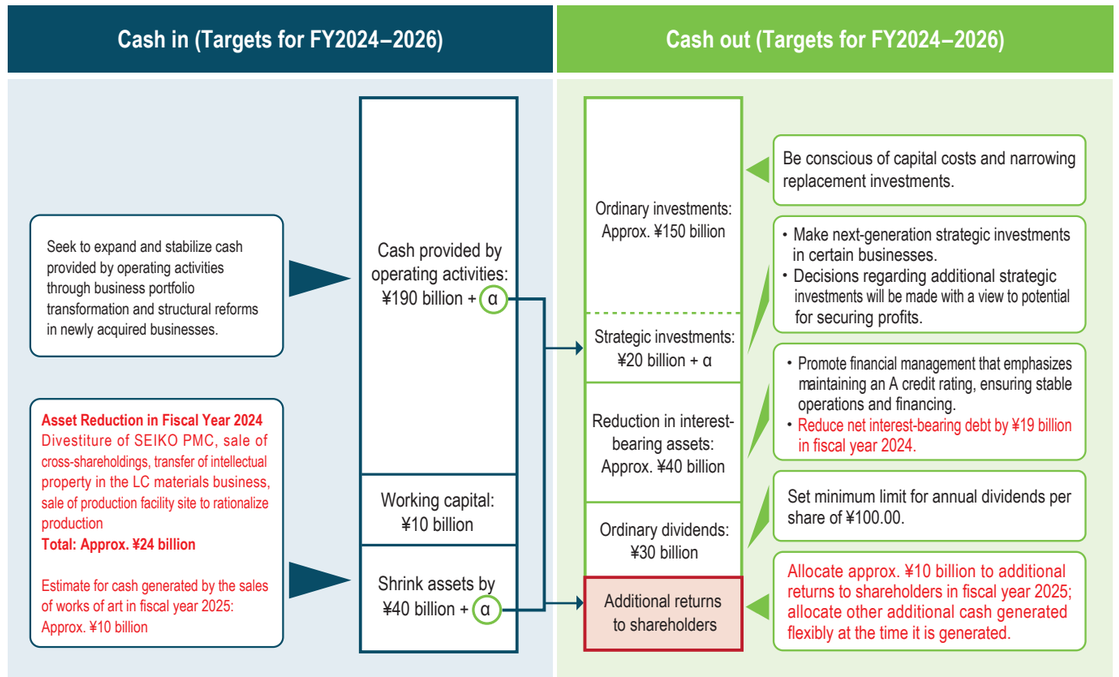
Despite increases in our share price, our P/B ratio in fiscal year 2024 was 0.80 times, falling short of our goal of improving this indicator, which has persistently been below 1.00 times. Recognizing that improving capital profitability is a management challenge crucial to increasing corporate value, we will work to bolster capital efficiency by implementing a strategy of selectivity and concentration. We will also continue to make decisions regarding capital investments and strategic investments with an emphasis on capital costs and potential for securing profits. ROIC in fiscal year 2024 improved to 3.8%, while ROE rose to 5.6%. Our target ranges remain between 4.0% and 5.0% for the former and between 7.0% and 8.0% for the latter.

Managing Segment ROIC

We have long used segment ROIC as an internal management indicator to promote the optimal allocation of management resources, but we took the decision to disclose these figures publicly for the first time as part of our fiscal year 2024 results announcement. This marks a step toward clarifying the factors behind our widening ROIC spread*3 and the measures we plan to implement in response, while also strengthening our engagement with shareholders and investors, and with capital markets. ROIC in the Packaging & Graphic and Functional Products segments in the period under review exceeded targets, both of which reported robust operating results. In the Color & Display segment, however, improving profitability remained a challenge despite a significant narrowing of the segment's operating loss. Efforts to dramatically reduce fixed costs in this segment will continue, focusing on merging certain production facilities and shuttering others in the Americas and Europe, and on promoting structural reforms. We will also encourage the development of strategic products and emphasize high-performance products with the goal of restoring the segment to growth and improving segment ROIC.

*1 Net D/E ratio is calculated as net interest-bearing debt / shareholders' equity.
*2 Cash conversion cycle is a metric that expresses the time (in days) it takes for a company to convert capital investments in raw materials and inventory into cash.
*3 ROIC spread is the difference between ROIC and weighted average cost of capital (WACC), which represents the cost of financing a company's operations.

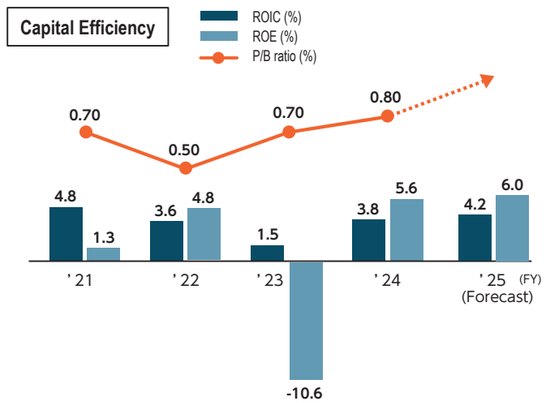
Policies for Cash Allocation

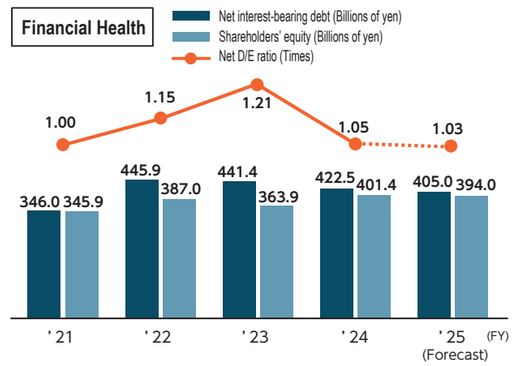


	FY2024 (Actual)	FY2026 (Targets)
ROIC	3.8%	4.0%–5.0% ≧ Weighted average cost of capital
ROE	5.6%	7.0%–8.0% ≧ Cost of equity
Net D/E ratio	1.05	1.00–1.10 times

Segment	Operating income	ROIC
Packaging & Graphic	33.6	8.2%
Color & Display	(0.3)	△ 0.1%
Functional Products	21.0	7.1%
Total*	44.5	3.8%

* Total operating income includes operating expenses for the above three segments and for the Company as a whole.





DIC Vision 2030 Long-Term Management Plan

In fiscal year 2022, DIC introduced a redefined vision statement, "We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*," and launched a new long-term management plan, DIC Vision 2030, which will guide the DIC Group through fiscal year 2030.

Basic Policy

Safely delivering Color & Comfort for sustainable prosperity to enhance shareholder value and long-term corporate value

—Establishing a business portfolio beyond ink products and implementing carbon neutrality initiatives—

DIC in the Future

1 Build a business portfolio that contributes to sustainable prosperity for society

- Promote business portfolio transformation by expanding businesses in growth markets and creating new businesses to build a business portfolio that does not depend on ink
- Expand selection of sustainable products with the aim of contributing to a society that is increasingly green, digital and emphasizes QOL and of enhancing corporate value

Target Increase sustainable products as a percentage of net sales to 60% by FY2030 (FY2020: 40%)

Contribute to a society that is increasingly

Green
- Achieve carbon neutrality
- Realize a circular economy

Digital
- Propel the evolution of information and communications
- Drive the evolution of CASE (Connected, Autonomous, Shared and Electric) vehicles and Mobility as a Service (MaaS)
- Promote the development of AI and IoT technologies

QOL
- Deliver safety, peace of mind and convenience
- Prolong healthy life expectancy
- Embrace diverse values

2 Help achieve sustainability for the global environment and for society

- Advance sustainability strategies to help realize a carbon-neutral society

Target Reduce annual CO_2 emissions by 50% by FY2030

Basic Strategies

Business Portfolio Transformation

Designate and focus the allocation of management resources in five priority business areas that contribute to an increasingly green, digital and QOL-oriented society

Five priority business areas
- Sustainable energy
- Healthcare
- Smart living
- Color science
- Sustainable packaging

Value Transformation
Strengthen corporate structure through qualitative reforms of businesses

New Pillar Creation
Create new businesses in response to ESH-related issues and social changes

Enhance the technology platform
Shift to R&D that leverages computational science
Establish new basic technologies

Make strategic investments
Invest strategically, including in M&As, to transform the business portfolio
Build a new business portfolio that takes ROIC into account

Reinforce management of human capital
Build a strategic human resources portfolio that maximizes the value of human capital

Establish a more global management configuration
Adopt a sophisticated global management model and accelerate global expansion in five priority business areas

Promote IT and DX
Use digital technologies to provide new added value and revamp the Group's business structure

Sustainability Strategies

Expand sustainable products
Work to expand sustainable products, that is, products that demonstrate unique competitive strengths and respond to ESH-related issues

Reduce CO_2 emissions
Promote efforts to reduce CO_2 emissions and help realize a carbon-neutral society

Respond to a circular economy
Advance efforts to respond to a circular economy, thereby contributing to a sustainable society

Business Portfolio Transformation: Five Priority Business Areas

Sustainable energy
- Specialty materials that contribute to the realization of the high-performance secondary batteries and fuel cells crucial to an electrified/hydrogen-powered society

e.g. Materials for secondary batteries and fuel cells
Functional inorganic fillers

Healthcare
- High-performance nutritional supplements that support the health of people of all ages
- Healthcare-related products and services that deliver safety, peace of mind and comfort, contributing to a future in which people enjoy an improved QOL

e.g. High-performance nutritional products
Natural skincare materials

Smart living
- High-performance materials and solutions that contribute to the realization of a sustainable society that coexists with a healthy global environment
- Chemical solutions for modern lives that have evolved and improved thanks to digitalization

e.g. Materials for 5G/6G-enabled devices, resins for next-generation semiconductors, bonding solutions for heterogeneous materials

Color science
- Color that is sustainable and ecologically sound
- Products with outstanding decorative properties that facilitate the creation of comfortable spaces
- Functional materials that leverage dyeing technologies to deliver convenience, satisfaction, safety and peace of mind

e.g. Functional pigments (for LiDAR signal coatings, and heat-shielding coatings), biomass pigments, natural colorants for cosmetics

Sustainable packaging
- Materials that ensure tastier, more enjoyable and safer merchandise reaches consumers
- Materials that deliver safety, peace of mind and convenience, as well as help reduce food loss
- Product design that contributes to a circular economy, i.e., is conducive to recycling and uses plant-derived and renewable raw materials

e.g. Materials with outstanding barrier properties, biomass packaging, recycling systems (chemical recycling, material recycling)

Strategies for the Remainder of Phase 1 (FY2024–2025)

Concentrate management resources on areas that are expected to generate profits swiftly and reliably

Priority business area to be emphasized in Phase 1
Smart living

From the perspective of potential to swiftly achieve viability and profitability, concentrate the allocation of management resources in Phase 1 on the area of smart living.

- **Emphasize reinforcing capabilities in electronics materials**
  - Establish the Chemitronics Business Division.
  - Add depth to core business and strengthen peripheral businesses.
- **Fully leverage synergies with newly acquired businesses**
  - Uncover synergies with PCAS Canada.

Focus on appropriate investment targets in other priority business areas

- Identify investment targets to be given precedence in Phase 1 and strive to realize profitability.
- New strategic investments will be implemented in Phase 2 or later, when profits are expected to improve.

Sustainable energy
Be bold in selecting targets.
Withdraw from businesses in which demonstrating competitive strengths is determined to be difficult.

Healthcare / **Sustainable packaging**
Select and discard diffused targets.
Choose and focus investments on businesses that are expected to swiftly achieve viability and profitability.

Color science
Promote rationalization efforts to improve profitability in the Colors & Effects pigments business.

*Phase 2 : FY2026–2030

Five Strategies to Transform the DIC Group's Business Portfolio

Reinforce management of human capital	● Build a strategic human resources portfolio that maximizes the value of human capital
Make strategic investments	● Invest strategically, including in M&As, to transform the business portfolio ● Build a new business portfolio that takes ROIC into account
Enhance the technology platform	● Shift to R&D that leverages computational science ● Establish new basic technologies
Establish a more robust global management configuration	● Adopt a sophisticated global management model and accelerate global expansion in five priority business areas
Promote IT and DX	● Use digital technologies to provide new added value and revamp the Group's business structure

Overview of Materiality

The DIC Group has abstracted and defined a number of issues as being material and requiring its attention. The Group continues promoting a variety of measures to address these issues.

Material Issues and Related Initiatives

(For more information on these eight material issues, please see pages 7–8 and 19–20.)

1 Qualitative transformation to a business portfolio that contributes to sustainable prosperity for society

Promote a qualitative transformation to a business portfolio that emphasizes social value and sustainability.

(Focus on the five priority business areas set forth in DIC Vision 2030 that deliver social value.)

(For more information, please see pages 27–43.)

2 Contribution to the realization of carbon neutrality

Advance CO_2 emission reductions in the market and provide products and services that contribute to decarbonization.

(Announce goal of achieving carbon neutrality by fiscal year 2050, work to reduce Scope 1 and 2 CO_2 emissions and to provide information on product carbon footprint.)

(For more information, please see pages 14, 44, 47–49 and 64–74.)

3 Creation of new businesses with the potential to become mainstays

Ensure a better future for people's lives and the environment and realize greater social benefits that enhance shareholder value.

(Identify areas at the intersection of ESH-related issues and social changes and the DIC Group's core competencies and foster new businesses.)

(For more information, please see pages 13–14 and 47–50.)

4 Promotion of efforts to maximize the value of human capital

Build a strategic human resources portfolio that maximizes the value of human capital over the medium to long term.

(Ensure mobility, improve engagement and organizational cohesiveness, and encourage ongoing efforts to increase diversity and reform work styles.)

(For more information, please see pages 44 and 75–94.)

5 Establishment of a more robust global management configuration

Accelerate global expansion in priority business areas.

(Advance global management governance, foster and strengthen management personnel, and create a global enterprise resource planning (ERP) system.)

(For more information, please see pages 41–43, 58–59 and 75–82.)

6 Promotion of DX

Leverage digital technologies and data to provide new added value and strengthen the DIC Group's business structure.

(Innovate business processes, work styles and business models, and revamp the DIC Group's corporate culture and business structure.)

(For more information, please see pages 51–52.)

7 Response to a circular economy

Contribute to the realization of a waste-free society that does not depend on resource consumption as part of a greater global effort to address climate change.

(Foster products that help reduce CO_2 emissions in categories 1 and 12 of Scope 3, and advance chemical and material recycling.)

(For more information, please see pages 14–15, 29, 46 and 61.)

8 Creation of a sustainable supply chain

Encourage responsible procurement that takes into account global human rights issues, as well as environmental issues such as climate change and water risk.

(Promote awareness of the current status of raw materials and appropriate responses to country risk and various supply disruption risks, and to issues regarding environmental soundness.)

(For more information, please see pages 95–98.)

Identifying Material Issues

Step 1	Abstract issues	The DIC Group abstracts issues, referencing the GRI Standards and items weighted by environmental, social and governance (ESG) assessment organizations, and considering issues delineated in DIC Vision 2030 and The DIC Way, as well as social imperatives.
Step 2	Assess materiality	Abstracted issues are examined by relevant internal departments.
Step 3	Reflect perspectives of outside experts	Abstracted issues are discussed with objective outside experts, whose views are reflected.
Step 4	Identify material issues	A proposal is prepared by the secretariat for discussion by the Sustainability Committee, which is responsible for the implementation of concrete strategies.
Step 5	Present to management team/debate	Issues identified as material are submitted to the Sustainability Committee for deliberation and approval.
Step 6	Finalize	Material issues are reported at the Board of Directors' meeting and finalized.

DIC Group Company Opens New Facility for Cultivating Algae with the Goal of Realizing Sustainable Smart Farming

In March 2025, Group company Earthrise Nutritionals, LLC, commenced operations at a new edible algae cultivation facility that was built with the goal of realizing sustainable smart farming. As a photosynthetic organism, Spirulina carries out photosynthesis, that is, it converts CO_2 into the chemical energy necessary to fuel its growth. Earthrise's new facility uses more than 1,200 tonnes of refined CO_2 procured from external sources annually to cultivate Spirulina and satisfies more than 50% of its energy needs with renewable energy procured in an environment-friendly manner. The facility also uses state-of-the-art technologies to produce *Linablue*®, a natural blue food coloring made with a pigment extracted from Spirulina using water, enabling it to achieve zero discharge of industrial wastewater off-site. Going forward, the Group will continue striving to provide superior environment-friendly products to its customers around the world.

Ceremony celebrating completion of the new plant (April 2025) (left) and an overview of the new facility

DIC Develops Antifoaming Agent for Use in Lubricating Oils for EVs that Is PFAS-Free and Delivers an Outstanding Performance

Despite excellent antifoaming properties, thermal stability and durability (shear stability) when used in lubricating oil, concerns regarding latent environmental risks associated with PFASs have prompted debate, particularly in Europe and the United States, over the need to further regulate the use of these substances. At the same time, achieving a level of performance comparable to PFAS-based surfactants with ordinary silicone-based alternatives has proven challenging. DIC has been working to develop an environment-friendly alternative PFAS-free surfactant. In fiscal year 2024, the Company succeeded in developing the *MEGAFACE*™ EFS series of surfactants that are PFAS-free but deliver a performance that rivals that of PFAS-based products. Looking ahead, DIC will continue to expand its operations, focusing on sustainable products. The Company will augment its selection of PFAS-free products that help address social imperatives, thereby helping promote the sustainability of industry and the reduction of environmental risks.

Digital Twins Technology Is Deployed to Automate the Operations of Synthetic Resins Production Facilities

DIC and Hitachi, Ltd., recently achieved the practical deployment of digital twins technology that leverages process informatics to automate the operations of a synthetic resins production facility. The system developed by the two companies, which leverages AI to build reaction prediction models that can determine optimal operating conditions, is expected to ensure stable quality and improve work efficiency. Having conducted joint demonstration tests since fiscal year 2021, in January 2025 DIC and Hitachi commenced full-scale deployment of the new system at DIC synthetic resins production facilities in Japan, with a view to rolling it out at other sites in Japan and overseas going forward.

The DIC Group is advancing the use of the IoT and AI to improve efficiency at its sites and realize smart factories. DIC will continue to promote digitalization within its own production facilities, focusing on ensuring it has the right people in the right places, enabling it to respond effectively to the needs of customers and at the same time to streamline supply chains, thereby taking its production capabilities to a new level.

Establishment of the Global Innovation Center and the Global HR Department

The DIC Group is a multinational organization with operations in Japan and other parts of Asia, as well as in the Americas and Europe. In January 2025, DIC established the Global Innovation Center to leverage capabilities Groupwide to advance the development of new technologies and products that support next-generation businesses. The Company also recently established the Global HR Department to promote the exploration, selection and deployment of human resources management systems that contribute to more effective integrated management of the DIC Group as a whole. With these two new organizational components, the Group aims to transcend regional boundaries to further fortify its global competitiveness and achieve sustainable growth.

Other Management Issues

In the process of identifying material issues, the DIC Group also recognized the following as issues with the potential to significantly impact its management. The Group will continue working to address/strengthen its response to these issues through its business activities.

Environmental	Product stewardship, reduction of environmental impact, intellectual property strategies
Environmental and social	Strengthening of partnerships
Social	Communication with customers and markets, contribution to local communities, response to pandemics
Governance	Ability to optimize capital efficiency, business continuity, political and geopolitical change, information security, response to tax-related risks, response to currency fluctuations
Other	Ability to help realize colorful and comfortable lifestyles

12-Year Summary

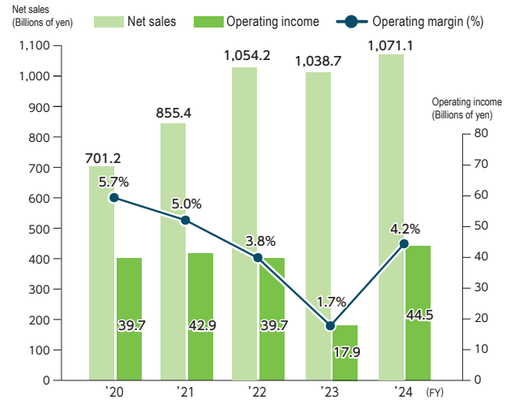
Key Financial Data

Period	116	117	118	119	120	121	122	123	124	125	126	127
Fiscal year	2013(*3)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income												
Net sales (Billions of yen)	784.0	830.1	820.0	751.4	789.4	805.5	768.6	701.2	855.4	1,054.2	1,038.7	1,071.1
Operating income (Billions of yen)	44.1	41.1	51.1	54.2	56.5	48.4	41.3	39.7	42.9	39.7	17.9	44.5
Operating margin (%)	5.6	4.9	6.2	7.2	7.2	6.0	5.4	5.7	5.0	3.8	1.7	4.2
R&D and technology-related expenses*1 (Billions of yen)	19.8	25.3	26.8	26.2	27.4	28.4	27.9	26.2	28.0	29.9	32.2	31.7
Of which, R&D costs (Billions of yen)	8.8	10.9	12.2	11.2	12.4	12.9	12.5	12.0	13.5	15.1	17.2	16.3
Ordinary income (Billions of yen)	40.9	39.9	49.0	55.8	57.0	48.7	41.3	36.5	43.8	39.9	9.2	37.9
Net income (loss) attributable to owners of the parent (Billions of yen)	28.8	25.2	37.4	34.8	38.6	32.0	23.5	13.2	4.4	17.6	(39.9)	21.3
EBITDA (Billions of yen)	69.1	77.0	94.0	82.6	86.1	81.4	67.4	55.6	69.0	85.5	30.8	95.7
EBITDA margin (%)	9.8	9.3	11.5	11.0	10.9	10.1	8.8	7.9	8.1	8.1	3.0	8.9
Financial Position												
Total assets (Billions of yen)	761.7	803.7	778.9	764.8	831.8	801.3	803.1	818.0	1,071.5	1,261.6	1,244.9	1,226.4
Net assets (Billions of yen)	218.9	276.7	289.9	307.0	344.0	327.3	343.5	351.4	381.0	421.1	399.3	420.6
Equity ratio (%)	25.6	31.1	33.7	36.4	37.9	37.3	38.9	38.9	32.3	30.7	29.2	32.7
Interest-bearing debt (Billions of yen)	299.1	274.2	259.5	241.3	265.7	264.5	252.6	266.7	384.2	509.3	529.0	484.3
Cash and deposits (Billions of yen)	15.6	16.8	15.4	17.2	17.9	19.8	16.8	44.9	38.3	63.4	87.5	61.9
Net interest-bearing debt (Billions of yen)	283.6	257.4	244.1	224.0	247.8	244.7	235.8	221.9	346.0	445.9	441.4	422.5
Net D/E ratio (Times)	1.45	1.03	0.93	0.80	0.79	0.82	0.75	0.70	1.00	1.15	1.21	1.05
Cash Flows												
Net cash provided by operating activities (Billions of yen)	33.9	46.4	29.1	62.5	54.2	51.0	50.6	54.5	44.8	7.9	89.1	46.2
Net cash used in investing activities (Billions of yen)	(9.8)	(27.4)	(10.0)	(32.2)	(58.9)	(38.4)	(24.9)	(33.0)	(147.6)	(73.2)	(66.5)	(17.1)
Free cash flow (Billions of yen)	24.0	19.0	19.1	30.3	(4.7)	12.6	25.8	21.4	(102.8)	(65.2)	22.6	29.1
Net cash provided by (used in) financing activities (Billions of yen)	(32.8)	(26.1)	(24.8)	(26.9)	11.4	(11.8)	(26.8)	6.3	99.5	83.9	(2.9)	(62.6)
Cash and cash equivalents (Billions of yen)	15.0	16.4	15.1	16.7	17.7	18.6	16.7	41.4	37.6	62.6	84.6	60.9
Per Share Information*2												
Earnings (loss) per share (Yen)	292.26	267.81	389.40	366.72	407.56	338.40	248.29	139.81	46.12	186.05	(421.06)	225.11
Price earnings ratio (Times)	10.9	10.9	8.5	9.7	10.5	10.0	12.2	18.6	62.8	12.5	(6.6)	15.0
Dividends per share (Yen)	60	60	80	100	120	125	100	100	100	100	80	100
Payout ratio (%)	20.5	22.4	20.5	27.3	29.4	36.9	40.3	71.5	216.8	53.7	(19.0)	44.4
Other Indicators												
ROE (%)	16.1	11.3	14.6	12.9	13.0	10.4	7.7	4.2	1.3	4.8	(10.6)	5.6
ROIC (%)	6.1	5.7	6.9	7.3	7.2	6.0	5.2	5.0	4.8	3.6	1.5	3.8
Capital expenditure (Billions of yen)	27.1	33.6	32.1	31.3	33.6	32.1	35.0	34.0	38.6	49.5	56.3	45.3
Depreciation and amortization (Billions of yen)	25.9	33.8	32.9	32.4	31.5	32.8	33.1	32.6	37.4	47.1	50.8	52.8
Overseas sales ratio (%)	66.6	63.4	65.1	62.4	63.4	63.6	63.5	64.8	67.3	70.8	71.3	74.8
Average exchange rate (¥/US$)	97.06	106.32	120.85	109.96	112.33	110.46	109.11	106.37	109.75	130.59	140.51	151.04
Average exchange rate (¥/EUR)	129.25	141.41	134.14	122.06	127.03	130.46	122.13	121.43	129.73	137.71	151.98	163.34
Number of employees	20,034	20,411	20,264	20,481	20,628	20,620	20,513	20,242	22,474	22,743	22,255	21,184

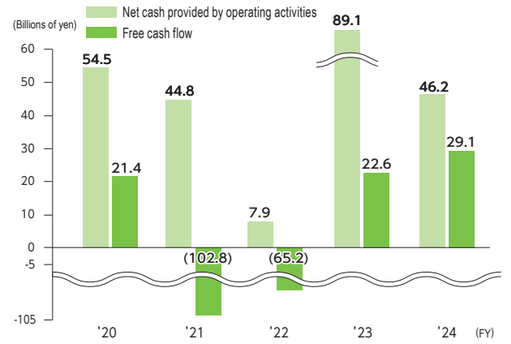
*1 Technology-related expenses are for DIC and DIC Graphics Corporation.
*2 Per share information has been adjusted to reflect the impact of the consolidation of shares.
*3 Effective from fiscal year 2013, DIC and its domestic consolidated subsidiaries changed their fiscal year-end from March 31 to December 31. As a consequence, reported results reflect the fact that for these companies fiscal year 2013 was a transitional, irregular nine-month period. For the purpose of comparison, fiscal year 2013 figures here have been adjusted to represent the 12 months from January 1–December 31, 2013.

Financial Information and Shareholder Value

Net Sales, Operating Income and Operating Margin

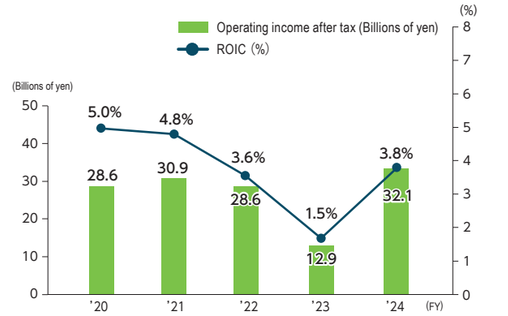


Net Cash Provided by Operating Activities and Free Cash Flow



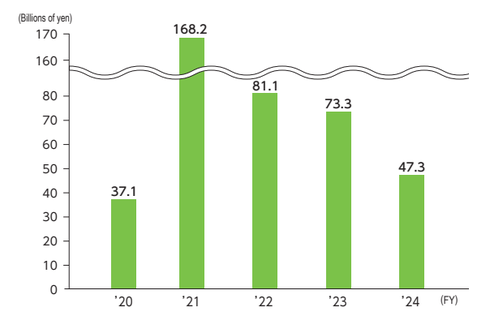
Note: The increase in net cash used in operating activities in fiscal year 2021 reflects the impact of DIC's acquisition of the Colors & Effects pigments business from BASF SE (acquisition cost: ¥128.9 billion).

Operating Income after Tax and ROIC*



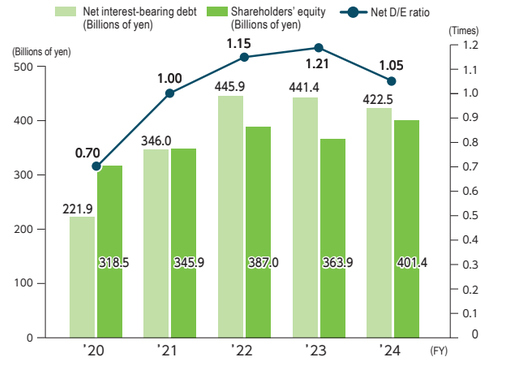
* ROIC: Operating income x (1–Effective tax rate of 28%) / (Net interest-bearing debt + Net assets)

Capital Expenditure and Investment



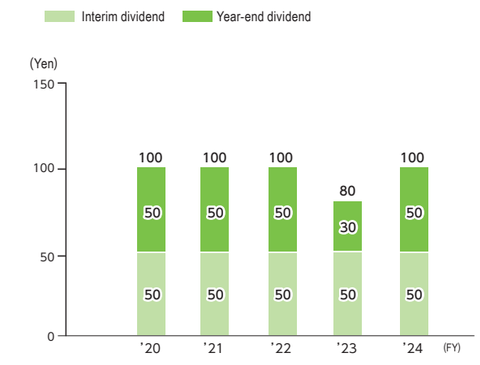
Note: The increase in capital expenditure and investment in fiscal year 2021 reflects the impact of DIC's acquisition of the Colors & Effects pigments business from BASF SE (acquisition cost: ¥128.9 billion).

Shareholders' Equity, Net Interest-Bearing Debt and Net D/E Ratio*



* Net D/E ratio: Net interest-bearing debt / Shareholders' equity

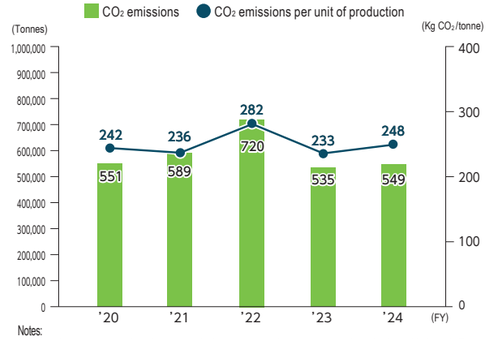
Returns to Shareholders* (Dividends per Share and Payout Ratio)



	'20	'21	'22	'23	'24
Payout ratio (%)	71.5%	216.8%	53.7%	–	44.4%

Nonfinancial Information

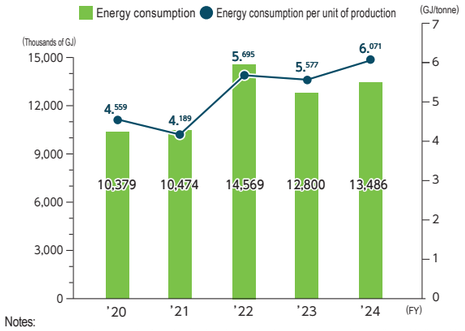
Global CO_2 Emissions and CO_2 Emissions per Unit of Production (DIC Group)



Notes:
1. CO_2 emissions per unit of production is calculated using production volume adjusted in line with Japan's Energy Conservation Law.
2. Figures from fiscal year 2022 forward include data for the recently acquired Colors & Effects pigments business.

The DIC Group aims to reduce its CO_2 emissions by 50% from the fiscal year 2013 level by fiscal year 2030 and to achieve carbon neutrality by fiscal year 2050.

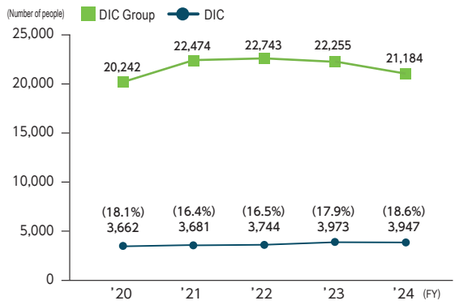
Global Energy Consumption and Energy Consumption per Unit of Production (DIC Group)



Notes:
1. Energy consumption per unit of production is calculated using production volume adjusted in line with Japan's Energy Conservation Law.
2. Figures from fiscal year 2022 forward include data for the recently acquired Colors & Effects pigments business.

The DIC Group actively promotes energy-saving and decarbonization measures, including introducing highly efficient facilities and promoting process improvements. Going forward, the Group plans to further advance its use of renewable energy by shifting to biomass and other clean fuels and installing solar power facilities.

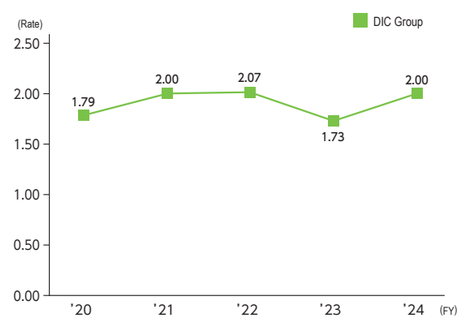
Number of Employees (DIC Corporation and the DIC Group)



Notes:
1. Percentage figures in parentheses represent the proportion of DIC Group employees accounted for by employees of DIC Corporation.
2. Employee numbers for DIC Corporation are calculated based on information in the Company's annual securities report and thus differ from those in the Human Resources Management section of this report.

The DIC Group is a multinational organization with a global labor force of 21,184 people in approximately 60 countries and territories. The Group will continue to capitalize on its diversity to drive innovation.

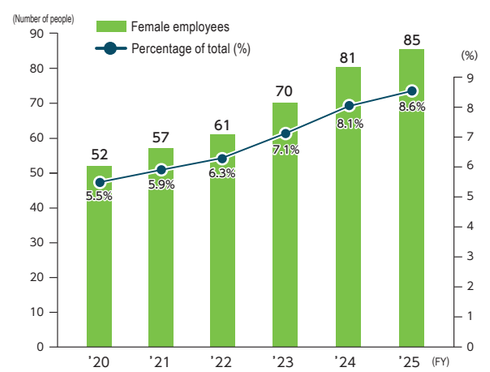
Occupational Accident Frequency Rate (DIC Group)



Note: The frequency rate expresses the frequency of accidents resulting in workdays lost in a fiscal year, calculated as the number of fatalities or injuries per million work hours.

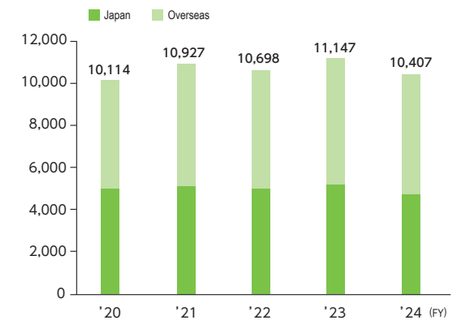
The DIC Group has set goals for Japan, the PRC, the Asia-Pacific region and the Americas and Europe and is working to eliminate occupational accidents.

Female Employees in Management Positions (DIC Corporation)



In fiscal year 2025, the percentage of management positions at DIC occupied by women was 8.6%, an increase of 0.5 percentage point from the previous period. The Company is working to create environments where diverse human resources can fully realize their potential. (For regional data, please see page 82 in the Human Resources Management section of this report.)

Patents Held (DIC)

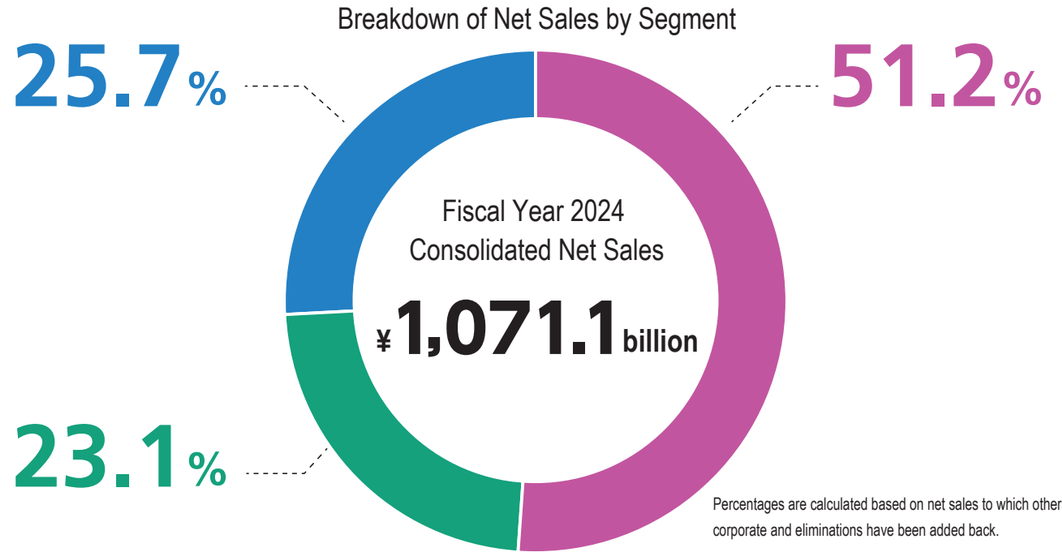


Notes:
1. Numbers represent the number of patents held in each fiscal year.
2. Patent numbers are based on data from DIC's proprietary patent management system.

The DIC Group reinforces its competitive edge by promoting invention and the acquisition of intellectual property.

The DIC Group's Business Portfolio

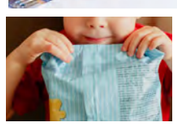
Segment Net Sales and Principal Products

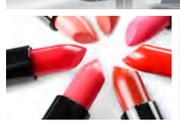


Percentages are calculated based on net sales to which others, corporate and eliminations have been added back.

Fiscal year 2024 segment results

Packaging & Graphic	Color & Display	Functional Products
Packaging materials for an environment-friendly circular economy that deliver safety and peace of mind, as well as convenience	Display materials that make life colorful	Functional materials that add comfort
Operating income and operating margin ¥33.6 billion 5.9%	Operating income (loss) and operating margin ¥(0.3) billion —	Operating income and operating margin ¥21.0 billion 7.3%





Packaging & Graphic

SDGs Goals 12, 13 and 14

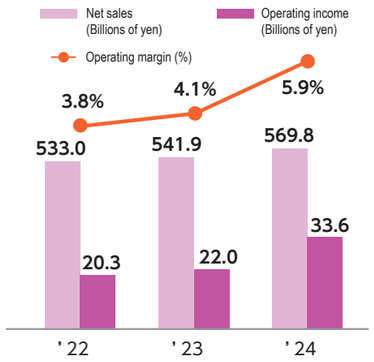
Packaging Materials for an Environment-Friendly Circular Economy that Deliver Safety and Peace of Mind, as Well as Convenience

A Comment from the Business Group President

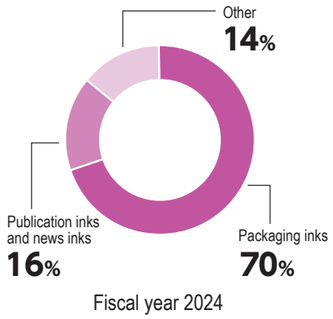
The Packaging & Graphic segment aims to deliver security and peace of mind and contribute to sustainability for society by providing a wide range of products, from printing materials—centering on inks, DIC's original business—to materials used in printed packaging, including packaging adhesives, multilayer films and polystyrene. With demand for packaging materials on the rise, owing to the evolution of modern lifestyles, and that for printing inks shrinking, we are taking steps to optimize our production configurations against a backdrop of shrinking demand for publication inks. We are also responding to increases in demand for jet inks underpinned by the increasing advance of digitalization, as well as reinforcing and promoting packaging materials development efforts, focusing on products that align with the DIC Group's own "5Rs" (reuse, reduce, renew, recycle and redesign) to offer sustainable solutions. Looking ahead, we will continue to emphasize the provision of materials that respond to next-generation packaging needs, not only in the markets for food and other everyday items but also in such areas as building materials, pharmaceuticals and healthcare, industrial products and agriculture.

Masamichi Sota
Managing Executive Officer
President, Packaging & Graphic Business Group

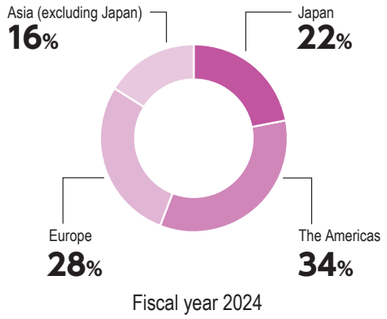
Segment Operating Results



Breakdown of Segment Net Sales by Product Group



Breakdown of Segment Net Sales by Region



Principal Products and Applications

Packaging Inks

Packaging for food and beverages, beverage cans, gift boxes, corrugated cardboard, medical packaging

Publication Inks

Newspapers, magazines, advertisements, leaflets

Jet Inks

Commercial printing, advertising, textile printing

Adhesives

Packaging for food, beverages and everyday items

Multilayer Films

Packaging for food and others

Polystyrene

Packaging for food, building materials, household appliances, miscellaneous goods

Growth Strategies under DIC Vision 2030

Develop packaging materials and propose packaging solutions with a focus on the 5Rs

- Hasten the global deployment of fast-curing solvent-free adhesive *DUALAM*®
- Add depth to sustainable technologies, including those essential to the push toward paper, mono-material and biomass packaging, as well as those for deinking
- Build a closed-loop recycling system for polystyrene employing chemical recycling

Propose packaging solutions that capitalize on Group capabilities and deliver safety, peace of mind and convenience

- Develop functional films, including resealable products and peelable offerings for container lid films and films used for retortable pouches
- Leverage low-free ultralow monomer (ULM) polyisocyanate* technology to improve the safety and security of packaging

* For more information, please see page 30.

Address needs arising from the spread of digitalization

- Expand applications for water-based jet inks for commercial printing
- Shift to jet inks for printing on packaging (paper containers, corrugated cardboard, labels, etc.) and on textiles

Operating Environment (Opportunities and Risks)

Opportunities

- Global population growth increases demand for packaging
- Higher income levels in emerging economies drive up needs for high-performance packaging
- Concerns regarding environmental impact and food safety increase and governments around the world tighten related regulations, pushing up demand for safe packaging materials that can be used with peace of mind

Risks

- Market maturity in developed economies decreases demand and intensifies market competition
- The cost of capital investments increases as a result of tighter environmental regulations
- Stricter rules governing plastic use and the increasing popularity of simplified packaging push down use of packaging materials
- The realignment of upstream petrochemical-derived raw materials and rationalization by raw materials suppliers leads to raw materials being eliminated or subject to price increases

The DIC Group's Competitive Advantages

The DIC Group is unique in its ability to provide packaging solutions that leverage technologies in diverse areas, including printing inks, coatings, adhesives and films

Advanced Performance Feature, Regulatory Compliance and Certifications

- Improved heat resistance, barrier properties and weather resistance, among others, thanks to the combination of high-performance inks, coatings, adhesives and films
- Realization of easily recyclable mono-material packaging materials that leverage enhanced barrier technologies to help reduce food waste
- Improvement of packaging material recyclability thanks to deinking technologies (*RePOS*®, *DeReSus*®) and polyvinyl chloride (PVC)-free inks
- Compliance with Circular Economy for Flexible Packaging (CEFLEX) guidelines, RecyClass guidelines, and the Packaging and Packaging Waste Regulation (PPWR) and ISCC PLUS certification* and inclusion in the revised Food Sanitation Act positive list

* CEFLEX is a consortium established to promote the realization of a circular economy for the European flexible packaging industry; RecyClass is a nonprofit that supports European packaging industry's efforts to improve recyclability; the PPWR is a European Union (EU) regulation governing packaging and packaging waste; and ISCC PLUS is a voluntary carbon certification program for products outside the EU that is administered by the International Sustainability & Carbon Certification (ISCC).

Achievements and Challenges in Fiscal Year 2024

Achievements

- Profitability improved, thanks to efforts to optimize sales prices and lower costs
- The consolidation of sites in Australia, India and Hong Kong contributed to an increase in operating income
- Steps were taken to expand presence in emerging economies and commence imports and sales locally with a view to establishing local production in the future and creating a solid foundation for growth
- Marketing areas for jet inks were expanded. Sales volume also increased, bolstering segment operating income
- With the aim of creating a complete polystyrene recycling ecosystem, operations began at a new material recycling facility at the Yokkaichi Plant that employs a proprietary dissolution and separation method. The Yokkaichi Plant's Manaboni environmental training facility also opened

Challenges

- Responded to demand for reduced environmental impact
- Maintained profitability by avoiding price competition
- Accelerated cultivation of markets in emerging economies
- Upheld profits from operations in mature regional markets and business areas
- Built a stable production system in the PRC

The Yokkaichi Plant's Manaboni environmental training facility

Fiscal Year 2024 Topic

Operations Start at New Dissolution and Separation Recycling Facility with the Aim of Achieving Closed-Loop Material Recycling of Colored and/or Patterned Foamed Food Trays in November 2024

On November 5, 2024, DIC completed a new facility for the dissolution and separation recycling of polystyrene used in colored and/or patterned foamed food trays at the Yokkaichi Plant. In collaboration with partner FP Corporation (FPCO), DIC aims to achieve the first "tray-to-tray" closed-loop recycling system for these trays in Japan using material recycling.

Ceremony to mark the completion of the new polystyrene dissolution and separation recycling facility

New dissolution and separation recycling facility

Repo-chan, the mascot for DIC and FPCO's closed-loop recycling system (*RePOS*®), will play an active role in educating children about environmental issues and encouraging the recycling of foamed food trays.

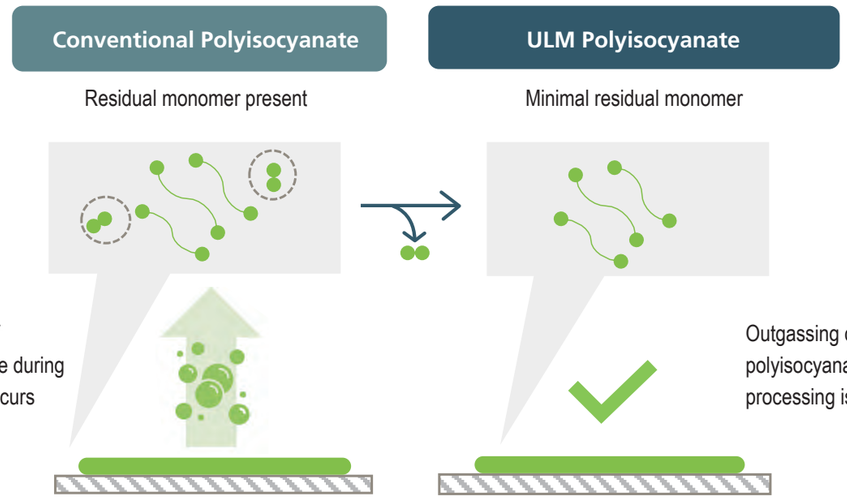
Colored and patterned foamed food tray

New Technologies

State-of-the-Art ULM Polyisocyanate Technology Deploying Thin-Film Distillation Facilitates the Development of a Next-Generation Adhesive that Will Help Improve Food Safety and Environmental Performance

Using state-of-the-art ULM polyisocyanate technology, DIC developed a next-generation adhesive designed to deliver improved food safety and environmental performance. This technology enables the refining of polyurethane raw materials with minimal residual monomer, facilitating the development of adhesives for which these are the principal raw materials. In addition to minimizing harmful substances in the resulting adhesive, the leaching of toxic aromatic amines* after curing is also significantly lower than with conventional alternatives. DIC's new adhesive also complies with strict European materials regulations, while the reduction of residual monomer to near-zero makes it a groundbreaking solution that will dramatically improve food safety and environmental performance when used in food packaging. This adhesive is suitable for a broad range of applications, from general food packaging to medium- and high-grade transparent retortable pouches.

* Aromatic amines are harmful ammonia-based organic compounds.



Development of Solvent-Free Adhesives and Strengthening of the DIC Group's Product Lineup Promoted

DIC will leverage its state-of-the-art ULM polyisocyanate technology to expand its development of solvent-free adhesives and strengthen the DIC Group's adhesives lineup.

DUALAM® Solvent-Free Laminating Adhesives Upgraded

DIC has expanded the application of its ULM polyisocyanate technology to its new *DUALAM*® solvent-free laminating adhesive to further enhance its performance and expand its lineup of *DUALAM*® products. This will bolster the Company's ability to respond to the market's shift toward solvent-free products and the resulting reduction of CO_2 emissions during processing, as well as propose new solutions that improve food safety and environmental performance.

Key Strategies in Fiscal Year 2025

- Promote measures aimed at reducing environmental impact
  Examples: Establish a mass production system for recycled polystyrene, develop products deploying ULM polyisocyanate technology and capitalize on *DUALAM*® to help expand the market for solvent-free adhesives
- Maintain profitability by launching new products and offering effective solutions
- Further expand into emerging markets and new regions expected to see growth
- Continue to promote the rationalization of the DIC Group's publication inks business in mature markets
- Inaugurate a project to oversee starting up and to ensure the stable operation of a new state-of-the-art production facility in the PRC

Color & Display

SDGs Goals 3 and 13

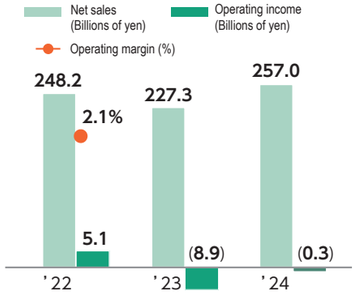
Display Materials that Make Life Colorful

A Comment from the Business Group President

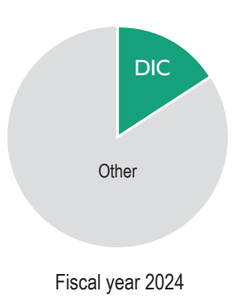
The Color & Display segment centers on the provision of color materials, that is, pigments, that add color to life in markets around the world. The scale of the segment increased significantly in fiscal year 2021 with the acquisition of the Colors & Effects pigments business of BASF, as a result of which today the DIC Group is one of the world's premier producers of pigments. This business also includes food colorings derived from Spirulina edible blue-green algae and other natural sources. In addition to pigments for specialty applications and pigments for cosmetics, in recent years we have focused our attention on achieving value transformation through materials that deliver essential next-generation functionality, including pigments for LiDAR signal coatings and those with heat-shielding properties, in line with our stated goal of moving "Beyond Color Materials." By promoting structural reforms in the Americas and Europe and striving to leverage synergies with the Colors & Effects business, we are working to transform the color materials business into a growth driver for DIC going forward. We will also continue to transform our Spirulina business into a health food business providing naturally derived food colorings and colorants for other applications such as nutritional products and cosmetics.

Yoshinari Akiyama
Managing Executive Officer
President, Color & Display Business Group

Segment Operating Results

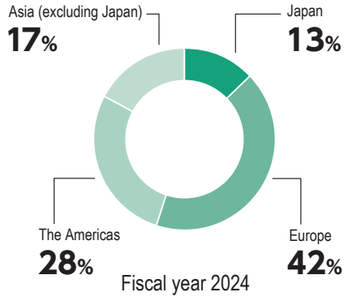


Share of the Global Pigments Market



Fiscal year 2024

Breakdown of Segment Net Sales by Region



Fiscal year 2024

Growth Strategies under DIC Vision 2030

Expand selection of sustainable materials, functional materials and materials with outstanding decorative properties

- Shift focus to effect pigments with outstanding decorative properties and functionality and safe, environment-friendly sustainable products
- Emphasize functional pigments, including those for LiDAR signal coatings, which are key to self-driving vehicles
- Enter the markets for red and yellow pigments for displays

Enhance pigments for cosmetics

- Expand effect pigments for cosmetics
- Broaden portfolio of naturally derived products

Operating Environment (Opportunities and Risks)

Opportunities

- The establishment of a global operating framework to respond to the needs of increasingly globally active customers leads to the expansion of business opportunities
- Efforts to leverage new technologies acquired through the acquisition of the Colors & Effects business expedite the development of high-performance pigments and pigments for specialty applications
- Outstanding expertise, experience and technical capabilities facilitate effective responses to growing global demands for improved environmental performance and product safety
- Efforts to leverage health foods and related technologies facilitate effective responses to the trend toward natural products in the cosmetics industry and in the U.S. food sector
- Efforts to transform sustainability-related needs into business opportunities are successful

Risks

- The tightening of environmental regulations leads to increased costs
- A weakening supply–demand balance for general-purpose products causes market prices to fall
- Fluctuations in raw materials prices and supply instability push costs up
- Inflation causes higher fixed costs
- Global economic uncertainty and trade policy changes drive up business risks

The DIC Group's Competitive Advantages

With a wide-ranging product portfolio, together with advanced technologies, a global production network and diverse human resources, the DIC Group is unique in its ability to provide the color sought by markets everywhere and to leverage the functionality of color materials to develop next-generation functional materials globally.

Principal Products and Applications

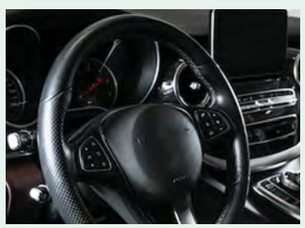
Pigments for Coatings

Automotive exterior coatings (LiDAR signal coatings, coatings with heat-shielding properties)

Pigments for Inks

Printed materials

Pigments for Plastics



Automotive interior and exterior coatings (dashboards, engine housings), everyday items

Pigments for Specialty Applications

Agricultural products, building materials (autoclaved aerated concrete)

Pigments for Cosmetics

Makeup, skincare products

Pigments for Displays

Pigments for displays used in televisions, computers, smartphones

Health Foods

Food (naturally derived food colorings)

Achievements and Challenges in Fiscal Year 2024

Achievements

- Customer adoption expanded, owing to a recovery in demand for use in displays, as well as to the launch of new products that leverage synergies with the Colors & Effects business (pigments)
- Efforts to expand the DIC Group's lineup of effect pigments for automotive paints proceeded and these pigments were newly adopted for use on EVs manufactured in the PRC (pigments)
- In response to rising costs, sales prices were revised worldwide (pigments)
- Realized the benefits of integration with the Colors & Effects business, primarily in the Americas and Europe, and structural reforms were implemented in the pigments business in these regions in conjunction with reorganization of local production configurations (pigments)
- Created an organizational structure that enhanced ability to extend proposals directly to European and American brand owners, as well as improved local sales organization and strengthened sales capabilities in the PRC (health foods)
- Future themes announced, including a joint research project with Kochi University and the New Energy and Industrial Technology Development

Challenges

- Continued to implement structural reforms in the Americas and Europe (pigments)
- Pursued market share expansion to capitalize on the restructuring of a competitor (pigments)
- Implemented measures aimed at restoring the market shares of DIC Group products, particularly *Linablue*®, in Europe and Asia, and in North America and the PRC, where demand is expected to grow (health foods)

Fiscal Year 2024 Topic

Sun Chemical Obtains ECO PASSPORT by *OEKO-TEX*® Certification for Pigment Products

In fiscal year 2024, DIC Group company Sun Chemical obtained certification under the ECO PASSPORT by *OEKO-TEX*® for a selected range of pigments, achieving Zero Discharge of Hazardous Chemicals (ZDHC) Level 3 accreditation—the highest level assigned—from the ZDHC Foundation, an organization committed to safeguarding the planet by ensuring hazardous chemicals are phased out of textile and apparel value chains.

The ECO PASSPORT certification tests textile and leather chemicals for harmful substances and evaluates the ecological integrity of the manufacturer. The testing process includes screening for a CAS registry number (a unique identifier), a self-assessment and an on-site visit.

ECO PASSPORT by *OEKO-TEX*® certification marks a significant step toward achieving sustainability for the pigments Sun Chemical produces for the plastics industry. This certification is critical to meeting the requirements set by the EU Strategy for Sustainable and Circular Textiles, to achieve the separate collection of textile waste by early 2025, thereby further benefiting the entire value chain.


Textiles

New Technologies

New Effect Pigments Are Developed that Deliver Both Vividness and Pearlescent Luster

The new *INTENZA*® *HANA* line of absorption effect pigments for cosmetics—made possible thanks to the comprehensive capabilities of the DIC Group—was launched in fiscal year 2024. Developed to offer both unique colors and sustainability, these pigments combine the intense chroma of U.S. Food and Drug Administration (FDA)–certified organic pigments with the iridescence of naturally sourced mica-based effect pigments to deliver outstanding vividness and pearlescent luster.

DIC also developed new pigments used in color filters for displays, while in the area of jet inks the Company began marketing water-based pigment dispersions compatible with nonabsorbent media such as food packaging, PVC wallpaper and labels.

Overseas, highlights included the expansion of the Group's lineup of high-performance, design-friendly solar heat–suppressing black pigments, as well as the launch of a new line of effect pigments for automotive coatings that impart highly saturated color and shine.

INTENZA® *HANA Rose Gold* combines vibrant pink and shimmering gold

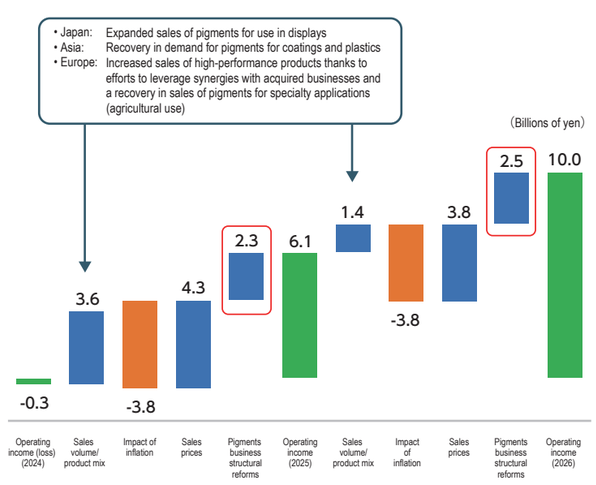
Example of cosmetics product made with *INTENZA*® *HANA Rose Gold*

Key Strategies in Fiscal Year 2025

- Advance efforts to benefit from the integration of the Colors & Effects business to further optimize and increase added value in the segment's product portfolio
- Continue to implement structural reforms by realigning and implementing rationalization measures at production facilities, primarily in the Americas and Europe
- Reinforce marketing and technological development efforts to expedite Value Transformation and New Pillar Creation in new businesses
- Improve profitability in the health foods business by locking in new demand for colorants in North America and increasing sales thereof, as well as by reviewing and reorganizing production facilities

Pigments Business Restructuring in the Americas and Europe

- Promote structural reforms and improved efficiency, including the merger and shuttering of large-scale production facilities, as well as labor force rationalization. These efforts are expected to yield a reduction in costs of ¥12.5 billion from the fiscal year 2022 level by fiscal year 2026, ¥2.5 billion more than the initial forecast of ¥10 billion announced in February 2024
- Maintain policy of passing on cost increases by revising sales prices
- With the expectation that demand for pigments in Europe will continue to expand at a leisurely pace for the foreseeable future, take steps to quickly restore profitability to this core business by expanding sales of high-performance products that leverage acquisition synergies to improve annual segment operating income to approximately ¥10 billion yen by fiscal year 2026



Progress of Structural Reforms

・Improvement in operating income exceeded target. Costs associated with structural reforms will not be factored into forecasts beyond fiscal year 2026.

	Structural reform–related costs	Benefits				
Target	Approx. ¥16 billion (Fiscal years 2023–2026)	Approx. ¥10 billion (From the fiscal year 2022 level)				
2023 (actual)	¥6.3 billion	+15				¥1.5 billion
2024 (actual)	¥2.4 billion	+15	+62			¥7.7 billion
2025 (target)	¥4.4 billion	+15	+62	+23		¥10.0 billion
2026 (target)	—	+15	+62	+23	+25	¥12.5 billion
Revised target	¥13.1 billion					¥12.5 billion
Change from original target	¥2.9 billion decrease					¥2.5 billion increase in benefits

Functional Products

SDGs Goals 6, 12 and 13

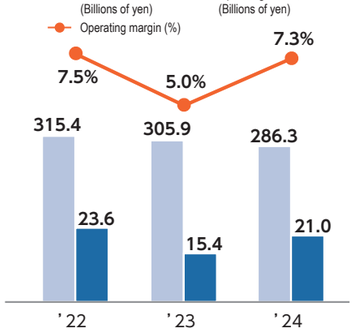
Functional Materials that Add Comfort

A Comment from the Business Group President

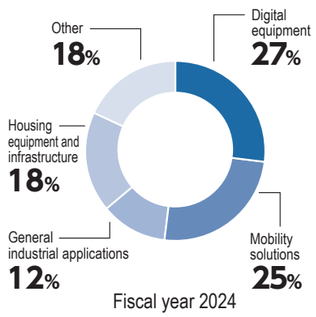
The Functional Products segment adds comfort by offering synthetic resins and other products in three businesses—performance materials, composite materials and chemitronics—for applications in such areas as mobility solutions and electronics. In the chemitronics business, our goal is to evolve as a provider of solutions that contribute to an increasingly digital society by extending products such as epoxy resins, crucial to semiconductor fabrication, photoresist polymers and industrial adhesive tapes used in smartphones. In this area, we are also fostering new businesses by combining sensors and processing technologies to impart new functions to robots and drones. We are also working to expand our lineup of environment-friendly products, including PFAS-fee surfactants and high-performance waterborne resins, and promoting a shift to bioderived raw materials, thereby helping to realize carbon neutrality.

Yuji Kikuchi
Managing Executive Officer
President, Functional Products Business Group

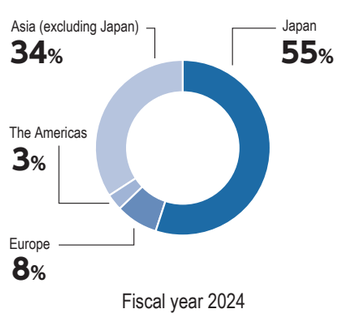
Segment Operating Results



Breakdown of Segment Net Sales by Demand Industry

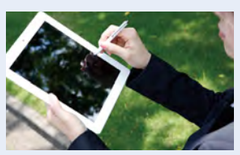


Breakdown of Segment Net Sales by Region



Principal Products and Applications

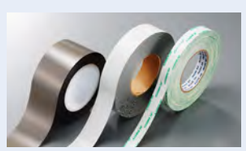
Digital Materials (for Electrical and Electronics Equipment, Displays, Other)



Ultraviolet (UV)-curable resins
- Optical films
- Coatings (household appliances, electronics equipment and automotive interiors, others)

Epoxy resins
- Printed circuit boards
- Semiconductor sealing materials

Hollow-fiber membrane modules
- Degassing modules for semiconductor fabrication equipment, jet inks, others



Industrial adhesive tapes
- Digital printing peripherals (OA equipment)
- Adhesives for displays (household appliances, electronics equipment, automotive interiors, others)
- Adhesives for mobile communications devices (smartphones, tablets)

Industrial Materials (for Automobiles and Other Mobility Solutions)

Waterborne resins **Polyurethane resins**
Acrylic resins **Polyester resins**
- Automotive exterior coatings
- Automotive interior components (engine housings, electrical parts, seats)

PPS compounds
- Automotive electrical components (engine housings)
- Housing equipment (water heaters)

Growth Strategies under DIC Vision 2030

Performance Material Products Division
Having positioned industrial polymers as a growth business, the DIC Group will accelerate the implementation of related strategies worldwide, promote the development of sustainable products and advance rationalization by optimizing global production configurations

Composite Material Products Division
Promote the expansion of new businesses and shift weighting of product portfolio toward high-value-added businesses

Chemitronics Business Division
Add depth to existing strengths and expand into promising materials for the electronics industry

Operating Environment (Opportunities and Risks)

Opportunities
- Advances in AI and other next-generation technologies lead to an increase in demand for high-performance materials for electronics applications
- Growing environmental awareness creates opportunities to expedite the development of battery materials and sustainable products
- The production of automobiles in an expanding number of locations enables the cultivation of new markets through the Group's global network for supplying high-performance resins

Risks
- Trade friction and tariffs lead to import and export barriers and cause economic growth to slow
- An influx of low-cost products, facilitated by growth in emerging economies, intensifies competition
- The tightening of environmental regulations pushes up administrative costs related to production processes and regulatory compliance

The DIC Group's Competitive Advantages

The DIC Group's unique molecular design and quality control processes enable it to provide high-performance, high-grade products in markets around the world. In addition to traditional products for industrial applications, the Group emphasizes offerings in areas that are expected to expand, including products for electronics applications and battery materials.

Achievements and Challenges in Fiscal Year 2024

Performance Material Products Division

- Operations commenced at a new applied technology lab and a new production facility at, respectively, Guangdong DIC TOD Resins Co., Ltd., in the PRC, and Ideal Chemi Plast Private Limited in India, both recently acquired by DIC
- The applied technology laboratory in Shanghai was expanded and a similar laboratory was opened in Mumbai with the aim of strengthening proposals and appealing to local customers
- Capital investment in various regions aimed at expanding the DIC Group's global polyurethane dispersion (PUD) business was completed
- Projects targeting cost reductions and other initiatives were implemented to improve the profitability of low-margin products in Japan

Composite Material Products Division

- Specialty compounds: Steps were taken to improve profitability by lowering costs and rationalizing related operations
- Human/technology interfaces (HTIs): A reassessment of production systems, which included automating the production of antigen test kits, was undertaken with the goal of achieving production leveling and stabilization
- Functional devices: Results were bolstered by the adoption of medium-sized hollow-fiber modules by a U.S. semiconductor fabrication equipment manufacturer

Chemitronics Business Division

- A new mass production line for bismaleimide resins came online
- The Group's lineup of PFAS-free surfactants was expanded
- The acquisition of the company now called Innovation DIC Chimitroniques in Canada was completed and steps were taken to realize synergies

Photoresist polymer production facility of Innovation DIC Chimitroniques in Canada

New Technologies

Digital Materials (for Electrical and Electronics Equipment, Displays, Others)

New Antifoaming Agent Is Developed for Use in Lubricant Oils for EVs that Is PFAS*-Free and Delivers an Outstanding Performance

Antifoaming agents containing PFASs are added to lubricant oils in small amounts to lower surface tension and rupture foam lamellas, thereby achieving outstanding antifoaming properties. Applications range from metal processing to automotive and industrial gear oils. However, concerns regarding the environmental impact of products containing these substances have spurred increased demand for PFAS-free alternatives.

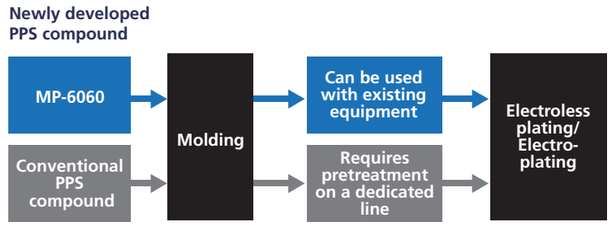
In response to these needs, DIC leveraged its unique molecular design technologies to develop a PFAS-free antifoaming agent. In addition to being environment friendly, this product delivers antifoaming properties, thermal stability and durability (shear stability) equal to or better than that of agents containing PFASs. In addition to meeting demand for alternatives to conventional antifoaming agents, the Company aims to promote sales of this new agent to manufacturers of lubricant oils for EVs, a particularly promising market.

* PFASs are a group of synthetic organofluorine compounds.

Other Newly Developed Products, Including a Plateable PPS Compound that Facilitates the Use of Existing Plastic Plating Lines, Attract Attention

In fiscal year 2024, DIC announced the development of a plateable PPS compound in collaboration with Japanese plating manufacturers. This new compound makes it possible to plate metal onto plastic components using existing plastic plating lines, imparting electromagnetic interference (EMI) shielding properties tailored to specific frequency bands, which enables the use plastic instead of metal, including electronic device housings, an important consideration given the move toward EVs.

In the area of synthetic resins, DIC commenced production of low-dielectric resins for use in circuit boards for next-generation 5G/6G-compatible communications devices. DIC also developed an epoxy resin that facilitates easy disassembly, as well as an epoxy resin curing agent that is heat resistant up to over 200°C and is recyclable. In the area of surfactants, the Group developed and promoted the expansion of its lineup of PFAS-free antifoaming agents for lubricant oils for EVs that boast excellent antifoaming properties, thermal stability and durability.



Process for plating newly developed PPS compound

Key Strategies in Fiscal Year 2025

Performance Material Products Division

- Increase sales and profits at Guangdong DIC TOD Resins by expanding the company's waterborne resins business
- Expand market share and reinforce profitability in India and elsewhere in South Asia by commencing operations at Ideal Chemi Plast's new production facility
- Accelerate the global expansion of the PUD business

Composite Material Products Division

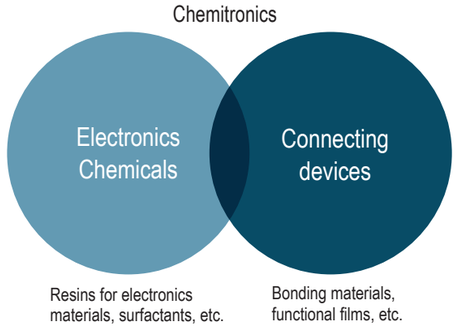
- Specialty compounds: Secure high profits by shifting focus to high-value-added, carbon-neutral offerings
- HTIs: Promote new robot end effector (a sensor-equipped plastic robotic finger), active prototyping business (plastic gears and others)
- Functional devices: Increase production capacity for medium-sized hollow-fiber modules and bolster profits by developing new sulfonated membrane modules

Chemitronics Business Division

- Emphasize high-performance resins for use in electronics materials
- Further expand PFAS-free and other environment-friendly offerings
- Accelerate development and business expansion by leveraging multiple competitive advantages

Initiatives Aimed at the Swift Creation of Next-Generation Growth Businesses

- Designate business centered on chemicals and materials for electronics applications as "chemitronics" and concentrate the allocation of management resources in this business
- Provide uniquely DIC solutions, focusing on materials for semiconductor packaging and cutting-edge electronics components, both of which are expected to grow in the future

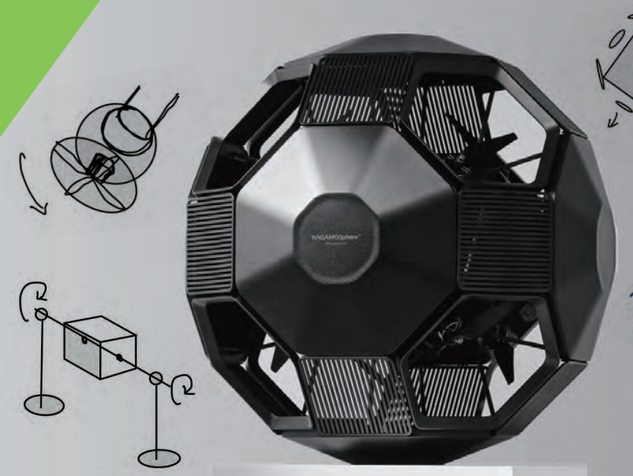


Develop products that contribute to society		
Reduce environmental impact	Surfactants that contain no PFASs	
Contribute to an increasingly digital society	Low-dielectric resins Resins for next-generation semiconductors	
	Binders for storage batteries Bonding materials for next-generation batteries	
Promote recycling and reuse	Materials that can be easily joined and disassembled	

Special Feature

Direct to Society: The Future of Color & Comfort

Transforming DIC into an organization that works together with society to identify imperatives and propose value



“Direct to Society” is a new business creation mechanism that seeks to realize new businesses by heightening our responsiveness to the needs of society and leveraging insights gained to develop and commercialize truly innovative products.

With the rapid evolution of communications and AI, chemicals companies—who play a key role in supporting social infrastructure—are also on the threshold of dramatic change. DIC has always excelled at developing products in response to customer demands, but a passive approach alone is insufficient for companies to gain an accurate grasp of the true needs of both consumers and customers. Having recognized this, the Company recently adopted a business creation mechanism it has dubbed “Direct to Society,” which emphasizes turning its attention directly to society, closing the gap between itself and consumers to envisage and realize solutions to future needs.

DIC has begun deployment of the Direct to Society mechanism in the area of smart living, which it has positioned as a key business area, and will accelerate related initiatives that exemplify the creativity of the DIC Group by taking on themes that transcend the traditional constraints of chemicals manufacturing.

Direct to Society Episode 1

HAGAMOSphere™ Omnidirectional Multicopter: Innovative Design and Engineering Features Create a Stir at CES

Access website

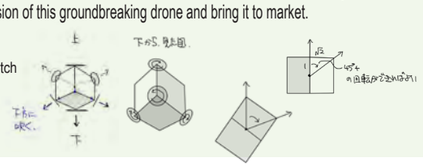
In January 2025, the DIC Group took part in CES 2025, one of the world’s leading technology trade shows for the consumer electronics industry, in the U.S. city of Las Vegas. At this event, the Group—a first-time participant— showcased a prototype of its new *HAGAMOSphere*™ omnidirectional multicopter, a concept model that embodies the Direct to Society mechanism. Garnering praise from judges for its innovative design and engineering features, this prototype earned DIC designation as a CES Innovation Awards® 2025 Honoree in the Drones category.

Behind the Scenes (1)

A Flood of Ideas that Began with a Sketch

AI Devices Group,
Business Incubation Unit,
New Business Development Headquarters

We began looking at different ways to make drones fly in 2023. It all came about thanks to a sketch by DIC’s president, who asked if the drone he’d conceived of could actually fly. We were initially taken aback by Mr. Ikeda’s daring idea, but by bringing together technologies and know-how in various areas from across the DIC Group and dispensing with any preconceived notions we had about drones, we succeeded in developing a unique algorithm to control the rotation of the eight propellers, enabling us to realize a configuration that allows the unit to fly horizontally without tilting. The spherical guard housing for *HAGAMOSphere*™, which consists of a combination of geometric shapes, was a major breakthrough in the development of this pioneering drone by enabling it to roll on the ground and move by itself, and to operate smoothly in small spaces and complex environments. This is expected to facilitate adoption for a wide range of applications, including inspections, surveillance and logistics. Participation in CES 2025 was a great morale booster for the entire *HAGAMOSphere*™ team. We will continue working as one to improve the precision of this groundbreaking drone and bring it to market.



Part of the sketch that inspired development

Behind the Scenes (2)

The Significance of DIC’s Entry into the Drones Business

Shinsuke Kotera
Leader, Business Incubation Unit,
New Business Development Headquarters

DIC’s decision to expand into the manufacture of drones was because the peripheral materials and fluid analysis and molding processes required offer a tremendous opportunity for us to leverage our unique design technologies. Materials design technologies used—such as those for tough yet flexible epoxy resin–based carbon fiber–reinforced plastic, which offers superb elastic modulus, and PPS resins, which lower the weight of finished products—are not new for DIC, but rather leverage technologies DIC has cultivated over the years. CES 2025 was the first edition of this renowned event in which DIC has taken part, but the positive response of visitors was a clear sign of the market’s high expectations of *HAGAMOSphere*™. By addressing the needs of society through our new drone and robotic finger, as well as other device and module businesses, and delivering value and solutions that transcend the traditional constraints of chemicals manufacturing, we aim to create new businesses that overlap conventional industry and sector boundaries, such as by combining AI and devices.

Presentation by DIC president Takashi Ikeda and team members

Direct to Society Episode 2

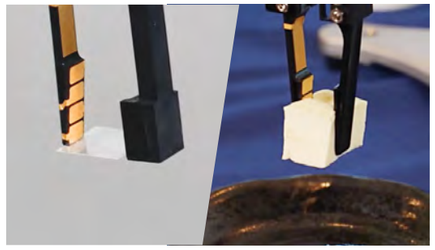
DIC’s New *MoR*® Grasps Objects as Easily as a Human Hand, Helping Customers Achieve “More”

Access website

Kotaro Mori
Manager, AI Devices Group,
Business Incubation Unit,
New Business Development Headquarters

The technology behind *MoR*®, a new multifunctional robotic finger (MoR) developed by leveraging distinctively DIC materials and mechanical design capabilities, lets a robotic hand claw grasp objects with a delicacy comparable to that of a human hand. Conventional robotic hands use built-in cameras or sensors, to recognize and also pick up objects with the appropriate grip. With *MoR*®, no camera is necessary. Instead, circuit traces etched directly on the finger measure distortion and adjust strength, enabling a flexible and precise grip.

The flexibility with which the resin used in *MoR*® can be shaped and DIC’s proprietary compounding technologies make it possible to tailor finger shapes and circuit trace patterns to different applications to facilitate the most appropriate grip. As a result, *MoR*® is suited to use in everything from food to precision equipment. This innovative product is attracting interest across a wide range of industries as a solution that takes production automation to the next level.



MoR® picking up a microscope slide and a piece of soft tofu

Direct to Society Episode 3

A Groupwide Project Team Focused on Practical Implementation of the Direct to Society Mechanism and Securing Key Talent

Mina Nishihara
Manager,
Smart Living Project,
Corporate Planning Department

In fiscal year 2024, DIC inaugurated the Smart Living Project, which in addition to employees in related departments opens participation to individuals from across the domestic DIC Group. The project has approximately 50 members. With our focus on smart living, that is, smart living environments and lifestyles, we endeavor to expand beyond conventional approaches to R&D, with each member taking a Direct to Society perspective, seeking to promote development and explore solutions that respond to future issues and anticipated values.

Thinking outside the box is challenging, and project members are working to broaden their horizons and remain flexible, finding the process fascinating while at the same time recognizing the difficulty of translating ideas into viable businesses. I believe strongly that fostering employees and a work environment that encourage a diverse team to create new value by rethinking approaches through projects such as this is crucial to DIC’s future evolution and growth and to the realization of its management vision.

Project team meeting

Achieving the Goals of DIC Vision 2030

Sun Chemical (The Americas and Europe)

Customers and employees continue to “Experience.Transformation.” through actions taken every day. From producing cutting-edge technology and addressing customer needs to ensuring business results that support DIC Vision 2030 goals, everyone at Sun Chemical is aligned to drive corporate value.

Myron Petruch
President and CEO
Sun Chemical Corporation

Driving New Technology

The popularity of gaming and trading cards continues to increase. Inks and coatings targeting this market face difficult requirements for toy specifications and food packaging safety. Active collaboration with brand owners, suppliers and regulatory groups, as well as the use of novel photoinitiators, were key in creating SunGame, a new toy and food safety ink system. Digital printing is a fast-growing market in packaging that enables brands to create more personalized offerings, shorten time to market and minimize waste, thereby helping brands and converters achieve their sustainability goals. By combining our water-based inkjet ink expertise with our coatings and adhesives technical capabilities, we developed technical solutions for new water-based inkjet platforms for flexible packaging and folding cartons. Our new digital primers give excellent adhesion to various substrates, helping to deliver superior print quality. In both areas, technical leadership has made a huge difference, with global cooperation and the pursuit of excellence resulting in differentiated and innovative formulations.

Improving Business Performance in Color Materials

Our Color Materials division is reorienting its strategies to meet market demand in each industry and market segment it serves via its dedicated technical and marketing teams. Understanding and proactively reacting to changes in global legislation is key to ongoing success in pigment markets. In addition, activities such as portfolio harmonization across sites are improving the reliability of both our sourcing and production.

Reinforcing Our Commitment to Sustainability

At Sun Chemical, a pragmatic commitment to sustainability drives innovation and operational excellence. Over the past year, significant strides have been made to reduce the environmental footprint across our manufacturing sites, while at the same time creating many new profitable business opportunities with new products that address pertinent sustainability requirements. Our latest sustainability report highlights progress toward reducing greenhouse gas emissions and achieving net Scope 1 and 2 carbon neutrality by 2050. Numerous energy-efficiency projects at our manufacturing facilities have been completed, and we continue to focus on reducing water consumption and waste.

Promoting the “5Rs”

The DIC Group’s “5Rs” framework (reuse, reduce, renew, recycle and redesign) remains a guide for our sustainable product development initiatives, enabling us to contribute to the realization of a circular economy. In 2024, we introduced several innovative products, including direct-food contact inks, which support biorenewable packaging, and ULM solvent-free lamination adhesives, which received industry recognition for their excellent sustainability.

Sun Chemical remains dedicated to driving business results by delivering the products that customers need, satisfying their sustainability goals, and engaging them at every opportunity, while behaving in a socially responsible manner.

Achieving the Goals of DIC Vision 2030

DIC Asia Pacific

We are developing operating models that position us to respond to geopolitical risks and an unstable business environment.

Paul Koek
Managing Director
DIC Asia Pacific Pte Ltd

Navigating Geopolitical and Economic Volatility

The Asia–Pacific region continues to face an environment marked by heightened geopolitical tensions, economic uncertainties and evolving trade dynamics. To address the growing risks of sanctions, trade restrictions and national policy shifts, DIC has strengthened its focus on compliance, risk mitigation and scenario planning. Various factors have added complexity to cross-border operations. In response, we are reviewing operating models to achieve the right balance between centralization and localization.

Responding to Economic Headwinds

Rising input costs, inflationary pressures and weakening currencies continue to impact consumption and volume trends. To safeguard financial health and ensure business continuity in this region, DIC has intensified efforts in cash flow management and an agile inventory strategy. A flexible approach balancing Just-in-Time (JIT) and Just-in-Case (JIC) models is being employed to maintain cost efficiency while building resilience.

Building Supply Chain Resilience

Supply chain diversification remains a critical priority. We are actively reducing reliance on single-source suppliers, strengthening strategic hubbing programs and standardizing manufacturing processes across the region. Supply chain dashboards, powered by data and AI, are being enhanced to provide greater visibility, improve responsiveness and support faster decision making.

Driving Operational Efficiency and Product Synergies

Aligned with DIC Vision 2030, we are advancing product portfolio management through the introduction of regional standard products and consolidated manufacturing. These initiatives are improving scalability and efficiency amid fluctuating demand across the Asia–Pacific region. Shared services and process standardization are also supporting leaner, more agile operations.

Empowering Talent and Enhancing Collaboration

People are central to our transformation. Talent scouting and development initiatives are preparing our workforce to navigate volatility and lead change. We are fostering agility, cross-functional collaboration and speed of execution through country committees and our “One Company Buying” initiative, enabling tighter coordination and synergy across business units.

Despite the external challenges, DIC Asia Pacific remains committed to sustainable growth. By embracing strategic foresight, operational excellence and people-first leadership, we are well-positioned to meet the demands of a complex, fast-changing landscape while staying true to the goals of DIC Vision 2030.

Achieving the Goals of DIC Vision 2030

DIC (China)

We are taking measures necessary to address issues across Greater China and at regional Group sites.

Masahiro Kikuchi
General Manager
DIC (China) Co., Ltd.

Strengthening Competitiveness through Cross-Departmental Collaboration and Key Initiatives

In Greater China, we are focusing on three of our principal competitive advantages, namely, our diversity, cooperation and creativity, and are promoting cross-organizational activities that demonstrate our collective strengths. In fiscal year 2024, the Performance Material Products Division, Printing Material Products Division and Packaging Material Products Division launched a joint project team to focus on two product areas—functional polymers for inks and high-performance coatings for packaging—and are capitalizing on business resources with particular competencies in production, technology and marketing, maximizing synergies to reduce costs, expand sales and cultivate new customers, and create added value. In chemitronics, the technical departments of our local subsidiary in Shanghai and our research facility in Qingdao work together to respond swiftly to market needs and develop products that meet customers' expectations.

Developing Sustainable Products that Leverage Superior Technological Capabilities

Given the current challenging regional economic and market environment, our priority is to roll out sustainable products that leverage our superior technological capabilities to customers with the goal of breaking the vicious cycle that results from focusing solely on price competition. We are currently advancing a number of key initiatives that are expected to yield significant results. Of particular note, we are

- introducing toluene-free adhesive tapes to specific customers, leading to a significant increase in sales of these tapes as a percentage of overall sales;
- proceeding with plans to commercialize biomass-based resins for automotive interiors and biomass-based adhesive tapes for the 3C industry[*1] by fiscal year 2025; and
- capitalizing on the expansion of deinking technologies for recycling flexible packaging materials to step up the promotion of low-viscosity, high-color gravure inks that reduce of volatile organic compounds (VOCs).

Creating an Efficient Management System by Realigning Sites and Strengthening Human Capital

In Greater China, we see streamlining operations and improving employee skills as a particularly critical issue and are taking steps to maximize the value of both our organizational configuration and our human capital. In fiscal year 2024, we strategically relocated the operations of subsidiaries in Shenzhen and Guangzhou to the subsidiary in Dongguan to create an efficient configuration consisting of three production facilities administered from a single local headquarters in Shanghai, effectively covering the eastern, northern and southern regions of the PRC. In early fiscal year 2025, we also relocated our PPS technical center from Shanghai to the Zhangjiagang subsidiary, thereby establishing an efficient system by facilitating seamless collaboration between technical and manufacturing teams. As part of our drive to strengthen human capital, we continue to provide executive candidate training for individuals being considered for managerial positions under the Leadership Development Project. We also plan to introduce training for junior managers at each regional Group company under a new initiative we call the Manager Development Project. We firmly believe that new value creation begins with people. Accordingly, we will continue to view fostering, identifying and making use of human resources as an important challenge.

Strategically located DIC Graphics (Dongguan) Ltd.

Promoting a Better Future for the Earth and Society through Multifaceted Energy Conservation and Green Conversion

DIC Group companies in Greater China are undertaking initiatives in diverse areas.

- By making use of Internal Renewable Energy Certificates for Electricity (I-REC(E)s),[*2] three Group synthetic resin manufacturing subsidiaries, in Zhangjiagang, Zhongshan and Changzhou, and an inks manufacturing subsidiary in Nantong expect to reduce annual greenhouse gas emissions from the use of electric power by 5,000 MWh.
- The Zhongshan subsidiary is implementing a project dubbed "Zero Emissions and a Circular Economy" that aims to attain zero discharge of treated industrial wastewater.
- Two subsidiaries in Taiwan have obtained certification under ISO 14064-1:2018 for their quantification and reporting of greenhouse gas emissions.

Looking ahead, individual sites will select key themes that align with their particular circumstances with the goal of contributing to the achievement of the DIC Group's sustainability targets.

*1 "3C industry" refers to the information appliance industry, which integrates computers, communication and consumer electronics.
*2 An I-REC(E) certifies the value of energy generated using renewable energy.

A Message from the Head of the ESG Unit

We are carrying out activities with consistency and integrity, taking a long-term perspective toward contributing to growth for the DIC Group.

Kuniko Torayama
Executive Officer
Head of the ESG Unit

I have a feeling that 2025 will be a watershed moment in the pursuit of sustainability. Despite increasing clamor around the world for the reduction of CO_2 emissions, the reality is that emissions continue to increase. Data from Japan's Ibuki weather observation satellite shows that the average atmospheric concentration of CO_2 is rising steadily. The European Union's Copernicus Climate Change Service reports that 2024 was the first calendar year in which the average global temperature was more than 1.5°C above preindustrial levels.

Efforts to achieve sustainability are not coordinated among countries and territories. For this reason, the DIC Group is called upon to leverage its position as a multinational organization with operations worldwide to promote proprietary activities. Against this backdrop, I am overseeing the implementation of initiatives in line with the central tenet I voiced in DIC Report 2024: "Guided by our longstanding vision statement, we will continue advancing determined efforts to help realize a sustainable society." The following is a brief progress report on recent efforts.

Reducing CO_2 Emissions

Despite a 3.6% dip in the DIC Group's overall production volume in fiscal year 2024, CO_2 emissions edged up 2.3%. We continued to take diligent steps to lower Scope 1 (direct) emissions during the period and in fiscal year 2025 will bring a new biomass boiler online at the Sakai Plant. We also sought to trim Scope 2 (indirect) emissions by shifting fully to green power to satisfy the electric power needs of all DIC Group sites in Japan. In addition, we encouraged the purchase of green power overseas, including in the PRC, Southeast Asia and South America. The Climate Change Working Group is currently discussing how to best combine such measures to ensure the Group meets its target of a 50% reduction in Scope 1 and 2 emissions from the fiscal year 2013 level by fiscal year 2030. (For more information, please see on page 64 "Climate Change".)

WEB https://www.dic-global.com/en/csr/environment/co2/

Shrinking Our Product Carbon Footprint

The DIC Group provides information on the product carbon footprint, that is, carbon emissions over a product's entire life cycle, using the "cradle-to-gate" approach, which measures direct emissions from raw material extraction through manufacturing to the point the product is shipped. To date, this has focused on Europe, the Americas and Japan, but in fiscal year 2024 we also began extending this information regarding products in the China and the Asia–Pacific region, establishing a global product carbon footprint information system. Demand for product carbon footprint information is increasing, particularly from European companies and companies with European clients, as well as from companies in the automobile industry. This trend is expected to continue for the foreseeable future.

Launching a Nonfinancial Information Disclosure Project

Anticipating the introduction of legislation regarding the disclosure of nonfinancial information in various countries and territories, we previously launched a nonfinancial information disclosure project that is tasked with establishing a framework for collecting nonfinancial information around the world. In fiscal year 2024, we took steps to prepare for the EU's Corporate Sustainability Reporting Directive (CSRD). As a result, in addition to complying with this legislation, we aim to make not only financial but also nonfinancial information available to customers to aid in their evaluations and enhance their understanding of the DIC Group and its activities.

Encouraging Diversity

The diversity and individuality of our employees is a source of value. Seeking to leverage that value as a key competitive strength of the DIC Group, in fiscal year 2024 we emphasized fostering a corporate culture that makes it easy for male employees to take parental leave, and that provides training and mentoring systems that support confident career building for female employees.

WEB https://www.dic-global.com/en/csr/2025/stakeholder/staff.html#05

ESG does not lead directly to corporate profits over the short term. However, embracing diversity encourages employee growth, which is crucial to supporting our businesses going forward, and effectively calculating and providing information on product carbon footprint reduces CO_2 emissions across the value chain, leading to the creation of value. We will continue to advance related initiatives with integrity—something the DIC Group is known for—in accordance with the DIC Group's Core Values, thereby contributing to growth for the Group over the long term.

Overview of Sustainability

The DIC Group defines sustainability initiatives as undertakings that capitalize on its businesses to contribute to sustainability for society, and conservation and improvement of the global environment, as well as to its own sustainable growth. In line with its basic sustainability policy, the Group promotes a variety of sustainability initiatives worldwide and works to maintain an accurate grasp of social imperatives pertaining to ESG-related issues. DIC also works with Group sites everywhere to comply with disclosure requirements both in Japan and around the world. The DIC Vision 2030 long-term management plan outlines sustainability strategies that are guiding activities to further drive sustainability initiatives across the global DIC Group.

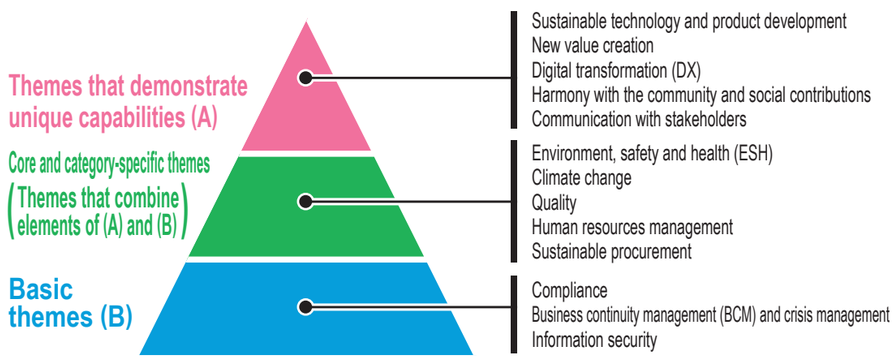
Basic Policy on Sustainability (Partially revised in December 2024)

The DIC Group is dedicated to conducting its business while retaining a strong commitment to five key concepts: preserving safety and health, managing risks, ensuring fair business practices and respect for diversity and human rights, maintaining harmony with the environment and advancing its protection, and creating value for society through innovation and contributing to ongoing economic growth. Going forward, Group employees will continue working to deliver the value that its stakeholders—including its customers, suppliers, local communities, shareholders and investors, and employees—expect, showing ingenuity and a sense of responsibility. The DIC Group will continue striving to contribute to sustainability for society, as well as to the conservation and improvement of the global environment, by capitalizing on its businesses to achieve unfaltering growth, thereby enhancing its own sustainability.

Promoting Sustainability

○ Themes

The DIC Group's sustainability framework comprises 13 key themes, which it categorizes as basic themes, themes that demonstrate unique capabilities and themes that combine elements of the previous two classifications. The Group implements a broad range of global initiatives that also take into account its responsibility to ensure proper product stewardship. These themes are reviewed as appropriate in light of changes in the operating environment and the progress of related initiatives.

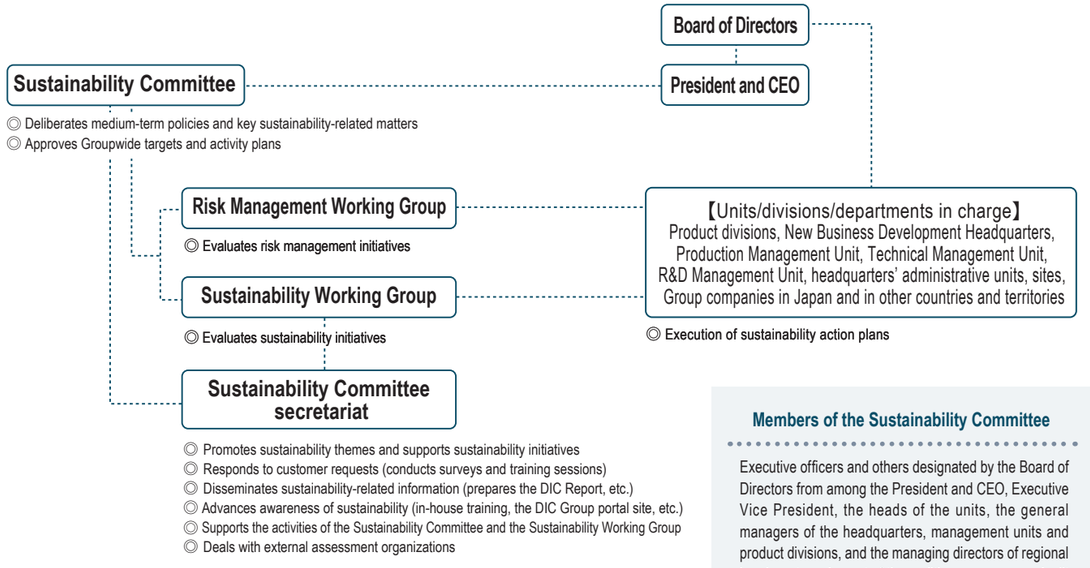


○ Deployment

Guided by its basic sustainability policy, the DIC Group has formulated medium-term (fiscal years 2022–2025) policies and creates an annual activity plan for each of its sustainability themes. Individual units, divisions and departments are responsible for implementing sustainability initiatives. The Group reports on the progress and results of related efforts in its DIC Report integrated report and on its global website.

Governance for Promoting Sustainability Initiatives

The DIC Group's sustainability initiatives are overseen by the president and CEO, who since fiscal year 2020 has also chaired the Sustainability Committee. In addition to devising sustainability policies and activity plans, as well as evaluating and promoting related initiatives, this committee deliberates and makes decisions on other matters deemed to require its adjudication. The committee met four times in fiscal year 2024 to consider and make determinations on a number of proposals, including for a revision of the basic sustainability policy, update of the Group's CO_2 emissions (Scope 1 and 2) reduction plan, establishment of the Climate Change Working Group, and formulation of sustainability activity plans and key performance indicators (KPIs) for fiscal year 2025. The committee's deliberations and the results thereof are reported to the Board of Directors. The basic sustainability policy and the medium-term sustainability policies are subject to resolution by the Board of Directors. Japanese-, English- and Chinese-language versions of the basic sustainability policy have been prepared and posted on Group websites to encourage awareness.



Members of the Sustainability Committee

Executive officers and others designated by the Board of Directors from among the President and CEO, Executive Vice President, the heads of the units, the general managers of the headquarters, management units and product divisions, and the managing directors of regional headquarters. As part of the auditing process, one Audit & Supervisory Board member also attends meetings.

The DIC Sustainability Index

The DIC Group has established its own sustainability index. Deployment of the DIC Sustainability Index is contributing to efforts to increase sustainable products as a key component of its effort to transform its business portfolio. Policies for deployment and in-house administration of the index will continue to be reviewed to reflect changes in the Group's management strategies.

Responding to a Circular Economy

"Respond to a circular economy" is one of the DIC Group's core sustainability strategies. In line with its propriety "5Rs" (reuse, reduce, renew, recycle and redesign) framework, the Group is promoting various initiatives aimed at helping realize a circular economy. As outlined in its circular economy message, the Group will continue to leverage its strengths and distinctive capabilities to encourage recycling and improve the competitiveness of its products and solutions.

The DIC Group's "5Rs" Framework

Reuse = Promoting reusable products over single-use products
Reduce = Achieving more functionality with reduced use of materials
Renew = Leveraging the benefits of bio-renewable materials
Recycle = Feeding the circular economy with recyclable products
Redesign = Re-evaluating and re-designing for greater circularity

DIC group's Circular Economy Statement

The DIC Group contributes to the circular economy by developing products & processes that reduce greenhouse gas emissions, conserve virgin resources, and reduce the accumulation of waste compared to the products or processes they replace. The DIC Group's 5R framework not only guides sustainability efforts across our organization, but also works in collaboration with customers, suppliers, and industry organizations to ensure that sustainability remains at the forefront of innovation.

New Value Creation

Cultivating Next-Generation Businesses

SDGs Goals 8, 9 and 11

Goals and Achievements of Major Initiatives

Evaluations are based on self-evaluations of current progress. Key: ★★★ = Excellent; ★★ = Satisfactory; ★ = Still needs work

Objective of initiatives	Goals for fiscal year 2024	Achievements in fiscal year 2024	Evaluation	Goals for fiscal year 2025
Create businesses with the potential to become new pillars.	Having designated business areas where ESH-related issues/social changes intersect with DIC's core competencies as priorities, identify areas that are expected to be commercially viable and profitable and strive to swiftly launch next-generation businesses.	• In next-generation secondary battery materials, a priority business area, resources were focused on binders for LiBs, which leverage DIC's polymer design and other capabilities. Customer evaluations are proceeding apace, increasing the likelihood of success. • In inorganic fillers, a key product was adopted for use in construction materials, accelerating the advance to mass production, while in healthcare, innovation led to the realization of a cost-saving method for producing *SACRANEX*™.	★★★	Designate business areas where ESH-related issues/social changes intersect with DIC's core competencies as priorities and work to build next-generation businesses that deliver social and economic value.
	Actively use external resources, including through CVC and advanced research in collaboration with academic institutions, as well as work with other companies, with the aim of driving the creation of new businesses and products that will contribute to a society that is increasingly green, digital and QOL-oriented.	• The decision was taken to make an additional investment in Israeli biotech start-up Vaxa Technologies Ltd., which boasts unique algae cultivation technologies that deploy renewable energy. Collaboration with Vaxa has yielded progress in the development of carbon-negative products. • In packaging recycling, a process for recycling waste plastics from flexible packaging using wet crushing was completed and the deployment of a pilot line to verify mass production technology began.	★★★	Actively use open innovation and strategic investments with the aim of driving the creation of new businesses and products that will contribute to a society that is increasingly green, digital and QOL-oriented.

Creating New Value

The DIC Group's vision statement expresses its goals of improving the human condition to realize sustainable prosperity. Seeing its mission as being to achieve sustainable growth for itself and society, the Group is pursuing various initiatives aimed at helping realize carbon neutrality, in line with its policy of providing greater social benefits that enhance shareholder value and achieving sustainable growth for both society and the DIC Group.

Seeking to fulfill its mission, the DIC Group is expanding businesses in growth markets and creating new businesses to promote the transformation of its business portfolio, guided by DIC Vision 2030. Through these efforts, the Group strives to contribute to the realization of a society that is increasingly green, digital and quality of life (QOL)-oriented. The Group has also established the new Global Innovation Center (GIC), which is charged with contributing to globally focused efforts to create next-generation businesses, and will continue working to expedite development by maximizing its overall global assets.

In light of recent changes in the business environment, the DIC Group will periodically review related themes, emphasizing effective time management with clearly defined targets and milestones. The Group will also continue working to create new value that will drive its growth going forward.

Portfolio Transformation

The COVID-19 pandemic created a new normal that has significantly accelerated the transition to a digital society and fundamentally altered consumer behavior. Recent years have also heightened corporate awareness of the importance of achieving carbon neutrality by 2050. Amid these paradigm shifts, the DIC Group has identified five priority business areas where ESH-related issues/social changes intersect with its core competencies: Sustainable energy, healthcare, smart living, color science and sustainable packaging.

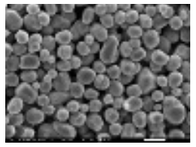
Over the short term, the DIC Group will concentrate management resources on smart living, which focuses on chemitronics,* with the aim of swiftly creating new businesses. The R&D Management Unit will focus its efforts in the smart living area by leveraging new design technologies for inorganic materials and biomaterials, among others, as well as its polymer design and organic materials design technologies. The New Business Development Headquarters is charged with transferring those new business concepts or proposals thus developed that are seen as likely to yield synergies to the business groups, reinforcing collaboration with the business groups to realize opportunities with the potential to quickly achieve viability and profitability.

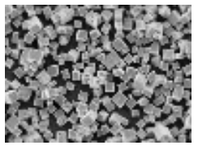
Next-generation and growth businesses are highly competitive and evolve rapidly. In addition to strengthening internal cooperation to promote the commercialization of new products in such areas, the DIC Group will make active use of external resources by promoting open innovation by, among others, leveraging corporate venture capital (CVC) and connections in other industries, investing in start-ups, and collaborating with academic institutions and other companies.

* DIC has selected the term "chemitronics" to designate businesses centered on chemicals and materials for electronics applications.

❶ Development of Inorganic Fillers for a New Era in High-Speed Communications, IoT and Robotics

Amid advances in high-speed communications, as well as in IoT-related areas and robotics, and other fields, increasing demand for materials with superior performance features, DIC succeeded in developing high-grade defect-free inorganic fillers through a proprietary synthesis method. Compounding these inorganic fillers with resin enables the creation of high-performance materials. The Company is working to scale up production with the aim of achieving mass production of these fillers in fiscal year 2027. In the area of high-speed communications, for example, the Company has developed a dielectric filler boasting permittivity and dissipating properties unmatched by conventional fillers, facilitating antennas that are both smaller and more efficient. In IoT-related areas and robotics, the Company developed a piezoelectric filler that generates voltage when it detects force or vibration, which it compounded with resin to produce a piezoelectric composite sheet for use in flexible and highly sensitive sensors. The sheet's ability to be processed into any size and/or shape, including those with curved surfaces, will allow the production of devices with more precise vital sign sensing and the fabrication of soft robots with a sense of touch. In addition, unlike conventional ceramic materials, which contain lead, this new sheet is lead-free, leading to a better environmental profile.


Dielectric filler


Lead-free piezoelectric filler


Piezoelectric composite sheet

❷ Development of Fire-Resistant Materials for Lithium-Ion Batteries (LiB): Endothermic Pad that Prevents Fires from Spreading

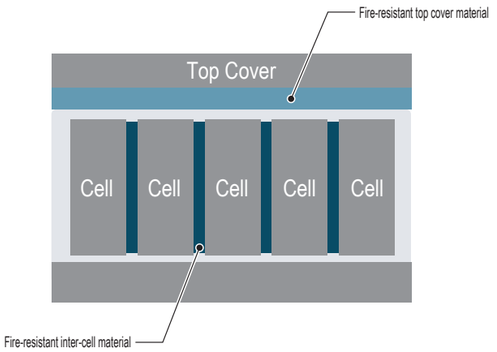
With the use of LiBs continuing to expand, particularly in EVs, preventing battery fires due to thermal runaway has become a major challenge. This continues to drive efforts worldwide to develop fire-resistant battery insulation materials. Seeking an even more effective solution, DIC succeeded in developing a fire-resistant battery pad material. In addition to the thermal endothermic insulation properties, it absorbs heat generated by thermal runaway, thereby suppressing temperature rise and reducing the impact of fire beyond the LiB. Several automobile and battery manufacturers are currently exploring adoption of this new pad material for use in LiBs installed in vehicles, with expected uses being on battery pack top covers and as an inter-cell material.

Attaching DIC's new pad material to the top cover of an LiB pack effectively suppresses the transfer of heat to the battery pack and outside the battery in the event of thermal runaway. In testing, while thermal runaway caused the battery's internal temperature to rise to 1,300°C, heat was largely absorbed by the pad and the temperature on the top surface of the battery remained below 80°C. The pad material also has a mechanism whereby it becomes a hard sheet at high temperatures, providing protection against flying debris. Used between cells, this new pad material absorbs shocks under normal conditions thanks to its excellent elasticity, while in the event of thermal runaway it absorbs heat from cells that have ignited, suppressing the transfer of heat to other cells and significantly delaying explosion. (In-house testing of inter-cell materials has shown that with aerosilica gel it takes seven minutes to reach a temperature of 150°C, while with DIC's new pad material it takes 25 minutes.)

DIC is currently evaluating its new pad material with pouch LiBs. Going forward, the Company will adjust specifications with a view to expanding its target market to include small batteries for electronic devices and stationery batteries for renewable energy–related applications.


Endothermic pad material

Applications for DIC's New Pad Material in LiBs Installed in Vehicles



❸ Promotion of Skincare Business by Leveraging Bioresources Native to Japan

Through its Spirulina business, the DIC Group has honed extensive algae cultivation and extraction technologies. The Group was the first in the world to succeed in the indoor mass cultivation of Suizenji nori (scientific name: Aphanothece sacrum), a rare edible blue-green algae indigenous to Japan that has been a traditional ingredient in high-end Japanese cuisine since the Edo period (1603–1867).

Skincare products are expected to address specific skin issues, as well as to protect the skin against external stimuli. Suizenji nori produces a macromolecular polysaccharide that when used in skincare products forms a high-density, mesh-like veil on the skin, enhancing the skin barrier, while boasting a moisture-retention capacity five times that of hyaluronic acid, commonly used as a moisturizer in skincare and cosmetic products, helping reduce the appearance of fine lines, sagging skin and enlarged pores.

Looking ahead, DIC will capitalize on a new grade of the macromolecular polysaccharide extracted from high-quality Suizenji nori mass produced indoors under the brand name *SACRANEX*™ to promote its own skincare business globally, as well as to expand applications for this material in multiple other areas.


Natural habitat of Suizenji nori

❹ Additional Investment in Vaxa

DIC recently made an additional investment in Israeli biotech start-up Vaxa Technologies Ltd. Vaxa possesses proprietary LED-based photobioreactors and advanced algae cultivation technologies and is advancing the development and commercialization of clean, high-value-added algae products not offered by any other companies. Vaxa's cultivation process employs renewable energy and achieves excellent productivity while consuming less land and fresh water than conventional methods. This process also converts discharged CO_2 into useful materials, making it carbon negative and thus highly sustainable.

With the aim of bringing together its many years of accumulated experience in algae cultivation with Vaxa's carbon-negative algae-based product technologies to develop skincare materials that contribute to a more sustainable, healthier society, in January 2025 DIC followed up its initial investment in Vaxa (fiscal year 2021) with an additional investment in the company.

Proprietary LED-based photobioreactors (Vaxa)

❺ Use of DIC Tactile Samples to Recreate the Texture of Objects in the AR Space

Augmented reality (AR) is a technology that has become widely known thanks to smartphone AR applications and wearable AR smart glasses. Traditionally, the focus has been to enhance the user's view of the physical world by overlaying what the user sees with digital visual information. However, simultaneous feedback of synthetic haptic information into the user's perception can increase their ability to interact with virtual objects. Japan's Saitama University recently published a paper on research conducted into reproducing the texture of objects in the AR space using tactile samples developed by DIC's Packaging Materials Technical Division.

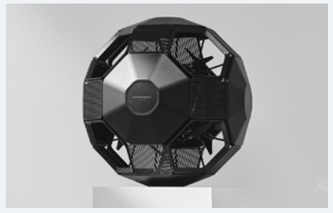
Saitama University's paper proposes a visuo-haptic AR system that allows users to perceive the texture and shape of virtual objects by touching a overlaid with a projected image tangible object. A finger-mounted device provides feedback from a tactile sample no matter what part of the tangible object the user touches, thus making it possible to reproduce tactile sensations at a low cost. This configuration largely meets the requirements for an effectively functioning visuo-haptic AR system, underscoring the system's potential for deployment going forward.

Touching a tangible object onto which the image of a bird has been superimposed in the AR space. The tactile sample developed by DIC allows the reproduction of a highly realistic texture. (This photograph was taken at Saitama University's Komuro Laboratory.)

TOPIC | **Development of the *HAGAMOSphere*™ Omnidirectional Multicopter and Expansion of this New Business**

In fiscal year 2024, DIC inaugurated a new next-generation business by unveiling the new *HAGAMOSphere*™ omnidirectional multicopter. A prototype of this new drone was showcased at CES 2025, one of the world's most powerful technology events, held in the United States in early 2025, where it earned designation as a CES Innovation Award® 2025 Honoree. The *HAGAMOSphere*™ features a cubic frame and diagonally mounted propellers, allowing it to move both horizontally and vertically while maintaining its balance, something impossible with conventional drones. The frame is housed in a robust spherical guard that allows the drone to roll on the ground and move by itself. These unique features of the *HAGAMOSphere*™ are expected to further its adoption for use in, among others, disaster relief, inspection and measurement, the shooting of videos and photographs, and the entertainment industry. At CES 2025, visitors from around the world stopped by the DIC booth, enhancing the Company's understanding of market requirements and latent needs and encouraging it to explore a multifaceted entry into the drone business.

Guided by DIC's "Direct to Society" business creation mechanism, employees gave careful consideration to the needs of society, using its findings to develop appropriate specifications, and created a prototype that tests confirmed was capable of omnidirectional flight. The Company is confident that this approach will enable it to add depth to this new business. In other words, in addition to selling the *HAGAMOSphere*™ itself, the Company will promote the development of materials that enhance performance by reducing the drone's weight, increasing battery output and useful life, and enhancing the spherical guard's flame retardancy and impact resistance. DIC will also continue developing drones and other devices, which it will aim to incorporate into new offerings in "soft" areas, including services, software and solutions, in line with its Color & Comfort value proposition.



HAGAMOSphere™ omnidirectional multicopter

NEWS from Sun Chemical

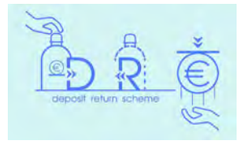
Tackling Environmental Challenges with Innovative DRSs

In a world increasingly focused on environmental impact, businesses and governments are seeking effective strategies to minimize negative impacts while also promoting sustainable practices. Sun Chemical has leveraged a new opportunity connected to the implementation of Deposit Return Schemes (DRSs), which are designed to encourage recycling and reduce waste through financial incentives.

Implementation of DRSs and Legislative Support

A DRS is a recycling initiative that encourages the return of beverage containers by offering a refundable deposit. When consumers purchase a beverage, they pay a small deposit, which is refunded when the empty container is returned to a collection point. The primary goals of a DRS are to reduce litter, increase recycling rates and promote a circular economy by ensuring containers are reused or recycled. DRSs are implemented in various forms worldwide. Countries such as Germany and Norway, as well as certain U.S. states, have highly successful systems with return rates exceeding 90%. Return rates are much lower without such systems.

The benefits of DRSs include reducing environmental pollution, conserving resources and creating jobs in the recycling sector. The European Parliament's adoption of the Packaging and Packaging Waste Regulation (PPWR) could make DRSs mandatory by 2029 for countries that have not reached an 80% collection target by 2026. Similarly, in the United States extended producer responsibility (EPR) initiatives for packaging are accelerating, including with consideration of expanded DRSs.



Navigating the Risks of Fraud

Despite its numerous benefits, DRSs face challenges, primarily the risk of fraudulent activities. These include counterfeiting, false claims, theft, collusion and system exploitation. Fraudsters take advantage of loopholes in the system to claim deposits on non-qualifying containers or exaggerate the volume of collected containers.

The potential for identity theft and inadequate verification measures further complicates the issue, making it imperative to establish robust security and enforcement mechanisms.

Sun Chemical Solutions for a Secure DRS

Innovative solutions have been developed by Sun Chemical to curb DRS fraud. Key advancements include the development of multiple security inks for use on paper, film and cans, as well as the creation of portable authentication readers and quality control devices. An on-press verification vision system has been developed to ensure quality during the printing process. Sensor technology has also been integrated into reverse vending machines (RVMs) and recycling center counting lines. Authentication and quality control data are managed through a cloud-based system. Finally, a secure supply chain for the security inks, as well as the participation of printers and converters that meet stringent security standards, are essential to maintain the integrity of a secure DRS.

These solutions are designed to enhance the efficiency and reliability of DRSs, ensuring they are sensitive enough to distinguish genuine from counterfeit items without impacting brand equity or recycling process efficiency. Ultimately, this results in higher rates of collection for empty beverage containers and a lower likelihood of fraud.

Digital Transformation (DX)

Driving Business Model and Portfolio Transformation

Goals and Achievements of Major Initiatives

Evaluations are based on self-evaluations of current progress. Key: ★★★ = Excellent; ★★ = Satisfactory; ★ = Still needs work

Objectives of initiatives	Goals for fiscal year 2024	Achievements in fiscal year 2024	Evaluation	Goals for fiscal year 2025
Promote process innovation and business model transformation.	Create processes and guidelines for confirming/verifying effectiveness and work with business units to prioritize and implement key DX initiatives.	• A system was deployed whereby multiple departments review the purpose and cost-effectiveness of internal IT systems scheduled to be introduced, as well as continuously monitor effectiveness after introduction. • Business divisions collaborated to optimize supply chain processes. • The Sustainability Operations Department and business divisions collaborated to select an IT solution for the disclosure of nonfinancial information, which reached the implementation stage.	★★★	Create processes and guidelines for confirming/verifying effectiveness and work with business units to prioritize and implement key DX initiatives.
	Continue to explore and implement digital initiatives crucial to business model transformation and thus to achieving the targets of DIC Vision 2030.	• An efficient approach was established for holding online chemitronics exhibitions focused on electronics products and introducing appropriate products to customers with specific needs. • A wide range of "smart" projects were promoted, including those related to smart factories and supply chain optimization.	★★★	Continue to explore and implement digital initiatives crucial to business model transformation and thus to achieving the targets of DIC Vision 2030.
Create/firmly establish a data-driven corporate culture and foster related human resources.	Advance awareness of the need for and importance of realizing data-driven management and data-driven operations (cultivate a corporate culture in which these concepts are firmly established) and continue strengthening efforts to foster human resources with advanced digital capabilities.	• An initiative aimed at enhancing use of the sales support system and promoting data-driven sales activities was launched. • To foster a corporate culture centered on data-driven decision making, the analytical indices used by the Data Science Center—an in-house organization specializing in the deployment of AI, including MI—were deployed in other departments. • For the second consecutive year, the Business Technologies Training Program was offered with the aim of fostering employees with the ability to leverage digital technologies to improve efficiency and create new value, and various proposals were presented to management.	★★	Cultivate/firmly establish a data-driven corporate culture through new and ongoing projects and foster human resources with the necessary advanced digital capabilities.

Basic Policy

The DIC Group promotes DX with the objective of providing new value and reinforcing its corporate structure and competitive advantages through the use of digital technologies and data. Initiatives are being advanced Groupwide, beginning with measures to expedite the growth strategies outlined in the DIC Vision 2030 long-term management plan in four key areas: Market,* production, R&D and technology, and supply chain management (SCM). The Group is also working to maximize a next-generation digital integrated platform, as well as to secure and foster human resources, to establish the infrastructure necessary to advance DX.

* "Market" is used here in the sense of sales and marketing functions.

Framework for Promotion

The IT Strategy Unit's Information Systems Department and DX Promotion Department capitalize on data and digital technologies, eliminating boundaries between IT and DX, to promote process optimization, work style reforms and the innovation of business models over the short term, as well as the medium to long term. Looking ahead, the Company expects to see an increase in the promotion of independent DX initiatives by individual business units and functional departments. Accordingly, the IT Strategy Unit provides support for and conducts post-implementation monitoring of such initiatives to ensure optimization from a Groupwide perspective. Efforts to develop an IT governance scheme for the entire DIC Group, including the formulation of guidelines for promotion and the establishment of a management system, are also underway.

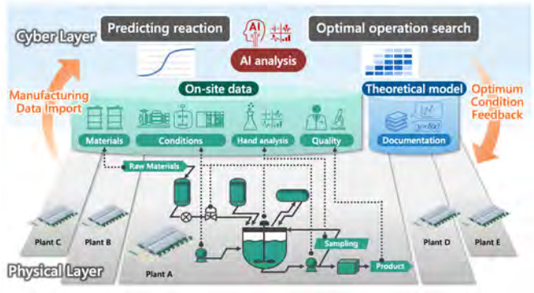
Market

Through DX, the DIC Group seeks to bolster brand strength by creating high-level customer experiences, as well as to achieve business model transformation. The Group has launched an initiative aimed at enhancing use of the existing sales support system and expanding deployment to additional departments, thereby improving the efficiency of sales efforts while also improving customer experiences. A new digital marketing initiative has also been inaugurated that seeks to identify and effectively approach customers with specific needs based on time series analyses of online search data. This is enabling the Group to extend a variety of proposals to customers who may have previously been unfamiliar with Group products, thereby generating new business opportunities. U.S.-based Sun Chemical is leveraging its website chat feature and digital marketing tools to connect customer inquiries to sales representatives, improving customer experiences and making the sales process more efficient. In fiscal year 2025, the Group will continue taking steps to further promote digital marketing initiatives and enhance use of its sales support system with the goal of providing new and better customer experiences.

Production

In the area of production, the DIC Group is working to create smart factories. Because the business environment varies for different products, the Group is advancing a concept that takes diversity into consideration. As part of this effort, DIC has developed process informatics (PI)[*1] technologies that are suited to batch reaction[*2] production, typically used for high-value-added products. Group company Sun Chemical successfully demonstrated the use of Machine Vision AI,[*3] improving the reliability of its drum consolidation robot in correctly identifying drum closure points. Sun Chemical also introduced autonomous guided vehicles (AGVs)[*4] at several locations, marking a significant step forward in its use of robotics for materials handling and logistics and further driving operational excellence. Looking ahead, the Group will continue to advance PI technologies, as well as its proprietary smart factory concept, with the objective of achieving chemicals production sites that are not dependent on human capabilities and at the same time achieving outstanding reliability and productivity across safety, quality, environmental performance, cost competitiveness and other key areas.

*1 PI is defined as an approach to leveraging data and AI to optimize manufacturing processes.
*2 Batch reaction is a production method whereby all reactants (raw materials) are added to a reactor at the start of the reaction and products are removed at the end once the reaction is complete.
*3 Machine Vision AI technologies involve machines using cameras and sensors to analyze images and video, and to automatically identify, inspect and measure objects.
*4 AGVs are used to autonomously transport freight and materials along designated routes in production facilities and warehouses, among others.



R&D and Technology

On the technology side, the DIC Group continues seeking to accelerate the creation of new value and products by shifting the focus of its efforts to computational and data science, which use AI and material informatics (MI). Through the Data Science Center, a specialized organization that makes use of AI, including MI, the Group is stepping up efforts to create greater value, including by significantly shortening development periods for new products and realizing ideas that exceed the boundaries of the human imagination. In fiscal year 2024, the Group implemented laboratory automation, expanded molecular simulation technologies, advanced the use of internal and external data, and promoted the deployment of generative AI–based analytical technologies. In addition, the use of AI to formulate testing plans made it possible to conduct highly efficient experiments narrowly tailored to specific objectives. In fiscal year 2025, DIC will seek to add depth to its fiscal year 2024 achievements, leveraging large-scale language models (LLMs) in marketing and document management, among others, to promote the fundamental transformation of business processes. The Company will also collaborate with the global DIC Group, including Sun Chemical, to promote the use of data science. Sun Chemical effectively employs AI and machine learning to enhance the effectiveness of its vision system, used for challenging visual inspection of certain products to assure quality and consistency. Machine learning is also being used for spectral analysis and verification of printed artwork in a manner that is not achievable by conventional methods. Machine learning technology has also been successfully deployed in a proprietary measurement device for specific security inks, among others.

SCM

As well as improving the visibility of the flow of goods and information through its supply chains, the DIC Group is promoting related reforms designed to optimize supply chains spanning multiple regions, businesses and organizational constituents. To this end, the Group has made use of digital technologies that can be automatically linked Groupwide to build a digital SCM platform that facilitates planning online and in real time based on up-to-date demand data, which it began full-scale operation of in the color materials and performance materials business in fiscal year 2023. Sun Chemical is capitalizing on digitalization to drive various products aimed at improving its ability to enhance the efficiency, optimization, transparency and visibility of its businesses. Going forward, the DIC Group will continue to expand deployment of this platform in additional regions and businesses as part of its effort to achieve supply chain reform.

Updating Core Business Systems and Establishing a Global Digital Integration Platform

In July 2024, the DIC Group in the Asia–Pacific region completed an update of its core business systems and built an integrated digital platform. Beginning in fiscal year 2025, Sun Chemical will upgrade its core business systems, aiming to build a global digital infrastructure and operational framework. The company is also focusing on leveraging advanced analytics and cloud technologies to provide better decision-making capabilities to ensure it remains agile in a rapidly evolving market.

Securing and Fostering Human Resources

Both DIC and Sun Chemical are focusing on taking advantage of digital technologies and data to create a foundation for analyzing, evaluating and executing problem-solving measures and business reforms in its various businesses. In addition to training for individuals whose jobs require the use of data or AI, practical training is provided to foster human resources who grasp both business strategy and frontline challenges and equipping them to lead digital initiatives, thereby improving the digital literacy of all employees. Moreover, as part of its effort to reinforce its framework for swiftly implementing measures that fully leverage digital technologies, the Group is actively recruiting new graduates and mid-career hires in the areas of IT and DX.

Sustainable Technology and Product Development

Proposing Solutions that Leverage Core Technologies

SDGs Goals 9 and 12

Goals and Achievements of Major Initiatives

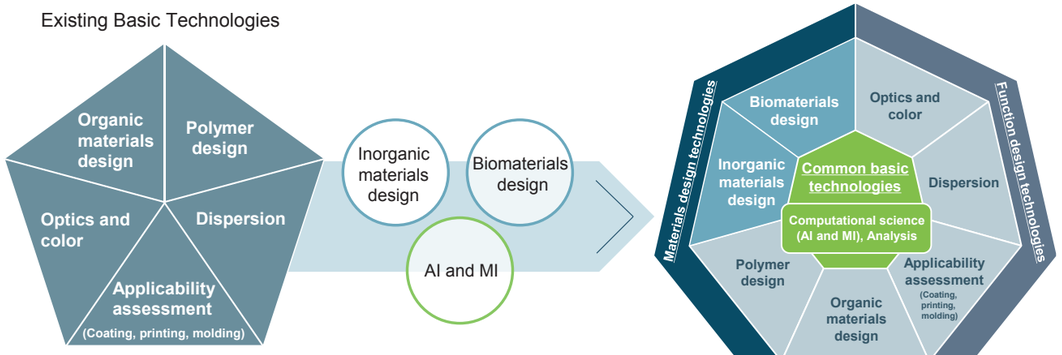
Evaluations are based on self-evaluations of current progress. Key: ★★★ = Excellent; ★★ = Satisfactory; ★ = Still needs work

Objectives of initiatives	Goals for fiscal year 2024	Achievements in fiscal year 2024	Evaluation	Goals for fiscal year 2025
Enhance ability to develop products and technologies that facilitate contribution to a sustainable society.	• Accelerate collaboration among global technology bases in the development of strategic products and new technologies. • Make use of compounding technologies, open innovation and AI to hasten the development of technologies that create added value.	• New developments in the area of pigments included high-performance, design-friendly black pigments and effect pigments for automotive coatings. • The active use of data science shortened development times, while collaboration with industrial concerns, government bodies and academic institutions accelerated development.	★★	• Accelerate collaboration among global technology bases in the development of strategic products and new technologies. • Make use of compounding technologies, open innovation and AI to hasten the development of technologies that create added value.
Accelerate efforts to develop products that contribute to sustainability.	Accelerate efforts to develop products that contribute to sustainability.	Efforts in the area of synthetic resin–related products led to the development of a number of products for infrastructure repair that have obtained Japan's Biomass Mark designation.	★★	Accelerate efforts to develop products that contribute to sustainability.

Achieving Sustainable Growth

With the aim of realizing its vision statement, "We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*," the DIC Group strives to add depth to its existing basic technologies in the areas of optics and color, organic materials design, polymer design and dispersion, and to foster new technologies in the areas of inorganic materials design and biomaterials design. The Group also actively promotes the use of AI and MI , as well as the training of AI specialists.

To build a portfolio of next-generation products and new technologies and drive sustainable growth, the DIC Group continues working to integrate Groupwide technological resources, as well as promotes open innovation by, among others, collaborating with industrial concerns, government bodies and academic institutions and making use of CVC.



The DIC Group is accelerating business portfolio transformation by adding new inorganic materials design and biomaterials design technologies to its five existing basic technologies and by promoting the use of AI and MI.

DIC's rich lineup of basic technologies is a competitive advantage

Specific Initiatives

The DIC Group is advancing the development of a variety of materials and components that improve the environmental performance of the products in which they are used, making the use of DIC products a way customers can contribute to addressing global environmental issues. In Japan, the Group devotes approximately 51% of its technological resources to the development of such products. Specific key initiatives and achievements are introduced below.

○Packaging & Graphic Segment

Newly developed printing inks included a next-generation ink for paper containers that combines oil-based ink and a UV-curable overprint varnish, which was unveiled at Tokyo International Packaging Exhibition 2024 (TOKYO PACK 2024). DIC also announced that a waterborne coating varnish approved as a food contact material and achieves outstanding water and oil resistance, while at the same time containing no PFASs, had been adopted for use in paper food cups manufactured without plastic film. In addition, the DIC Group introduced a subscription-based digital service that leverages color management technology to enable the accurate and prompt generation of desired color data using offset, gravure, flexo and inkjet printing.

In the area of packaging materials, DIC inaugurated a proprietary polystyrene dissolution and separation facility, a significant step toward achieving the packaging materials industry's first-ever closed-loop recycling system for colored and/or patterned polystyrene foamed food trays that deploys material recycling.

Newly developed products overseas include a deinkable water-based printing ink that meets recyclability standards for shrink labels used on high-density polyethylene containers, as well as a biorenewable low-migration ink for high-temperature food labels.

○Color & Display Segment

In addition to developing pigments for color filters used in displays, efforts emphasized the launch of effect pigments for cosmetics with unique colors and sustainability features. In pigments for inkjet inks, DIC launched water-based pigment dispersions compatible with nonabsorbent media such as food packaging, PVC wallpaper and labels.

Overseas, efforts included expanding the DIC Group's lineup of high-performance, design-friendly solar heat–suppressing black pigments, as well as launching a new line of effect pigments for automotive coatings that deliver highly saturated color and shine.

○Functional Products

Highlights in the area of synthetic resins include commencing mass production of low-dielectric resins for circuit boards for next-generation 5G/6G-enabled communications devices. DIC also proceeded with the development of an epoxy resin designed to facilitate easy disassembly, as well as a heat-resistant epoxy resin curing agent that can withstand temperatures up to over 200°C and is recyclable. Efforts to promote sustainable products included obtaining Japan's Biomass Mark designation for products used in infrastructure repair, including an asphalt crack filler, a nonslip pavement binder and a top coat for drainage pavement. In surfactants, the Company developed and promoted the expansion of its lineup of PFAS-free antifoaming agents for lubricating oils for EVs that boast excellent antifoaming properties, thermal stability and durability.

Working with two plating manufacturers, DIC developed a new PPS compound that can be plated onto metals using existing plastic plating lines. In the area of automotive components, the move toward electrification is spurring the increased use of plastics for electronic device housings. This new PPS compound imparts electromagnetic shielding properties tailored to specific frequency bands. In industrial-use adhesive tapes, the Company expanded its lineup, as well as bolstered production, of toluene-free ultrathin tapes for smart devices.

A Global R&D Configuration that Underpins Product Development

The DIC Group's R&D organization in Japan comprises the Technical Management Unit, which is responsible for product development and modification connected directly to businesses; DIC Graphics' Technical Division; the R&D Management Unit, which is responsible for adding depth and potency to existing basic technologies; and the New Business Development Headquarters, which is charged with creating strategic new businesses and commercializing business units' next-generation products. Overseas, the Group's R&D is conducted by the Sun Chemical Group's research centers in the United States, the United Kingdom and Germany; Qingdao DIC Finechemicals Co., Ltd., in the PRC; printing inks technical centers in the PRC and the Asia–Pacific region; the Polymer Technical Center—China; the Solid Compound Technical Center–Asia Pacific; the Pigment Technical Center–Asia Pacific; the DIC/Earthrise Algae Research Center in the United States; the Tape Technical Center–China; and the 3D Printing Materials Laboratory–Korea. These facilities are working as one to promote the global development of products and technologies.

Product Stewardship

The DIC Group views product stewardship as a key aspect of its operations. The Group has established a global product stewardship team for printing inks, adhesives and other products used in food packaging, which it supplies to customers around the world. The team shares information on regulations and relevant topics from various markets, as well as advances awareness thereof and provides training. Knowledge thus gained is incorporated into product design and is used to produce compliance certificates across the supply chain, which are sought by customers worldwide.

The DIC Group also strives to maintain a solid grasp of laws and regulations in different countries and territories, and of trends in environmental initiatives, to ensure its ability to design products that comply with diverse controls on the use of chemical substances. In addition, the Group conducts environmental assessments on a continuous basis.

Intellectual Property

○Basic Approach

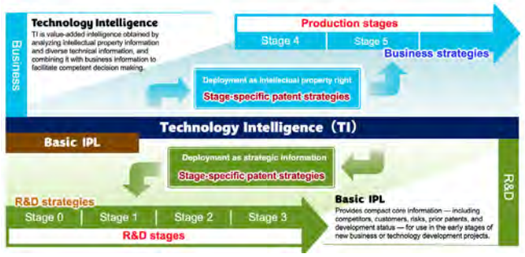
To achieve the goals of DIC Vision 2030, the DIC Group is promoting a variety of key initiatives, focusing on pursuing structural reforms and greater efficiency and launching new businesses in priority business areas, in line with its global intellectual property business strategy.

In preparing for the launch of new businesses in the smart living area, one of five priority business areas, the DIC Group is advancing strategies for building a competitive intellectual property portfolio by further leveraging its technology intelligence (TI) tools and enhancing its intellectual property risk management system to create a framework for the effective use of its intangible assets that is worthy of stakeholder trust.

○Leverage TI in Business Strategy Planning

TI is value-added intelligence obtained by analyzing intellectual property information and diverse technical information, and combining it with business information as necessary, to facilitate the most competent decision making. By creating a business promotion–related TI function within its Intellectual Property Center, the DIC Group makes it possible to narrow down measures implemented to those with a high probability of success and to help prioritize the balanced allocation of management resources. In particular, in the early stages of promoting a new business or technological development theme, this means providing core information, including a basic intellectual property landscape (IPL) detailing competitors, customers and risks, among others, in a concise format, thereby facilitating the selection of themes that are most likely to be successful. The Company has also established a process for confirming whether efforts to realize new businesses based on these themes proceed appropriately using intelligence derived at the technology development, commercialization and mass production stages. This framework is key to the Group's new Direct to Society business creation mechanism.

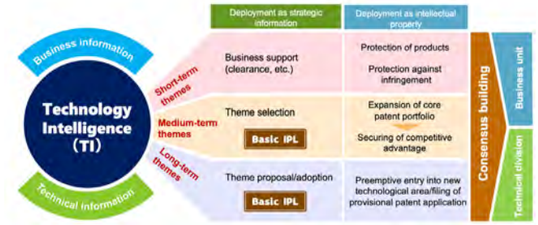
Figure 1: TI Function



○Strategies for Building a Competitive Intellectual Property Portfolio

To facilitate the swift launch of new businesses, the business units, technical divisions and Intellectual Property Center work together to promote intellectual property–related initiatives across all time frames. As shown in figure 2, TI is used not only in the analysis of intellectual property but also as strategic information for the selection, as well as the proposal and adoption, of themes for developing new businesses, helping to facilitate consensus building by the aforementioned three parties.

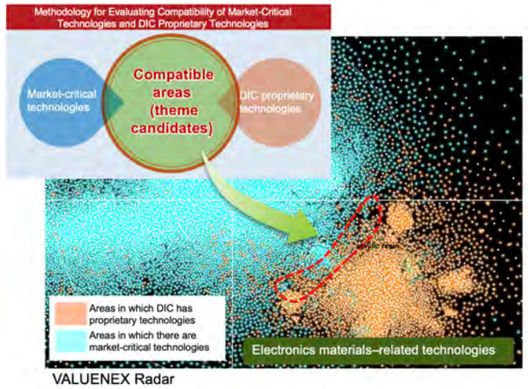
Figure 2: TI and Intellectual Property Initiatives Across All Time Frames



One initiative the DIC Group is promoting to select key technological development themes, shown in figure 3, is the development of a methodology for comparing and analyzing key aspects of the external environment, such as market-critical technologies, and of the internal environment, notably the Group's own proprietary technologies, based in intellectual property, and evaluating compatibility thereof. This methodology enables the Group to select themes in unique technological areas in which there are no competitors and promote the building of a patent portfolio designed to secure a competitive advantage from the early stages of development. This and other efforts will help the Group swiftly build an effective intellectual patent portfolio focused on its priority business areas, including chemitronics, that gives it a global competitive advantage in those areas.

The DIC Group's patent strategy is highly evaluated by external observers, underscored by its position in the ranking of companies in the chemicals industry

Figure 3: Examples of Initiatives for Selecting Focus Themes



in Japan in terms of patent assets owned conducted by Patent Result Co., Ltd., and the global ranking of patent value growth conducted by LexisNexis.

○Intellectual Property Risk Management System

In line with its basic policy on compliance, the DIC Group conducts exhaustive patent clearance searches in new markets and for new technologies, promoting contract management, meticulously managing confidential information and advancing initiatives to prevent counterfeiting, patent infringement and the use of similar trademarks. The Group also established the Risk Management Working Group, a subordinate entity of the Sustainability Committee, as part of its effort to strengthen its comprehensive framework for global risk management, which also includes minimizing intellectual property risks. Practical measures to eliminate risks are spearheaded by the staff of the Intellectual Property Center. Active use is also being made of new AI-based tools, including for patent classification, to ensure that patent research is both efficient and comprehensive.

The IP Portfolio Committee, which seeks to ensure the DIC Group's intellectual property portfolio aligns with its businesses, and the Patent Reward Council, which deliberates on patent compensation as an incentive for technological development, are the Group's principal bodies for the management of intellectual property. This, combined with effective management supervision that facilitates the promotion of intellectual property–related initiatives that respond to changes in the operating environment and appropriate disclosure regarding investments in intangible assets and other matters, has enabled the Group to realize a configuration for leveraging its intangible assets that has earned the trust of stakeholders.

VOICE | **We developed a sustainable methacrylic resin that helps extend the useful life of key infrastructure.**

In line with the efforts to promote carbon neutrality, in recent years the development of material and process technologies in the areas of civil engineering and infrastructure has progressed rapidly. Functional Materials Technical Group 4 pioneered the development of three products for infrastructure repair and paving that are made with biomass materials. These products maintain the same high level of durability as conventional offerings while also contributing to the reduction of greenhouse gas emissions. We also succeeded in obtaining Biomass Mark designation for all three of these products, reinforcing their appeal as sustainable alternatives, and anticipate that this will further expand DIC's share of this market.

Functional Materials Technical Group 4, Functional Materials Technical Division, DIC Corporation **Mizuki Arase**

Environment, Safety and Health (ESH)

Changes to the Disclosure of Environment, Safety and Health (ESH) Information

Having given consideration to the most effective way to disseminate information regarding its ESH initiatives, beginning in fiscal year 2025 the DIC Group has limited the "Environment, Safety and Health (ESH)" chapter of its integrated report to two sections: "Policies, Targets and Framework" and "Managing Industrial Waste." Coinciding with the publication of DIC Report 2025, "Policies, Targets and Framework" are also available on DIC's global website, while "Managing Industrial Waste" will be posted at a later date.

The other 10 sections included in this chapter in previous editions of the DIC Report are available exclusively on the global website. Please visit the following URLs.

- **Occupational Safety and Health** ····· WEB https://www.dic-global.com/en/csr/2025/environment/safety.html
- **Disaster Prevention** ····· WEB https://www.dic-global.com/en/csr/2025/environment/safety.html#08
- **Environmental Protection** ····· WEB https://www.dic-global.com/en/csr/2025/environment/conservation.html
- **Preventing Environmental Pollution** ····· WEB https://www.dic-global.com/en/csr/2025/environment/substance.html
- **Managing Water Resources** ····· WEB https://www.dic-global.com/en/csr/2025/environment/water_resource.html
- **Biodiversity** ····· WEB https://www.dic-global.com/en/csr/2025/environment/biodiversity.html
- **Safety in Logistics** ····· WEB https://www.dic-global.com/en/csr/2025/environment/logistics.html
- **Ensuring the Safety of Chemical Substances** ···· WEB https://www.dic-global.com/en/csr/2025/environment/information.html
- **Engaging with Local Communities** ····· WEB https://www.dic-global.com/en/csr/2025/environment/dialogue_society.html
- **Management Systems** ····· WEB https://www.dic-global.com/en/csr/2025/environment/management_system.html

The information reported on the "Environment, Safety and Health (ESH)" page is calculated based on reliable data. However, this information may be revised at a later date.

Environment, Safety and Health (ESH)

Toward the Achievement of a Sustainable Society

SDGs
Goals 3, 6, 7, 12, 13, 14 and 15

Policies, Targets and Framework

Basic Approach

The DIC Group promotes a broad range of ESH initiatives through its Responsible Care® program.

Initiatives to Date

As a global organization that manufactures and sells chemical substances, the DIC Group promotes a broad range of ESH initiatives through its Responsible Care* program. Having established its Principle and Policy for the Environment, Safety and Health in 1992, in 1995 DIC pledged to implement the precepts of Responsible Care. Since reaffirming its support for Responsible Care management in January 2006 by signing the CEO's Declaration of Support for the Responsible Care Global Charter, the Company has promoted constant improvements. Today, the Group manages its Responsible Care program in a uniform manner using standardized codes, guided by its Environment, Safety and Health Policy, and works to implement initiatives that exceed regulatory requirements, in line with annual Responsible Care activity plans, and to fully disclose the results thereof.

*Responsible Care describes voluntary management initiatives undertaken by companies that manufacture or otherwise handle chemical substances, in line with the principles of autonomous action and self-assessment, pledging in their management policies to protecting the environment and ensuring health and safety across the entire life cycle of products, from development to manufacturing, distribution, use, recycling and end-of-life disposal, as well as to disclosing related information and promoting improvements.

DIC is a signatory to the International Council of Chemical Associations (ICCA)'s Responsible Care Global Charter.

Environment, Safety and Health Policy

As a responsible corporate citizen and as a company that manufactures and sells chemical substances, DIC recognizes that care for the environment, safety and health is fundamental to the management of the Company. DIC is committed to the concept of sustainable development in all aspects of its businesses and contributes to the global environment, including biodiversity, by creating environmentally sound products and technologies.

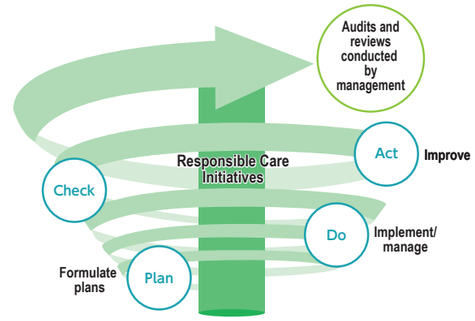
1. We take responsibility for the environmental, safety and health implications of products throughout their life cycles.
2. We continuously set goals and targets for environmental, safety and health improvements.
3. We comply strictly with laws, regulations and agreements relative to the environment, safety and health. For countries lacking such laws, we prioritize safe operations and protection of the environment.
4. We systematically provide education and training on the environment, safety and health.
5. We prepare systems and audit internally to benefit the environment, safety and health.

We disclose these policies internally and externally and ask that all DIC Group companies follow them. The abovementioned "safety" also encompasses security and disaster prevention.

Responsible Care Codes

The DIC Group manages its Responsible Care program in accordance with seven codes:* "Occupational safety and health" (protection of the safety and health of employees), "disaster prevention" (prevention of fires, explosions and the discharge of chemicals), "environmental protection" (continuous reduction of chemical emissions and the discharge of waste), "safety in logistics" (reduction of chemical risks associated with the distribution of chemicals), "ensuring the safety of chemical substances" (management of risks associated with chemicals), "engaging with society" (communication with local communities regarding ESH) and "management systems" (ensure the uniform administration of the first six codes). In line with these codes, the Group applies the plan-do-check-act (PDCA) cycle and conducts annual ESH audits and management reviews to evaluate initiatives.

* The seven Responsible Care codes were developed by the Japan Responsible Care Council (JRCC), which is part of the Japan Chemical Industry Association (JCIA), as a framework for Responsible Care programs with the goal of helping achieve a society that supports efforts to address ESH-related initiatives.



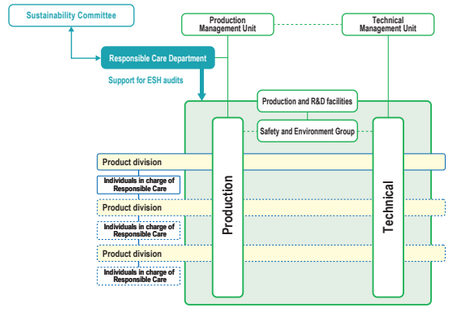
Message from the President

DIC's president prepares a message for employees for Environment Month and National Safety Week.

Framework for Promoting Responsible Care

The Sustainability Committee, which reports directly to the president and CEO, is responsible for deliberating and approving Responsible Care initiatives. Chaired by the president and CEO, the committee currently includes business group presidents, administrative unit general managers /heads, managing directors of regional headquarters and a member of the Audit & Supervisory Board. The committee approves Groupwide sustainability targets and policies, as well as deliberates and evaluates medium-term sustainability policies and annual sustainability activity plans. The PDCA cycle is used to evaluate voluntary Responsible Care initiatives implemented by Group companies, plants and R&D facilities in line with these policies and plans in collaboration with the Safety and Environment Group. The Responsible Care Department provides support to ensure the smooth progress of these initiatives and conducts audits to ensure compliance and improve safety and environmental performance.

Framework for Promoting Responsible Care



Deployment of Responsible Care Initiatives at Group Companies

The Responsible Care Department provides wide-ranging support to DIC Group companies worldwide, regardless of operating scale, with the goal of enhancing Responsible Care initiatives Groupwide. In particular, we are focusing on supporting regional activities and developing human resources at the regional headquarters in China and the Asia–Pacific region.

❶ Initiatives in Japan

The DIC Group has nine companies and 27 production and R&D sites in Japan. Safety and Environment groups have been established at each site, which are overseen by the Responsible Care Department. DIC and DIC Graphics hold group manager (GM) conferences four times a year. These conferences are gatherings of appointed group managers from principal sites. Other domestic Group companies participate in biannual Responsible Care conferences. These various conferences facilitate the discussion of efforts to prevent accidents and disasters, share information on environmental challenges and ensure common awareness of Groupwide rules.

VOICE | **We have narrowed the focus of our safety KPIs to three key areas.**

Key performance indicators (KPIs) are essential in assessing current safety performance and identifying areas where safety program improvements are needed to strengthen a company's culture of safety. At Sun Chemical, in the United States, we reviewed our safety KPIs in 2024 and narrowed the focus of our efforts to three key areas: Human safety, fire prevention and spills.

We also resolved to focus not only on lagging indicators such as total recordable incident rate (TRIR) but also on leading indicators, including training completion rate. In addition to providing training regarding these KPIs at production facilities, we have set a goal of having all Sun Chemical plants track these metrics monthly in 2025 and promote various safety measures. To address some of the most critical challenges faced at such facilities, we have also simplified injury classifications and taken steps to expedite identification of trends in the root causes of injuries.

Vice President, Environmental, Health and Safety, Sun Chemical Corporation **Daniel Grell**

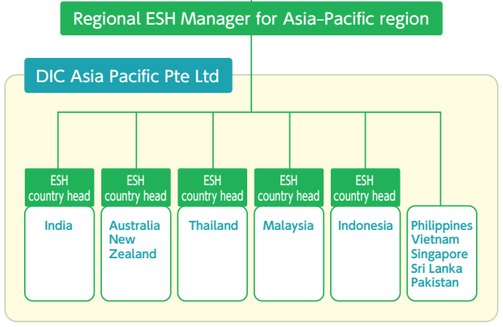
TOPIC | **DIC Safe Future Conference Held**

With the aim of preventing serious accidents and occupational injuries, the DIC Safe Future Conference formulates common safety rules for all DIC Group companies in Japan. In fiscal year 2024, this conference, which comprises members of the Safety and Environment GM Conference, formulated guidelines for work in confined spaces, a set of uniform rules that govern work involving risks such as oxygen deficiency, which are now being deployed at all domestic sites, including those of consolidated subsidiaries. Audits are being conducted to confirm that each site has implemented these guidelines smoothly.

❷ Initiatives in the Asia–Pacific region

The DIC Group has 18 companies and 21 production sites across the Asia–Pacific region. A regional ESH director has been installed at DIC Asia Pacific, the Group's regional headquarters, in Singapore, who supervises ESH country heads (individuals in charge of ESH initiatives) in key countries and territories in the region. In addition to an annual regional conference that is also attended by the Responsible Care Department, monthly meetings are held with the Chemical Substance Information Management Group, established in fiscal year 2023, to reinforce communication. Country heads hold regular country- and territory-specific meetings, convening representatives of local subsidiaries and sites to discuss initiatives, targets and challenges.

Framework for Promoting ESH in the Asia–Pacific Region



❸ Initiatives in Greater China

In Greater China, the DIC Group has 13 companies and 14 sites. To fortify the Group's regional ESH framework, DIC has assigned a regional ESH director to DIC (China), the Group's regional headquarters, and ESH coordinators to the southern and eastern parts of the country. In addition to an annual regional conference that is also attended by the Responsible Care Department, monthly meetings are held with the newly established Chemical Substance Information Management Group to reinforce communication.

❹ Initiatives in the Americas, Europe and Africa

The Sun Chemical Group oversees all Responsible Care initiatives by DIC Group companies in the Americas, Europe and Africa. Periodic regional conferences and online meetings are held between local ESH staff and the Responsible Care Department to ensure the DIC Group's ESH policy and its values are shared by all.

Annual Activity Plans

The DIC Group formulates an annual Responsible Care Activity Plan and oversees Groupwide initiatives. Based on the Group's annual plan, which is prepared by the Responsible Care Department, regional headquarters develop their own region-specific activity plans, while individual Group companies, in line with the concept of management by objectives (MBO), translate these plans into reality by promoting a variety of Responsible Care initiatives.

TOPIC | **DIC Asia Pacific Holds Annual Safety Day to Promote a Culture of Safety**

Recognizing the critical importance of safety at all of its operations, DIC Asia Pacific holds an annual regional Safety Day, after which it carefully reviews the day's activities. The company's 2024 Safety Day was held on April 30 under the theme of "COACH for Safety." Effective safety coaching involves leadership engaging actively with employees to encourage the identification and correction of risky behaviors and situations. Activities at the 2024 event were divided into the following two main events:

Annual safety speeches: DIC Asia Pacific Managing Director Paul Koek and Responsible Care Department General Manager Shinobu Yamaguchi spoke about identifying risk situations and practicing employee safety.

Site-led activities: Various activities aimed at reinforcing safety, including a poster contest, safety skits, a safe forklift driving challenge and emergency response training, were held prior to and after Safety Day.

TOPIC | **DIC China Holds Employee Safety Knowledge and Forklift Skills Competitions**

Ensuring outstanding safety awareness and skills helps create a solid foundation that underpins a company's steady advance. At DIC China, the DIC Group's local human resources and ESH departments worked together to hold safety knowledge and forklift skills competitions on October 22, 2024. A total of 42 competitors from nine Group companies in the PRC participated, with 28 taking part in the safety knowledge competition and 14 in the forklift skills competition. The safety knowledge competition involved a written test and a buzzer quiz, with points awarded based on the question's difficulty, and required both general knowledge and strategy. The forklift skills competition comprised slalom driving, nut loading and double needle driving. Going forward, the DIC Group in the PRC will continue to hold skills and safety knowledge competitions to provide opportunities for employees to display their capabilities and for communication among local Group companies, thereby helping to bolster overall skill and safety awareness levels.

The DIC Group's Annual Responsible Care Activity Plan for Fiscal Year 2024

❶ Occupational safety and health
- The DIC Group's fundamental objective remains the achievement of accident-free workplaces worldwide. With this in mind, we set regional targets for TRIR in fiscal year 2024 and implement related initiatives.
- Promote safety and health awareness among all employees.

❷ Disaster prevention
- Encourage the horizontal deployment of measures based on the lessons learned from past major accidents and take steps to prevent their recurrence.
- Conduct risk assessments with the aim of reducing process risks.
- To reduce the number or severity of process safety accidents, continue calculating such accidents in accordance with the ICCA guidelines.

❸ Environmental protection
- Maintain/lower the impact of production activities on air and wastewater quality.
- Reduce the generation of and maintain/increase the resource recycling rate* for industrial waste.
- Assess water risks impacted by production activities. Continue to monitor water consumption.
- Implement initiatives aimed at assuring environmental compliance.

❹ Safety in logistics
- Continue to provide information pertinent to the safe transport of chemicals.

❺ Ensuring the safety of Chemicals
- Complete the creation and promote the stable deployment of a new global system for managing chemicals information.
- Further expand deployment of the Wercs and Atrion at DIC Group companies overseas.
- Increase understanding of domestic and overseas laws and regulations governing chemical substances and prevent violations thereof by further enhancing in-house legal and regulatory training, including at overseas Group companies.

❻ Engaging with society
- Publicize the results of Responsible Care activities.
- Continue working to secure ratings from ESG assessment organizations.

❼ Management systems
- Strengthen the global sharing of ESH data.
- Reinforce relations between corporate headquarters and regional headquarters to prevent accidents/disasters in Greater China and the Asia–Pacific region.
- Promote environment- and safety-related training.

* Resource recycling rate: (Volume of industrial waste recycled + Waste heat recovered) / Volume of industrial waste generated

Managing Industrial Waste

Goals and Achievements of Major Initiatives

Evaluations are based on self-evaluations of current progress. Key: ★★★ = Excellent; ★★ = Satisfactory; ★ = Still needs work

Objectives of initiatives	Scope of target	Goals for fiscal year 2024	Achievements in fiscal year 2024	Evaluation	Goals for fiscal year 2025
Reduce industrial waste disposed of as landfill (achieve "zero emissions"). Reduce industrial waste generated by production facilities.	Japan	• Industrial waste disposed of as landfill DIC Group (Japan): 200 tonnes (essentially level with fiscal year 2023, down 95% from fiscal year 2000) • Industrial waste generated by production facilities DIC Group (Japan): 45,000 tonnes (essentially level with fiscal year 2023)	• Industrial waste disposed of as landfill: 199 tonnes • Industrial waste generated by production facilities: 34,101 tonnes	★★★	• Industrial waste disposed of as landfill DIC Group (Japan): 200 tonnes (down 95% from fiscal year 2000) • Industrial waste generated by production facilities DIC Group (Japan): 45,000 tonnes (essentially level with fiscal year 2024)
Promote recycling.	Japan	Resource recycling rate* DIC Group (Japan): 80%	Resource recycling rate: 84%	★★★	Resource recycling rate DIC Group (Japan): 80%
Reduce industrial waste disposed of as landfill (achieve "zero emissions"). Reduce industrial waste generated by production facilities.	Sun Chemical	Total industrial waste generated per unit of production: 10% reduction from the fiscal year 2019 level by fiscal year 2030	Total industrial waste generated per unit of production: 0.0629 tonne (up 12% from fiscal year 2019)	★	Total industrial waste generated per unit of production: 10% reduction from the fiscal year 2019 level by fiscal year 2030

* Resource recycling rate: (Volume of industrial waste recycled + Waste heat recovered) / Volume of industrial waste generated

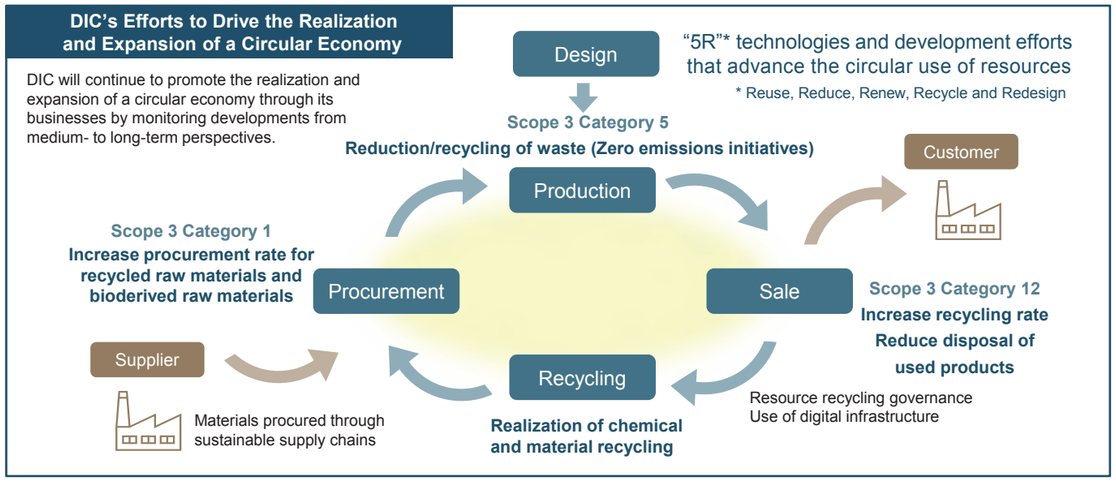
Policies and Organization

Basic Approach

To promote the realization of a circular economy, the DIC Group strives to use resources effectively, as well as to reduce the impact of its disposal of industrial waste.

Illegal dumping of industrial waste may directly lead to serious environmental pollution. It is thus important to ensure the proper handling of waste from discharge through to final disposal. The DIC Group works to effectively manage and dispose of industrial waste as appropriate, depending on degree of risk, in compliance with the laws of the countries and territories where its production facilities are located.

In seeking to promote the realization of a circular economy, the DIC Group is stepping up efforts to encourage the "3Rs" of waste management (reuse, reduce and recycle). Of particular note, the Group is striving to minimize production losses by increasing throughput yields. The Group also works to fully grasp and effectively manage industrial waste at its production facilities from generation and discharge on-site through to intermediate treatment and final disposal as landfill, as well as to reduce the volume of industrial waste it disposes of as landfill and to boost its resource recycling rate by increasing recycling (material and chemical) and recovering waste heat from incineration.

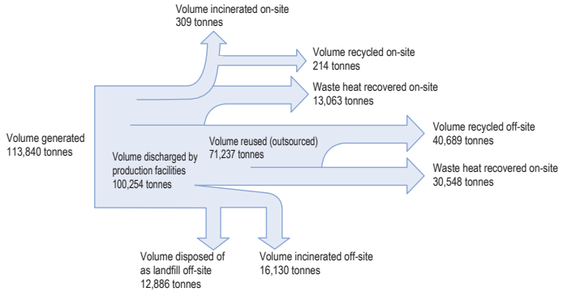


Principal Initiatives in Fiscal Year 2024

❶ Global DIC Group

The DIC Group works to fully grasp and effectively manage industrial waste at its production facilities around the world from generation and discharge on-site through to intermediate treatment and final disposal as landfill. The chart below illustrates the management of industrial waste by the global DIC Group in fiscal year 2024. As this shows, the Group breaks down and calculates amounts at all stages of this process.

Industrial Waste Generated and Disposed of by the Global DIC Group in Fiscal Year 2024



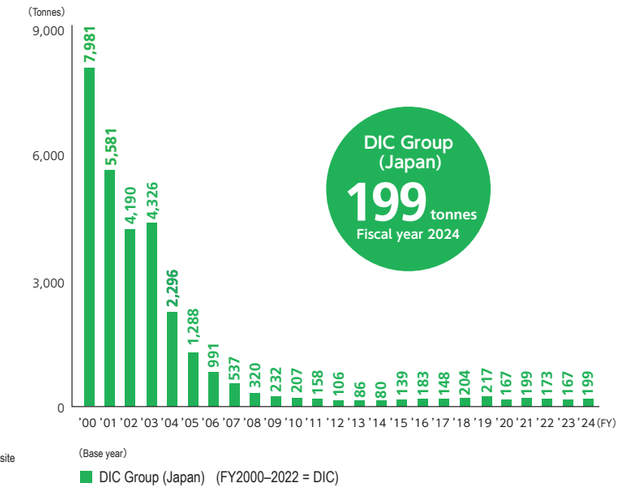
❷ DIC Group in Japan

The DIC Group in Japan has long promoted zero emissions initiatives with the aim of reducing the total volume of industrial waste disposed of off-site as landfill by 95% from the fiscal year 2000 level, a target it actually achieved in fiscal year 2010. The Group is currently working to maintain the annual industrial waste it disposes of as landfill at this level (200 tonnes). With efforts to shift toward a circular economy intensifying in recent years, the Group is now also working to reduce industrial waste generated by production facilities, as well as to curb waste disposed of as landfill, and has set a target of 45,000 tonnes for the former.

In fiscal year 2024, the DIC Group in Japan met its target for industrial waste generated by Group production facilities in Japan. It amounted to 34,101 tonnes, a decrease of 14% from fiscal year 2023, thanks to robust initiatives at individual facilities. Industrial waste disposed of as landfill by Group companies in Japan totaled 199 tonnes, up 19% from the previous period but still below its 200-tonne target. While the decrease in overall industrial waste generated actually resulted in a smaller volume of waste requiring disposal as landfill, a change in the method of calculation resulted in an increase. Had the previous method been used, industrial waste disposed of as landfill would have decreased.

DIC Group companies also pressed ahead with efforts to ensure the appropriate disposal of equipment industrial waste containing polychlorinated biphenyls (PCBs). The disposal of industrial waste containing PCBs was completed.

Industrial Waste Disposed of as Landfill



Breakdown of Waste Generated by Production Facilities in Japan in Fiscal Year 2024

Type of waste	Volume generated (tonnes)
Cinders	937
Sludge	8,016
Waste oil	6,826
Waste acid	387
Waste alkali	2,252
Waste plastics	1,912
Waste plastics (subject to the Act on the Promotion of Resource Circulation for Plastics)	2,973
Scrap rubber	0
Scrap metal	1,915
Waste glass, concrete and ceramic	47
Slag	0
Debris	0
Dust	26
Waste paper	714
Wood chips	611
Fiber waste	0
Animal and plant residues	19
Unwanted animal solid matter	0
Livestock excreta	0
Animal carcasses	0
Industrial waste from products containing mercury	1
Total for nontoxic waste (ordinary industrial waste, etc.)	7,465
Toxic waste (specially controlled industrial waste)	34,101

VOICE | **The origins of our passion for environmental education is DIC's collaboration with the city of Yokkaichi.**

DIC signed a comprehensive partnership agreement with the city of Yokkaichi in fiscal year 2023 with the aim of promoting efforts to balance the realization of a carbon-neutral society and sustainable industrial development. As part of this agreement, we conduct a comprehensive environmental education program for Yokkaichi elementary schools. My day job is plant operator, but I also served on the organizing committee for the Yokkaichi Children's Science Seminar in August 2024, an educational event for elementary schools held in collaboration with 13 neighboring companies.

The seminar included making plastic shrink art with the students who took part, which allowed each child to express their own vibrant individuality. We also had an environmental quiz, during which we actually had children shouting out the answers while the questions were still being asked. This highilights how aware they already are of environmental issues. I look forward to the children sharing with their families what they learned about recycling. I can say for sure that the experience has changed my own recycling habits. The seminar also addressed the importance of providing items for recycling in an appropriate state.

Looking ahead, we will continue working to deepen understanding of environmental issues, as well as to promote educational activities for the next generation of individuals who will have to continue addressing these issues.

Polystyrene Production Department, Yokkaichi Plant, DIC Corporation **Nanami Azusa**

❸ Initiatives in Japan Related to Plastic Waste

The Act on Promotion of Resource Circulation for Plastics, which came into force in April 2022, obliges companies to make efforts to recycle plastic resources throughout a product's life cycle, from design through to final disposal. Companies responsible for generating plastic waste specified under the Act are taking steps to reduce the volume they generate and to expand recycling into new plastic resources. DIC has disclosed plastic waste generated and plastic resources recycling data for the DIC Group in Japan since fiscal year 2023 in compliance with pertinent laws and regulations.

❹ Deployment of the E-Manifest System in Japan

Japan's e-Manifest system helps manage the movement of industrial waste by facilitating the electronic transmission of manifest information and tracking the flow of waste from generation through transport, intermediate treatment and disposal. In fiscal year 2016, the DIC Group in Japan introduced GENESYS ECO, a comprehensive industrial waste management system, for use with the e-Manifest system. Deployment of this system was completed at all domestic Group production sites in fiscal year 2019, an achievement that has helped to both save labor and ensure legal compliance.

❺ DIC Group in Other Countries

In addition to ensuring that disposal of industrial waste complies with national and regional legal and regulatory requirements, the DIC Group's production facilities outside Japan work to minimize waste through the voluntary recycling and reuse of materials. At production facilities in the Americas and Europe, Greater China and the Asia–Pacific region, the Group is introducing new waste treatment systems and promoting the horizontal deployment of best practices, including those aimed at improving production processes. In fiscal year 2024, waste generated by DIC production sites in other countries and territories totaled 79,739 tonnes, up 15% from fiscal year 2023. Industrial waste disposed of as landfill at these sites rose 10%, to 12,687 tonnes. Both increases are attributable to an increase in production volume. Going forward, the Group's regional headquarters outside Japan will focus on reinforcing compliance with local laws and regulations, as well as reducing the generation of industrial waste and the disposal thereof as landfill.

Plastic Recycling Rate and Resource Recycling Rate (Waste Recycled into Materials with Value + Waste)

Domestic DIC Group company	Waste			Materials with value + waste		
	Volume discharged (tonnes)	Recycling rate	Resource recycling rate	Volume discharged (tonnes)	Recycling rate	Resource recycling rate
DIC Corporation	3,206	31%	92.4%	4,219	47.6%	94.2%
DIC Graphics Corporation	243	59.9%	86.9%	246	60.4%	87.1%
DIC EP Corp.	31	16%	96.9%	31	16%	96.9%
DIC Color Coatings, Inc.	28	5%	100%	28	5%	100%
DIC Kitanihon Polymer Co., Ltd.	33	29%	58.6%	33	29%	58.6%
DIC Kyushu Polymer Co., Ltd.	14	100%	100%	14	100%	100%
DIC Decor, Inc.	158	38.1%	49.1%	232	55.4%	62.9%
DIC Plastics, Inc.	27	59.6%	93.8%	100	89%	98.3%

Target for materials with value + waste

DIC Corporation Recycling rate of 48.2% (fiscal year 2025)

DIC Graphics Corporation Recycling rate of 63.0% (fiscal year 2025)

Climate Change

Preventing Global Warming

SDGs Goals 7 and 13

Disclaimer: Figures contained in this report have been calculated based on reliable data. However, these figures may be revised at a later date.

Basic Approach

The DIC Group works to reduce CO_2 emissions over the entire life cycle of its products and, through its business activities, to lower risks associated with climate change.

Initiatives Aimed at Preventing Global Warming

In line with its goal of contributing to the realization of sustainability for the global environment and for society, in June 2021 the DIC Group announced DIC NET ZERO 2050, which sets a target of achieving carbon neutrality—net zero CO_2 emissions (Scope 1 and 2)—by fiscal year 2050. In January 2023, the Group's CO_2 emissions target received official endorsement from the Science Based Targets initiative (SBTi),* which was established with the purpose of driving CO_2 emissions reduction in the private sector. (Information regarding the impact of the acquisition of the Colors & Effects pigments business has been communicated to the SBTi secretariat and the Group is taking action regarding the increase in base year emissions resulting from the integration of this business.) The DIC Group currently comprises 171 companies in 62 countries and territories. The Group is committed to working as one to cut emissions to ensure achievement of this target.

* The SBTi is a global entity that encourages companies to set science-based greenhouse gas emissions reduction targets that are in line with the goal of the Paris Agreement. The SBTi is a partnership of the CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Goals and Achievements of Major Initiatives

Evaluations are based on self-evaluations of current progress. Key: ★★★ = Excellent; ★★ = Satisfactory; ★ = Still needs work

Objective of initiatives	Goals for fiscal year 2024	Achievements in fiscal year 2024	Evaluation	Goals for fiscal year 2025
Reduce CO_2 emissions at sites (Scope 1 and 2).	DIC Group (global): Reduce CO_2 emissions at DIC Group sites (Scope 1 and 2) by 50% from the fiscal year 2013 level by fiscal year 2030 (average annual decrease of 2.9%).	DIC Group (global): CO_2 emissions: 549,886 tonnes •Target: Down 32.4% from fiscal year 2013 (to 593,863 tonnes, from 877,885 tonnes) •Actual: Down 37.4% from fiscal year 2013	★★★	DIC Group (global): Reduce CO_2 emissions at DIC Group sites (Scope 1 and 2) by 50% from the fiscal year 2013 level by fiscal year 2030 (average annual decrease of 2.9%).
	DIC Group (Japan): Reduce energy consumption per unit of production by 17.0% from the fiscal year 2013 level by fiscal year 2030 (average annual decrease of 1.0%). (Comply with the Energy Conservation Act.)	DIC Group (Japan): Energy consumption per unit of production: 4.61 GJ/tonne •Up 5.1% from fiscal year 2013 (4.39 GJ/tonne)	★	DIC Group (Japan): Reduce energy consumption per unit of production by 1.0%-plus from fiscal year 2024 or by an annual average of 1.0%-plus over five years. (Comply with the Energy Conservation Act.)

Framework for Promotion

The DIC Group works to reduce CO_2 emissions through its business activities in four regions: Japan, the Americas and Europe (overseen by Sun Chemical), the Asia–Pacific region and Greater China. Despite differences in energy requirements and access to renewable energy depending on region and site location, the Group is committed to working as one to ensure it achieves its target of reducing its Scope 1 and 2 CO_2 emissions by 50% from the fiscal year 2013 level by fiscal year 2030.

Recognizing climate change as a key societal imperative, the DIC Group is working to reduce CO_2 emissions from its sites. Important measures are proposed to the Sustainability Committee, which reports directly to the president and CEO. In October 2024, establishment of the Climate Change Subcommittee was approved. This committee commenced activities in January 2025. The purpose of this group is to confirm CO_2 emissions targets appropriate for the DIC Group, as well as to develop plans for the achievement thereof.

In Japan, an Energy-Saving Promotion Committee has been established at each Group company site. Committee activities include confirming the progress of initiatives, engaging in discussions and conducting patrols. An Energy-Saving and Decarbonization Working Group has also been set up at each site comprising members selected by the site itself. These working groups foster the exchange of information and research pertaining to new energy-saving measures, as well as advance the horizontal deployment of effective measures across domestic Group sites. This combination of site- and Group-level initiatives forms the framework under which the DIC Group endeavors to reduce its CO_2 emissions.

In the Americas and Europe, Sun Chemical is promoting efforts to reduce its CO_2 emissions in North, South and Central America, as well as in Europe. In the Asia–Pacific region and Greater China, Group companies are encouraging a variety of independent energy-saving initiatives that

align with related Group policies. DIC's Production Management Unit provides support on multiple fronts, including managing overall progress.

Efforts at all DIC Group companies worldwide under this framework are making progress toward achieving the Group's target of reducing its Scope 1 and 2 CO_2 emissions by 50% from the fiscal year 2013 level by fiscal year 2030.

The progress of efforts to reduce the DIC Group's Scope 1 and 2 CO_2 emissions by 50% from the fiscal year 2013 level by fiscal year 2030 is reported annually at a meeting of the Sustainability Committee. Following a review of policies and activities, the Group's plans for reducing Scope 1 and 2 CO_2 emissions is publicly announced to all stakeholders through inclusion in the subsequent DIC Report.

○ Managing Progress

Principal Efforts

1. Undertake energy-saving initiatives Groupwide.
2. Promote DX to optimize energy management for production and utility equipment.
3. Actively establish energy-saving facilities.
4. Install renewable energy generation facilities—e.g., biomass boilers and net solar power—at suitable locations.
5. Set a target for Scope 1 CO_2 emissions that aligns with Japan's nationally determined contribution (NDC) greenhouse gas emissions reduction target and develop specific initiatives for implementation at sites in Japan.
6. When installing or expanding facilities, make use of internal carbon pricing to advance decarbonization.

■ Sustainability-Related Disclosure

Following amendments to Japan's Cabinet Office Ordinance on Disclosure of Corporate Affairs, Japanese companies are now required to include an "Approach to Sustainability and Our Initiatives" section in the annual securities reports that they file and are compelled to disclose sustainability-related information. Climate change is an issue of particular concern to the DIC Group, so it structures its disclosure using a framework comprising four thematic areas: Governance, strategy, risk management, and metrics and targets. The Group is striving to improve its sustainability-related disclosure in the countries and territories in which it operates, reviewing its approach as required to reflect changes in its operating environment.

❶ Governance

The DIC Group has established the Sustainability Committee, which answers directly to the president and CEO and is responsible for formulating responses to key societal imperatives. The committee is also tasked with deliberating on critical related matters, notably the reinforcement of sustainability initiatives. Recognizing climate change as a key management challenge, the committee focuses on important matters, including the setting of medium- and long-term targets for the reduction of CO_2 emissions. Chaired by the president and CEO, the committee includes the executive vice president, the general managers/heads of the Production Management Unit, Technical Management Unit, Corporate Strategy Unit, General Affairs and Legal Unit, Finance and Accounting Unit and ESG Unit, as well as the managing directors of regional headquarters, presidents of the business groups and general managers of the product divisions. As part of the auditing process, one Audit & Supervisory Board member also participates. The committee meets four times annually and reports on the results of its activities on all agenda items to the Board of Directors, ensuring appropriate supervision.

Principal Climate Change–Related Issues Managed by the Sustainability Committee in Fiscal Year 2024

Principal issues
Report on sustainability themes for fiscal year 2023
Formulation of message regarding the circular economy
Revision of TCFD scenario analysis
CO_2 emissions reduction plans
Annual sustainability activity plans for fiscal year 2025
Establishment of the Climate Change Subcommittee

❷ Strategy

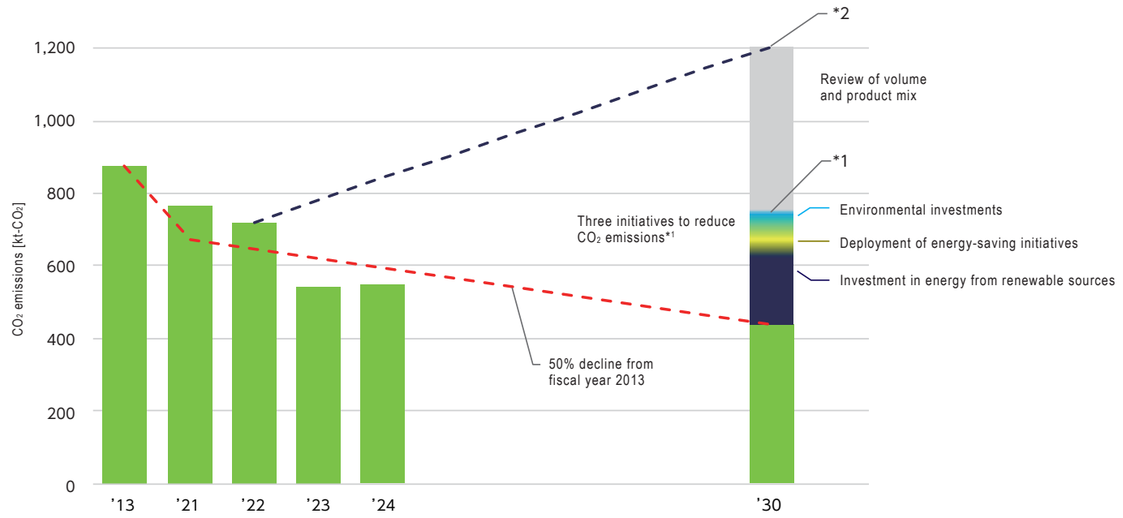
With pressure on the global community to achieve carbon neutrality by 2050 intensifying rapidly, changes to rules governing competitiveness are expected to transform the socioeconomic system going forward. The DIC Group is promoting sustainable business strategies, recognizing the importance of risks and opportunities associated with climate change. Because the impacts of climate change are likely to surface over the medium to long term, the Group is working to enhance its awareness of the principal climate-related risks and opportunities that are likely to have a financial impact over this period based on a scenario analysis it conducted in fiscal year 2024. In addition to improving the Group's understanding of foreseeable risks and opportunities from a longer-term perspective, this will also enable it to formulate and execute effective strategies on an appropriate timeline.

The DIC Group recognizes achieving net zero CO_2 emissions by fiscal year 2050 as a material issue. The Group will continue to promote decarbonization not only by reducing its own energy use but also by providing information on the carbon footprint of its products.

Transitional Plan for Reducing CO_2 Emissions

As an organization with a CO_2 emissions reduction target, the DIC Group will promote a variety of related initiatives in line with a transitional plan. To advance these initiatives, the Group currently plans to make environmental investments of approximately ¥1.4 billion in Japan between fiscal years 2025 and 2027.

Notes:
1. In Japan, Scope 1 CO_2 emissions are calculated using emissions factors set by the country's Ministry of the Environment. In other regions, Scope 1 emissions are calculated using emissions factors set by the United States Environmental Protection Agency (EPA). Sun Chemical uses EPA emissions factors from the Sphera Cloud Corporate Sustainability System (SCCS) Impact Library.
2. In Japan, Scope 2 emissions attributable to the consumption of purchased electric power are calculated using emissions factors set by the Ministry of the Environment. Scope 2 emissions in the Asia–Pacific region, the PRC and other regions are calculated using the International Energy Agency (IEA)'s Emissions Factors 2024 database. Sun Chemical uses emissions factors from the following sources, in order of priority, depending on the site: Supplier data, residual mix libraries and the EPA's static library. In Japan, the Asia–Pacific region, the PRC and other regions, emissions from steam are calculated using supplier data. Sun Chemical uses emissions factors from the following sources, in order of priority, depending on the site: Supplier data, residual mix libraries and the EPA's static library.



*1 This figure for CO_2 emissions is an estimate assuming no initiatives to curb emissions had been implemented and business had expanded 3% annually since fiscal year 2024.
*2 This figure for CO_2 emissions in fiscal year 2030 is an estimate made in fiscal year 2022 assuming no initiatives to curb emissions had been implemented and business had expanded.

TCFD Scenario Analysis

• Conditions for Scenario Analysis

In fiscal year 2024, DIC revised the results of its previous scenario analysis, conducted in fiscal year 2020, taking into account shared socioeconomic pathway (SSP) scenarios SSP1–1.9, SSP2–4.5 and SSP5–8.5 in the Sixth Assessment Report (AR6), published by the United Nations Intergovernmental Panel on Climate Change (IPCC) in March 2023, and the environmental scenarios explored in World Energy Outlook (WEO) 2023, released by the IEA in October 2023.*1 While the time frame of the previous analysis concluded in 2030, this was extended to 2050. Based on the outlook for the situation surrounding climate change and energy, DIC established three scenario groups, which it calls "transition," "adaptation" and "limits to adaptation,"*2 and has analyzed risks and opportunities, as well as formulated measures for each. For more information, please see pages 67–68.

• Three Scenario Groups

Transition: Countries immediately and decisively implement measures to reduce CO_2 emissions with the goal of limiting the rise in global temperature to 1.5°C above preindustrial levels. The efficient use of energy is required, including through energy conservation and the joint transport of goods. The use of carbon pricing*3 will begin and expand in many countries and territories and the prices used will continue to increase.

Adaptation: Global warming continues through the mid 2040s, with the rise in global temperature to above preindustrial levels exceeding 1.5°C but remaining below 2.0°C. Adapting to rising global temperatures requires strategies and actions to strengthen resilience. Insulation and heat shielding are effective approaches. The frequency of extreme climate events may go from once in a century to once in a decade or even once a year.

Limits to Adaptation: Global warming persists and the rise in global temperature to above preindustrial levels exceeds 2.0°C in 2050 and approaches 5.0°C in 2100. Unpredictable weather and climate extremes increase, leading to food insecurity and supply instability, and forcing people to migrate from the places people have lived for centuries. Changes are complex and cascading, and have negative impacts on quality of life across borders. Pandemics, conflicts and other non-climate risks may be amplified by these impacts.

*1 References used in revising scenario analysis results
*2 Relationship between adaptation and limits to adaptation: As temperatures rise, limits to the capacity to adapt—key vulnerabilities—emerge. It is assumed that this will trigger an unremitting shift from the adaptation scenario to the limits to adaptation scenario.
*3 International carbon price forecast (per tonne of CO_2 emitted): $135 in 2030, $200 in 2050

Results of Scenario Analysis for the Three Scenario Groups

Transition

R = Response to risks, O = Response to opportunities

	Risks	Opportunities	Countermeasures
Policies and laws			
Implementation of carbon pricing around the world	• The implementation of policies such as emissions trading, carbon taxes and carbon border adjustment mechanisms increases costs. • The DIC Group's Scope 1 and 2 emissions in 2030 are expected to be 1,221 kt-CO_2 (financial impact: $149 million) if no countermeasures are taken or 461 kt-CO_2 (financial impact: $63 million) if countermeasures are taken.	The promotion of energy efficiency and a shift to green electric power, both purchased and generated on-site, helps reduce fossil fuel consumption.	R: Apply reasonable carbon pricing in appropriate regions to hasten the reduction of CO_2 emissions. R: Avoid the financial impact of CO_2 emissions by promoting electrification and the use of renewable energy to reduce Scope 1 and 2 emissions. O: Promote enhanced functionality and contribution to decarbonization to deliver products that minimize the impact of carbon pricing.
Demand for disclosure of nonfinancial information increases globally	Building and operating a system for responding to disclosure requests around the world incurs costs.		R: Act on a request to respond to the EU's Corporate Sustainability Reporting Directive (CSRD)* by proceeding with plans to release a report in 2026.
Technological innovations			
Changes in demand occur and the idea of a circular economy dominates	• Demand for single-use plastics decreases due to the introduction of global regulations on the use of plastics. • Demand for materials that are difficult to recycle declines.	• Demand for recyclable and compostable plastics rises. • The introduction of legally binding regulations, taxes and levies encourages the use of bioderived and recycled materials.	O: Step up consideration of chemical and material recycling in collaboration with customers and consumers. O: Focus on using bioderived materials and developing sustainable materials that make products easy to recycle.
Development focuses on products that are low carbon or carbon neutral		Demand for products that are low carbon or carbon neutral—thereby helping to reduce emissions attributable to customers' processes—increases.	O: Promote products that contribute to decarbonization (e.g., have low emissions of VOCs, low energy consumption, etc.).
Behavioral changes			
Necessity of responding to demands to reduce CO_2 emissions attributable directly to production and across the supply chain	Efforts to reduce CO_2 emissions with the aim of achieving the target rise in temperature of 1.5°C begin and the trend toward demanding such efforts spreads across supply chains.		R: Implement measures to reduce Scope 1 and 2 emissions by 50% and Category 2, 3, 4, 5 and 12 Scope 3 emissions by 13.5%, and achieve a supplier engagement rate of 80% in Category 1 of Scope 3. R: Give consideration to shifting to an SBT that corresponds to the 1.5°C target. R: Continue to make investments in energy-saving and renewable energy facilities.
Necessity of addressing biodiversity needs directly in production and across supply chains	Products that do not take biodiversity into account are removed from the market.		R: Take biodiversity into consideration in the purchasing of raw materials and at production sites.

* The European Commission announced an omnibus proposal regarding responding to the CSRD on February 26, 2025, which will be deliberated by the Council of the European Union and the European Parliament. DIC will continue to monitor developments and take appropriate action when new legislation comes into force.

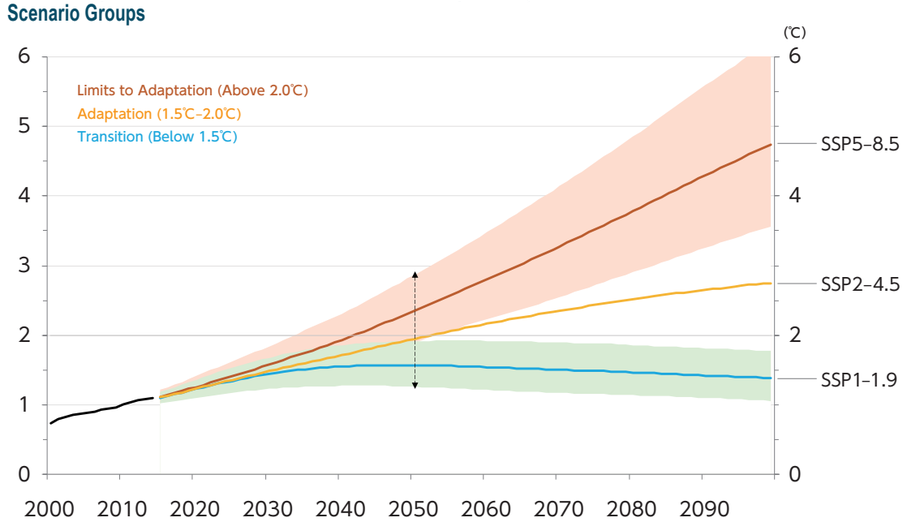
Adaptation

	Risks	Opportunities	Countermeasures
Acute			
Increase in frequency of extreme climate events from the current once in a century to once in a decade or even once a year	• Production at suppliers' facilities is suspended due to frequent climate-related disasters. • Production at DIC Group facilities is suspended due to frequent climate-related disasters and resulting concerns about the safety of operation. • Premiums for non-life insurance rise.		R: For key raw materials, promote two-company shared procurement in multiple regions and strengthen business continuity plan (BCP) responses. R: For key products, ensure ample inventories of raw materials and products. R: Locate printing inks and other production facilities around the world to ensure complementary capabilities. R: Cooperate with other companies to minimize impact in the event port facilities are damaged due to storm surges or flooding. R: Strengthen measures for sites located in coastal areas.
Chronic			
Depletion of groundwater resources	Countermeasures are needed in areas where there are concerns regarding increased water-related risks.		R: Implement measures to address water-related risks and reinforce the effectiveness of BCPs by providing related training.
Changes in lifestyles and consumption patterns as a result of climate change	Demand for existing products may decrease as new lifestyles suited to high temperatures become necessary.	New lifestyles suited to high temperatures bring opportunities in such areas as coatings, packaging materials and healthcare.	O: Develop products that respond to increased demand for insulated and heat-shielding offerings as temperatures rise. O: Leverage changes in dietary habits to develop/expand long-life packaging for beverages and frozen food products. O: Expand operations in the areas of healthcare and life science and promote health.
Frequent poor harvests due to a loss of biodiversity	Supply of plant-derived raw materials will come to a halt as a consequence of poor harvests.		R: Strengthen resilience.

Limits to Adaptation

	Risks	Opportunities	Countermeasures
Acute			
Sudden changes in weather patterns and extreme climate change that result in problems in terms of public health and the environment	• Factory operations are disrupted as heatstroke leads to a shortage of human resources. • Extreme temperatures lead to plant malfunctions caused by fire and overheating.		R: Reinforce the effectiveness of BCPs by providing related training.
Chronic			
Difficulties using edible plants as chemical raw materials or fuel from a food security perspective	The use of raw materials derived from edible plants becomes difficult.		R: Switch from edible to non-edible biomass raw materials.
Amplification of non-climate risks as a consequence of instability caused by climate change	• Normal operations are disrupted by new pandemics emerging as temperatures rise. • Normal operations cease as the instability of food supplies and housing prompts conflicts and riots.		R: Reinforce the effectiveness of BCPs by providing related training. R: Formulate an emergency plan that includes the strategic downsizing of operations; protection of core assets, data and hazardous chemicals; evacuation procedures; and support for employees' families. R: Prepare emergency plans that are better than those of competitors.

Relationship Between SSP Scenarios and the DIC Group's Newly Established Scenario Groups



Post-Scenario Analysis Initiatives (Fiscal Years 2020–2024)

- Introduced internal carbon pricing.
- Resolved to introduce internal carbon pricing to quantify CO_2 emissions and climate change risks, as well as to provide economic incentives for reducing CO_2 emissions. Beginning in fiscal year 2021, introduced internal carbon pricing for projects in Japan, the Asia–Pacific region and Greater China entailing capital investments of ¥50 million or more. Built a system that factors reductions in costs related to CO_2 emissions into the impact of capital investments.
- Raised funds through sustainable finance.
- Began introducing green power at 34 sites in Japan. Promoted use of low-carbon energy by, among others, bringing a new low-carbon liquefied natural gas (LNG)-fired boiler online at the Karawang Plant in Indonesia, installed to replace a coal-fired unit.
- Provided information on the carbon footprint of products; in the future, consideration will be given to revising methodology used to account for biomass and recycled material content.
- Resolved to introduce a new biomass boiler at the Sakai Plant as part of a program of investment in energy-saving and renewable energy equipment.
- Completed facility at the Yokkaichi Plant for the dissolution and separation recycling of polystyrene used in colored and/or patterned foamed food trays in fiscal year 2024.

❸ Risk Management

Processes Used to Identify and Assess Climate Change–Related Risks

DIC recognizes risks related to its response to climate change—a key component of its framework of sustainability themes, the foundation of its sustainability activities—and works to evaluate, address and manage them effectively.

The Risk Management Working Group, a subordinate entity of the Sustainability Committee, is charged with identifying and debating priority risks. Risks designated as priorities are submitted for consideration to the Sustainability Committee.

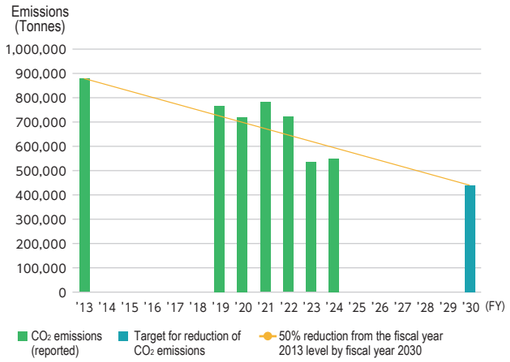
Key Risk Management Perspectives

① Should carbon pricing or carbon border taxes be introduced in the future, there is a risk that raw materials, fuel and electric power prices will rise and/or that taxes will be imposed on exported products, making CO_2 emissions a factor that directly affects costs.
② Should the Group be unable to respond to any sudden changes in demand resulting from the shift to a circular economy to advance decarbonization, there is a risk of a significant decline in profits generated by its businesses (climate change–related transition risk).
③ Should climate-related disasters arising from the increasing seriousness or frequency of extreme weather events occur, resulting in product supplies becoming impossible or being delayed due to the suspension of operations at production facilities and the instability of raw materials supplies, there is a risk that it will cause a significant decline in profits generated by Group businesses or threaten business continuity (extreme physical risk).

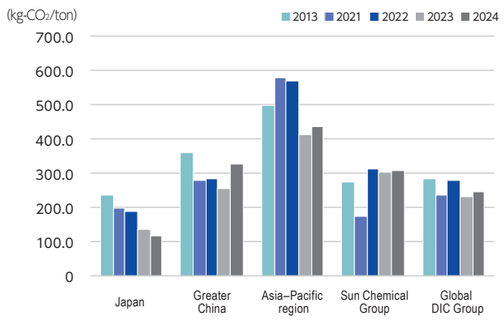
❹ Metrics and Targets

The DIC Group uses Scope 1 and 2 emissions as KPIs to evaluate transition risks. In light of accelerated global efforts to decarbonize, the Group pledges to work actively to help decarbonize society. DIC has set a long-term target for reducing CO_2 emissions (Scope 1 and 2) by 50% from the fiscal year 2013 level by fiscal year 2030 and has pledged to step up related efforts. The Group also aims to achieve carbon neutrality—net zero CO_2 emissions—by fiscal year 2050.

Global CO_2 Emissions: Results and Forecast for Fiscal Year 2030



Global CO_2 Emissions per Unit of Production



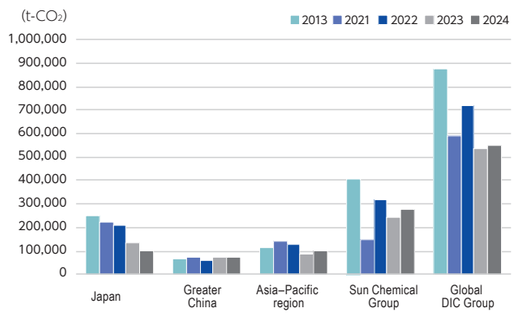
■ Principal Initiatives in Fiscal Year 2024

❶ Energy Consumption and CO_2 Emissions by the Global DIC Group (Scope 1 and 2)

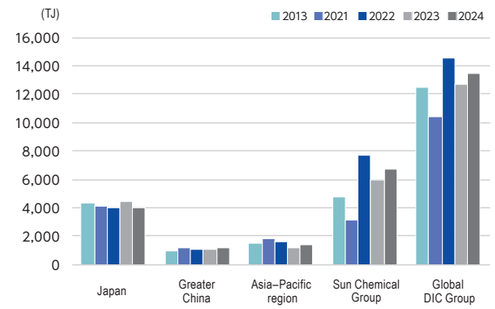
Energy consumption by the global DIC Group in fiscal year 2024 amounted to 13,486 TJ, while CO_2 emissions totaled 549,886 tonnes. CO_2 emissions per unit of production were 247.6 kg/tonne. The Group achieved its target for reducing CO_2 emissions from fiscal year 2023, owing to the continued use of green power at sites in Japan, which helped lower Scope 2 emissions. These results also reflected the promotion of more ambitious energy-saving and decarbonization initiatives, including the adoption of internal carbon pricing.

The DIC Group continues to implement a variety of energy-saving measures, including introducing highly efficient facilities, promoting process improvements and boosting capacity utilization rates, while at the same time further advancing its use of renewable energy by shifting to biomass and other clean fuels and installing solar power generating facilities. Some of these initiatives are outlined below. The Group has obtained third-party verification of its Scope 1 and 2 CO_2 emissions.

Global CO_2 Emissions



Global Energy Consumption



Factors Contributing to Change in Global CO_2 Emissions

	Factors	Impact on CO_2 emissions (tonnes)		Decrease (%)
DIC Group in Japan	Shift to green power	-21,494	-36,417	6.8
	Energy-saving initiatives at sites	-3,725		
	Divesture of business	-18,162		
	Other factors (including for legal compliance)	6,964		
DIC Group in other countries and territories	Asia–Pacific region: Shift to green power	-2,224	13,571	-9.6
	Asia–Pacific region: Energy-saving initiatives at sites	-420		
	Asia–Pacific region: Increase in production volume	9,541		
	Asia–Pacific region: Change in number of sites used in calculation	8,953		
	Asia–Pacific region: Other factors (including consolidation of sites, divesture of business, other)	-2,279		
	Greater China: Energy-saving initiatives at sites	-2,807	1,764	
	Greater China: Increase in production volume	9,512		
	Greater China: Other factors (including consolidation of sites, divesture of business, other)	-4,941		
	Sun Chemical Group: Increase in production volume	44,405	36,475	
	Sun Chemical Group: Change in number of sites used in calculation	-7,930		
	Other: Decrease in production volume	-1,487	-395	
	Other: Acquisition of business	1,092		
	Change in CO_2 emissions		14,997	-2.8
	Global CO_2 emissions in fiscal year 2023		534,889	
	Global CO_2 emissions in fiscal year 2024		549,886	

Regional Initiatives

Japan

The bulk of renewable energy used by DIC Group companies in Japan is natural energy generated by a biomass boiler, as well as the use of solar power. In fiscal year 2024, the DIC Group in Japan used 414,000 GJ of renewable energy (equivalent to 10,677 kl of crude oil), or 10.3% of total energy (steam and electric power) used by these companies. The use of renewable energy by DIC Group companies in Japan in fiscal year 2024 accounted for a reduction in CO_2 emissions of 28,684 tonnes, equivalent to 22.3% of the total reduction achieved by the Group in Japan.

Total energy consumption by the DIC Group's 15 offices and research sites (excluding the Central Research Laboratories) in Japan in the period under review was on a level with the previous fiscal year. A key factor behind this result was implementation of energy-saving initiatives by these facilities, including replacing aged light fixtures and air conditioning equipment with newer high-efficiency models that comply with the standards set by the Energy Conservation Center, Japan (ECCJ) for its Top Runner program; turning off lights when not needed and implementing mandatory air conditioning temperature settings; and working with facility management to promote diligent measures to reduce energy use. In addition, a year-round no-jacket/no-tie dress code has been instituted since November 2021 under the Work Style Revolution (WSR) 2020 project.

The use of electric power generated using energy from renewable sources at 34 sites had a significant positive impact on CO_2 emissions by the DIC Group, which were down 107,738 tonnes, or 26.7%, from fiscal year 2023. Looking ahead, the Group will continue taking decisive steps to achieve the new medium- to long-term targets for reducing CO_2 emissions goals of DIC NET ZERO 2050.

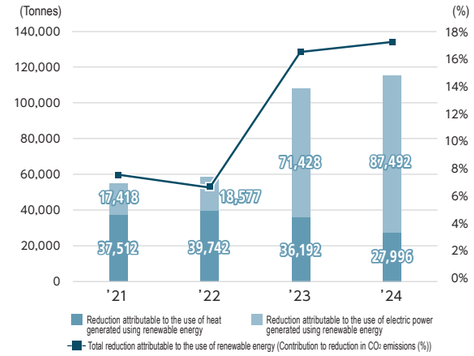
Asia–Pacific Region and Greater China

The installation of solar power generating facilities at DIC Compounds (Malaysia) Sdn. Bhd., DIC Siam Chemical Industry Co., Ltd., in Thailand, and DIC Synthetic Resins (Zhongshan) Co., Ltd., in the PRC, contributed significantly to reducing CO_2 emissions attributable to production.

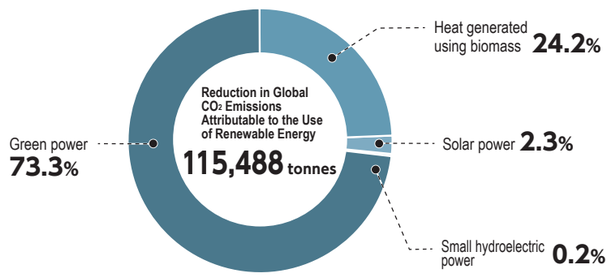
Newly installed solar power generating facilities
From left: DIC Compounds (Malaysia), DIC Synthetic Resins (Zhongshan) and DIC Siam Chemical Industry

Reduction in Global CO_2 Emissions Attributable to the Use of Renewable Energy

Reduction in Global CO_2 Emissions Attributable to the Use of Renewable Energy



Breakdown of Reduction in Global CO_2 Emissions Attributable to the Use of Renewable Energy in Fiscal Year 2024



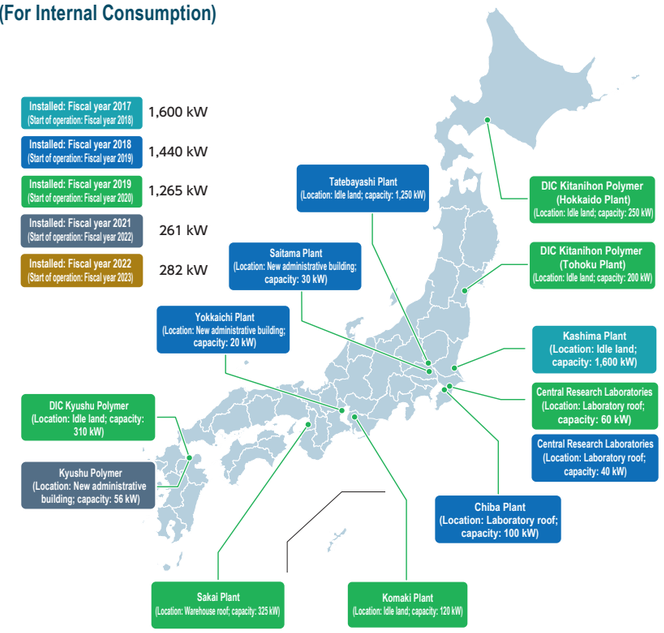
Note: For more information on these figures, please see "Reduction in Global CO_2 Emissions Attributable to the Use of Renewable Energy (Tonnes/%)" below.

Reduction in Global CO_2 Emissions Attributable to the Use of Renewable Energy (Tonnes/%)

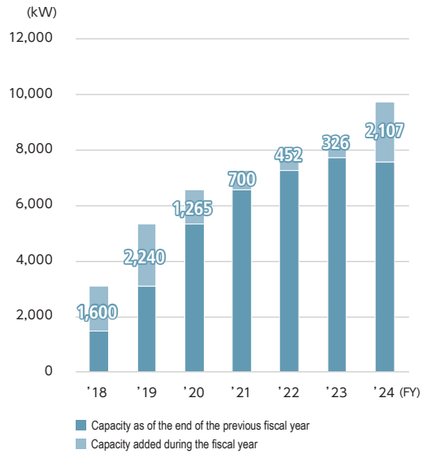
	Unit	2021	2022	2023	2024
Reduction attributable to the use of heat generated using renewable energy (biomass)	t-CO_2	37,512	39,742	36,192	27,996
Reduction attributable to the use of electric power generated using renewable energy (power generated on-site)	t-CO_2	17,418	12,568	6,874	2,855
Reduction attributable to the use of electric power generated using renewable energy (green power)	t-CO_2	0	6,009	64,554	84,637
Total reduction attributable to the use of renewable energy	t-CO_2	54,929	58,319	107,620	115,488
CO_2 emissions by the global DIC Group	t-CO_2	588,985	720,444	534,889	549,886
Total reduction attributable to the use of renewable energy + CO_2 emissions by the global DIC Group	t-CO_2	643,914	778,763	642,509	665,374
Total reduction attributable to the use of renewable energy (%)	%	8.5%	7.5%	16.7%	17.4%

	Unit	2021	2022	2023	2024
Reduction attributable to the use of electric power generated using renewable energy (biomass)	t-CO_2	6,542	7,277	1,100	0
Reduction attributable to the use of solar power	t-CO_2	8,054	2,320	3,072	2,645
Reduction attributable to the use of wind power	t-CO_2	2,451	2,683	928	0
Reduction attributable to the use of small hydroelectric power	t-CO_2	371	288	1,774	210
Reduction attributable to the use of electric power generated using renewable energy (power generated on-site)	t-CO_2	17,418	12,568	6,874	2,855

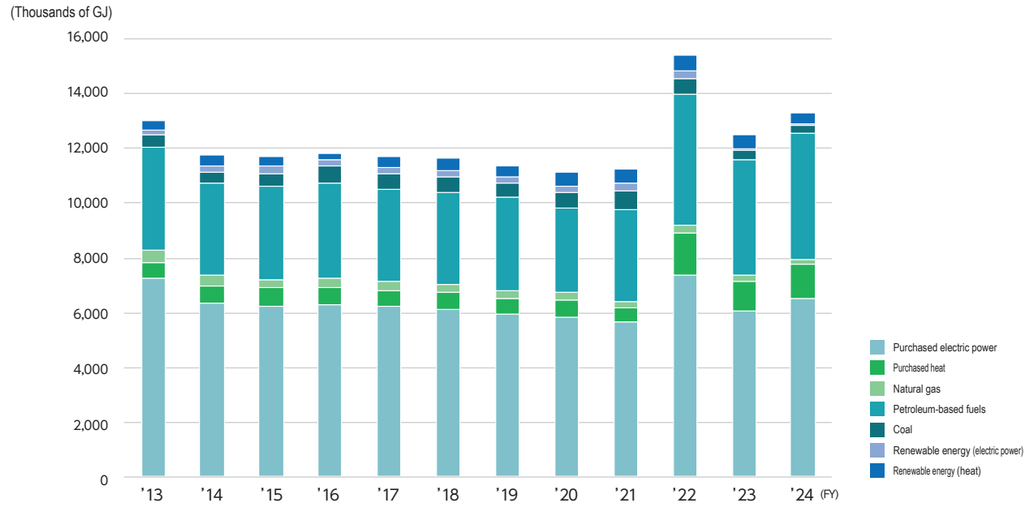
The DIC Group's Global Solar Power Generating Capacity (For Internal Consumption)



Installation of Solar Power Facilities in Japan



Energy Mix



❷ Grasping Greenhouse Gas Emissions Across the DIC Group's Supply Chains (Scope 3)

The DIC Group recognizes the importance of reducing emissions of CO_2 across its supply chains and is actively engaged in measuring and reducing emissions in all relevant categories of Scope 3. In fiscal year 2024, the Group revised calculations used for emissions in all categories. Owing to, among others, a change in the basis used for calculating emissions attributable to purchased goods and services from purchase price to actual data and a change to the scope of calculations, the Group's Scope 3 emissions were approximately 30% higher than would have been the case using the previous calculation, which the Group believes is more accurate.

Greenhouse Gas Emissions Across the DIC Group's Supply Chains in Fiscal Year 2024 (DIC Group)

Category number	Category	Emissions (t-CO_2)
1	Purchased goods and services	6,428,219
2	Capital goods	161,103
3	Fuel- and energy-related activities (not included in Scope 1 or 2)	146,833
4	Upstream transportation and distribution	301,079
5	Waste generated in operations	111,666
6	Business travel	8,027
7	Employee commuting	42,948
10	Processing of sold products	192,640
12	End-of-life treatment of sold products	1,598,880
15	Investments	80,012

* Categories 8, 9, 11, 13, and 14 have been excluded from our Scope 3 calculation, as their impact is considered immaterial and less relevant in the context of our operations.

Procurement Initiatives

DIC formulated and promotes awareness of the DIC Group Sustainable Procurement Guidelines, encouraging suppliers to reduce their emissions of greenhouse gases. The Group also surveys suppliers to assess the status of their emissions reduction efforts and their reduction targets, and to enhance understanding. With the objective of better grasping and lowering the carbon footprint of DIC products, the Group is also making provisional calculations at the raw materials level, as well as expanding its exploration of the use of bioderived and recycled raw materials. (For more information, please see "Initiatives to Reduce the Environmental Impact of Raw Materials" in "Sustainable Procurement" on page 98.)

Logistics Initiatives

DIC investigated the use of a calculation service to gain a clearer understanding of CO_2 emissions from logistics at DIC Group companies in Japan, the Asia–Pacific region and Greater China. Use of this service is now scheduled to commence in fiscal year 2025.

In Japan, the Company participates in the Physical Internet Realization Council's Chemicals Working Group* and is exploring joint logistics to improve loading efficiency and reduce the number of trucks used. Sun Chemical continues working to reduce its CO_2 emissions through a variety of logistics initiatives. These include, but are not limited to, using aggregate shipment, optimizing shipping practices and improving shipping efficiency. Specific projects include those targeting reducing the overall number of shipments, migrating from small to larger shipments and reducing rush shipments by managing delivery dates. Such projects have helped the company lower its CO_2 emissions.

* In logistics, a physical internet is a logistics model that applies concepts from internet communications to shipping processes, using digital technology to enable the joint transport of standardized cargo across multiple logistics networks. The Physical Internet Realization Council's Chemicals Working Group was established in July 2023 by Japan's Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure, Transport and Tourism with the goal of building a physical internet for the chemicals industry.

Calculating Product Carbon Footprint

To achieve carbon neutrality, it is crucial to reduce CO_2 emissions across the supply chain. To this end, it is necessary to calculate and reduce the CO_2 emissions of each DIC Group company and product. The DIC Group has formulated unified guidelines for calculating product carbon footprint based on information from, among others, European nonprofit Together for Sustainability (TfS) and the International Organization for Standardization's ISO 14067:2018 standard, in line with which it is currently calculating the carbon footprint of its products. In fiscal year 2024, the Group received requests for product carbon footprint calculations for 12,871 products (DIC: 621 and Sun Chemical: 12,250), which it provided to customers in order of receipt. Beginning in fiscal year 2025, DIC and Sun Chemical will calculate product carbon footprint using aligned CO_2 emissions factors for raw materials. To address ever-increasing demand for product carbon footprint calculations, the Group will continue exploring ways to speed up this process, including by automating procedures.

Avoided Emissions

The term "avoided emissions" refers to greenhouse gas emissions that can be avoided through the use of a product. Examples include products that contribute to improving fuel efficiency by reducing vehicle body weight and products that help reduce energy used for heating and cooling by improving insulation. In recent years, avoided emissions have attracted attention as a way to envisage the positive impact of corporate activities on climate change. While there remains room for improvement in terms of the precision of calculation methods and the reliability of calculations, DIC is promoting the use of avoided emissions as a way for it to clarify its contributions to decarbonization across its supply chain.

Innovation

The DIC Group supplies polystyrene, the principal raw material for foamed food trays. White trays are recycled into new food trays using material recycling, but colored and/or patterned trays have traditionally been recycled into materials for clothes hangers and other household items because the pellets yielded when the trays are pulverized are black. Leveraging technologies and resin design expertise cultivated in the printing inks business, the Group succeeded in developing a new dissolution and separation technology (a deinking chemical process)*1. This technology transforms black pellets from colored and/or patterned trays into clear pellets. In November 2024, the Group commenced the recycling of such trays at its Yokkaichi Plant. The Company is working with FP Corporation (FPCO), Japan's largest manufacturer of food containers, to establish a system that enables DIC to supply approximately 10,000 tonnes of recycled polystyrene from post-consumer colored and/or patterned foamed food trays collected by FPCO. DIC is also conducting R&D into the chemical recycling*2 of colored and/or patterned foamed food trays into polystyrene pellets. The objective is to realize a hybrid recycling system that combines material and chemical recycling, thereby contributing further to sustainability for society.

*1 This technology dissolves the black polystyrene pellets, separates out colored components and reconstitutes the remainder into clear pellets.
*2 Chemical recycling is the process of converting waste chemicals and waste products into chemical raw materials by chemically decomposing them and turning them back into chemical raw materials.

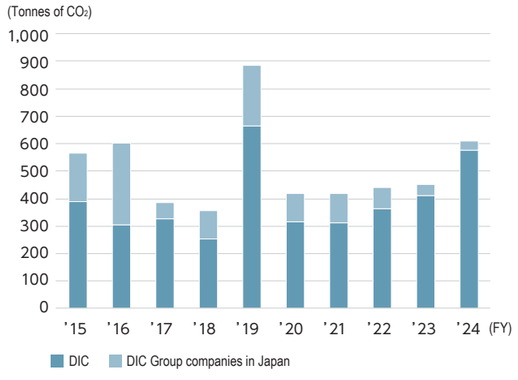
Protecting the Ozone Layer

Hydrofluorocarbons (HFCs) are used widely as refrigerants in equipment and facilities. While not an ozone-depleting substance, HFCs have a warming potential 100–10,000 times that of CO_2 and their use is expected to account for an increase in the global average temperature of approximately 0.5°C by the end of the 21st century.
In April 2015, Japan revised its Fluorocarbons Recovery and Destruction Law. The same month, the Act on Rational Use and Proper Management of Fluorocarbons entered into force, compelling stakeholders to ascertain and report leaks of fluorocarbons from commercial equipment and facilities. In April 2020, a revised version of the Act on Rational Use and Proper Management of Fluorocarbons came into effect, introducing direct penalties for violations in instances where fluorocarbons are not recovered by users.

In fiscal year 2024, leaked fluorocarbons from DIC sites in Japan were equivalent to 568 tonnes of CO_2. (Leaks in excess of 1,000 tonnes per site or per company must be reported to the Japanese authorities.) The Company has worked to effectively manage fluorocarbons since fiscal year 2015, when the Act on Rational Use and Proper Management of Fluorocarbons entered into force, and has managed to keep leaks below the level requiring reporting. In fiscal year 2024, the Group's efforts to promote understanding of and ensure compliance with laws governing leaked fluorocarbons, calculation of emissions, inspections and disclosure of related information, among others, were recognized in the Japan Refrigerant and Environmental Organization's fourth JRECO Fluorocarbon Rating. DIC has earned an A rank every year since this program began.

Going forward, the DIC Group will continue working to ensure compliance with pertinent laws and regulations, as well as to reduce leaked fluorocarbons from its sites by, among others, choosing air conditioning equipment with low environmental impact refrigerants, including those containing no fluorocarbons.

Leaked Fluorocarbons by the DIC Group in Japan (CO_2 Equivalent)



Environmental Education

DIC promotes a variety of environmental education initiatives. In May and June 2025, the Company provided an e-learning program for employees at sites in Japan aimed at raising awareness of facts and issues surrounding climate change. More than 80% of eligible employees participated in this program. Over 70% of Sun Chemical employees have taken part in environmental training programs between fiscal years 2018 and 2023. In total, more than 55% of DIC Group employees worldwide have participated in environmental education programs over the past six years. Going forward, DIC will continue working to improve the content and expand the scope of its environmental education initiatives.

Key Data

Category	Unit	Boundary	Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022	Fiscal year 2023	Fiscal year 2024
Energy consumption	TJ	Japan	4,184	3,827	4,183	4,028	4,447	4,004
		PRC	1,056	1,036	1,197	1,066	1,110	1,168
		Asia–Pacific region	1,623	1,606	1,835	1,650	1,178	1,441
		Sun Chemical	3,784	3,791	3,196	7,767	6,017	6,805
		Other	69	118	63	58	48	67
		Global	10,717	10,379	10,474	14,569	12,800	13,486
Recycled energy consumption	TJ	Japan	519	687	703	742	1,875	2,123
		PRC	19	19	19	18	16	5
		Asia–Pacific region	59	18	18	33	48	71
		Sun Chemical	54	58	56	50	36	84
		Other	0	0	0	0	0	0
		Global	651	782	796	843	1,975	2,283
Energy consumption per unit of production	GJ/tonne	Japan	3.706	3.733	3.656	3.687	4.391	4.608
		PRC	5.574	5.698	4.749	4.881	3.914	5.162
		Asia–Pacific region	6.810	7.151	7.389	7.331	5.825	6.456
		Sun Chemical	4.371	4.705	3.739	7.603	7.557	7.540
		Other	133.440	3.030	108.223	110.776	102.070	313.569
		Global	4.423	4.559	4.189	5.695	5.577	6.071
CO_2 emissions	Tonnes	Japan	232,028	209,018	224,916	208,231	136,412	99,995
		PRC	63,000	60,163	70,342	62,457	71,998	73,762
		Asia–Pacific region	122,812	123,227	144,107	127,851	83,583	97,153
		Sun Chemical	173,146	153,374	147,553	319,946	241,182	277,656
		Other	2,107	5,267	2,068	1,958	1,715	1,320
		Global	593,093	551,049	588,985	720,444	534,889	549,886
CO_2 emissions (Scope 1)	Tonnes	Japan	135,428	118,786	135,612	128,458	112,591	97,445
		PRC	14,004	13,098	15,287	14,635	22,896	24,629
		Asia–Pacific region	66,199	69,597	88,575	76,127	44,028	49,060
		Sun Chemical	53,780	50,283	51,503	121,361	97,600	111,226
		Other	1,236	1,299	1,085	1,029	944	495
		Global	270,647	253,064	292,063	341,610	278,059	282,856
CO_2 emissions (Scope 2)	Tonnes	Japan	96,600	90,231	89,304	79,773	23,821	2,549
		PRC	48,996	47,065	55,054	47,822	49,102	49,133
		Asia–Pacific region	56,613	53,630	55,531	51,725	39,555	48,094
		Sun Chemical	119,366	103,091	96,050	198,585	143,582	166,430
		Other	871	3,967	982	929	771	824
		Global	322,446	297,986	296,922	378,834	256,830	267,030
CO_2 emissions per unit of production	kg/tonne	Japan	206	204	197	191	135	115
		PRC	332	331	279	286	254	326
		Asia–Pacific region	515	549	580	568	413	435
		Sun Chemical	200	190	173	313	303	308
		Other	4,053	135	3,579	3,731	3,616	6,151
		Global	245	242	236	282	233	248

Notes:
1. The Colors & Effects pigments business is included in data from fiscal year 2022.
2. Non-fossil fuels and renewable energy are included in energy from fiscal year 2023.
3. Owing to rounding, some totals may differ from sums achieved by adding individual figures.

Human Resources Management

Reinforcing Management of Human Capital

SDGs Goals 3, 4, 5, 8 and 10

Goals and Achievements of Major Initiatives

Evaluations are based on self-evaluations of current progress. Key: ★★★ = Excellent; ★★ = Satisfactory; ★ = Still needs work

Objectives of initiatives	Goals for fiscal year 2024	Achievements in fiscal year 2024	Evaluation	Goals for fiscal year 2025
Foster human resources.	Systematically foster Group management candidates and future global leaders. (DIC Group)	The DIC Group's first training program for global leadership candidates was launched. Three employees from overseas participated. Plans are to continue holding multiple sessions through fiscal year 2025. (DIC Group)	★★	Systematically foster Group management candidates and future global leaders. (DIC Group)
	Promote reskilling and the improvement of management capabilities (promote DX training and basic skill improvement, and enhance people management capabilities). (DIC and DIC Graphics)	DX training, including a program aimed at fostering data scientists, was implemented in collaboration with business groups/units. Additionally, workshops designed to improve the management skills of management-level employees were held using a small-group format, with a total of 500 employees participating. (DIC and DIC Graphics)	★★	Promote reskilling and the improvement of management capabilities (promote DX training and basic skill improvement, and enhance people management capabilities). (DIC and DIC Graphics)
Ensure mobility (hiring, retention and succession).	Enhance the "Job Challenge" and "Job Challenge +" systems. (DIC)	The "Job Challenge" program (internal recruitment system) was not implemented. The "Job Challenge +" (internal "side job" system) was implemented as planned, with a total of 10 employees taking advantage of the system over the course of the year. (DIC)	★	Enhance the "Job Challenge" and "Job Challenge +" systems. (DIC)
	Promote department-specific human resources portfolio planning. (DIC Group)	For key positions in each business unit (approximately 100 mainly second- and third-tier positions in total), "To Be" requirements formulated with a view to fiscal year 2030. (DIC)	★★	Promote department-specific human resources portfolio planning. (DIC Group)
	Implement strategic mid-career hiring. (DIC)	Mid-career hires accounted for 51.2% of new recruits. Recruitment targets were achieved for global human resources with advanced expertise and skills, including legal and international tax professionals. (DIC)	★★	Implement strategic mid-career hiring. (DIC)
Improve engagement and organizational cohesiveness.	Encourage one-on-one meetings to enhance internal communications, team building and people management capabilities. (DIC and DIC Graphics)	Steps were taken to revitalize one-on-one meetings, including tying them to Career Design Month and providing feedback on the status of implementation to individual departments. (DIC and DIC Graphics)	★★	Encourage one-on-one meetings to enhance internal communications. (DIC)
		CliftonStrengths® (formerly StrengthsFinder) was used as a part of team building in all but one department, for which implementation is scheduled for fiscal year 2025. (DIC and DIC Graphics)	★★	Promote the enhancement of team building. (DIC)
	Advance career support measures to assist the efforts of employees to design their own careers. (DIC Group in Japan)	Follow-up interviews were conducted with all participants in age group–specific career training. Career Design Month, which features a message from DIC's president and CEO and expert-led seminars, was held to encourage employees to contemplate their own careers. (DIC and DIC Group in Japan)	★★	Advance career support measures to assist the efforts of employees to design their own careers. (DIC Group in Japan)
Reinforce human resources system/governance.	Continue to consider the introduction of a global human resources information system. (DIC Group in Japan)	Multiple discussions were held to discuss, among others, the scope of and steps required for future deployment. (DIC and DIC Group in Japan)	★★	Continue to consider the introduction of a global human resources information system. (DIC Group in Japan)
	Build a management system for human resources–related KPIs. (DIC Group)	In addition to responding to expanded disclosure requirements, including for annual securities reports, quarterly human resources reports were launched to improve the accuracy of human resources–related KPI data. (DIC Group)	★	Determine human resources–related KPIs and enhance the visibility of progress. (DIC Group)
Promote diversity.	Continue to implement measures to promote diversity (training for female employees in leadership roles, career support for employees who are foreign nationals, job opportunities for individuals with disabilities). (DIC Group in Japan)	The following were planned and implemented duly as part of leadership training for female employees: mentoring systems, a system for dispatching such employees for external training, and in-house training for regular employees. As part of its effort to provide career support for employees who are foreign nationals, networking conferences were held to foster ties among non-Japanese employees. (DIC Group in Japan)	★★	Continue to implement measures to promote diversity. (DIC)
		The percentage of the total labor force accounted for by individuals with disabilities was 2.55%, up from 2.36% in the previous fiscal year. This was attributable to collaboration between the person at DIC responsible for promoting the hiring of individuals with disabilities and special-purpose subsidiary DIC Estate to promote the hiring of such individuals and strengthen related management and guidance systems. (DIC)	★★	
Guarantee human rights.	Conduct human rights due diligence in line with updates to the DIC Group Human Rights Policy.	Human rights due diligence was conducted in conjunction with voluntary self-inspections for compliance with labor laws. (DIC Group in Japan) EcoVadis was used to ensure a grasp of human rights performance and prepare for the launch of human rights due diligence in fiscal year 2025. (DIC Group in Greater China and the Asia–Pacific region)	★★	Conduct human rights due diligence. (DIC Group)
Support a healthy work–life balance.	Continue to implement corporate health management measures.	The same corporate health management measures were implemented as in fiscal year 2023, although the focus was on antismoking measures. Steps taken included phasing out dedicated smoking areas at all sites, including corporate headquarters and branch offices, and encouraging employees to give up smoking with the goal of preventing related damage to their own health and protecting colleagues and others from secondhand smoke exposure. (DIC)	★★	Continue to implement corporate health management measures. (DIC)

Basic Approach to Human Resources Management

To ensure its vision statement, "We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*," permeates the work of all employees, the DIC Group aims to be a highly engaged organization in which a broad spectrum of individuals work together with a sense of unity to amplify social value. Recognizing human resources as capital critical to the execution of strategies, the Group is committed to respecting human rights and guaranteeing the safety of all employees, as well as to creating work environments that empower its diverse employees to fully realize their potential, and strives to create systems and an infrastructure that support autonomous growth. The Group also strives to foster human resources who can play an active global role and contribute to greater organizational cohesiveness.

1. Reinforcing Management of Human Capital

❶ Building a Strategic Human Resources Portfolio that Maximizes the Value of Human Capital

The DIC Group has set forth a basic strategy for human resources of reinforcing its management of human capital, recognizing human resources as capital that is crucial to the execution of management strategies. The Group believes that bringing together diverse human resources and maximizing their capabilities is the source of its competitiveness. As such, the Group is promoting the swift implementation of measures in line with three strategic priorities, which are to foster human resources, ensure mobility (hiring, retention and succession), and improve engagement and organizational cohesiveness, seeing these as essential to building an ideal human resources portfolio that will ensure the Group achieves the goals of DIC Vision 2030. The Group is also working to build a new personnel management platform by advancing initiatives to reinforce its human capital from the perspectives of framework creation, risk management and corporate culture/work style reform.

DIC Vision 2030: Three Strategic Priorities and a Personnel Management Platform

Three strategic priorities

Foster human resources
- Global-based talent management and leadership training
- Promote reskilling to maximize human resources

Ensure mobility (hiring, retention and succession)
- Actively recruit people from different industries and people with digital capabilities
- Achieve optimal balance between specialists and generalists

Improve engagement and organizational cohesiveness
- Promote communication and use empathy and trust to cultivate solidarity
- Advance innovation by encouraging enthusiasm about taking on challenges

Personnel management platform

Framework creation: Global HR system
- Facilitate autonomous, multitrack career building
- Adopt global HR system to create standardized Group framework

Risk management: Safety and compliance
- Ensure occupational health and safety, and appropriate labor practices
- Improve compliance and reinforce HR governance

Corporate culture: Value diversity and inclusion
- Promote diversity, recognizing it as a source of competitiveness
- Nurture inclusion, recognizing it as essential to making diversity a competitive advantage

Work style reform: Bolster job satisfaction and productivity
- Implement reforms designed to increase job satisfaction, as well as workplace reforms and process reforms that reinforce productivity

❷ WSR 2020

WSR 2020, launched in fiscal year 2020, is an executive-led committee in which all employees participate. The aim of this committee is to ensure job satisfaction and productivity with the goal of strengthening the win–win relationship between DIC and employees. Beginning in fiscal year 2024, efforts focus on improving and enhancing employee engagement.

❸ Basic Personnel Statistics (DIC)

		Fiscal year 2022	Fiscal year 2023	Fiscal year 2024
Number of employees	Male	2,646	2,798	2,751
	Female	709	759	756
	Overall	3,355	3,557	3,507
Average age	Male	42.7	42.4	42.2
	Female	42.6	42.2	42.0
	Overall	42.7	42.3	42.2
Average years of employment	Male	19.3	18.3	16.5
	Female	20.5	19.2	17.7
	Overall	19.6	18.5	16.7
New graduates hired	Male	44	59	73
	Female	22	28	26
	Overall	66	87	99

		Fiscal year 2022	Fiscal year 2023	Fiscal year 2024
		(Fiscal year 2019 hires)	(Fiscal year 2020 hires)	(Fiscal year 2021 hires)
Retention rate (after three years)	Male	84.4%	91.5%	88.1%
	Female	81.8%	72.7%	88.9%
	Overall	83.6%	86.4%	88.3%
Mid-career hires (percentage of total new hires)	Male	109	218	67
	Female	30	53	15
	Overall	139	271	82
Separations (voluntary) (number of individuals)	Male	43	57	80
	Female	16	13	25
	Overall	59	70	105
Separation rate (voluntary)	Male	1.6%	2.0%	2.9%
	Female	2.3%	1.7%	3.3%
	Overall	1.8%	2.0%	3.0%

Note: The number of employees refers to individuals registered as employees of DIC Corporation and thus differs from the figure in the annual securities report.

2. Three Strategic Priorities

The DIC Group's basic strategy for human resources and diversity is to reinforce its management of human capital. This reflects the Group's belief that maximizing the value of human capital is crucial to achieving business transformation and establishing a more robust global management configuration. Guided by this basic strategy, the Group is promoting measures in line with three strategic priorities, which are to foster human resources, ensure mobility (hiring, retention and succession), and improve engagement and organizational cohesiveness.

❶ Foster Human Resources

① Global-Based Talent Management

As part of its plan to nurture the next generation of senior leaders who will steer its global businesses in the years ahead, the DIC Group established a new program called Global Management Accelerator (GMA) to select candidates for global executive management positions. In fiscal year 2024, the program's first year, participants were selected from Group companies around the world to undergo group training at DIC's corporate headquarters in Japan. In fiscal year 2025, the Group plans to dispatch participants to overseas Group companies for joint training, as well as to attend short-term programs at renowned institutes of higher education. It is hoped that this training prepares participants to exercise their capabilities and grow as individuals with the competence to take on important positions.

② Leadership Training

In Japan, DIC chooses talented employees with the goal of systematically cultivating the leaders of the future and dispatches them to a variety of external institutions providing a diverse range of training or to participate in group training. In addition, to expand the scope of efforts to foster leaders across the DIC Group, the Company is collaborating with regional headquarters to explore the creation of a leadership training program that is aligned with its talent pooling process.

In the Asia–Pacific region, the DIC Group's leadership training program uses a comprehensive curriculum that provides selected key managers with essential skills, with modules on design thinking, mental wellness, coaching, mentoring, innovative thinking, resilience and cultivating effective leadership skills. In the PRC, the Group has provided the Leadership Development Program for mid-level and senior managers since fiscal year 2013. This program, which is offered once annually, gives participants the opportunity to learn about current economic and financial topics, visit well-known companies and share experience accumulated in-house, helping to foster general managers and identify potential successors.

Sun Chemical also invests in leadership training, believing that capable management-level employees are critical to growth and to creating a performance–centered corporate culture. Inaugurated in fiscal year 2022, the company's leadership training program initially focused on frontline employees but has since been expanded to managers at different levels and in multiple countries, with more than 150 individuals having completed training to date.

③ Career Development Opportunities and Skills Training

DIC promotes autonomous reskilling and skill improvement for employees in Japan promptly after hiring to encourage career development and skills training. In fiscal year 2024, the Company defined the portable skills required of all DIC employees and added an elective online program to its rank-specific training. DIC and DIC Graphics also held small-group people management skills improvement workshops for management-level employees in which a total of 500-plus individuals participated.

In the Asia–Pacific region, the DIC Group continues to invest in employee growth through a variety of career development and educational initiatives. Core offerings including leadership training for managers, practical training and technical skill enhancement programs. The Company has also expanded its e-learning platform and reinforced language courses to support continuous learning and prepare employees to confront challenges in an evolving business environment. In the PRC, the Group provides explicit career path guidance and seeks to motivate employees to acquire skills and leadership capabilities. In addition to general on-the-job skills training, the Company dispatches certain individuals for training at external institutions. Local Group skills competitions are organized to encourage continuous learning and self-improvement. The Company also deploys an e-learning platform, matching employees and courses and conducting tests to gauge participants' grasp of salient information.

In addition to leadership training, Sun Chemical's key focus areas include compliance, sales, safety training, and cybersecurity. Most learning is experiential and occurs on the job. Regular conversations between managers and employees help identify development areas, creating a continuous feedback loop. Managers are trained to better support their employees through regular training and best practice sharing sessions, known as the Sun Leaders Community.

Average Spending on Education and Training per Employee (DIC)

Region	Average time spent on education/training (hours/empcloyee)
Japan (DIC)	9.1
PRC	Up to 13
Asia–Pacific region	19.5

❷ Ensure Mobility (Hiring, Retention and Succession)

DIC recognizes that the realization of business portfolio transformation depends on not only fostering human resources but also on ensuring and improving mobility for DIC Group employees.

① Capitalizing on Experienced Mid-Career Hires

In addition to recruiting the global talent necessary to sustain its management system, DIC is stepping up efforts to recruit experienced individuals with advanced expertise and skills, including attorneys and international tax specialists. With the goal of securing and maintaining its competitiveness in recruiting and of attracting talented individuals with diverse skills and careers, in fiscal year 2024 the Company diversified recruitment channels for such candidates by strengthening general referral and alumni referral recruitment. Thanks to these and other efforts, the percentage of new recruits that were mid-career hires in fiscal year 2024 was 51.2%.

② Support for Autonomous Career Building

DIC supports autonomous career building by its employees and has a system in place whereby in-house career consultants are available to offer counseling to employees when needed. The Company also follows up age group–specific career training by conducting interviews with all participants to support them in formulating a clear career vision and promoting autonomous career building. In fiscal year 2024, the Company began holding Career Design Month, an event that includes a message from DIC's president and CEO and seminars conducted by experts and seeks to provide employees with the opportunity to carefully consider their careers.

To support employees in forging the career they desire, DIC has established an in-house recruitment system dubbed "Job Challenge." The Company also offers "Job Challenge +," which enables employees to temporarily take on a job in another department while continuing to serve in their current capacity. During fiscal year 2024, 10 individuals took advantage of the latter program.

In the PRC, a dual career path enables DIC Group employees to progress toward a managerial role (from supervisor to department head) or a professional role that requires experience and specialized skills. Employees are able to move between the two tracks, career development policies are communicated fully and training is provided, ensuring that all employees understand how to advance their own careers.

At Sun Chemical, we are dedicated to fostering employee growth. In 2024, we launched Sun Careers, a framework to enhance transparency across our global businesses and functions, clarify career paths, and promote internal mobility. Sun Careers emphasizes fairness and equity, rewarding employees based on their skills, responsibilities, and performance. All recruitment activities are posted internally, allowing employees to view and apply for positions outside their departments. Managers are encouraged to have regular career discussions with employees to identify development opportunities and support career progression.

③ Promotion of Succession Planning

DIC promotes succession planning from the perspective of ensuring business continuity and enhancing the visibility of human resources. In fiscal year 2024, the Company designed the "To Be" portfolio, consisting of approximately 100 key positions, with a view to building a team of superior human resources. With the assumption that these positions will continue to exist through fiscal year 2030, the Company anticipates how the requirements of these positions will evolve and identifies the skills and career experience needed in the individuals filling these positions (the future, or "To Be," ideal). In consultation with individual divisions and business units, DIC has developed related plans for approximately 200 key positions at DIC and at Group companies in Japan and the Asia–Pacific region. The Company will provide support to ensure that these plans are implemented successfully and promote transfers, training and other measures to help foster candidates by closing any gaps found to exist between current and "To Be" requisite career experience and skills.

In the Asia–Pacific region, the DIC Group seeks to facilitate effective succession by undertaking thorough skills gap analyses to be certain that attention is focused on cultivating capabilities in areas where this is considered particularly crucial.

❸ Improve Engagement and Organizational Cohesiveness

In Japan, DIC promotes a variety of initiatives, spearheaded by the WSR 2020 Committee, to improve engagement and organizational cohesiveness, with the ultimate goal of strengthening the win–win relationship between the Company and employees.

① Surveys to Assess Engagement

As a WSR 2020 initiative aimed at improving engagement, since fiscal year 2021 DIC periodically surveys employees of DIC Group companies

in Japan regarding this topic. The average score for key survey questions is the principal KPI for employee engagement. In fiscal year 2024, the average survey score was 3.20.

Employee engagement surveys have been conducted in the PRC since fiscal year 2019. Survey results have enabled local DIC Group companies to identify issues and implement action plans aimed at improving employee engagement by, among others, reinforcing communication with employees, heeding their suggestions, establishing new processes and amending internal rules. Thanks to such efforts, the percentage of survey participants who responded that they feel engaged in their work has risen steadily from 53.5% in fiscal year 2019, reaching 68.9% in fiscal year 2024.

② Cultivation of Solidarity through Communication, Empathy and Trust

DIC and DIC Graphics have introduced a system of one-on-one meetings with the goal of promoting communications between superiors and subordinates as a measure to improve engagement. Feedback is provided to departments on the meeting status and issues raised by employees. The two companies are also working to further energize these one-on-one meetings by implementing related projects in conjunction with the aforementioned Career Design Month.

In a distinctively DIC initiative, the Company also promotes initiatives that leverage CliftonStrengths®, a tool that assesses individual strengths and encourages appreciation for diversity. To date, this tool has helped many employees gain a deeper understanding of their own unique talents. In fiscal year 2023, the Company launched a team-building initiative aimed at fostering collaboration by nurturing mutual recognition of differences in perspective and approach. This initiative continued through fiscal year 2024 and is scheduled to conclude in fiscal year 2025. Looking forward, DIC will continue to build inclusive environments that value the particular capabilities of its people and enable all employees to leverage those capabilities.

3. Talent Management: Personnel System, Global Human Resources Framework and Group Human Resources Governance

As it works toward achieving the goals of DIC Vision 2030, DIC is taking steps to enhance its organizational capabilities to support qualitative reforms in existing core businesses and the successful commercialization of new businesses. To this end, the Company has set forth several key priorities, including improving the added value generated by, and the productivity of, all employees, encouraging a greater performance- and challenge-oriented focus, and supporting career building, and has dramatically revamped its qualification-based remuneration and evaluation systems. At the same time, given the rapid expansion of the DIC Group's global operations, the Company is promoting the creation of a standardized global human resources framework and strengthening its human resources governance to facilitate the integration of Group human resources management, as well as to further fortify its management foundation over the medium to long term and improve management transparency.

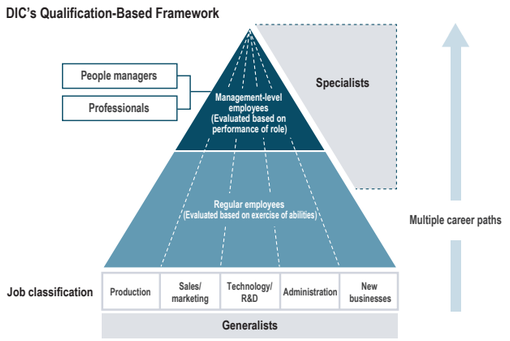
❶ Qualification-Based Remuneration System: Encouraging Autonomous Career Building and Maximizing Performance

● Job- and Performance-Oriented Qualification-Based Remuneration System

To ensure employees clearly understand DIC's mission and are able to fully realize their potential, the Company has defined rank- and job-specific roles, necessary abilities and performance expectations for all employees. This system also outlines the roles and abilities expected of higher-ranking employees to help individual employees to map out their own career prospects.

● Promotion of Multitrack Career Building

DIC has established systems for fostering both generalists and specialists to facilitate multitrack career building. As well, the Company created a scheme that divides management-level employees, depending on their particular role/job, into either people managers or professionals, facilitating promotion in accordance with individual strengths and aptitudes.



❷ Evaluation Systems that Inspire Employees to Achieve Results and Take on Challenges

● Performance-Based Evaluations

To further advance its emphasis on performance and encourage employees to take on challenges, DIC has set targets and prepared evaluation sheets, creating a system to facilitate a more quantitative assessment of performance, and reviewed conduct and process assessment procedures to foster autonomous action. This will make it possible to evaluate the cumulative achievements of employees who have acted autonomously to address complex challenges in a manner that contributes to the achievement of the targets of the DIC Vision 2030 long-term management plan.

Seeking to inspire employees to take on challenges in addition to their existing responsibilities, DIC has also created a mechanism whereby points are added to the evaluation of employees who have taken bold steps that have not only yielded short-term results but also contributed to medium- to long-term growth, thereby further motivating them to seek challenges and drive innovation.

Sun Chemical has adopted a standardized evaluation process designed to engender a performance-centered corporate culture. This process has clear, measurable goals, and includes ongoing coaching and feedback between managers and employees, as well as a calibration procedure to ensure that evaluations are consistent across departments and positions. State-of-the-art human resources IT systems are deployed to bolster consistency and accountability. This evaluation process ensures that employees have clear goals, and that fiscal year-end reviews and career development discussions are conducted. Sun Chemical employee participation in this process was 60% in fiscal year 2024, and the company has set a target of 75% by fiscal year 2025.

● Personnel Evaluation System as a Tool for Career Building

DIC has adopted a career goal sheet for employees to plan and track their own career development. Using these sheets allows individuals to take stock of their own careers at present and envision where they want to be in the future. Employees write in their own goals, to which their superiors will add comments, and the sheets are incorporated into one-on-one meetings to assist employees' autonomous efforts to build fulfilling careers.

❸ Creation of a Standardized Global Human Resources Framework

With the rapid expansion of its global operations, DIC recognizes the fact that comprehensive human resources management that helps it to secure and foster human resources around the world and to ensure the right people are in the right places across the DIC Group is essential to bolstering the value of the Group's human capital and effectively carrying out its management strategies. The Company is thus promoting the adoption of a common personnel system and shared management strategies for the global DIC Group. In January 2018, DIC and DIC Graphics replaced their traditional ability-based qualification standards for management-level employees with role-based standards, which are common worldwide. As a consequence, uniform duty- and role-based standards are now used for the majority of such employees at DIC Group companies in Japan, the Americas and Europe, the PRC and the Asia–Pacific region.

Sun Chemical has implemented SAP SuccessFactors for our performance and development processes to drive consistency and accountability.

With the growth of ESG investment, companies are also increasingly expected to provide accurate disclosure regarding human capital as a key component of the nonfinancial information investors demand. This further underscores the importance of centralizing the management of human resources information within the Group. Looking ahead, DIC will continue formulating and disseminating related Group KPIs, as well as working to achieve the goals it has set.

❹ Group Human Resources Governance

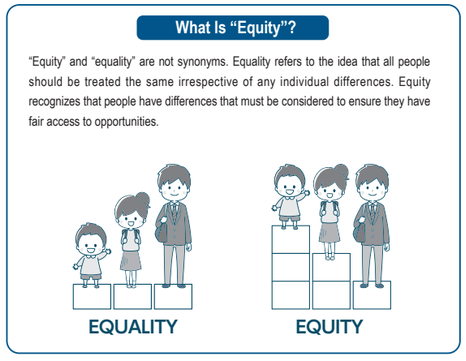
With the objective of further fortifying its management foundation over the medium to long term and improving management transparency, the DIC Group is reinforcing its human resources governance as it pertains to individuals in principal positions, including the CEOs of regional headquarters, Group company presidents and heads of regional functional departments. In particular, the committee responsible for evaluating the performance of and determining remuneration for individuals in principal positions in the Americas and Europe, the PRC and the Asia–Pacific region meets annually, ensuring that individual employee goals align with Group management strategies. Pertinent management members from corporate headquarters also participate in evaluations. Remuneration is reviewed annually after verification of prevailing market trends.

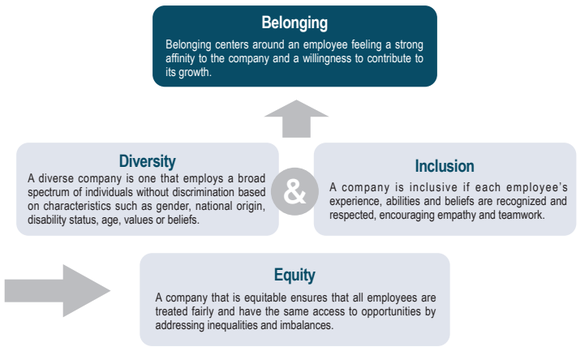
In addition, the DIC Group has introduced Group succession guidelines in the PRC and the Asia–Pacific region. Succession plans for individuals in principal positions are formulated and implemented by DIC in collaboration with regional headquarters and Group companies to ensure the appropriate organizational regeneration.

4. DIC's Approach to Diversity

❶ Advancing Efforts to Realize DEI&B

Viewing diversity, equity, inclusion and belonging (DEI&B) as intertwined concepts, DIC is committed to creating workplaces that respect the individuality of each and every employee (diversity), providing equal opportunities and prospects to all employees demonstrating enthusiasm (equity) and enabling all employees to exercise their capabilities and play an active role (inclusion). The Company believes that achieving these three goals will help employees feel a sense of being accepted and valued (belonging).





The DIC Group believes firmly that the added value created by diverse human resources amplifies social value and that this, in turn, leads to long-term improvements in its corporate value. The diverse individuals comprising the Group's labor force come from various backgrounds and bring with them a wide range of individual capabilities and skills. It is these "differences" that will drive innovation going forward, enabling the DIC Group to live up to its vision, "We improve the human condition by safely delivering color and comfort for sustainable prosperity—*Color & Comfort*."

Kuniko Torayama
Head of ESG Unit,
In Charge of Diversity,
DIC Corporation

Diversity Across the DIC Group

The DIC Group is a global organization that as of December 31, 2024, consisted of 171 companies in 62 countries and territories and had a global labor force of 21,184, with more than 70% in other countries and territories. Diversity within the Group has come to exist across multiple variables besides gender, including cultural background, race, religion and ideology. The diverse perspectives and experiences of our employees is a key source of growth and innovation. We believe that it is important to respect and acknowledge these differences to build an environment in which all employees can feel at ease and empowered to reach their full potential.

At the same time, because the challenges faced vary depending on location we continue to prioritize those that are the most pressing in each country and territory. DIC's global presence enables us to pool experiences and expertise across regions. Specifically, global DEI&B managers regularly exchange ideas and share both best practices and failures, with the aim of improving diversity initiatives Groupwide. In fiscal year 2025, for example, we will expand implementation of a mentoring program currently offered in Japan to the Asia–Pacific region with the aim of reinforcing career support. We are making progress in our push to build a "One DIC" approach and I strongly believe that our efforts are helping the Group realize true diversity, equity and inclusion and to create work environments where all employees can thrive and feel a sense of belonging.

Clifton Tang
Regional Human
Resource Director,
DIC Asia Pacific Pte Ltd

Asia–Pacific Region

The DIC Group in the Asia–Pacific region comprises 21 companies, spanning 12 countries and territories, with approximately 3,000 employees. We work proactively to advance diversity with a global perspective. We have taken decisive steps to prevent discrimination on the basis of gender, race or other irrelevant factors in recruitment, and to ensure all candidates are evaluated impartially on the basis of their qualifications and the requirements of the job for which they are applying. A commitment to fair hiring has become firmly rooted in our corporate culture, as a result of which 29% of management positions are currently filled by women, many of whom were trained by the DIC Group in the Asia–Pacific region. This is a significant improvement from 20% in 2020 and represents important progress for the region. We have also seen a steady increase in the number of women in corporate leadership roles, as well as in regional leadership positions.

We are working to strengthen regional health management programs, reviewing internal healthcare systems and providing regular physicals with the aim of identifying issues early, and to promote awareness of the need to maintain good health. In addition, we have stepped up efforts to promote diversity in our efforts to foster successors for key positions and have begun conducting full-scale competency analyses and evaluations with the aim of building a diverse and robust human resources portfolio that ensures we are prepared for our next stage of growth. We have also inaugurated training programs designed to foster individual capabilities with the goal of creating an environment in which all employees can grow and achieve success.

In line with DIC's long-term vision, we will continue to drive DEI&B by strengthening employee engagement and conducting engagement surveys. This will better enable us to respond to the needs of individual employees and at the same time to eliminate bias, both conscious and unconscious, accelerating our transformation into an ever-more diverse organization where superior human resources can thrive.

Genni Zhou
Corporate HR Director,
DIC (China) Co., Ltd.

Greater China

Greater China is home to 24 DIC Group companies. In the PRC, dual-income households are common and there are many women in managerial positions, meaning that there are few discernable differences in the gender breakdown at the management level. Against this backdrop, we are conducting employee surveys across the region and implementing various measures tailored to the stage of each employee's career and the nature of their job. Specifically, we have formulated career development guidelines and are strengthening career support with the goal of enabling employees to proactively select their own growth opportunities. We also conduct one-on-one meetings to provide individual career counseling and support to employees in the 31–35 age bracket, who are likely to experience a decline in engagement, as well as to new employees within their first three months on the job, and employees who have been with their employer for between five and 10 years. In addition, we provide training and conduct workshops for frontline employees, including operators and production floor staff, to encourage greater autonomy and create more supportive work environments. We are also reinforcing training programs and employee support services customized to reflect the characteristics of and challenges faced by individual departments to help employees bolster their skills and grow professionally. Thanks to such efforts, we have seen steady improvements in awareness of the DIC corporate vision, trust in the Company, work–life balance, communication, collaborative spirit and other key indicators. Looking ahead, we will continue striving to create work environments that make all employees feel empowered to maximize their capabilities and highly engaged in their work.

Jennifer Dewey
Director, Global Talent
Management,
Sun Chemical Corporation

The Americas, Europe, the Middle East and Africa

Sun Chemical proudly boasts a global workforce of over 10,000 employees across 45 countries and territories, primarily in the Americas, Europe, the Middle East and Africa. Like many leading companies, we embrace the exciting challenge of recruiting, retaining and developing a diverse workforce.

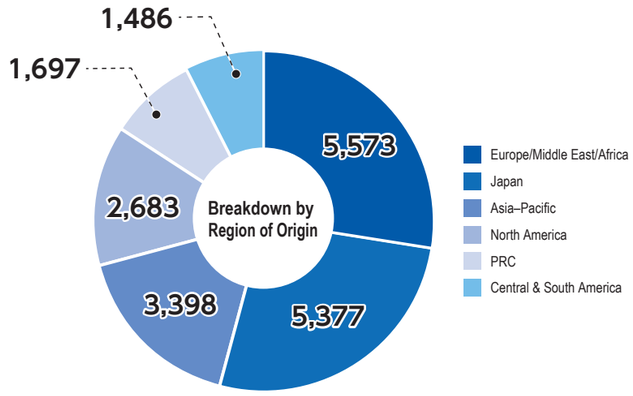
To enhance our hiring practices, we've introduced an initiative to include at least one diverse candidate in every interview process. Additionally, we've expanded our recruitment efforts through partnerships with specialized job boards that target women and underrepresented candidates.

We've integrated diversity considerations into our core talent management processes, including leadership development, succession planning and talent reviews. These structured approaches reflect our commitment to creating advancement pathways for diverse employees at all organizational levels.

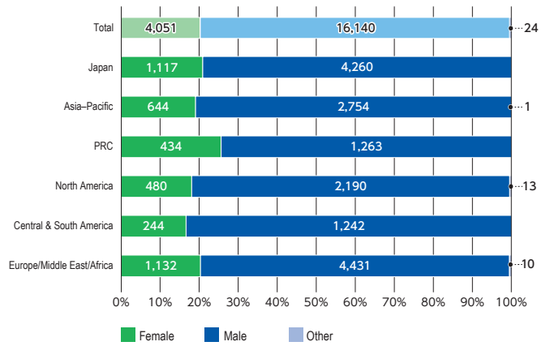
Beyond recruitment and development, our workplace policies are evolving to better support diverse needs. Our recent expansion of parental leave benefits in the United States will include foster and adoptive parents, demonstrating our commitment to inclusive policies that recognize various family structures.

We are committed to preparing the next generation of talent to seamlessly step into roles as our experienced workforce transitions, ensuring continuity and sustained growth. Our proactive measures ensure that we continue to attract and retain top talent while addressing the challenges of global talent shortages and changing demographics.

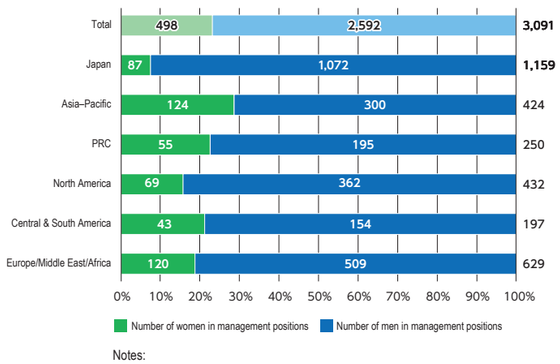
Employees by Region of Origin



Breakdown of Labor Force by Gender



Employees in Management Positions by Region



Notes:
1. As of December 31, 2024, the number of employees identifying as other was one.
2. Figures are as of December 31, 2024. Because data for certain DIC Group companies included in the annual securities report is not included here, these figures differ from those published in the annual securities report.

❷ Diversity Initiatives by the DIC Group in Japan

The DIC Group in Japan sets quantitative targets for key diversity initiatives. These include targets not only for the diversity of executives and employees but also for key KPIs related to work–life balance such as childcare leave for male employees. Consideration is also being given to the feasibility of publishing information on efforts to advance career opportunities for women, including the setting of gender pay gap targets. DIC has established the targets shown in the table below and its diversity initiatives are progressing steadily, evidenced by the fact that some of those set for fiscal year 2025 have already been achieved. With the aim of disclosing more information on its diversity initiatives, in fiscal year 2024 DIC established a public-facing website, the content of which includes a message from the president and CEO. The DIC Group continues to communicate the importance and necessity of inclusion, as well as promote understanding of such concepts as psychological safety and unconscious bias, which is essential to embracing diversity, and to create a corporate culture that supports well-being by inspiring job satisfaction and a sense of purpose.

Diversity KPIs

	DIC	Targets (Fiscal year 2025)		Achievements	
1	Percentage of directors and Audit & Supervisory Board members accounted for by women and/or foreign nationals	January 2026	20.0%	January 2025	21.4%
2	Percentage of executive officers accounted for by women and/or foreign nationals		20.0%		19.0%
3	Percentage of management positions occupied by women		8.0%		8.6%
4	Percentage of new employees accounted for by foreign nationals	Fiscal year 2025	5.0%	Fiscal year 2024	3.9%
5	Percentage of new recruits accounted for by women		Maintain at 30%		26.3%
6	Percentage of mid-career hires accounted for by women		30.0%		18.3%
7	Percentage of male employees using the Childcare Leave Program		30.0%		55.6%
8	Percentage of employees using the Leave to Assist with Parenting Program		90.0%		82.1%
9	Percentage of total labor force accounted for by individuals with disabilities		In excess of the legally mandated level		2.55%
10	Gender pay gap (pay for female employees as a percentage of that for male employees)	Figures are not currentry available. KPIs will be set hereafter.			
	Regular employees (indefinite-term, full-time)				77.5%
	Non-regular employees (part-time, fixed-term)				57.0%
	All employees				68.5%

	DIC	Targets (Fiscal year 2030)	
1	Percentage of directors and Audit & Supervisory Board members accounted for by women and/or foreign nationals	January 2031	30%
	Percentage of directors and Audit & Supervisory Board members accounted for by women		30%
2	Percentage of executive officers accounted for by woman and foreign nationals		30%
	Percentage of executive officers accounted for by women		5%
3	Percentage of management positions occupied by women		12%
4	Percentage of new employees accounted for by foreign nationals	Fiscal year 2030	5%
5	Percentage of new recruits accounted for by women		30%
6	Percentage of mid-career hires accounted for by women		20%
7	Percentage of male employees using the Childcare Leave Program		100%
8	Percentage of total labor force accounted for by individuals with disabilities		In excess of the legally mandated level
9	Gender pay gap		Figures are not currently available. KPIs will be set hereafter.
	• Regular employees (indefinite-term, full-time)		
	• Non-regular employees (part-time, fixed-term)		
	• All employees		

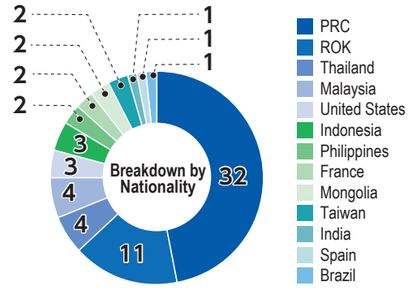
DIC has also set targets for fiscal year 2030, lifting the percentage of directors and Audit & Supervisory Board members accounted for by women and/or foreign nationals to 30%, from the 20% target set for fiscal year 2025. The Company also aims to increase the percentage of executive officers accounted for by women and/or foreign nationals to 30% by fiscal year 2030, from the fiscal year 2025 target of 20%, with 5% to be women.

As of the end of fiscal year 2024, DIC had achieved its fiscal year 2025 and January 2026 targets for boosting the percentage of management positions occupied by women. The Company has set a target for this KPI for fiscal year 2030 of 12% and will continue working to bring this in line with the percentage of its labor force accounted for by women. DIC has also set a target for the percentage of its mid-career hires accounted for by women of 20%. While this is down 10 percentage points from the previous target for fiscal year 2025, it reflects the fact that the majority of mid-career hires are in production, an area in which more men tend to be hired. Results for fiscal year 2025 and January 2026 will be summarized in DIC Report 2026.

① Hiring of Foreign Nationals

With the objective of securing talented individuals with advanced specialized competencies, global perspectives and language proficiency, DIC actively promotes the hiring of international students completing undergraduate or graduate studies at Japanese universities, as well as Japanese and foreign nationals who are completing undergraduate studies at overseas universities or have extensive specialized experience and expertise. At present, 68 foreign nationals are employed in various capacities at the Company. Since fiscal year 2019, DIC has worked actively to support the careers of non-Japanese employees by creating working environments that enable individuals to exercise their capabilities and play an active role. To support these employees' careers, the Company promotes infrastructural and system improvements, including establishing a consulting desk and dedicated website, and translating key in-house materials into English. In December 2020, the Company introduced semiannual networking conferences for non-Japanese employees and in fiscal year 2022 began conducting cross-cultural training sessions for new non-Japanese employees and the departments to which they have been assigned.

Nationalities of Non-Japanese Employees (Full-Time, Part-Time and Temporary)



Number of Foreign Nationals Currently Employed at DIC

Sales positions	Technical positions	Department/ division administration	Posted overseas	Production	Total
4	37	9	15	3	68

VOICE | I look forward to continuing to take on new challenges without fearing change.

I joined DIC in 2013 and was in charge of overseas sales in the LCD sales department for two years. For the next nine years, I was involved in product development, working in the area of LCD technology. At present, my job is in epoxy resin sales in one of the Chemitronics Business Division's sales groups. In the course of my career, I have had to be flexible to work with people with a variety of different backgrounds and perspectives to realize new ideas and solutions that meet customer needs. For this reason, I feel strongly about the importance of diversity and I also believe that being flexible and adaptable to change is important to succeed in a diverse organization. However, there are still times when companies find it difficult to adapt to the changes that come with an increase in employees who are foreign nationals. I would like to help address this issue by improving workplace awareness and providing support for non-Japanese employees. I want to continue to take on new challenges without fearing change.

Sales Group 1, Chemical Solutions Business Unit, Chemitronics Business Division, DIC Corporation **Zhuo Yang**

② Expansion of Career Opportunities for Women

DIC is committed to creating work environments and fostering a corporate culture that enables female employees to demonstrate their capabilities. We have established an in-house mentoring program for women in management with in-house executives serving as mentors to help create pipelines to female colleagues in decision-making positions. The Company also continues to provide training, as well as mentoring by female managers, for women about to be promoted to management-level positions.

In fiscal year 2024, DIC focused on initiatives aimed at helping employees balance the demands of their careers and childcare responsibilities and conducted work–life balance support counseling sessions with female managers who themselves have children serving as advisors, as well as surveys and counseling sessions regarding male employees using its Childcare Leave Program. The Company will continue working to foster a corporate culture that ensures no employee has to carry the burden of raising children alone and encourages both female and male employees to play an active role in the family.

● Broadening the Scope of Positions Available to Female Employees

Since first assigning four female employees to line shift jobs at the Chiba Plant in 2008, DIC has gradually increased the number of female employees in production and utility control groups across Japan. At present, there are 26 female employees in such positions at five sites in Japan. The number of women serving as managers and team leaders has also risen. The Company continues to make changes to improve site working environments, including establishing break rooms and locker rooms for women, to further broaden the scope of positions available to female employees.

Number of Female Employees at DIC Sites in Japan

2008 4 at 1 site ▶ 2018 8 at 2 sites ▶ 2024 26 at 5 sites

Site	Production group	Utility control group
Chiba Plant	8	1
Saitama Plant	9	0
Sakai Plant	3	1
Hokuriku Plant	0	2
Yokkaichi Plant	2	0
Total	22	4

● Initiatives to Expand Career Opportunities for Women

DIC continues to promote a wide range of initiatives to expand career opportunities for women with the aim of becoming an organization in which women can play an active role. With the launch of WSR 2020 in fiscal year 2020, the Company is promoting diversity initiatives that will help increase corporate value.

Transform corporate culture and mindset	● Messages from the president
	● Identical uniforms for male and female employees
	● Training on unconscious bias
Encourage the drive and determination of female employees	● Third-party leadership development program
	● Joint leadership development program with companies in other sectors
	● Mentoring program with in-house executives as mentors
	● Mentoring program with female employees in management positions as mentors
Broaden the scope of positions available to female employees	● Assignment of female employees to production, as well as to sales and other positions involving work outside the Company
	● Inclusion of female employees in the regular system of transfers, reassignments and job rotations
Establish systems to help female employees balance childcare and their careers	● Expansion of systems designed to help female employees balance childcare and their careers
	● Training for employees returning after taking childcare leave
	● Training (e-learning) for male employees on taking childcare leave
	● Informal discussions for male employees who have taken and those who wish to take childcare leave
Create workplaces conducive to job satisfaction	● Introduction of a system allowing management-level employees to limit the locations to which they will accept transfers
	● Expansion of flextime system
	● Launch of telework and hybrid working styles

TOPIC | **Holding Forum for Male Employees Taking Childcare Leave**

DIC is working to encourage male employees to take advantage of its Childcare Leave Program, with the percentage of male employees using this program being one of its diversity KPIs. As part of this effort, in fiscal year 2024 the Company held its first-ever forum for male employees using this program. At the forum, a diverse range of male employees—different jobs, positions, family environments and periods of leave—who have used this program shared their stories, i.e., why they took leave, challenges they faced and creative tactics they devised.

Time was also set aside for a discussion to address participants' questions and concerns, and to extend concrete advice and solutions. Going forward, the Company plans to post the experiences of male employees taking childcare leave on its intranet to deepen employee understanding, dispel any lingering concerns and encourage even more men to use the Childcare Leave Program.

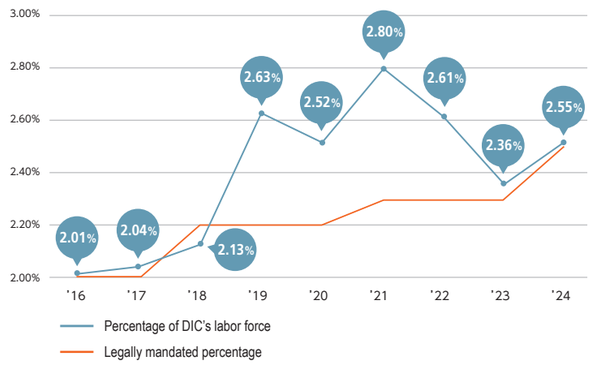
③ Efforts to Advance the Employment of Individuals with Disabilities

Special-purpose subsidiary* DIC Estate Co., Ltd., spearheads the efforts of the DIC Group in Japan to promote the hiring of individuals with disabilities.

In addition to actively promoting the hiring of individuals with disabilities, DIC Estate works with other DIC Group sites and companies in Japan to review business processes and establish systems designed to expand the range of jobs available and facilitate individual growth, realizing work environments that support employees with disabilities and empower them to realize their potential. DIC Estate also continues to develop systems that encourage growth and create environments conducive to job satisfaction. Thanks to these and other efforts, in fiscal year 2024 the percentage of employees of the DIC Group in Japan accounted for by individuals with disabilities rose to 2.55%, exceeding the mandatory rate of 2.5%. The DIC Group will continue to advance the employment of individuals with disabilities by strengthening Group companies' recruiting capabilities, as well as by improving systems to bolster retention to enhance the employment experience for employees with disabilities.

* A special-purpose subsidiary is a company that prioritizes the hiring of individuals with disabilities and is authorized by the Minister of Health, Labour and Welfare. DIC Estate was accredited as a special-purpose subsidiary on January 1, 2023.

Percentage of DIC's Labor Force Accounted for by Individuals with Disabilities



VOICE | **I look forward to continuing to take on new challenges without fearing change.**

I joined the General Affairs Group at DIC's Saitama Plant from LITALICO Works, a vocational training and job placement company, in fiscal year 2024. This is my first job as an adult, so I was very anxious at first. Immediately after joining the Company, I was put in charge of maintaining the plant's tea dispensers, after which I created a manual for tea dispenser maintenance. Now, I also serve as an instructor for new trainees. In addition, thanks to the support of the General Affairs Group, I succeeded in starting up a new in-house delivery service.

I am currently a sub-leader. In this capacity, I am developing a schedule management tool for the team, as well as taking on a variety of administrative tasks. I look forward to working hard to eventually become a leader who can rally the team and is relied on by other team members.

General Affairs Group, Saitama Plant, DIC Corporation **Asuka Akaiwa**

TOPIC | **Introducing DIC, Its Operations and Work Environment**

On January 16, 2024, Reina Tahara and Fuka Kaneko of DIC Estate's Business Support Department gave presentations at their alma mater, Tokyo Metropolitan Shimura Gakuen.* In the class for first-year students, Tahara gave an overview of the company, while in the class for third-year students the two speakers described DIC's operations and the work environment at the cafe located in DIC's corporate headquarters. Lively Q&A sessions were also held, enabling students to learn about the practical aspects of their seniors' jobs and how working adults are expected to comport themselves. Participating teachers praised the event as having been a meaningful opportunity for students.

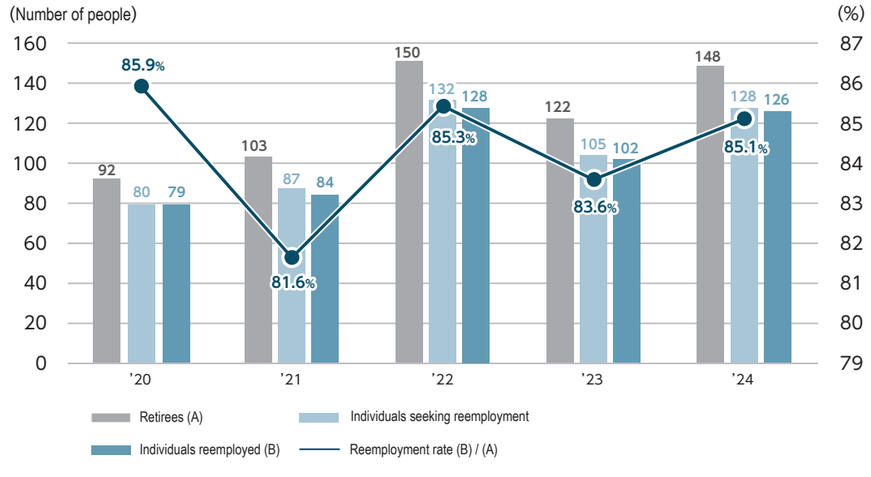
* Tokyo Metropolitan Shimura Gakuen is a school that has vocational and technical training departments for students with mild intellectual disabilities who intend to seek employment with a company and a department providing education for physically disabled students.

④ Reemployment after Retirement

DIC has deployed a system that facilitates the reemployment until age 65 of individuals reaching retirement age (60) and wishing to remain with the organization. In fiscal year 2024, the Company revised this system, including compensation provided, to create an environment that allows reemployed individuals to maximize their experience and make full use of their accumulated technical skills and specialized expertise, motivating them to continue contributing to sustainable growth for the Company and the training of subsequent generations.

DIC also offers classes for employees in the final year before retirement that helps them prepare for life after they have finished their careers. These classes provide assistance with retirement planning and education regarding pensions, as well as offer retirement lifestyle simulations.

Number of Reemployed Individuals (Including Individuals Seconded to DIC Group Companies)



5. Respect for Human Rights

❶ The DIC Group Human Rights Policy

The DIC Group actively supports global codes governing human rights and in 2018 formulated the DIC Group Human Rights Policy. In light of the increasing importance of respecting human rights, in fiscal year 2023 the Group announced a revised version of this policy, in line with which it is promoting related initiatives.

The DIC Group Human Rights Policy

Respect for Human Rights

The DIC Group is committed to respecting the human rights of all stakeholders in all aspects of its business activities. In 2018, the Group adopted a human rights policy based on global human rights codes. The Group strives to protect and promote human rights through its business activities.

Basic Principles on Human Rights

The DIC Group supports and respects the United Nations International Bill of Human Rights, the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights. In addition, we respect the Ten Principles of the United Nations Global Compact. The DIC Group Code of Business Conduct, which outlines standards that DIC Group employees are expected to follow, contains provisions prohibiting human rights violations and requiring respect for diversity. These reflect the philosophies that form the foundation of the DIC Group's corporate activities. All DIC Group employees must display understanding of the DIC Group Code of Business Conduct and provide written assurances to abide by it. The DIC Group promotes awareness among Group executives and employees, and works to enhance its inspection and monitoring structure, to reinforce respect for human rights and to prevent violations of human rights.

1. Global Labor Standards

This policy, which reflects global human rights codes, articulates the DIC Group's fundamental stance on respect for human rights.

Child Labor and Forced Labor

The DIC Group strictly prohibits the use of child labor and forced labor in its operations and supply chain. The Group adheres to applicable laws and regulations regarding the minimum working age and fair compensation, and will not engage in any form of slavery or forced labor.

Freedom of Association and Collective Bargaining

The DIC Group respects employees' rights to associate freely, join labor unions and participate in collective bargaining, while adhering to both local laws and global standards.

Work Conditions

The DIC Group values the well-being and safety of every employee, recognizing that each person is immeasurably valuable. The Group's dedication extends beyond numbers and statistics; it centers on people and their families. The Group pledges to maintain safe working conditions, offer comprehensive training and instill a profound culture of safety to ensure that every one of its employees returns home from work safely.

Fair Compensation and Benefits

The DIC Group is dedicated to providing fair compensation, comprehensive benefits and opportunities for professional growth to all employees. The Group's compensation and benefits packages adhere to relevant laws and industry standards.

Anti-Harassment

In alignment with its policies and the legal frameworks of many countries, the DIC Group unequivocally prohibits any form of discrimination, harassment, hazing, intimidation or retaliation within the workplace or at any business-related function, event or meeting. The Group's commitment to human rights is unwavering, and it is dedicated to fostering an inclusive and respectful environment for all.

Equal Opportunity

The DIC Group is committed to providing equal opportunities to all individuals throughout the entire employment process, including recruiting, hiring, development, promotion and compensation, and in all terms and conditions of employment. This commitment extends without regard to factors such as race, religion, sex, skin color, age, marital status, gender, gender identity, sexual orientation, physical or mental disability (or lack thereof), veteran status, national origin or any other characteristic protected by applicable laws and regulations in each jurisdiction.

Diversity, Equity, Inclusion and Belonging (DEI&B) Policy

The DIC Group is dedicated to fostering a diverse culture ("diversity") where all decisions are made equitably ("equity") and every individual is treated with dignity ("inclusion"). The Group's commitment to these principles will lead to a diverse workforce, which inherently contributes value to its business through the satisfaction and engagement of its people ("belonging"). The Group firmly believes in upholding these values as fundamental to its corporate ethos and mission.

2. Scope of Application

This policy applies to all executives and employees of the DIC Group. The Group shall also encourage its business partners and suppliers to adhere to this policy and will cooperate with them to advance respect for human rights.

3. Responsibility to Respect Human Rights

The DIC Group strives to be an organization that does not tolerate any form of discrimination, including discrimination based on race, religion, sex, skin color, age, marital status, gender, gender identity, sexual orientation, physical or mental disability (or lack thereof), veteran status, national origin or any other characteristic protected by applicable laws and regulations in each jurisdiction. All members of the DIC Group will work together to fulfill the Group's corporate social responsibility goals while enabling every individual in the Group to exercise their abilities to the fullest.

The DIC Group shall strive to fulfill its responsibility to respect human rights by ensuring that its business activities do not result in violations of the human rights of stakeholders, as well as by preventing human rights abuses in the course of its business. In the event that its business partners or suppliers cause adverse human rights impacts through their businesses, products or services, the DIC Group—while not directly intervening—shall use its influence to encourage the responsible parties to cease or alter the practices responsible for such adverse impacts.

4. Human Rights Due Diligence*

To fulfill its responsibilities with regard to respect for human rights, the DIC Group has created a human rights due diligence system, which continues to evolve in an ongoing basis to identify, evaluate and address negative impacts of human rights risks.

The DIC Group will identify and evaluate negative impacts on human rights and apply the results to its supplier management decisions.

5. Corrective/Remedial Actions

Should the DIC Group cause adverse human rights impacts or should it become evident that it has been complicit in causing such impacts, the Group shall take appropriate corrective and/or remedial actions in response.

6. Compliance with Applicable Laws

The DIC Group will comply with the laws and regulations of all countries and territories in which it operates. Where there is any conflict between a country's laws and internationally recognized human rights standards, the Group will seek ways to respect internationally recognized human rights principles to the maximum extent possible.

7. Disclosure and Education/Training

The DIC Group shall periodically report publicly on the progress of initiatives implemented in line with this policy. To ensure the effectiveness of this policy, the Group shall also provide appropriate training to its executives and employees.

8. Dialogue and Discussion

The DIC Group shall engage with stakeholders regarding initiatives implemented in line with this policy by creating opportunities for dialogue and promoting discussion in good faith.

* Human rights due diligence is an ongoing risk management process that a company needs to follow in order to identify, prevent, mitigate, account for and disclose how it addresses its adverse human right impacts.

❷ The DIC Group's Human Rights Due Diligence System

To fulfill its responsibility to respect human rights, the DIC Group continues to employ, as well as to make systematic improvements, in its human rights due diligence system.

1) Commit	2) Identify and evaluate impacts	3) Implement corrective/remedial measures, provide training and gauge effectiveness	4) Disclose information
Demonstrate the Group's human rights policy and views	**Identify and evaluate human rights risks in the Group's business and across its supply chain**	**Implement measures and gauge effectiveness**	**Report periodically on human rights initiatives**
• Formulate a human rights policy. • Introduce section on human rights into the DIC Group Sustainable Procurement Guidelines. • Reinforce awareness of the policy.	• Encourage voluntary human rights inspections at Group companies. • Identify and evaluate the impact of human rights risks.	• Implement corrective/remedial measures. • Plan and provide human rights training. • Gauge the effectiveness of measures.	• Provide information via the DIC global website. • Include information in the DIC Report. • Publicize using conventional mass media.

① Addressing Human Rights Due Diligence Challenges in the Area of Procurement

The DIC Group has formulated and disseminates the DIC Group Sustainable Procurement Guidelines and compels its suppliers to respect human rights and to take appropriate steps to ensure acceptable work environments. The Group also surveys the status of suppliers' efforts through various follow-up procedures. For more information, please see "Human Rights Due Diligence in Supply Chains" on page 97.

② Promoting the Responsible Procurement of Minerals

The DIC Group has formulated the Basic Approach to the Responsible Procurement of Minerals, recognizing the high risk of human rights violations in the procurement of these resources. In addition to the surveys described above, the Group also surveys smelters and

refineries used for minerals contained in the raw materials it procures. For more information, please see “Human Rights Due Diligence in Supply Chains” on page 97.

③ Implementation of Human Rights Due Diligence at DIC Group Companies

In fiscal year 2024, the DIC Group promoted human rights awareness at 64 sites belonging to its 13 Group companies in Japan. In tandem with self-inspections for compliance with labor laws, human rights due diligence was conducted with survey items added regarding foreign nationals, who are at high risk of human rights violations in Japan. No issues were identified as a result of this process. Human rights due diligence surveys were also conducted in the PRC and the Asia–Pacific region to ensure a firm grasp of current conditions. Going forward, the Group will continue seeking to raise the level of its human rights due diligence initiative by advancing awareness of human rights, as well as by reexamining and designating businesses with inherent human rights risks.

④ Establishment of Compliance Whistle-Blowing Hotlines and Corrective Measures

The DIC Group has created whistle-blowing hotlines for Group employees. In fiscal year 2024, 23 reports were received regarding human rights–related issues such as power harassment and discrimination. The Group has also established the Ethics Hotline for reports from external stakeholders. The Group conducts internal investigations and responds to any incidents requiring action by taking corrective or remedial measures in accordance with pertinent regulations. For more information, please see “Initiatives to Promote Compliance” in the “Compliance” section or visit DIC’s global website.)

WEB https://www.dic-global.com/en/csr/2025/philosophy/compliance.html

⑤ Contact Procedures

Procedures have been established for DIC Group suppliers, customers, local communities and other stakeholders to report human rights–related issues by telephone or via the DIC global website. The Group strives to respond swiftly to queries and complaints received. No such complaints were received in fiscal year 2024.

❸ Building Trust with the DIC Employees’ Union

DIC’s management and representatives of its employees’ union meet regularly with the goal of ensuring healthy industrial relations based on mutual trust. DIC shares management information and its vision for the future with union representatives and encourages the frank exchange of opinions. DIC Group union membership by region is as shown below.

Union Membership by Region (Percentage of Eligible Employees)

Region	Union membership (%)
Japan (DIC)	99%
PRC	100%
Asia–Pacific region	30%
Americas and Europe (Sun Chemical)	54%

6. Work–Life Balance/Occupational Health

❶ Work–Life Balance

DIC views a healthy work–life balance as essential to both self-realization and sustainable corporate growth. Accordingly, from the perspective of corporate health management,* the Company continues to expand systems intended to facilitate such a balance. Against a backdrop of growing global awareness of the concept of “human capital management,” DIC respects the diversity of its labor force and seeks to enable each individual to exercise their capabilities, recognizing its employees as important corporate assets. DIC has promoted initiatives meant to enable all employees to achieve both active and satisfying careers and a fulfilling life outside of work, in line with its belief that positive workplaces lead to higher productivity.

* An approach to employee health management that emphasizes a corporate management perspective and the implementation of strategic measures.

① Balancing the Demands of Career and Childcare

In 1986, DIC implemented a childcare leave program before such programs were legally mandated. Since establishing a program to support employees in balancing the demands of a career and childcare in 2007, the Company has deployed various systems for both regular and management-level employees, including childcare leave and pediatric nursing care leave that exceed legal requirements and a system that allows employees to limit locations to which they will accept a transfer, making it easier for individuals to refuse transfers that involve relocation because of childbirth, childcare, nursing care or other responsibilities.

② Retaining Employees with Nursing Care Responsibilities

In 2016, the Japanese government revised the Child Care and Family Care Law to make it easier for individuals to take leave or time off, as well as increasing benefits for temporary absences from work, for individuals who find themselves with nursing care responsibilities. To promote awareness and encourage use of its related leave programs, DIC has prepared the *Childcare and Nursing Care Handbook*, which is distributed to DIC Group employees across Japan. The Company has also modified the rules of these programs to make them easier to use. In April 2025, nursing care leave program application and consulting desks were established at DIC and Group companies in Japan to strengthen support for employees balancing work and nursing care.

③ Creating Flexible and Efficient Work Environments

To facilitate flexible work styles, DIC significantly expanded its flextime systems in April 2018 by making it applicable to all areas of operations, with certain exceptions such as production floors. In April 2024, the Company reviewed its core hours and shortened the minimum number of work hours per day to facilitate greater flexibility. This, plus telework, encourages the independent execution of duties and an enhanced capacity for self-management.

④ Introducing a Leave to Accompany Spouse Overseas Program

To ensure its ability to secure and retain talented human resources and enhance employees’ work–life balance, in January 2019 DIC introduced a program allowing employees to take leave to accompany spouses on overseas work assignments. This system helps employees achieve an appropriate work–life balance without having to leave their jobs.

⑤ Establishing a System to Help Employees Balance Medical Treatment and Work

In January 2020, DIC introduced a system to support employees undergoing medical treatment who wish to continue working. To guarantee this system functions effectively, the Company formulated guidelines to ensure employees making use of this system receive the ongoing support necessary to balance medical treatment and work through job-related accommodations and considerations.

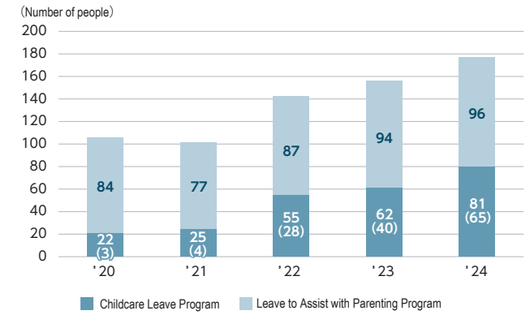
⑥ Programs that Help Employees Balance the Demands of Work and Home

Childcare Leave Program	The maximum length of leave is until the child reaches the age of 2 years and 6 months, which is six months longer than the legally mandated leave period. Male employees can also take childcare leave at the time of birth (postpartum paternity leave) together with four weeks (28 days) of paid leave under the Leave to Assist with Parenting Program during the eight weeks following their child’s birth. Employees taking childcare leave can work within certain limits if they so wish.
Paid leave programs for pregnancy and childcare	Outpatient care leave: Employees can take leave for outpatient care, including regular medical examinations and health guidance.
	Special maternity protection leave: Female employees can take up to 10 days of special leave during pregnancy or the year after giving birth to protect the health of both mother and child.
	Leave to Assist with Parenting Program: Male employees can take five consecutive days of paid leave during the eight weeks following their child’s birth to assist with parenting.
	Pediatric nursing care leave: Employees can take leave to provide nursing care for a child until the end of the child’s third year of elementary school. This includes paid leave of up to five days per fiscal year for one child, 10 days for two children or 15 days for three or more children, all beyond what is mandated by law.
Childcare While Working Program	Employees can shorten their workday by up to three hours, stagger their working hours and be excused from doing overtime until the end of a child’s third year of elementary school. Employees can also stagger their working hours to accommodate childcare schedules.
Economic support system	This system enables employees on unpaid childcare leave to borrow a portion of their bonuses in advance to pay for, among others, fertility treatment or infant care facility fees.
Return to previous (or equivalent) position	Employees returning from childcare leave must be allowed to return to their previous position or to a position equivalent thereto.
Information sharing to promote program participation	DIC’s views on support for balancing the demands of work and home, as well as a guide to its various available systems and how to make use of them, are posted on the Company’s websites and intranet. These websites also outline procedures for submitting applications and using the consulting desk for employees facing pregnancy and birth or nursing care responsibilities.
Nursing care leave system	Employees can take such leave for up to one year, exceeding the statutory maximum of 93 days. Employees may also break up leave into a maximum of six units.
Nursing Care While Working system	Employees not wishing to take leave while providing nursing care can shorten their workday by up to three hours for a maximum period of three years. Employees may also request to be excused from doing overtime without restriction.
Leave to accompany spouse overseas	Employees can take leave in the form of a temporary overseas assignment to accompany a spouse who is scheduled to be abroad for more than one year. The period of the leave must be more than one year, with a maximum length of three years. Employees may make use of this system once during their careers.
Relocation limitation system	Management-level and regular employees may limit the locations to which they will accept transfers that involve relocating because of childbirth, childcare, nursing care or other responsibilities.
System to help employees balance medical treatment and work	Employees undergoing medical treatment who wish to keep working can access necessary support in the form of job-related accommodations and considerations.
Half-day and hourly annual paid leave system	Employees may take annual paid leave in half-day units. They may also take up to five days of annual paid leave in one-hour units per fiscal year.
Saved paid leave system	Expiring annual paid leave can be saved for up to 30 days and used for a variety of purposes, including injury or illness, nursing care for a family member, care for a sick child, receiving fertility treatment, engaging in volunteer activities or participating in disaster recovery efforts.

⑦ Use of the Childcare Leave and Leave to Assist with Parenting Programs

Owing to the expansion of various programs to help employees in balancing the demands of work and home, and efforts to encourage the use thereof, the percentage of DIC employees who return to work after taking advantage of the Childcare Leave Program is currently 100%. In addition, the number of employees taking advantage of the Leave to Assist with Parenting Program and postpartum paternity leave following a child’s birth is also rising.

Number of Employees Using Childcare Leave and Leave to Assist with Parenting Programs

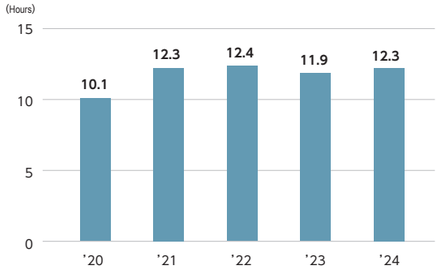


Note: Figures in parentheses are the number of male employees included in the total number of employees using the Childcare Leave Program. Figures are aggregates.

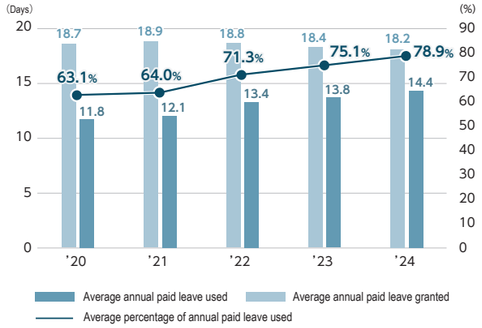
⑧ Reducing Extreme Overwork and Encouraging Employees to Take Annual Paid Leave

DIC has deployed an electronic management system that tracks employee working hours based on sign in/sign out data extracted from IC cards. To prevent extreme overwork, if an employee appears likely to exceed the overtime limit (including weekends) agreed upon by labor and management, or if their monthly overtime has exceeded 70 hours, their supervisor and the senior executive in charge are automatically notified. A report is submitted outlining the employee's work responsibilities and factors behind the excessive hours, and presenting specific measures to ameliorate the situation, which is shared with the DIC Employees' Union in a process designed to curb/reduce excessively long working hours. In addition, employees are encouraged to take annual paid leave, with sites recommending appropriate timing for leave and having employees plan dates for such leave.

Overtime Hours Worked (Monthly Average)



Use of Paid Leave (Per Employee)



❷ Corporate Health Management

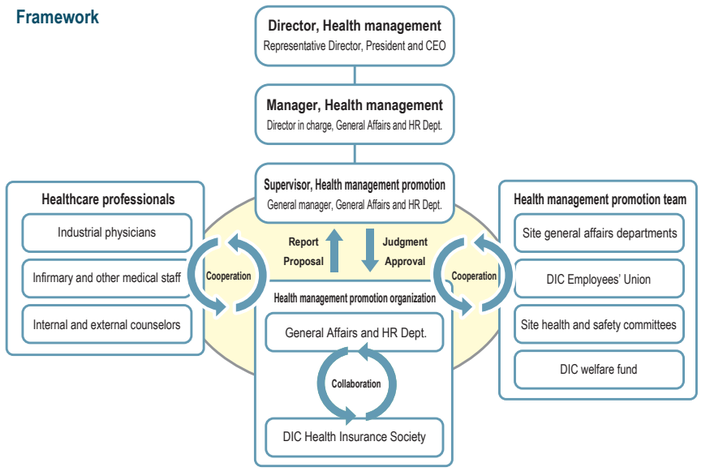
① Corporate Health Management Initiatives

In line with the president and CEO's Health Management Declaration, the DIC Group in Japan works actively to support the physical and mental health of its employees, as well as to create work environments conducive to job satisfaction. Looking ahead, the Group will continue to promote imaginative and original health management measures, recognizing that the health of its employees is essential to the realization of sustainable growth.

② Framework for Promoting Health Management

The DIC Group in Japan promotes health management through a framework based on collaboration with the DIC Health Insurance Society that is under the supervision of the president and CEO. Going forward, the Group will step up collaboration with related organizations to promote effective health management initiatives.

Framework



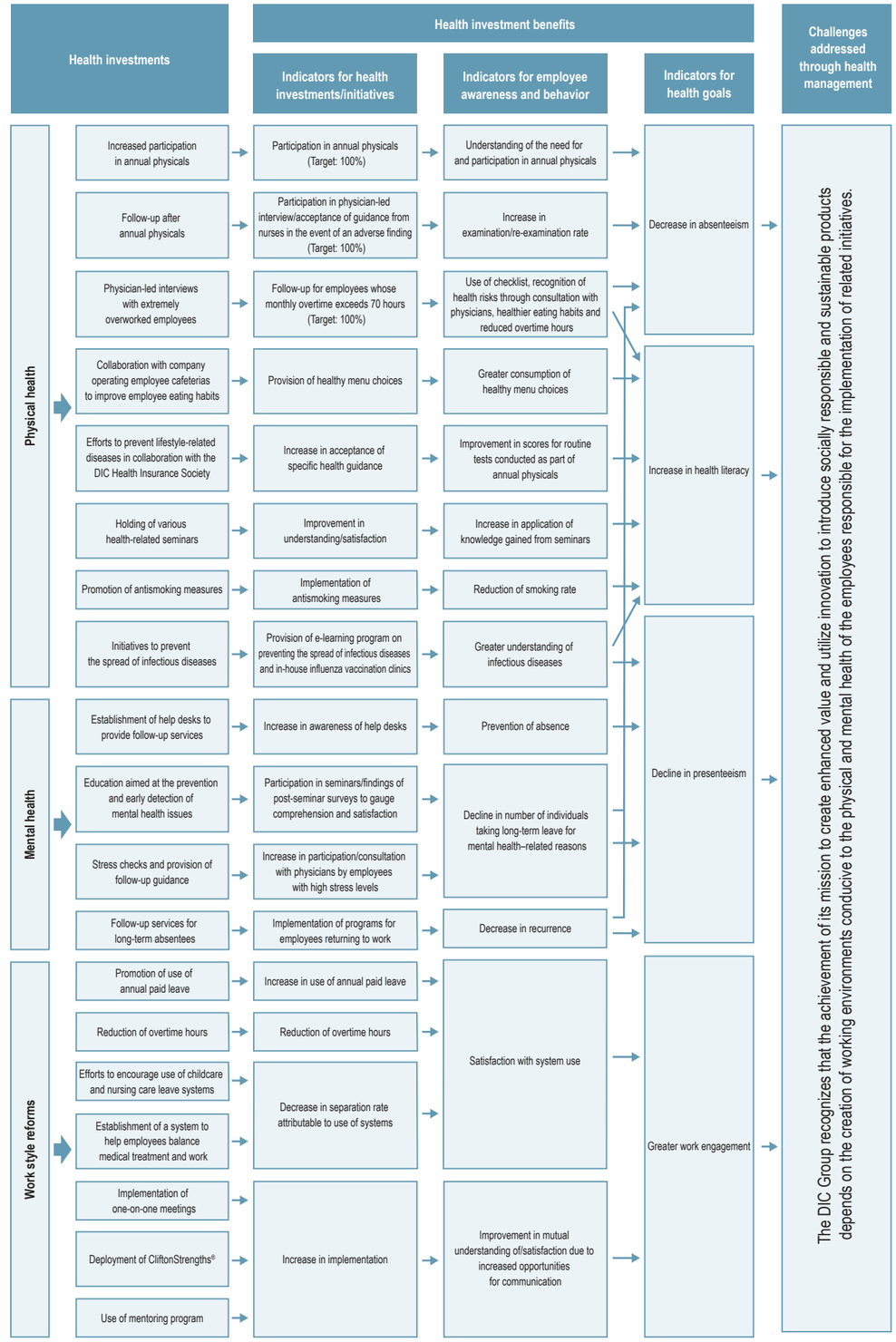
Health Management Declaration

The DIC Group recognizes that the achievement of its mission to create enhanced value and utilize innovation to introduce socially responsible and sustainable products depends on the creation of working environments conducive to the physical and mental health of the employees responsible for the implementation of related initiatives.

The DIC Group declares that it will work as one to maintain or improve the health of its employees, as well as to create a work environment conducive to job satisfaction.

Representative Director, President and CEO
DIC Corporation
Takashi Ikeda

③ Health Management Strategy Map



④ Key Health Management Initiatives

Category	No.	Initiative	Goal	Details
Physical health	1	Increased participation in annual physicals	Prevention of serious illness through early detection	Annual physicals help medical staff grasp changes in physical condition and provide appropriate guidance. Target for percentage of employees participating in annual physicals: 100% Fiscal year 2023: 100%, fiscal year 2022: 99.9%
	2	Follow-up after annual physicals	Prevention of serious illness and job separation through early detection/consultation with physicians	Based on the results of annual physicals, industrial physicians and nurses extend guidance on health maintenance, encourage further examination in the event of adverse findings and provide directions on the prevention of lifestyle-related diseases. Target for percentage of employees undergoing thorough examinations: 100% Fiscal year 2023: 74.9%, fiscal year 2022: 68.7% (Note: Certain calculation methods were adjusted in fiscal year 2022)
	3	Support for employees returning after taking leave due to illness	Prevention of prolongation, recurrence and job separation	Attending physician, industrial physicians, nurses, workplace colleagues and HR staff work together to support a smooth return to work for employees from leave. Target for percentage of employees taking leave again: 0% Fiscal year 2023: 3.6%, fiscal year 2022: 4.8%
	4	Physician-led interviews with extremely overworked employees	Reduction of overwork and management of health risks	Efforts are ongoing to prevent the onset of brain and heart disorders by implementing more stringent management of employee working hours than is called for in standards governing long working hours set forth in Japan's Industrial Safety and Health Act, namely, by setting the threshold for overtime to be considered overwork at 70 hours/month, and by encouraging early consultation with physicians. (Percentage of employee overtime exceeding 80 hours /month) Fiscal year 2023: 0%, fiscal year 2022: 0%
	5	Collaboration with company operating employee cafeterias to improve employee eating habits	Prevention of lifestyle-related diseases (including for family members)	Active efforts are made to support employee health by offering healthy menu choices and providing dietary education, including information on improving eating habits. (Percentage of employees with HbA1c levels above 5.6%: Target below 20%) Fiscal year 2023: 19.4%, fiscal year 2022: 21.5%
	6	Efforts to prevent lifestyle-related diseases in collaboration with the DIC Health Insurance Society	Awareness of health risks and prevention of serious illness	Based on the results of annual employee physicals, the DIC Health Insurance Society and DIC collaborate to make recommendations to those requiring guidance.
	7	Holding of various health-related seminars	Improvement of productivity through the maintenance and improvement of health	Efforts focus on promoting employees' health awareness, including for their families, through the organization of seminars on common health issues, webcasts of past seminars, as well as on women's health management. (Percentage of employees participating) Fiscal year 2023: Up 9% from fiscal year 2022 (average rate of satisfaction: 87.4%)
	8	Staging of various events	Stimulation of communication; improvement of productivity through the maintenance and improvement of health	Various events are staged to promote health maintenance and improvement, including sports tournaments, vascular age measurement events, walks and family site tours.
	9	Efforts to encourage regular exercise	Improvement of productivity through the maintenance and improvement of health; prevention of injuries	Various activities are encouraged, including radio calisthenics, exercises to reduce lower back pain and stretching exercises, before starting work and during the day. Fiscal year 2023: 70%, fiscal year 2022: 70.8%
	10	Promotion of antismoking measures	Prevention of damage to health and loss of productivity attributable to smoking	Antismoking measures seek to prevent exposure to secondhand smoke, promote awareness of the risks of smoking and support employee efforts to quit smoking with the goal of reducing the percentage of employees who are smokers. Target for percentage of employees who are smokers: 12% Fiscal year 2023: 20.7%, fiscal year 2022: 21.5%
	11	Initiatives to prevent the spread of infectious diseases	Improvement of productivity through realization of comfortable work environments; prevention of mental health issues	Efforts are ongoing to prevent the spread of infectious diseases, including the implementation of mass influenza vaccination clinics and the provision of a related e-learning program.
	12	Dissemination of health-related information through health-focused newsletter	Improvement of productivity through realization of comfortable work environments; prevention of mental health issues	Nursing staff from DIC's Healthcare Office and infirmary issue health-related newsletters and work to disseminate health management information that reflects the unique characteristics of each site.
Mental health	13	Education aimed at the prevention and early detection of mental health issues	Helping ensure the happiness of employees and their families; improvement of productivity through the maintenance and improvement of health	Industrial physicians actively conduct rank-specific and self-care training designed to prevent and swiftly detect mental health issues. Target for percentage of employees taking leave: Below 0.5% Fiscal year 2023: 1.1%, fiscal year 2022: 1.0%
	14	Stress checks and provision of follow-up guidance	Improvement of productivity through realization of comfortable work environments; prevention of mental health issues	Stress checks are conducted even at Group companies not legally required to do so. Following checks, individuals discovered to have a high level of stress meet with doctors and where appropriate participate in training provided by industrial physicians specializing in mental health, among others. Target for percentage of employees undergoing stress checks: 95% or higher Fiscal year 2023: 97.2%, fiscal year 2022: 95.8% Target for percentage of employees with high stress levels: 10% or lower Fiscal year 2023: 11.7%, fiscal year 2022: 12.3%
Work style reforms	15	Promotion of use of annual paid leave	Improvement of productivity through realization of comfortable work environments; prevention of mental health issues	Efforts are ongoing to create an environment that makes it easy for employees to take paid leave, and include recommending appropriate timing for leave and having employees plan leave dates. (Average number of days of annual leave taken/employee) Fiscal year 2023: 13.8, fiscal year 2022: 13.4
	16	Creation of work environments that enable employees to choose flexible working styles	Reduction of mental and physical stress and improvement of productivity	Flexible and efficient working styles leveraging flextime and telework were promoted to curb overtime work. (Average monthly hours of overtime/employee) Fiscal year 2023: 12, fiscal year 2022: 12.4
	17	Efforts to encourage use of childcare and nursing care leave systems	Prevention of job separation because of childcare or nursing care responsibilities	Use of leave systems is being promoted by a job satisfaction improvement working group as part of the Companywide WSR 2020 project.
	18	Establishment of a system to help employees balance medical treatment and work	Prevention of job separation because of medical treatment	A system has been established to support employees undergoing medical treatment who wish to continue working, along with guidelines for use of the system. Dedicated help desks have been set up at sites to provide individual consultations.
	19	Implementation of surveys to facilitate management of indicators	Improvement of employee contentment and productivity through the greater opportunities for communication and job satisfaction	Surveys are conducted regularly at DIC Group companies in Japan to facilitate management of employee engagement and other indicators. (Engagement) Essentially level with fiscal year 2023 (Presenteeism) Down 11.5 points from fiscal year 2022 (measured using the University of Tokyo's Single Item Presenteeism Question method)
Other	20	Establishment of help desks to provide follow-up services	Improvement of productivity through realization of comfortable work environments	Permanent internal and external help desks have been set up that enable employees to report or seek advice on mental health, harassment or other issues and actively follow up on reported matters.

* Absenteeism is managed using the absence rate as an indicator.

⑤ Mental Health Management Initiatives

The DIC Group in Japan takes steps to create work environments in which employees feel physically and mentally supported. A particular priority is placed on caring for psychological and emotional well-being and the Group has established a comprehensive mental health program, highlights of which include engaging an in-house occupational psychologist, promoting initiatives aimed at warding off mental health problems and extending support to ensure a smooth return to work for employees taking leave. In particular, access to counseling provided by an occupational psychologist has had a considerably positive impact in terms of ensuring employees get treatment and are able to return to work as quickly as possible.

The Group has also offered voluntary stress checks since fiscal year 2013, well before the passage of related legislation in Japan in 2016, as part of an active effort to help prevent mental health disorders. Participation in stress checks is high most years. Based on an analysis of findings, the Group also provides follow-up—including offering self-care training and line care training for supervisors led by a physician specializing in mental health and encouraging individual department heads to speak with industrial physicians—with the objective of making concrete improvements to work environments. The Group will continue to focus on such initiatives going forward.

Mental Health Initiatives

- Guidance from an occupational psychologist
- Internal and external help desks
- Line care training* for newly appointed supervisors
- Mental health self-checks as part of training for new employees
- Creation of new online version of the *Kokoro no Kenko* ("Psychological Health") self-check handbook
- Flexible process to support employees returning to work after taking leave

* Line care training: Training for supervisors to help them recognize promptly when an employee is unwell and respond appropriately by, for example, recommending guidance or counseling or making workplace improvements.

Kokoro no Kenko
self-check handbook

TOPIC | DIC Earns White 500 Certification for the Eighth Consecutive Year

DIC and DIC Graphics once again earned certification in the large enterprise category of the 2025 Health & Productivity Outstanding Entities Recognition Program (dubbed the "White 500"), which is organized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.* This is the eighth consecutive year the companies have been certified under this program, which seeks to shine a spotlight on outstanding enterprises working to advance health and productivity management, creating an environment that ensures such enterprises gain enhanced public recognition—i.e., from employees, related companies and financial institutions—as organizations that approach employee health and productivity from a management perspective and promote strategic initiatives.

DIC and DIC Graphics once again greatly exceeded the industry average for all four criteria used: "Management philosophy," "organized framework," "systems and implementation of measures" and "evaluation and improvement." Specifically, the companies earned high praise for its efforts to create a foundation for effective health management by encouraging work–life balance, including empowering workplaces by strengthening communication and holding information sessions and seminars to encourage better understanding of its childcare and nursing care programs. The companies were also recognized for their efforts to identify health issues by analyzing existing conditions, implementing key measures and making necessary improvements.

* Nippon Kenko Kaigi ("Japan Health Council") is an organization that liaises with private companies, with the full backing of the government, to put effective measures in place to prolong the healthy life expectancy of citizens and to ensure sound medical services in Japan.

⑥ Initiatives to Support Employee Health

DIC analyzes the results of employees' annual physicals and provides assistance to employees for whom lifestyle improvements have been recommended by providing introductions to hospitals and clinics, and individual guidance on lifestyle improvements. With the aim of promoting healthy eating, the employee cafeteria at DIC's corporate headquarters in Tokyo offers a heathy cafeteria menu dubbed "DIC Irodori Care+" ("DIC Colorful Care Plus"). DIC's General Affairs and HR Department, the Healthcare Office and the company responsible for the operation of the cafeteria collaborated to develop this menu based on the health needs of employees. The Company also devised innovative ways of presentation, including producing distinctive signage that encourages recognition and names that clearly communicate the health benefits of menu selections, such as reduced calories or low cholesterol. DIC Irodori Care+ also makes use of familiar meal components like *kobachi* (small bowl) side dishes transformed into a nutrient-packed "Supplement Bowl" to promote greater awareness of food's role in improving overall health.

DIC will continue implementing measures to help ensure the physical and mental health of its employees as part of its commitment to creating work environments that empower them to fully realize their potential.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

DIC Irodori Care+

Healthy cafeteria menu selection

Sustainable Procurement

Promoting Socially Responsible Procurement Across Supply Chains

SDGs Goal 12

Goals and Achievements of Major Initiatives

Evaluations are based on self-evaluations of current progress. Key: ★★★ = Excellent; ★★ = Satisfactory; ★ = Still needs work

Objective of initiatives	Goals for fiscal year 2024	Achievements in fiscal year 2024	Evaluation	Goals for fiscal year 2025
Promote sustainable procurement.	Advance initiatives aimed at expanding sustainable procurement over the medium to long term, including evaluating the CO_2 emissions reduction targets and promoting awareness of the need for improvements, assessing CO_2 emissions associated with raw materials, and searching for bioderived and recycled raw materials.	• Continuing on from fiscal year 2023, efforts to grasp the current situation by conducting surveys of CO_2 emissions data associated with key raw materials (carbon footprint) proceeded. (Japan, and the Americas and Europe) • Evaluations and efforts to raise awareness regarding suppliers' CO_2 emissions reduction targets were expanded to include major suppliers in the PRC and the Asia–Pacific region. • Research focused on searching for and confirming sources of bioderived raw materials for specific industries and applications, as well as on providing support for the development of biobased products by individual divisions and DIC Group companies.	★★	Advance initiatives aimed at expanding sustainable procurement over the medium to long term, including promoting suppliers' awareness of the importance of reducing CO_2 emissions and collecting data on CO_2 emissions associated with key raw materials. Take steps to ensure sustainable procurement over the medium to long term, including promoting the use of bioderived raw materials and recycled materials, including bioderived raw materials for which the mass balance approach has been adopted and chemically recycled raw materials.
	Continue conducting sustainability assessments of suppliers in Japan and Sun Chemical suppliers using the EcoVadis platform or another tool and promote related efforts across the DIC Group by expanding the scope of this initiative to include Greater China and the Asia–Pacific region.	• The scope of sustainability assessments of suppliers in Japan, Europe and the United States using the EcoVadis platform or another tool, were expanded to include suppliers in the PRC and the Asia–Pacific region. • A system was developed to raise poorly rated suppliers' awareness of the need for improvements that included follow-up in the form of supplier-specific interviews in Japan and the United States.	★★★	Continue conducting sustainability assessments of suppliers worldwide using the EcoVadis platform or another tool and promote related efforts across the DIC Group by expanding the scope of this initiative to include the PRC and the Asia–Pacific region.
	–	–	–	Advance human rights due diligence across the supply chain using the EcoVadis platform or another tool. Promote respect for human rights internally and among business partners and implement a system for terminating use of raw materials the sourcing of which may involve human rights violations.

Basic Approach to Sustainable Procurement

Having recognized the increasing importance of addressing issues essential to sustainable procurement, including compliance with laws and social norms, consideration for the environment and respect for human rights, the DIC Group formulated the DIC Group Universal Purchasing Policy and continues to advance related initiatives on a global scale. Based on this policy, the Group also established the DIC Group Sustainable Procurement Guidelines, which clarifies its expectations of suppliers, and advances sustainable procurement across its supply chains by ensuring assessments are conducted to ascertain the status of suppliers' sustainability and by encouraging awareness-raising efforts.

For more information, please visit https://www.dic-global.com/en/csr/stakeholder/partner.html

The DIC Group Universal Purchasing Policy

❶ **Fair and transparent business practices**
The DIC Group will implement fair and open purchasing activities with suppliers based on global perspectives, without the constraints of conventional commercial customs.

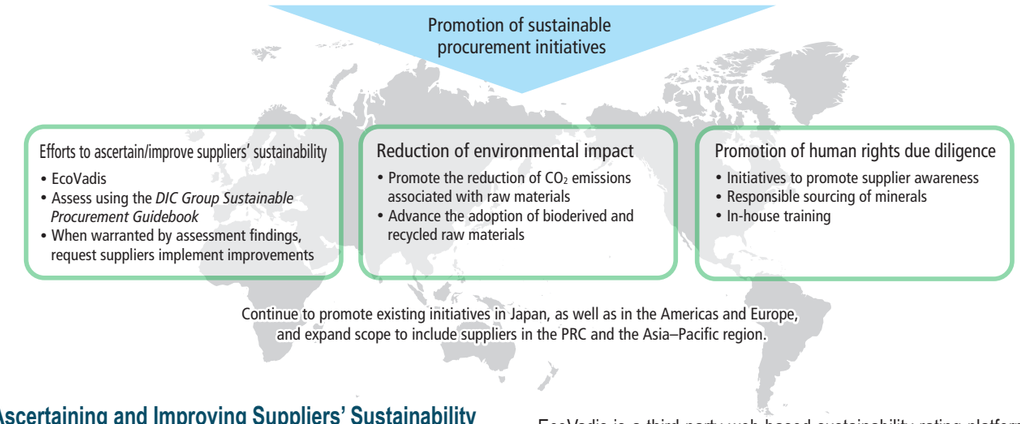
❷ **An appropriate purchasing process and the building of relationships of mutual trust**
The DIC Group, as a good partner for suppliers, will build long-lasting, mutually trusted relationships with suppliers and work together with them for mutual harmony and benefit, while complying with relevant regulations/social norms, domestic and overseas, and pursuing adequate quality and prices.

❸ **Satisfying environmental/safety needs**
The DIC Group will take responsibility as an exemplary corporate citizen for environmental affairs, occupational safety, human health and product quality, always take into account changes in society and implement environment-friendly purchasing activities.

❹ **Challenge the creation of new value**
In order to respond at a high level to a new value sought by society, the DIC Group will proactively challenge the creation of such value together with suppliers, with whom the same goal can be shared, and strive to grow together with them in a sustainable manner.

The DIC Group Sustainable Procurement Guidelines

❶ Compliance with laws/social norms
❷ Human rights and work environments
❸ Safety and health
❹ Consideration for the environment
❺ Information security
❻ Appropriate quality and safety and technological improvements
❼ Stable supplies and flexible responses to change
❽ Promotion of sustainability and sustainable procurement initiatives



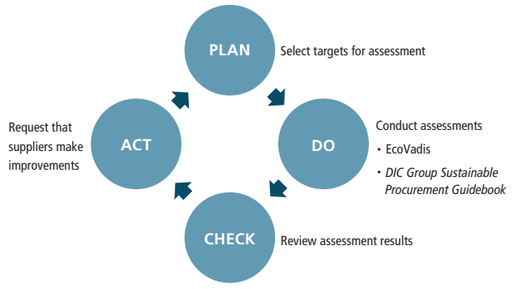
Ascertaining and Improving Suppliers' Sustainability

The DIC Group uses EcoVadis and the *DIC Group Sustainable Procurement Guidebook*, capitalizing on the distinctive features of each, to assess the sustainability of its suppliers and encourage related efforts. As of the end of fiscal year 2024, the Group had completed assessments using one or the other for suppliers accounting for 78% of its procurement spending and made recommendations for improvements as necessary based on the results thereof. In addition, the Group regularly applies the PDCA cycle to evaluate the implementation of improvements, thereby helping bolster sustainability across its supply chains.

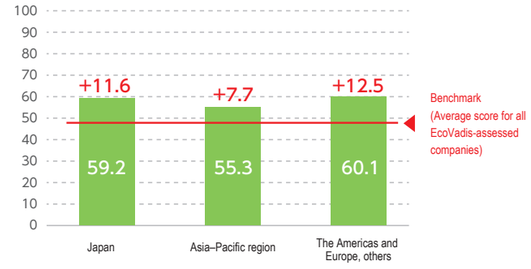
EcoVadis is a third-party web-based sustainability rating platform that assesses the sustainability of companies. EcoVadis experts conduct evidence-based analysis of supplier information collected, facilitating the provision of objective and highly reliable assessments. In fiscal year 2023, the DIC Group transitioned to deploying this platform across the global DIC Group, with results shared with suppliers to further enhance their sustainability. At present, the average EcoVadis score for suppliers in each of our geographic operating regions is higher than the average score for all EcoVadis-assessed companies. The Group has also introduced EcoVadis IQ Plus, a supplier risk assessment tool, which it is using to screen out high-risk suppliers.

○ EcoVadis

Use of the PDCA Cycle in Assessing Suppliers' Sustainability



Average EcoVadis Score for Suppliers in Each of the DIC Group's Geographic Operating Regions



◯ *DIC Group Sustainable Procurement Guidebook**

The *DIC Group Sustainable Procurement Guidebook* is used to encourage awareness of the Group's expectations of suppliers, which are outlined in the DIC Group Sustainable Procurement Guidelines, and includes a self-evaluation sheet to ascertain the status of suppliers' sustainability efforts. In addition to providing feedback to suppliers on assessment results, the Group follows up as required with on-site inquiries or other measures to help suppliers improve their sustainability. The guidebook also includes the DIC Group Green Procurement Guidelines, which oblige suppliers to ensure the stringent management of chemical substances and compliance with pertinent laws and regulations, as well as to promote the reduction of environmental impact. The Group also uses the self-evaluation sheet as necessary to ascertain the status of suppliers' efforts to comply with these guidelines and follows up as necessary.

* WEB https://www.dic-global.com/pdf/about/purchase/dic_sc_csr_en.pdf

◯ Global Sustainable Procurement Efforts

• Japan

In fiscal year 2024, the DIC Group collected evaluations from suppliers accounting for more than 90% of its domestic procurement spending using EcoVadis and the *DIC Group Sustainable Procurement Guidebook*. In instances where the supplier surveyed is a trading company, an additional survey was conducted for the actual producer. Feedback was provided to all responding suppliers and producers and follow-up, in the form of a direct interview, was provided to encourage remedial measures for suppliers who fall short of the minimum standard. (In fiscal year 2024, such interviews were launched for six suppliers.) To date, on-site inquiries have been conducted for a total of 102 companies.

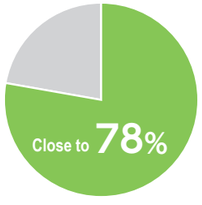
• PRC and the Asia–Pacific region

In the period under review, the DIC Group commenced full-scale surveys of principal suppliers in the PRC and the Asia–Pacific region using EcoVadis and the *DIC Group Sustainable Procurement Guidebook*. In fiscal year 2025, the Group plans to continue conducting these surveys, as well as to begin providing feedback based on survey results to promote remedial measures.

• The Americas and Europe

In the Americas and Europe, EcoVadis has been used by Sun Chemical to assess the sustainability of and encourage initiatives by its suppliers since fiscal year 2020. The company has completed assessments of suppliers accounting for more than 80% of its procurement spending and will continue working to expand implementation. Looking ahead, the company also intends to deploy the screening function of EcoVadis IQ Plus to conduct risk assessments for a broader range of suppliers.

Suppliers for Which Surveys Have Been Conducted as a Percentage of Total Raw Materials Procurement Spending (Global)*



* Suppliers surveyed using EcoVadis or the *DIC Group Sustainable Procurement Guidebook*

■ Human Rights Due Diligence in Supply Chains

Recognizing the importance of respect for human rights in supply chains, the DIC Group works with its suppliers to promote initiatives across its own supply chains.

◯ Initiatives Targeting Suppliers

In accordance with the *DIC Group Sustainable Procurement Guidebook*, the Group compels its suppliers to respect the human rights of their employees by, among others, providing equal opportunities, prohibiting forced labor, preventing harassment, paying appropriate wages, appropriately managing working hours, ensuring freedom of association and guaranteeing the right to engage in collective bargaining. Having grasped the status of suppliers' efforts through sustainability assessments, described above, the Group also encourages awareness of the need for improvement.

◯ Preventing the Procurement of Materials for Which There Are Human Rights Concerns

In Japan, the DIC Group provides training for purchasing and technical department employees on the importance of respect for human rights in the supply chain. The Group has also set up checkpoints to identify any concerns regarding human rights violations for raw materials used beginning at the product development stage.

◯ Responsible Procurement of Minerals

The DIC Group has formulated the Basic Approach to the Responsible Procurement of Minerals and conducts surveys to ensure its ability to procure these critical resources in a responsible manner.

Basic Approach to the Responsible Procurement of Minerals

To avoid any complicity in the funding of armed groups, or in child labor or other human rights abuses, in areas of conflict—including the Democratic Republic of Congo and its neighboring countries—or high-risk areas,* the DIC Group surveys suppliers of minerals such as tin, tantalum, tungsten and gold to ensure the responsible procurement thereof across its entire supply chain. Should it discover the use of minerals mined in conditions of conflict or as a result of human rights abuses, the Group will take immediate corrective actions.

* The EU Conflict Minerals initiative defines high-risk areas as areas in a state of armed conflict or a fragile post-conflict state, as well as areas witnessing weak or non-existent governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.

The DIC Group ascertains the status of suppliers' efforts to ensure the responsible procurement of minerals using EcoVadis and the *DIC Group Sustainable Procurement Guidebook*. The Group also surveys smelters using the conflict minerals reporting template (CMRT) and the extended minerals reporting template (EMRT)* to evaluate minerals contained in procured raw materials. To date, surveys using the CMRT have been secured regarding more than 90% of the raw materials the Group currently procures in Japan. Surveys using the EMRT have also been conducted for major raw materials containing target minerals. The Group will continue to expand and update its surveys in the future, as well as to respond—to the extent possible—for requests for disclosure from customers and other stakeholders.

In addition, Sun Chemical is a founding member of the Responsible Mica Initiative, which seeks to eradicate child labor and unacceptable working conditions in India's mica supply chain, and is working to improve the soundness of that country's mica mining industry.

* The CMRT and EMRT are standardized reporting templates developed by the Responsible Minerals Initiative (RMI) to survey smelters and refineries used for minerals contained in raw materials, with the CMRT targeting tin, tantalum, tungsten and gold and the EMRT targeting cobalt and mica.

■ Initiatives to Reduce the Environmental Impact of Raw Materials

The DIC Group promotes initiatives aimed at reducing the impact of procurement of raw materials from a medium- to long-term perspective.

◯ Reducing CO_2 Emissions Associated with Raw Materials

The DIC Group seeks to work with its suppliers to encourage the reduction of CO_2 emissions associated with purchased raw materials with the goal of lowering climate change risk and achieving Science Based Targets initiative (SBTi) certification of its target for lowering Scope 3 remissions. To this end, the Group has confirmed the status of efforts to set medium- to long-term CO_2 emissions reduction targets by suppliers accounting for approximately 90% of its procurement spending in Japan, and has been publicizing and raising awareness of these efforts.

In response to social imperatives and the expectations of its customers, the DIC Group surveys CO_2 emissions associated with raw materials to calculate the carbon footprint of its products, that is, total CO_2 emitted over its products' life cycles. The Group will continue to keep abreast of industry trends, as well as to conduct surveys with the objective of accurately calculating and helping reduce its products' carbon footprint.

◯ Promoting the Use of Bioderived and Recycled Raw Materials

With the aim of reducing its environmental impact, the DIC Group actively promotes the procurement of plant-derived raw materials, bioderived raw materials for which the mass balance approach has been adopted, and chemically recycled materials. This includes using the Group's global supply chain to conduct raw material surveys and sharing survey results with technical groups to encourage product design reviews.

■ Ensuring Legal and Regulatory Compliance with and Safety Management in Raw Materials Procurement

The DIC Group conducts advance assessments of new raw materials to confirm that there are no issues regarding legal or regulatory compliance, safety or other issues related to the sustainable procurement of raw materials. In Japan, for example, the Group mandates the submission of a DIC Raw Materials Survey,*1 a safety data sheet (SDS), chemSHERPA*2 and the CMRT.

*1 A DIC Raw Materials Survey is a questionnaire the aim of which is to confirm basic information on the constituents of raw materials and their compliance with pertinent laws and regulations.

*2 An acronym for "chemical information sharing and exchange under reporting partnership in supply chain," chemSHERPA is a scheme developed in Japan for the transfer of information on raw materials across supply chains.

■ Internal Configuration and Employee Training

◯ Internal Configuration

A dedicated team has been established within DIC's Purchasing Department that is responsible for sustainability in the DIC Group's supply chains and has devoloped KPIs to track the progress of related efforts. DIC Group global meetings and other initiatives are used to promote the sharing of information among different regions regarding region-specific initiatives, underscoring the Group's robust commitment to advancing sustainable procurement. Thanks to these efforts, in fiscal year 2024 the Group as a whole scored an outstanding 80 points in the "Sustainable Procurement" category of the EcoVadis assessment.

◯ Employee Training

To promote understanding across the DIC Group, training on sustainable procurement is provided to individuals involved in purchasing at point of hire, when joining a Group company and otherwise as appropriate. This training is provided to all employees in DIC's Purchasing Department. The Group also provides relevant training, including an e-learning program on respect for human rights in the supply chain, to employees Groupwide.

Corporate Governance

Basic Approach to Corporate Governance

The DIC Group defines corporate governance as a mechanism to ensure effective decision making pertaining to its management policy of achieving sustainable corporate growth and expansion through sound and efficient management, while at the same time guaranteeing the appropriate monitoring and assessment of and motivation for management's execution of business activities. With the aim of achieving a higher level of trust with its shareholders, customers and other stakeholders and enhancing corporate value, the Group also promotes ongoing measures to reinforce its management system and ensure effective monitoring thereof.

Policy on Corporate Governance

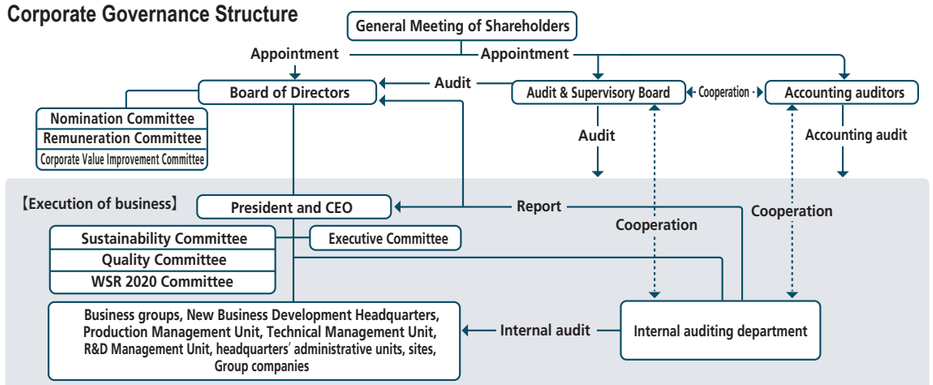
DIC has prepared a Policy on Corporate Governance and published the policy on its global website.

https://www.dic-global.com/pdf/ir/management/governance/governance_en.pdf

Corporate Governance Organization

As a company with Audit & Supervisory Board members, the Company has a Board of Directors and an Audit & Supervisory Board. The Company has also instituted an executive officer system and has established the Nomination Committee, Remuneration Committee, Corporate Value Improvement Committee, Executive Committee, Sustainability Committee, Quality Committee and WSR 2020 Committee.

Corporate Governance Structure



❶ Board of Directors

From the perspective of making business decisions in a timely manner and reinforcing corporate governance, the Board of Directors consists of nine directors, four of whom are independent outside directors (two of whom are female, including one who is a foreign national). The Board of Directors typically meets once a month to make decisions on matters delegated to it under the Companies Act of Japan and on important business matters stated in the regulations for meetings of the Board of Directors, as well as to receive status reports on the execution of business operations and supervise the execution of business.

❷ Nomination Committee

To ensure objectivity in the nomination of directors, Audit & Supervisory Board members and executive officers, among others, the Nomination Committee was established to provide recommendations to the Board of Directors regarding the appointment and dismissal of directors, Audit & Supervisory Board members and executive officers. The committee meets as necessary and consists of six directors, four of whom are independent outside directors, with an independent outside director serving as chair.

❸ Remuneration Committee

To ensure objectivity in the determination of remuneration for directors and executive officers, the Remuneration Committee was established and has been entrusted with responsibility for determining remuneration, among others, for directors and executive officers. The committee meets as necessary and consists of six directors, four of whom are independent outside directors, with an independent outside director serving as chair.

❹ Corporate Value Improvement Committee

The Corporate Value Improvement Committee was established in April 2024 to explore the role of companies in society from a high-level, broad viewpoint and advise the Board of Directors from a third-party perspective regarding the improvement of corporate value over the long term. The committee consists of four independent outside directors and depending on the theme invites external experts to serve as advisors.

❺ Executive Committee

The Executive Committee was established as a body to advise on important matters related to the execution of the DIC Group's business. The committee meets twice monthly in principle and consists of executive officers and others designated by the Board of Directors from among the president and CEO, the executive vice president, the heads of the units, and the general managers of the management units and product divisions. As part of the auditing process, one Audit & Supervisory Board member also attends Executive Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

❻ Sustainability Committee

The Sustainability Committee, which functions as an advisory body, meets several times annually to formulate sustainability policies and activity plans, as well as to evaluate and promote sustainability initiatives. In fiscal year 2024, the committee met four times. The committee consists of executive officers and others designated by the Board of Directors from among the president and CEO, the executive vice president, the heads of the units, the general managers of the management units and product divisions, and the managing directors of regional headquarters. As part of the auditing process, one Audit & Supervisory Board member also attends Sustainability Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

❼ Quality Committee

In addition to reporting on the status and progress of quality management, the Quality Committee functions as a deliberative body for the DIC Group's quality policy, principal initiatives and important issues. In principle, the committee meets once quarterly and consists of executive officers and others designated by the Board of Directors from among the president and CEO, the executive vice president, the heads of the units, and the general managers of the management units and product divisions. As part of the auditing process, one Audit & Supervisory Board member also attends Quality Committee meetings. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

❽ WSR 2020 Committee

The WSR 2020 Committee was established to deliberate work style reform–related measures and investment plans, among others, with the aim of enhancing Group employee job satisfaction and productivity. In principle, the committee meets once quarterly and consists of executive officers and others designated by the Board of Directors from among the President and CEO, the executive vice president, the heads of the units, and the general managers of the management units and product divisions. Details of deliberations at meetings and the results thereof are reported to the Board of Directors.

❾ Audit & Supervisory Board

The Audit & Supervisory Board comprises four members, including two who are outside (one of whom is female). In principle, the Audit & Supervisory Board meets once monthly. Board activities include debating and determining auditing policies and auditing plans. Members also report on the results of audits conducted, as well as attend important meetings, including those of the Board of Directors, Executive Committee and Sustainability Committee, meet with representative directors on a periodic basis to exchange information and opinions, and collect business reports from directors, executive officers and employees. In addition, the Company has established an Audit & Supervisory Board Members' Office, to which it assigns dedicated personnel to assist the Audit & Supervisory Board members in their duties.

All four Audit & Supervisory Board members have extensive experience and expertise in finance and accounting. Full-time Audit & Supervisory Board member Hiroyuki Ninomiya oversaw finance and accounting at the Company and Group companies for many years and previously served as general manager of the Accounting Department and Head of the Finance and Accounting Unit. Full-time Audit & Supervisory Board member Toshinobu Kitamura was in charge of finance and accounting for the Company and Group companies and served as deputy general manager and CFO of DIC (China). Outside Audit & Supervisory Board member Keita Nagura provides tax accounting services pursuant to Article 51 of the Certified Public Tax Accountant Act and as an attorney has broad experience in the field of corporate law. Outside Audit & Supervisory Board member Keiko Kishigami is a certified public accountant with extensive experience in corporate auditing.

❿ Internal Auditing Department

The internal auditing department comprises dedicated employees covering the Group's geographic operating regions (Japan; the Asia–Pacific region and Oceania; Greater China; and the Americas, Europe, the Middle East and Africa). This department formulates annual audit plans based on quantitative and qualitative risk assessments, which are finalized with approval by the Executive Committee and are reported to the Audit & Supervisory Board, from which it receives instructions on key audit scopes and conducting internal audits, including monitoring the effectiveness of internal controls.

⓫ Accounting Auditors

The Company has engaged Deloitte Touche Tohmatsu LLC as its independent auditors. The Company strives to ensure an environment that facilitates the accurate disclosure of information and fair auditing. The Audit & Supervisory Board members, accounting auditors and internal auditing department conduct audits from their respective independent positions, but also liaise periodically to facilitate close cooperation, thereby ensuring the effectiveness of audits.

Meeting Data

Number of and attendance at meetings of the Board of Directors, Nomination Committee, Remuneration Committee and Corporate Value Improvement Committee in fiscal year 2024
Board of Directors: Number of meetings: 14; attendance: 100% at all but one meeting, which was attended by 13 individuals
Nomination Committee: Number of meetings: 5; attendance: 100%
Remuneration Committee: Number of meetings: 4; attendance: 100%
Corporate Value Improvement Committee: Number of meetings: 8; attendance: 100% at all but one meeting, which was attended by 3 individuals

Rationale Behind the Current Corporate Governance System

DIC has instituted an executive officer system, a move aimed at separating decision making and implementation and thereby accelerating business execution and clarifying responsibilities. The Company has appointed four highly independent outside individuals to its Board of Directors to reinforce its monitoring of business execution. The Company also has the Nomination Committee, Remuneration Committee and Corporate Value Improvement Committee, which include four independent outside directors, to ensure objectivity in the nomination of, and in determining remuneration for, directors and executive officers, as well as in measures to bolster corporate value. Four Audit & Supervisory Board members, which include one attorney and one certified public accountant as outside members, conduct audits in liaison with the accounting auditor and the internal auditing department. This structure ensures the effective functioning of the Company's corporate governance system.

System of Internal Controls

❶ Establishment and Operation of a System of Internal Controls and a Framework for Risk Management

In striving to conduct its operations in accordance with The DIC Way, the DIC Group has prepared and operates a system of internal controls based on the Companies Act of Japan to ensure the appropriateness of its operations.

(1) The Company shall work to set forth the DIC Group Code of Business Conduct as the standard regarding compliance, which directors and employees should comply with, and to disseminate it.

(2) The Company shall, as part of its compliance activities, establish an internal notification system as a channel available for the employees of the DIC Group and set up multiple notification channels independent from channels used in the execution of business, thereby creating a structure that can quickly respond to domestic and international notifications.
(3) In order to ensure the duties of directors are performed properly and efficiently within the DIC Group, the Company shall establish regulations regarding company organization and authority.
(4) The Company shall formulate long-term management plans and annual budgets based on management policies and management strategies of the DIC Group and, through dissemination of the same, ensure common goals are shared within the Group. The Company shall make progress reports to the Board of Directors.
(5) Information pertaining to the performance of duties by directors shall be recorded, retained and managed appropriately in accordance with the regulations for document management. The Company shall establish regulations for systems of information management and shall prepare a system for preventing leakage of confidential information of the DIC Group.
(6) The Company shall formulate a risk management policy and shall identify, assess, prioritize and address any risks that may have a significant impact on the management of the DIC Group.
(7) The Company shall determine an administrative department for each subsidiary from the standpoints of business execution and management and shall supervise business affairs by dispatching a director to each subsidiary.
(8) The Company shall clarify important matters, including those pertaining to subsidiaries, that must be approved by or reported to the Company.

❷ Basic Policy toward Eliminating Demands by Antisocial Elements

This basic policy, which is outlined in the DIC Group Code of Business Conduct, is to stand firmly against antisocial elements and in no way to acquiesce to demands presented by such elements. The General Affairs and HR Department is responsible for coordinating efforts to respond to extortion or other demands presented by antisocial elements, while individuals have been put in charge of efforts at each site and within each Group company. These individuals work in close collaboration with legal counsel and the police, among others, to ensure the Company's responses are resolute. The Company has also prepared and distributed a manual on appropriate responses to such demands with the aim of raising awareness among employees.

■ Outside Directors and Outside Audit & Supervisory Board Members

❶ Number and Role of Outside Directors and Outside Audit & Supervisory Board Members

The Company currently has four outside directors and two outside Audit & Supervisory Board members. As well as attending meetings of the Board of Directors, the four outside directors—who have extensive experience in corporate management—serve as members of the Nomination Committee, Remuneration Committee and Corporate Value Improvement Committee, enabling them to provide supervision with an independent point of view, thereby helping to reinforce the Company's corporate governance. The two Audit & Supervisory Board members—one a certified public accountant and the other an attorney—advise management of the DIC Group from an expert, multifaceted and independent perspective, thereby helping to reinforce the auditing function.

❷ Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Company has established standards for evaluating the independence of individuals appointed to the position of outside director and outside Audit & Supervisory Board member, which are shown below. The Company's outside directors and outside Audit & Supervisory Board members are individuals who, based on these standards, are unlikely to have conflicts of interest with ordinary shareholders and who comply with criteria for the independence of directors and Audit & Supervisory Board members set by the Tokyo Stock Exchange.

Independence Standards for Independent Outside Officers

The Company does not recognize individuals with the connections listed below as being independent in the appointment of outside officers.
1. Individuals who are executives of the Company or of one of its consolidated subsidiaries (collectively, the "DIC Group") at present or have been in the preceding 10 years
2. Individuals to whom any of the following items has applied in the preceding three years:
   - ❶ A principal business partner of the DIC Group (a business partner with which transactions in a single fiscal year exceed 3% of the DIC Group's consolidated net sales in that year) or an executive of an entity to which this description applies
   - ❷ An individual for which the DIC Group is a principal business partner (a business partner with which transactions in a single fiscal year exceed 3% of the partner's consolidated net sales in that year) or an executive of an entity to which this description applies
   - ❸ A shareholder who holds 5% or more of the voting rights of the Company or an executive of a said shareholder to which this description applies
   - ❹ A principal lender to the DIC Group (a lender from which loans in a single fiscal year exceed 3% of the DIC Group's total assets in that year) or an executive of a said lender to which this description applies
   - ❺ An individual who has received contributions from the DIC Group in a single fiscal year that exceed more than ¥10 million or an individual who belongs to an entity to which this description applies
   - ❻ An accountant who serves as an accounting auditor or accounting advisor for the DIC Group or an individual who is an employee, partner or associate of an audit firm to which this description applies
   - ❼ Any individual to whom item ❻ does not apply, but who has received remuneration from the DIC Group that exceeds ¥10 million in a year, excluding remuneration received as a director or corporate officer of the DIC Group, as a provider of professional services, such as consulting, accounting or legal services, or an individual of an organization that received remuneration in excess of 3% of its consolidated net sales in a fiscal year as compensation for professional services
   - ❽ An executive of another company, in the event that an executive of the Company is appointed to an outside officer position at that company
3. Spouses and relatives within the second degree of kinship of individuals listed in 1 or 2 above
4. An individual whose term as an outside officer of the Company exceeds eight years

❸ Support System for Outside Directors and Outside Audit & Supervisory Board Members

Prior to meetings of the Board of Directors, relevant materials are distributed to all outside directors and outside Audit & Supervisory Board members. In addition, the executive officers in charge provide explanations of the agenda to outside directors, while full-time Audit & Supervisory Board members provide explanations as necessary to outside Audit & Supervisory Board members.

■ Other Initiatives to Enhance the Corporate Governance System

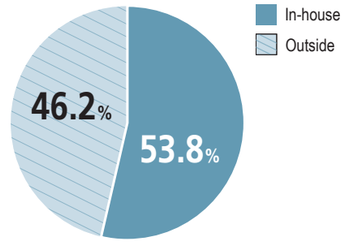
❶ Composition of the Board of Directors

The Board of Directors, which is chaired by the chairman and representative director, resolves major operations-related issues. To facilitate the effective oversight of management, the Board of Directors comprises outside directors, who maintain independence, and other individuals having a thorough knowledge of the businesses of the DIC Group, with consideration given to ensuring a balance among necessary knowledge, experience and capabilities. The Nomination Committee selects candidates for the position of director based on expertise and experience, as shown in the skills matrix. The Board of Directors is of an appropriate scale based on the presumption that authority will be delegated to management.

Given the increasingly global nature of the DIC Group's business activities, the Company is also striving to diversify the composition of the Board of Directors.

At present, three of the Board's members are women (two outside directors and one outside Audit & Supervisory Board member). One of the female outside directors is a foreign national.

Composition of the Board of Directors (As of April 1, 2025)



Composition of the Board of Directors

	In-house	Outside	Total	Percentage of outside members
Directors	5	4	9	44.4%
Audit & Supervisory Board members	2	2	4	50.0%
Total	7	6	13	46.2%

Skills Matrix for Directors and Audit & Supervisory Board Members

The table to the right is a skills matrix summarizing the capabilities of current directors and Audit & Supervisory Board members.

Name	Position	Expertise/Experience									
		Corporate Management	Finance/ Accounting/ Investment/M&A	Legal Affairs/ Risk Management/ Governance	International Experience	Sustainability/ ESG/CSR	Technology/ R&D/Production/ Quality	IT/DX	Personnel/ Labor/ Organization	Marketing/ Sales/ Purchasing	New Business/ Innovation
Kaoru Ino	Director Chairman of the Board of Directors	●	●		●	●				●	
Takashi Ikeda	Representative Director President and CEO	●	●		●		●				●
Shuji Furuta	Representative Director Executive Vice President	●	●	●	●			●			
Takeshi Asai	Director Senior Managing Executive Officer	●	●		●			●	●		
Masaya Nakafuji	Director Senior Managing Executive Officer	●	●	●			●		●		
Masami Fujita	Outside Director	●		●		●			●	●	
Shiro Saito	Outside Director	●			●		●	●			●
Donna Costa	Outside Director	●		●	●	●			●		
Shie Lundberg	Outside Director		●	●	●			●			●
Hiroyuki Ninomiya	Audit & Supervisory Board Member (Full-time)		●	●	●			●			
Toshinobu Kitamura	Audit & Supervisory Board Member (Full-time)		●		●	●		●			
Keita Nagura	Audit & Supervisory Board Member (Independent)		●	●		●			●		
Keiko Kishigami	Audit & Supervisory Board Member (Independent)		●	●	●	●					

❷ Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for directors is determined by the Remuneration Committee in accordance with the policies for determining remuneration for individual directors adopted by the Board of Directors and stipulated in the Executive Regulations, with consideration given to such factors as prevailing market rates, the Company's operating results, individual qualifications, ability to perform duties, actual performance of duties and balance with employee salaries. Directors receive basic remuneration; bonuses, which are linked to consolidated operating results and achievement of individual targets; and stock compensation, which aims to strengthen awareness of the importance of contributing to the medium- and long-term improvement of operating results, as well as to the enhancement of corporate value, and of sharing the same objectives as shareholders. Directors who serve concurrently as executive officers are eligible for bonuses and stock compensation, in addition to basic remuneration, while other directors and outside directors are eligible for basic remuneration only.

Remuneration for Audit & Supervisory Board members consists of basic remuneration only, which is determined in accordance with internal rules established by the Audit & Supervisory Board, with consideration given to ensuring a balance with remuneration for directors and to prevailing market rates.

Remuneration for Directors and Audit & Supervisory Board Members in Fiscal Year 2024

	Total remuneration (Millions of yen)	Composition of remuneration (Millions of yen)			Number of directors and Audit & Supervisory Board members
		Basic remuneration	Bonuses	Stock compensation	
Directors (excluding outside directors)	448	281	93	74	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	60	60	—	—	3
Outside officers	91	91	—	—	7

❸ Evaluating the Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors annually via a self-evaluation conducted by directors and Audit & Supervisory Board members. In fiscal year 2024, all directors and Audit & Supervisory Board members were surveyed regarding self-evaluations, Board administration and other issues, and interviewed on an individual basis, with responses analyzed and evaluated by the Board of Directors.

Owing to the aforementioned efforts, it was confirmed that free and lively discussions had been held, led by outside directors and outside Audit & Supervisory Board members, and that appropriate deliberations had been conducted by the Board of Directors. In addition, regarding issues identified in the evaluation conducted in fiscal year 2023, various measures were implemented, including the provision of regular status reports on major M&A proposals and collaboration with the Corporate Value Improvement Committee, and discussions pertaining to various operational efficiency improvements were enhanced. Accordingly, the effectiveness of the Board of Directors was confirmed.

In fiscal year 2025, the Company will seek to further bolster the Board of Directors' effectiveness. In addition to promoting more effective use of the Corporate Value Improvement Committee, the Company will enhance the provision of information and training focused on advancing understanding of its operations by outside directors and newly appointed directors, among others. The Company will also continue to discuss specific distinctively DIC aspects of its corporate governance system, as part of its ongoing effort to promote improvement.

Other Initiatives

❶ Ensuring Diversity in the Promotion of Core Human Resources

DIC works to foster a corporate culture that draws on its understanding and respect for diversity to produce creative ideas and to incorporate the concept of diversity into management, thereby creating workplaces that enhance job satisfaction for employees. Respect for diversity is also stipulated in the Company's basic sustainability policy.

As measurable targets for ensuring diversity in its hiring of core human resources, the Company has set targets for percentage of management positions in Japan occupied by women and percentage of employees in Japan accounted for by foreign nationals, publishing actual figures in its integrated report.

The Company's policy for fostering human resources and creating work environments in a manner that ensures diversity is to "promote efforts to ensure diverse human resources are in the right places and the creation of work environments that enable employees to maximize their capabilities." A director has been put in charge of diversity to create an effective configuration.

In its long-term management plan, the Company identifies three strategic priorities for reinforcing management of human capital: Foster human resources, ensure mobility (hiring, retention and succession), and improve engagement and organizational cohesiveness. The WSR 2020 Committee targets the development of new work styles with the objective of enhancing productivity and job satisfaction. The status of measures implemented under this project is disclosed in its integrated report.

❷ Sustainability Initiatives

The DIC Group promotes sustainability initiatives in line with 13 key themes, in three categories, that reflect its belief that, as a manufacturer of fine chemicals, it has a responsibility to address ESG-related issues, and discloses the progress thereof in the "Overview of Sustainability" section of its integrated report. In January 2006, the Company reaffirmed its support for Responsible Care management by signing the CEO's Declaration of Support for the Responsible Care Global Charter, while in December 2010 it became a signatory to the United Nations Global Compact (UNGC). In addition, having declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019, in April 2022 DIC joined the Japan Business Initiative for Biodiversity (JBIB) and in November 2023 formulated its own biodiversity policy. In June 2021, the Group set a target for achieving carbon neutrality by fiscal year 2050. In February 2023, this target received official endorsement from the Science Based Targets initiative (SBTi) as being consistent with levels that climate science says are necessary to limit average global warming to well below 2°C above pre-industrial levels. In January 2025, the Company established the Climate Change Subcommittee to formulate Group CO_2 emissions reduction targets and plans that ensure their achievement.

Changes Implemented to Reinforce the Corporate Governance System

Change	Year
Changes term of office of directors from two years to one year	2002
Adopts executive officer system	2004
Abolishes system of retirement allowances for executives	2005
Establishes committee to determine compensation for directors and Audit & Supervisory Board members	2006
Appoints two outside directors	2008
Establishes Remuneration Committee and Compensation Committee	2009
Establishes Sustainability Committee	2014
Formulates Policy on Corporate Governance (including independence standards for outside directors and outside Audit & Supervisory Board members)	2016
Increased number of outside directors from two to three	2017
Adopts system of performance-based stock compensation	2017
Establishes Quality Committee	2020
Establishes WSR 2020 Committee	2021
Establishes Corporate Value Improvement Committee	2024
Increased number of outside directors from three to four	2024

Risk Management

Basic Approach to Risk Management

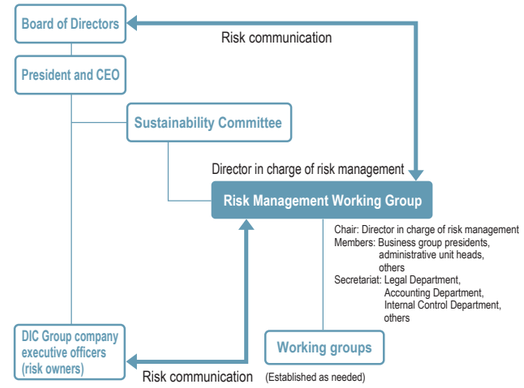
Effectively managing ever-more diverse and complex risks is crucial for the DIC Group to transform the growth scenario set forth in its DIC Vision 2030 long-term management plan into reality. The Group strives to address changes in its operating environment and the diversification of risks in an appropriate and flexible manner, as well as to promptly recognize and fully grasp the impact of latent risks on its businesses, preventing such risks from manifesting and minimizing the impact if they do.

Risk Management Policy

The DIC Group has formulated a risk management policy with the objective of making consistent risk management initiatives an inherent component of its corporate culture and business planning, underpinning operational and strategic decision making, and the allocation of management resources, as well as helping realize an effective corporate governance organization and responsible risk taking.

Framework for Risk Management

The DIC Group established the Risk Management Working Group, a subordinate entity of the Sustainability Committee chaired by the director in charge of risk management, as part of its effort to strengthen its comprehensive risk management system. The Risk Management Working Group plans and advances risk management initiatives to ensure that the Group's risk management program are implemented appropriately and reports on its activities to the Board of Directors and the Sustainability Committee at least once a year. To address specific risk areas, working groups may be established under the Risk Management Subcommittee as necessary.



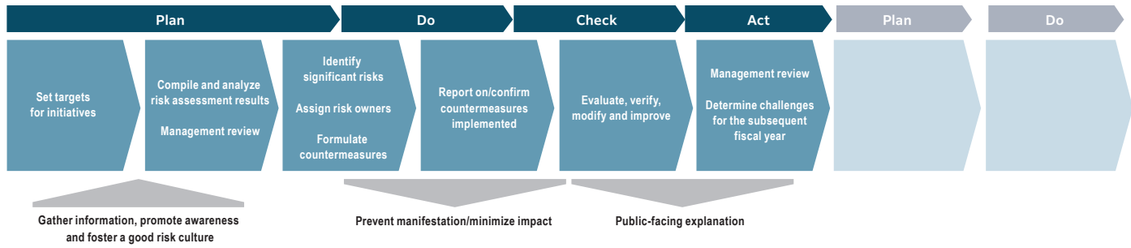
Risk Management Initiatives

Risk assessments are conducted at the end of each fiscal year with directors, business group presidents and other relevant individuals serving as appraisers. The results of these assessments are compiled and analyzed by the Risk Management Working Group, which reports its findings to the Sustainability Committee and the Board of Directors at the beginning of the subsequent fiscal year, and significant risks facing the Group in the new period are identified. Each of these significant risks is assigned an owner, that is, the division or department responsible for implementing countermeasures.

Risk owners report the progress and outcome of their efforts, as well as any resulting changes to the risk, among others, as necessary to the Risk Management Working Group. The working group responds by providing the risk owners with critical support, evaluating and verifying the results of countermeasures, and suggesting corrections and improvements. The results of these efforts are reported to the Sustainability Committee and the Board of Directors at fiscal year-end, based on which challenges and targets to be incorporated into the following year's sustainability activity plan are determined. The risk management framework is also honed or modified as appropriate, laying the foundation for the subsequent year's risk management assessments. Changes to the status of risks resulting from risk management initiatives, as well as from changes in the operating environment, are disclosed publicly as appropriate in the annual securities report, among others.

Overview of Risk Management

Led by the Risk Management Working Group, DIC uses the PDCA cycle on an annual basis to enhance the effectiveness of the DIC Group's risk management.



Directors, Audit & Supervisory Board Members and Executive Officers

(As of May 2025)

Directors

1 Kaoru Ino
Chairman of the Board of Directors

3 Shuji Furuta
Representative Director

5 Masaya Nakafuji
Director

7 Shiro Saito
Director*

9 Shie Lundberg
Director*

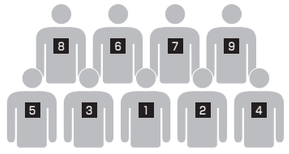
2 Takashi Ikeda
Representative Director

4 Takeshi Asai
Director

6 Masami Fujita
Director*

8 Donna Costa
Director*

* Outside



Audit & Supervisory Board Members

1 Hiroyuki Ninomiya
Full-Time Audit & Supervisory Board Member

2 Toshinobu Kitamura
Full-Time Audit & Supervisory Board Member

3 Keita Nagura
Audit & Supervisory Board Member*

4 Keiko Kishigami
Audit & Supervisory Board Member*

* Outside

Outside Director Profiles

Masami Fujita

June 2012	Representative Director and Vice President, Fujitsu Limited
June 2019	Representative Director and President, SHINKO ELECTRIC INDUSTRIES CO., LTD.
June 2021	Representative Director and Chairman, SHINKO ELECTRIC INDUSTRIES CO., LTD.

Shiro Saito

September 2015	Executive Officer and Corporate Senior Vice President, Toshiba Corporation
June 2018	Executive Officer and Corporate Executive Vice President, Toshiba Corporation
April 2020	Executive Fellow, Toshiba Corporation

Shie Lundberg

February 2012	Senior Director, Nex Tag, Inc.
June 2016	Director, Google Inc. (currently Google LLC)
June 2022	Outside Director, Resona Bank, Limited

Donna Costa

April 2017	President, Mitsubishi Chemical Holdings Europe GmbH (currently Mitsubishi Chemical Europe GmbH)
April 2017	Executive Officer, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)
October 2020	Director, Gelest, Inc.

Outside Audit & Supervisory Board Member Profiles

Keita Nagura

April 1998	Registered as an attorney (Osaka Bar Association); Joined Yodoyabashi Godo Law Office (currently Yodoyabashi & Yamagami Legal Professional Corporation)
February 2002	Changed registration as an attorney to the Dai-Ichi Tokyo Bar Association

Keiko Kishigami

December 1997	Partner, Century Audit Corporation (currently Ernst & Young ShinNihon LLC)
May 2004	Representative Partner (currently Senior Partner), Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC)
September 2018	Board Member, WWF Japan

Executive Officers

Takashi Ikeda
President and CEO

Shuji Furuta
Executive Vice President
Assistant to President and CEO

Masaya Nakafuji
Senior Managing Executive Officer
Head of General Affairs and Legal Unit
In Charge of Risk Management,
Osaka Branch and Nagoya Branch

Takeshi Asai
Senior Managing Executive Officer
Head of Finance and Accounting Unit
CFO
Chairman of the Board, Sun Chemical Corporation

Masamichi Sota
Managing Executive Officer
President, Packaging & Graphic Business Group
General Manager, Printing Material Products Div.

Kiyofumi Takano
Managing Executive Officer
General Manager, New Business Development Headquarters

Yoshinari Akiyama
Managing Executive Officer
President, Color & Display Business Group
General Manager, Color Material Products Div.

Myron Petruch
Managing Executive Officer
President and CEO,
Sun Chemical Corporation

Koji Asada
Managing Executive Officer
Head of IT Strategy Unit

Toshiro Ariga
Managing Executive Officer
In Charge of Technical Management Unit and R&D Management Unit
General Manager,
Technical Management Unit

Yuji Kikuchi
Managing Executive Officer
President, Functional Products Business Group
General Manager, Performance Material Products Div.

Tomoyuki Tanaka
Managing Executive Officer
General Manager, Corporate Planning Dept.
Head of Corporate Strategy Unit
In Charge of Kawamura Memorial DIC Museum of Art

Paul Koek
Executive Officer
Managing Director, DIC Asia Pacific Pte Ltd

Masahiro Kikuchi
Executive Officer
Chairman, DIC (China) Co., Ltd.
Chairman, DIC (Shanghai) Co., Ltd.

Yuji Morinaga
Executive Officer
General Manager, Packaging Material Products Div.

Kuniko Torayama
Executive Officer
Head of ESG Unit
General Manager, Sustainability Strategy Dept.
In Charge of Diversity

Masaaki Kusaka
Executive Officer
General Manager, Legal Dept.

Takao Iribe
Executive Officer
Head of SCM Unit
General Manager, Corporate Supply Chain Dept.

Yoshiharu Ootoshi
Executive Officer
General Manager, Production Management Unit

Kevin Michaelson
Executive Officer
Vice President and CFO,
Sun Chemical Corporation

Hisashi Komoto
Executive Officer
General Manager, Composite Material Products Div.

A Message from an Outside Director

DIC is supporting long-term improvement of corporate value through expertise and a new governance system.

Shiro Saito
Outside Director

September 2015	Executive Officer and Corporate Senior Vice President, Toshiba Corporation
June 2018	Executive Officer and Corporate Executive Vice President, Toshiba Corporation
April 2020	Executive Fellow, Toshiba Corporation

Capitalizing on Expertise to Improve the Effectiveness of the Board of Directors

In the year since I became an outside director at DIC, I have been working to improve the effectiveness of the Board of Directors as a whole. The Board has created an environment that ensures everyone has an equal voice, with directors from a wide range of backgrounds engaging in open discussions and offering opinions based on their respective expertise and experience. Many of our directors' area of specialization is finance and accounting. I am one of only a few with a background in technology and R&D.

DIC is expanding its presence globally with a focus on the three core businesses of inks, pigments and synthetic resins. This is underpinned by core technologies fostered over many years. The Company is perhaps best represented by the "Color & Comfort" component of its vision statement. By bringing together color and functionality, DIC is leveraging its ability to provide customers around the world with new and unmatched value. That said, the Company is only partway through its plan to create next-generation and growth businesses, particularly in the area of electronics, which are expected to drive growth in the future.

As the executive team continues to push forward in a process of trial and error, I will capitalize on my accumulated technological and R&D-related know-how, although it is in a different industry, to provide support by helping to identify potential promising next-generation businesses and guidance.

Establishing a New Governance Organization through the Corporate Value Improvement Committee

In April 2024, the Corporate Value Improvement Committee was created to advise the Board of Directors from a third-party perspective regarding the improvement of corporate value over the long term. The first theme taken up for deliberation after I assumed the position of committee chair was the operation of the Kawamura Memorial DIC Museum of Art. This is because while we recognize the museum as an important component of DIC's social contribution program, we are also conscious of its image as something closely tied to the Company's founding family, underscoring our belief in the importance of incorporating an external viewpoint into the debate. Although this was by no means an easy theme to address, after multiple discussions and taking into account the views of an external expert, we evaluated the significance and value of the museum and provided advice to the Board of Directors on how it should be operated in the future.

Drawing on experience gained through its deliberations regarding museum operation, the Corporate Value Improvement Committee will continue to contemplate fundamental management issues with the aim of contributing to the improvement of corporate value over the long term. For example, from the standpoint of ensuring management is attentive to both capital costs and our share price, executive officers are currently discussing what should be done to bolster the price–book value (P/B) ratio, including promoting structural reforms and reviewing the allocation of management resources. Taking into account the substance of these discussions, I believe that consideration should also be given to having the Corporate Value Improvement Committee extend advice from a different perspective.

Surging toward a New Phase of Growth as a "Silent Innovator" Under the Guidance of President Ikeda

A year has now passed since Takashi Ikeda took the helm as President and CEO of DIC. I have been impressed with his outstanding ability to clearly state and logically explain his views. He also demonstrates strong leadership thanks to, among others, his swift decision making. What he says is never arbitrary, and I commend him for his openness to participating in Board meeting discussions as an important part of the decision-making process.

President Ikeda is leading the charge in deploying our new "Direct to Society" business creation mechanism and demonstrating a willingness to explore opportunities in areas that are significantly different from those in which DIC has traditionally been involved. One key example of this is the new *HAGAMOSphere*™ omnidirectional multicopter. However, to my mind the value of DIC's technological capabilities in the B2B sphere, as embodied by *HAGAMOSphere*™, are not yet well enough understood by the general public. For this reason, I look forward to helping increase name recognition by enthusiastically calling attention to the DIC name and brand.

I anticipate that DIC will continue to evolve as a "silent innovator," that is, a company that advances society in ways that are not always immediately visible. I pledge to leverage my experience and management expertise to fully support management going forward.

Dialogue between Outside Directors and Shareholders (Institutional Investors)

In line with its goal of creating opportunities for direct communication and the exchange of opinions between outside directors and shareholders, in fiscal year 2024 DIC organized a small-group meeting between outside directors and representatives of a number of institutional investors. The purpose of this and other such meetings is to deepen shareholders' understanding of the Company's efforts to increase corporate value, as well as to enhance outside directors' awareness of shareholders' views and concerns, and to ensure that these views and concerns are shared with management and are incorporated into operations as appropriate.

The meeting began with a presentation from outside director Shiro Saito, who chairs the Corporate Value Improvement Committee, explaining the advice provided by the committee to the Board of Directors regarding operation of the Kawamura Memorial DIC Museum of Art and the Board's ensuing discussions on this matter. This was followed by a Q&A session and a dialogue regarding the Company's overall management.

Meeting Details

Date: September 27, 2024

Format: In-person meeting at DIC corporate headquarters

Participating shareholders: 10 institutional investors

Participating DIC outside directors:

Kuniko Shoji
Outside Director
Chairperson, Remuneration Committee

Masami Fujita
Outside Director
Chairperson, Nomination Committee

Shiro Saito
Outside Director
Chairperson, Corporate Value Improvement Committee

Masaya Nakafuji
Director
Senior Managing Executive Officer, Head of General Affairs and Legal Unit (Moderator)

(All positions are as of the date of the meeting.)

Summary of Presentation Issues Related to Operation of the Museum

Positioned as a key component of DIC's program of social contribution initiatives, the Kawamura Memorial DIC Museum of Art has consistently operated in the red, reporting annual losses of several hundreds of millions of yen. The museum building has aged, and some estimates put the cost of rebuilding at some point in the future at several billion yen. Moreover, given the performance-related challenges faced by the Company since fiscal year 2020, with return on equity below 5%, and having identified the improvement of capital efficiency as an urgent management challenge, DIC recognizes the need to promote asset utilization for the works of art in the museum's collection in the same way as it does for all assets.

Deliberative Process Employed by the Corporate Value Improvement Committee

Deliberations on operation of the museum were conducted over six meetings of the Corporate Value Improvement Committee. An external expert was invited to participate in the fourth meeting to provide advice from the perspectives of both corporate management and museum operation. The committee also heard a report from the museum on its social contribution initiatives, including the various educational programs spearheaded by its curators. Although benefits are difficult to quantify, committee members acknowledged that these initiatives have enabled a wide range of people to enjoy unique cultural and artistic experiences and, as such, are an embodiment of the Company's "Color & Comfort" vision statement and are in alignment with its corporate purpose.

Matters Discussed by the Board of Directors and the Board's Future Actions

Having received the advice provided by the Corporate Value Improvement Committee, the Board of Directors deliberated extensively on matters related to operation of the museum. (To avoid a conflict of interest, director Yoshihisa Kawamura, who is a member of DIC's founding family, did not vote on Board resolutions pertaining to works of art owned by the Company or the museum.) The Board subsequently resolved to give consideration to downsizing and relocation as a concrete option for the museum. If this option is ultimately chosen, it will be because—after taking into account views expressed by stakeholders and having conducted a detailed review of impact on contribution to society and brand value—the Board has determined that downsizing and relocation is more conducive to improving corporate value than is the option to discontinue operation of the museum.

Note: In December 2024, the Company announced it had determined a policy for operating the museum going forward that involved downsizing and relocating.

Principal Topics Covered in the Dialogue with Shareholders

- Process employed and time allotted for deliberations regarding operation of the Kawamura Memorial DIC Museum of Art
- Systems for management of works of art owned by the Company and for operation of the museum, and supervision by the Board of Directors
- Policies for cash allocation
- Skills matrix for directors
- Future themes to be taken up by the Corporate Value Improvement Committee
- Issues that in the view of the outside directors must be addressed as priorities for the Company's performance to recover
- Business portfolio transformation
- Monitoring of the post-merger integration of acquired businesses by the Board of Directors
- The Tokyo Stock Exchange's "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price"

Financial Report for Fiscal Year 2024

Analysis of Results of Operations

Overview of Operating Results

(Billions of yen)

	FY2023	FY2024	Change (%)	Change (%) [Local currency basis]
Net sales	1,038.7	1,071.1	3.1%	-0.1%
Operating income	17.9	44.5	148.1%	155.8%
Ordinary income	9.2	37.9	311.3%	—
Net income attributable to owners of the parent	(39.9)	21.3	Into the black	—
EBITDA*	30.8	95.7	210.3%	—
¥/US$1.00 (Average exchange rate)	140.51	151.04	7.5%	—
¥/EUR1.00 (Average exchange rate)	151.98	163.34	7.5%	—

* EBITDA: Net income attributable to owners of the parent + Total income taxes + (Interest expenses – Interest income) + Depreciation and amortization + Amortization of goodwill

In the fiscal year ended December 31, 2024, consolidated net sales increased 3.1%, to ¥1,071.1 billion. On a local currency basis, however, consolidated net sales edged down 0.1%. Looking at key global economies, the Americas and Europe saw changes in monetary policy in response to the easing of inflationary pressures, including decisions by central banks to reverse course and lower interest rates. In contrast, in the PRC the economic outlook remained unclear, owing to a persistently sluggish real estate market, waning domestic demand and other factors. Against this backdrop, demand trends in core customer industries varied. In the area of digital materials, used principally in electrical and electronics equipment and in displays, demand in the display market remained firm for the most part, mirroring display manufacturers' production levels, and picked up in the semiconductor market, driven by growth sectors such as generative AI, although a full-scale revival in demand for general-purpose products remained elusive. In industrial materials,* used primarily in mobility solutions, demand for materials for use in automobiles was steady as vehicle sales remained solid worldwide. In this environment, shipments in the Functional Products segment rallied, led by high-value-added offerings for use in electronics equipment and in mobility solutions. In the Packaging & Graphic segment, shipments of jet inks and of packaging inks in overseas markets advanced, underpinned by firm demand. In the Color & Display segment, sales of high-value-added pigments for color filters were firm, while sales of pigments for coatings and for plastics rallied from the sharp declines seen in the fiscal year ended December 31, 2023, thanks to ongoing moves by customers to replenish inventories. Higher net sales also reflected the positive impact of a weak yen on sales denominated in other currencies after translation. Net sales were negatively affected by withdrawals, including through divestiture, from noncore businesses—chiefly in the Functional Products segment—implemented to drive business portfolio transformation, which resulted in the exclusion of the sales of these businesses, including SEIKO PMC, from consolidated results.

Operating income climbed 148.1%, to ¥44.5 billion. The Packaging & Graphic and Functional Products segments saw steep gains, buttressed by a revival in shipments of high-value-added products and an improved product mix, and by efforts to revise sales prices in response to specific regional and product characteristics. In addition, a recovery in shipments of pigments for coatings and for plastics combined with structural reforms aimed at, among others, optimizing production configurations—particularly in the United States and Europe—and efforts to lower costs to significantly reduce the loss in the Color & Display segment.

Ordinary income soared 311.3%, to ¥37.9 billion.

Net income attributable to owners of the parent was ¥21.3 billion, compared with a net loss in the preceding period. This reflected an increase in total extraordinary income, the result of a gain on sales of non-current assets stemming from the transfer of intellectual property related to the LC materials business, and a higher gain on sales of investment securities arising from the reduction of strategic shareholdings, as well as a steep decline in total extraordinary losses due to the absence of ¥33.5 billion in impairment losses recorded in the previous fiscal year.

EBITDA rose 210.3%, to ¥95.7 billion.

* DIC uses the term "industrial materials" to describe products for use in mobility solutions, namely, automobiles, railroads and shipping, and for general industrial applications such as construction equipment and industrial machinery.

Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2023	FY2024	Change (%)	Change (%) [Local currency basis]	FY2023	FY2024	Change (%)	Change (%) [Local currency basis]
Packaging & Graphic	541.9	569.8	5.1%	2.4%	22.0	33.6	52.8%	58.7%
Color & Display	227.3	257.0	13.1%	6.9%	(8.9)	(0.3)	Pared loss	Pared loss
Functional Products	305.9	286.3	-6.4%	-8.9%	15.4	21.0	36.0%	31.6%
Others, Corporate and eliminations	(36.4)	(41.9)	—	—	(10.6)	(9.8)	—	—
Total	1,038.7	1,071.1	3.1%	-0.1%	17.9	44.5	148.1%	155.8%

Packaging & Graphic

	FY2023	FY2024	Change (%)	Change (%) [Local currency basis]
Net sales	¥541.9 billion	¥569.8 billion	5.1%	2.4%
Operating income	¥22.0 billion	¥33.6 billion	52.8%	58.7%

Segment sales advanced 5.1%, to ¥569.8 billion. In the area of packaging inks, used chiefly on packaging for food products, shipments in Japan declined, as rising prices continued to dampen demand for consumer goods, but sales were buoyed by efforts to pass on elevated costs by adjusting sales prices, and by increased sales overseas, underpinned by a revival in demand for consumer goods in the Americas and Europe, as well as by efforts to cultivate customers in Asia, which boosted shipments. Despite expanded shipments in Asia, owing to the cultivation of customers and other factors, sales of publication inks, which center on inks for commercial printing and news inks, fell as dwindling demand pushed shipments down in Japan, as well as in the Americas and Europe. Sales of jet inks, used in digital printing, climbed sharply as customers completed measures to resolve surplus inventories, spurring brisk demand and elevated shipments.

Segment operating income rose 52.8%, to ¥33.6 billion. In Japan, shipments of high-value-added jet inks were robust, while moves to counter elevated costs in packaging inks and publication inks by modifying sales prices progressed. Operating income was also up sharply worldwide, buttressed by higher shipments of packaging inks and publication inks in Asia, together with efforts to maintain sales prices for packaging inks and publication inks in the Americas and Europe amid falling raw materials prices by ensuring stable supplies and services.

Color & Display

	FY2023	FY2024	Change (%)	Change (%) [Local currency basis]
Net sales	¥227.3 billion	¥257.0 billion	13.1%	6.9%
Operating income	¥(8.9) billion	¥(0.3) billion	Pared loss	Pared loss

Segment sales, at ¥257.0 billion, were up 13.1%. While demand for pigments for coatings and for plastics failed to recover fully in Europe, a leading market for these products, reflecting a delayed economic revival, notably in Germany, shipments recovered following the completion of inventory adjustments by customers, thanks to ongoing moves to replenish inventories, particularly of pigments for use in building materials and for industrial applications. Among high-value-added products, shipments of pigments for color filters used in displays outpaced the previous fiscal year, as demand remained steady, mirroring display manufacturers' production levels. Shipments of pigments for cosmetics were down, hindered by listless demand as cosmetics manufacturers in the Americas and Europe, key customers for these products, continued to adjust inventories. In pigments for specialty applications, shipments for agricultural use declined, a consequence of protracted customer inventory adjustments, but shipments for use in building materials recovered, bolstered by various factors, including a revival in demand from the construction industry in Europe and efforts to cultivate new customers in Asia.

The segment reported an operating loss of ¥0.3 billion, a significant improvement from the preceding period. This was despite inconsistent trends in shipments of high-value-added products and resulted from higher shipments of pigments for coatings and for plastics, as well as to the progress of structural reforms aimed at, among others, optimizing production configurations—mainly in the United States and Europe—and efforts to lower costs. The production of LC materials, from which withdrawal was announced in the period under review, concluded as scheduled in December 2024.

Functional Products

	FY2023	FY2024	Change (%)	Change (%) [Local currency basis]
Net sales	¥305.9 billion	¥286.3 billion	-6.4%	-8.9%
Operating income	¥15.4 billion	¥21.0 billion	36.0%	31.6%

Segment sales decreased 6.4%, to ¥286.3 billion. If the impact of business withdrawals, including the divestiture of SEIKO PMC, was discounted, segment sales would have been up 7.8%. In digital materials, sales of epoxy resins—the foremost application for which is electronics equipment, notably semiconductors—advanced, owing to an improvement in the product mix attributable to, among others, a resurgence in demand for use in AI servers, computers and smartphones, which pushed up shipments of related products. Sales of industrial-use adhesive tapes, used mainly in smartphones and other mobile devices, were boosted by steady efforts to lock in demand. In the area of industrial materials, products for use in mobility solutions remained solid, bolstered by an upturn in shipments of PPS compounds, notably in Japan, which was due to firm vehicle sales worldwide.

Segment operating income increased 36.0%, to ¥21.0 billion. Excluding the impact of business withdrawals, segment operating income would have risen 65.9%. Factors behind this significant gain included a recovery in shipments of high-value-added products for use in electronics equipment and in mobility solutions, which contributed to an improved product mix, as well as successful efforts to revise sales prices for all products.

Consolidated Financial Statements

Consolidated Balance Sheet

As of December 31, 2023 and 2024

(Millions of yen)

	2023	2024
Assets		
Current assets		
Cash and deposits	87,533	61,869
Notes and accounts receivable—trade	225,148	229,744
Merchandise and finished goods	167,427	169,546
Work in process	11,250	11,819
Raw materials and supplies	94,157	99,218
Other	38,623	40,229
Allowance for doubtful accounts	(3,951)	(4,919)
Total current assets	620,188	607,506
Non-current assets		
Property, plant and equipment		
Buildings and structures	350,676	356,837
Accumulated depreciation	(217,614)	(222,919)
Buildings and structures, net	133,062	133,918
Machinery, equipment and vehicles	533,849	539,761
Accumulated depreciation	(405,236)	(404,095)
Machinery, equipment and vehicles, net	128,613	135,666
Tools, furniture and fixtures	86,607	88,959
Accumulated depreciation	(68,784)	(72,513)
Tools, furniture and fixtures, net	17,822	16,446
Land	66,488	57,780
Construction in progress	27,907	20,330
Total property, plant and equipment	373,892	364,141
Intangible assets		
Goodwill	17,782	17,394
Software	14,298	14,142
Customer-related assets	11,639	10,676
Other	25,198	25,281
Total intangible assets	68,916	67,494
Investments and other assets		
Investment securities	63,071	60,085
Deferred tax assets	16,593	16,160
Net defined benefit assets	78,961	88,774
Other	23,366	22,339
Allowance for doubtful accounts	(98)	(65)
Total investments and other assets	181,893	187,293
Total non-current assets	624,701	618,927
Total assets	1,244,889	1,226,433

Consolidated Balance Sheet

As of December 31, 2023 and 2024

(Millions of yen)

	2023	2024
Liabilities		
Current liabilities		
Notes and accounts payable—trade	140,089	138,448
Short-term loans payable	12,405	26,732
Commercial papers	33,000	—
Current portion of bonds payable	30,000	10,000
Current portion of long-term loans payable	33,897	54,521
Lease liabilities	4,656	5,161
Income taxes payable	2,870	4,485
Provision for bonuses	5,037	5,510
Other	86,794	88,214
Total current liabilities	348,749	333,071
Non-current liabilities		
Bonds payable	95,000	100,000
Long-term loans payable	308,231	277,617
Lease liabilities	11,769	10,301
Deferred tax liabilities	19,351	20,474
Net defined benefit liabilities	36,056	32,898
Asset retirement obligations	9,480	9,618
Other	16,986	21,839
Total non-current liabilities	496,873	472,748
Total liabilities	845,622	805,819
Net Assets		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,234	94,234
Retained earnings	173,292	187,008
Treasury shares	(1,586)	(1,498)
Total shareholders' equity	362,497	376,301
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,542	3,924
Deferred gains or losses on hedges	248	515
Foreign currency translation adjustment	12,559	34,587
Remeasurements of defined benefit plans	(16,910)	(13,907)
Total accumulated other comprehensive income	1,440	25,119
Non-controlling interests	35,330	19,194
Total net assets	399,267	420,615
Total liabilities and net assets	1,244,889	1,226,433

Consolidated Statement of Income

Years ended December 31, 2023 and 2024

(Millions of yen)

	2023	2024
Net sales	1,038,736	1,071,127
Cost of sales	852,360	848,929
Gross profit	186,376	222,198
Selling, general and administrative expenses		
Freightage and packing expenses	14,206	13,126
Employees' salaries and allowances	65,355	67,734
Provision of allowance for doubtful accounts	(232)	1,180
Provision for bonuses	2,233	2,630
Retirement benefit expenses	(451)	53
Research and development costs	17,189	16,313
Other	70,132	76,641
Total selling, general and administrative expenses	168,433	177,677
Operating income	17,943	44,521
Non-operating income		
Interest income	6,078	3,491
Dividends income	503	627
Equity in earnings of affiliates	2,734	3,257
Other	1,680	1,642
Total non-operating income	10,996	9,017
Non-operating expenses		
Interest expenses	11,274	8,481
Foreign exchange losses	4,188	2,859
Other	4,261	4,293
Total non-operating expenses	19,723	15,633
Ordinary income	9,216	37,905
Extraordinary income		
Gain on sales of non-current assets	1,858	7,001
Gain on sales of investment securities	2,688	4,127
Gain on sales of shares and investments in capital of subsidiaries and affiliates	—	1,279
Insurance claim income	340	—
Total extraordinary income	4,886	12,407
Extraordinary losses		
Loss on sales of shares and investments in capital of subsidiaries and affiliates	—	4,513
Severance costs	4,268	3,886
Loss on disposal of non-current assets	2,571	3,242
Loss on withdrawal from business	—	486
Provision for product warranties	—	315
Impairment losses	33,537	194
Provision for loss on withdrawal from business	194	—
Total extraordinary losses	40,570	12,635
Income (loss) before income taxes	(26,468)	37,677
Income taxes—current	10,065	13,807
Income taxes—deferred	2,328	1,630
Total income taxes	12,393	15,437
Net income (loss)	(38,861)	22,240
Net income attributable to non-controlling interests	996	926
Net income (loss) attributable to owners of the parent	(39,857)	21,313

Consolidated Statement of Comprehensive Income

Years ended December 31, 2023 and 2024

(Millions of yen)

	2023	2024
Net income (loss)	(38,861)	22,240
Other comprehensive income		
Valuation difference on available-for-sale securities	371	(1,622)
Deferred gains or losses on hedges	(444)	267
Foreign currency translation adjustment	31,066	22,989
Remeasurements of defined benefit plans, net of tax	(3,162)	3,069
Share of other comprehensive income of affiliates accounted for using equity method	(580)	(667)
Total other comprehensive income	27,251	24,036
Comprehensive income (loss)	(11,609)	46,276
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of the parent	(13,612)	44,992
Comprehensive income (loss) attributable to non-controlling interests	2,002	1,283

Consolidated Statement of Changes in Net Assets

Years ended December 31, 2023 and 2024

Year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2023	96,557	94,234	222,796	(1,785)	411,802
Change in FY2023					
Dividends from surplus			(9,478)		(9,478)
Net income (loss) attributable to owners of the parent			(39,857)		(39,857)
Purchase of treasury shares				(447)	(447)
Disposal of treasury shares		(170)		646	476
Net changes of items other than shareholders' equity		170	(170)		—
Transfer from retained earnings to capital surplus					
Total change in FY2023	—	—	(49,505)	199	(49,306)
Balance at December 31, 2023	96,557	94,234	173,292	(1,586)	362,497

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2023	5,360	694	(17,286)	(13,573)	(24,805)	34,091	421,088
Change in FY2023							
Dividends from surplus							(9,478)
Net income (loss) attributable to owners of the parent							(39,857)
Purchase of treasury shares							(447)
Disposal of treasury shares							476
Transfer from retained earnings to capital surplus							—
Net changes of items other than shareholders' equity	182	(446)	29,845	(3,336)	26,245	1,239	27,484
Total change in FY2023	182	(446)	29,845	(3,336)	26,245	1,239	(21,821)
Balance at December 31, 2023	5,542	248	12,559	(16,910)	1,440	35,330	399,267

Year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2024	96,557	94,234	173,292	(1,586)	362,497
Change in FY2024					
Dividends from surplus			(7,597)		(7,597)
Net income attributable to owners of the parent			21,313		21,313
Purchase of treasury shares				(8)	(8)
Change in ownership interest of parent due to transactions with non-controlling interests				96	96
Net changes of items other than shareholders' equity					
Total change in FY2024	—	—	13,716	88	13,804
Balance at December 31, 2024	96,557	94,234	187,008	(1,498)	376,301

(Millions of yen)

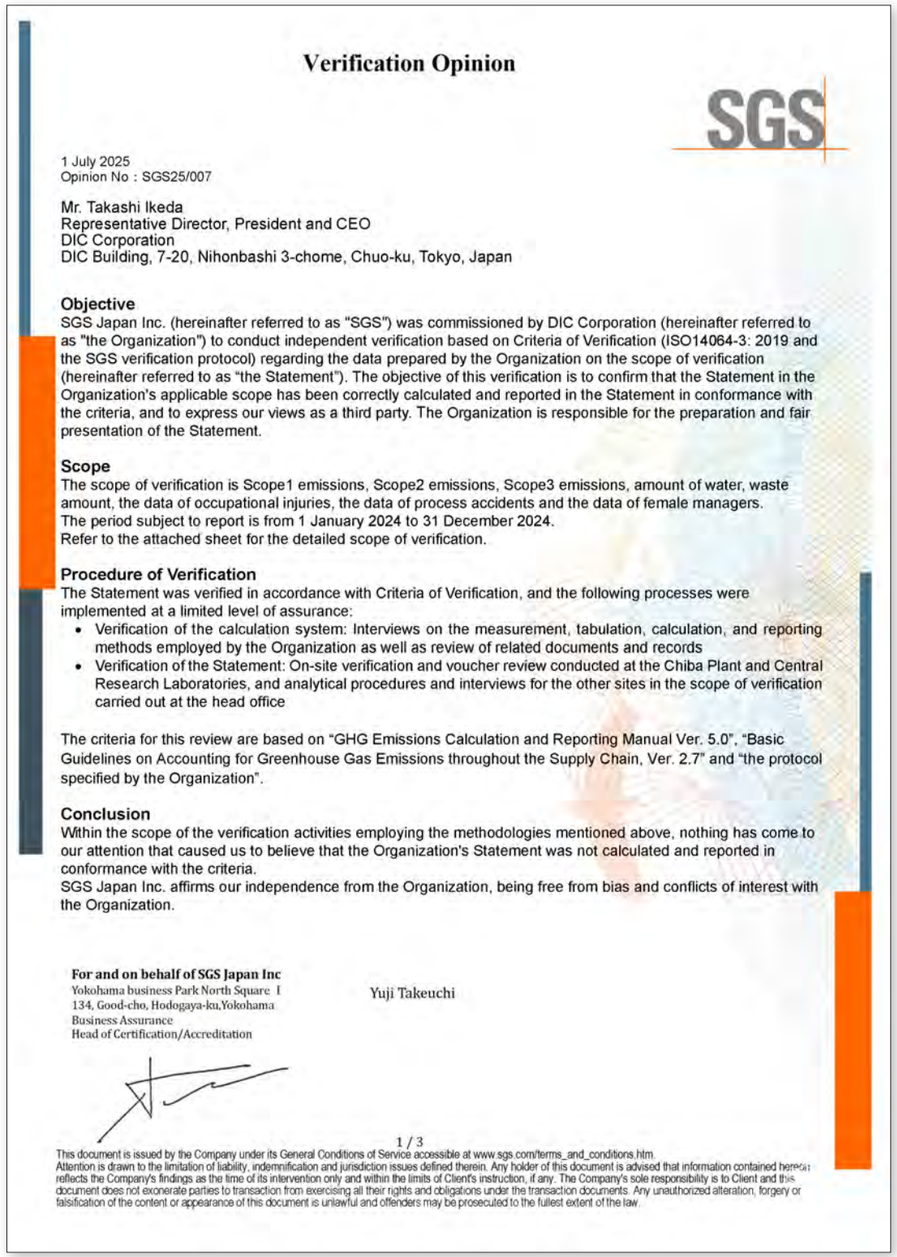
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2024	5,542	248	12,559	(16,910)	1,440	35,330	399,267
Change in FY2024							
Dividends from surplus							(7,597)
Net income attributable to owners of the parent							21,313
Purchase of treasury shares							(8)
Change in ownership interest of parent due to transactions with non-controlling interests							96
Net changes of items other than shareholders' equity	(1,618)	267	22,028	3,002	23,679	(16,136)	7,543
Total change in FY2024	(1,618)	267	22,028	3,002	23,679	(16,136)	21,348
Balance at December 31, 2024	3,924	515	34,587	(13,907)	25,119	19,194	420,615

Consolidated Statement of Cash Flows Years ended December 31, 2023 and 2024

(Millions of yen)

	2023	2024
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(26,468)	37,677
Depreciation and amortization	50,846	52,756
Amortization of goodwill	2,251	1,175
Increase (decrease) in allowance for doubtful accounts	(539)	1,062
Increase (decrease) in provision for bonuses	(519)	978
Interest and dividends income	(6,581)	(4,118)
Equity in (earnings) losses of affiliates	(2,734)	(3,257)
Interest expenses	11,274	8,481
Loss (gain) on sales and retirement of non-current assets	713	(3,760)
Impairment losses	33,537	194
Loss (gain) on sales of shares and investments in capital of subsidiaries and affiliates	—	3,234
Loss (gain) on sales of investment securities	(2,688)	(4,127)
Decrease (increase) in notes and accounts receivable—trade	26,415	(16,338)
Decrease (increase) in inventories	59,101	(5,054)
Increase (decrease) in notes and accounts payable—trade	(18,430)	607
Other, net	(21,830)	(8,180)
Subtotal	104,348	61,331
Interest and dividends income received	8,191	5,524
Interest expenses paid	(11,410)	(8,401)
Income taxes paid	(12,033)	(12,247)
Net cash provided by (used in) operating activities	89,095	46,207
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,596)	(3,082)
Proceeds from withdrawal of time deposits	1,535	3,730
Purchase of property, plant and equipment	(52,057)	(42,785)
Proceeds from sales of property, plant and equipment	1,894	3,943
Purchase of intangible assets	(6,016)	(4,337)
Proceeds from sales of intangible assets	—	4,117
Purchase of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	(14,078)	(26)
Proceeds from sales of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	—	11,566
Proceeds from sales of shares and investments in capital of subsidiaries and affiliates	9	—
Proceeds from sales of shares and investments in capital of subsidiaries resulting in change in scope of consolidation	395	—
Purchase of investment securities	(325)	(19)
Proceeds from sales and redemption of investment securities	5,591	6,544
Proceeds from sales of businesses	631	—
Payments for transfer of business	(185)	—
Other, net	(254)	3,266
Net cash provided by (used in) investing activities	(66,457)	(17,082)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(15,417)	16,278
Increase (decrease) in commercial papers	3,000	(33,000)
Proceeds from long-term loans payable	88,747	22,655
Repayment of long-term loans payable	(48,299)	(38,767)
Proceeds from issuance of bonds	15,000	15,000
Redemption of bonds	(30,000)	(30,000)
Cash dividends paid	(9,478)	(7,597)
Cash dividends paid to non-controlling interests	(407)	(977)
Net decrease (increase) in treasury shares	29	88
Repayment of lease liabilities	(5,882)	(6,203)
Other, net	(212)	(71)
Net cash provided by (used in) financing activities	(2,920)	(62,594)
Effect of exchange rate change on cash and cash equivalents	2,363	9,767
Net increase (decrease) in cash and cash equivalents	22,082	(23,702)
Cash and cash equivalents at beginning of the period	62,560	84,642
Cash and cash equivalents at end of the period	84,642	60,940

Third-Party Verification



Verification Opinion

SGS

1 July 2025
Opinion No : SGS25/007

Mr. Takashi Ikeda
Representative Director, President and CEO
DIC Corporation
DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan

Objective
SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by DIC Corporation (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2019 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the Statement"). The objective of this verification is to confirm that the Statement in the Organization's applicable scope has been correctly calculated and reported in the Statement in conformance with the criteria, and to express our views as a third party. The Organization is responsible for the preparation and fair presentation of the Statement.

Scope
The scope of verification is Scope1 emissions, Scope2 emissions, Scope3 emissions, amount of water, waste amount, the data of occupational injuries, the data of process accidents and the data of female managers.
The period subject to report is from 1 January 2024 to 31 December 2024.
Refer to the attached sheet for the detailed scope of verification.

Procedure of Verification
The Statement was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, tabulation, calculation, and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the Statement: On-site verification and voucher review conducted at the Chiba Plant and Central Research Laboratories, and analytical procedures and interviews for the other sites in the scope of verification carried out at the head office

The criteria for this review are based on "GHG Emissions Calculation and Reporting Manual Ver. 5.0", "Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain, Ver. 2.7" and "the protocol specified by the Organization".

Conclusion
Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's Statement was not calculated and reported in conformance with the criteria.
SGS Japan Inc. affirms our independence from the Organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc
Yokohama business Park North Square I
134, Good-cho, Hodogaya-ku,Yokohama
Business Assurance
Head of Certification/Accreditation

Yuji Takeuchi

1 / 3

The DIC Group has received the above third-party verification regarding greenhouse gas emissions, waste generation, number of accidents (number of workdays lost, etc.) and ratio of female managers.

Third-Party Verification

Attached file

1 July 2025
Opinion No：SGS25/007

The details of the scope of verification

The Scope		The Boundary	The Statement
1	The performance data Scope1 and 2 limited CO_2 * non-energy and waste-derived energy related CO_2 are only following	The DIC Group *The consolidated subsidiaries in the securities report	Scope1：282,856 t-CO_2 Scope2：267,030 t-CO_2
	The performance data Scope 1 (non-energy and waste-derived energy related CO_2) * included in above the Scope1	The DIC Group *The consolidated subsidiaries in the securities report *excluding Sun Chemical Corporation	Scope1 Non-energy energy related CO2：14,577t-CO_2 Waste-derived energy related CO2：3,333 t-CO_2
	Scope 3（Category5）	The DIC Group *The consolidated subsidiaries in the securities report Limited to production and laboratory sites	111,666 t-CO_2
2	Amount of hazardous waste *including valuables	DIC Corporation and Japanese consolidated companies Production and laboratory sites (9 companies, 32 sites)	Generation amount:7,465 t Emission amount from facilities: 7,465 t Recycled amount: 2,962 t Energy recovery incineration amount: 3,447 t Simple incineration amount (including neutralization): 1,024 t landfill amount: 32 t
	Amount of non-hazardous waste *including generals and valuables	DIC Corporation and Japanese consolidated companies Production and laboratory sites (9 companies, 32 sites)	Generation amount: 26,637 t Emission amount from facilities: 20,295 t Recycled amount: 12,299 t Energy recovery incineration amount: 9,950 t Simple incineration amount (including neutralization): 4,220 t landfill amount: 167 t

The DIC Group has received the above third-party verification regarding greenhouse gas emissions, waste generation, number of accidents (number of workdays lost, etc.) and ratio of female managers.

Third-Party Verification

The Scope		The Boundary	The Statement
3	Amount of water	DIC Corporation and Japanese consolidated companies Production and laboratory sites (9 companies, 32 sites)	Surface water: 27 ㎥ Ground water: 1,512 ㎥ Municipal water: 186 ㎥ Industrial water: 11,340 ㎥ Other: 20 ㎥ Total: 13,085 ㎥
4	The data of occupational injuries	The DIC Group *The consolidated subsidiaries in the securities report Limited to production and laboratory sites	Total recordable injury rate (TRIR): 3.51 Lost time injury rate: 2.00 Number of deaths: 0 Number of injuries workdays lost: 83 Number of injuries non-workdays lost: 63
5	The data of process accidents	DIC Corporation and Japanese consolidated companies Production and laboratory sites (9 companies, 32 sites)	Number of accidents: 12 Rate to process accidents: 0.229
6	The number and rate of female managers	DIC Corporation 1 January 2025	Number: 85 Rate: 8.6%

The DIC Group has received the above third-party verification regarding greenhouse gas emissions, waste generation, number of accidents (number of workdays lost, etc.) and ratio of female managers.

DIC Report 2025 and the GRI Standards

Statement of Use	In this report, DIC Corporation presents information in accordance with the GRI Standards for fiscal year 2024 (January 1, 2024–December 31, 2024). The report also contains some information from before and after fiscal year 2024.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	The Company complies with applicable sector standards as soon as they are made public.

Standard	Disclosures	Page(s), etc.	Related information/Reasons for omission
General Disclosures			
GRI 1:	Foundation 2021		
GRI 2:	General Disclosures 2021		
1	The Organization and its reporting practices		
2-1	Organizational details	6 (The Global DIC Group), 123 (Corporate Data)	
2-2	Entities included in the organization's sustainability reporting	2 (Editorial Policy), 6–8 of the Annual Securities Report	
2-3	Reporting period, frequency and contact point	2 (Editorial Policy), back cover	
2-4	Restatements of information	24 (Net Cash Provided by Operating Activities and Free Cash Flow, Capital Expenditure and Investment)	
2-5	External assurance	116 (Third-Party Verification)	
2	Activities and workers		
2-6	Activities, value chain and other business relationships	6 (A Global Powerhouse), 95–98 (Sustainable Procurement)	
2-7	Employees	77 (Basic Personnel Statistics), 82 (Employees by Region of Origin, Breakdown of Labor Force by Gender), 123 (Corporate Data)	
2-8	Workers who are not employees	—	
3	Governance		
2-9	Governance structure and composition	45 (Governance for Promoting Sustainability Initiatives), 99–103 (Corporate Governance), 56–71 of the Annual Securities Report	
2-10	Nomination and selection of the highest governance body	99 (Corporate Governance Structure), 57 of the Annual Securities Report	
2-11	Chair of the highest governance body	56 of the Annual Securities Report	
2-12	Role of the highest governance body in overseeing the management of impacts	21 (Overview of Materiality)	
2-13	Delegation of responsibility for managing impacts	45 (Governance for Promoting Sustainability Initiatives)	
2-14	Role of the highest governance body in sustainability reporting	2 (Editorial Policy)	
2-15	Conflicts of interest	56 of the Annual Securities Report	
2-16	Communication of critical concerns	WEB (Establishing and Operating a Whistle-Blowing System)	https://www.dic-global.com/en/csr/2025/philosophy/compliance.html
2-17	Collective knowledge of the highest governance body	—	
2-18	Evaluation of the performance of the highest governance body	—	
2-19	Remuneration policies	102–103 (❷ Remuneration for Directors and Audit & Supervisory Board Members), 78–82 of the Annual Securities Report	
2-20	Process to determine remuneration	102–103 (❷ Remuneration for Directors and Audit & Supervisory Board Members), 78–82 of the Annual Securities Report	
2-21	Annual total compensation ratio	—	
4	Strategy, policies and practices		
2-22	Statement on sustainable development strategy	11–16 (A Message from the President)	
2-23	Policy commitments	87–88 (The DIC Group Human Rights Policy), WEB (The DIC Group Code of Business Conduct)	https://www.dic-global.com/en/csr/2025/philosophy/compliance.html
2-24	Embedding policy commitments	WEB (Toward Fair and Transparent Corporate Activities), 100–101 (System of Internal Controls)	https://www.dic-global.com/en/csr/2025/philosophy/compliance.html
2-25	Processes to remediate negative impacts	WEB (Establishing and Operating a Whistle-Blowing System)	https://www.dic-global.com/en/csr/2025/philosophy/compliance.html
2-26	Mechanisms for seeking advice and raising concerns	WEB (Establishing and Operating a Whistle-Blowing System)	https://www.dic-global.com/en/csr/2025/philosophy/compliance.html
2-27	Compliance with laws and regulations	WEB (Complying with Laws and Regulations), (ESH Audits)	Ensuring the Safety of Chemical Substances https://www.dic-global.com/en/csr/2025/environment/information.html Management Systems https://www.dic-global.com/en/csr/2025/environment/management_system.html Compliance https://www.dic-global.com/en/csr/2025/philosophy/compliance.html
2-28	Membership associations	WEB (Participation in Industry Organizations)	Communication with Stakeholders https://www.dic-global.com/en/csr/2025/stakeholder/
5	Stakeholder engagement		
2-29	Approach to stakeholder engagement	WEB (Communication with Stakeholders)	Communication with Stakeholders https://www.dic-global.com/en/csr/2025/stakeholder/
2-30	Collective bargaining agreements	89 (❸ Building Trust with the DIC Employees' Union)	
GRI 3:	Material Topics 2021		
3-1	Process to determine material topics	21–22 (Overview of Materiality)	
3-2	List of material topics	21–22 (Overview of Materiality)	
3-3	Management of material topics	21–22 (Overview of Materiality), 45 (Governance for Promoting Sustainability Initiatives) and other related pages	

Economy			
GRI 201:	Economic Performance 2016		
201-1	Direct economic value generated and distributed	98–170 of the Annual Securities Report, 17–18 (A Message from the CFO), 6 (The Global DIC Group), 109–110 (Financial Report for Fiscal Year 2024)	
201-2	Financial implications and other risks and opportunities due to climate change	65–69 (Sustainability-Related Disclosure)	
201-3	Defined benefit plan obligations and other retirement plans	124–125 of the Annual Securities Report	
201-4	Financial assistance received from government	45 of the Annual Securities Report	
GRI 202:	Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—	
202-2	Proportion of senior management hired from the local community	—	
GRI 203:	Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	—	
203-2	Significant indirect economic impacts	—	
GRI 204:	Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	—	
GRI 205:	Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	—	
205-2	Communication and training about anti-corruption policies and procedures	WEB (Compliance)	https://www.dic-global.com/en/csr/2025/philosophy/compliance.html
205-3	Confirmed incidents of corruption and actions taken	NA	
GRI 206:	Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	NA	
GRI 207:	Tax 2019		
207-1	Approach to tax	WEB (The DIC Group's Approach to Tax)	https://www.dic-global.com/en/csr/philosophy/tax.html
207-2	Tax governance, control, and risk management	WEB (The DIC Group's Approach to Tax)	https://www.dic-global.com/en/csr/philosophy/tax.html
207-3	Stakeholder engagement and management of concerns related to tax	WEB (The DIC Group's Approach to Tax)	https://www.dic-global.com/en/csr/philosophy/tax.html
207-4	Country-by-country reporting	—	
Environment			
GRI 301:	Materials 2016		
301-1	Materials used by weight or volume	—	
301-2	Recycled input materials used	—	
301-3	Reclaimed products and their packaging materials	—	
GRI 302:	Energy 2016		
302-1	Energy consumption within the organization	25 (Nonfinancial Information), 74 (Key Data), WEB (Groupwide Environmental Performance)	Environmental Protection https://www.dic-global.com/en/csr/2025/environment/conservation.html
302-2	Energy consumption outside of the organization	72 (❷ Grasping Greenhouse Gas Emissions Across the DIC Group's Supply Chains (Scope 3))	
302-3	Energy intensity	25 (Global Energy Consumption and Energy Consumption per Unit of Production (DIC Group)), 74 (Key Data)	
302-4	Reduction of energy consumption	25 (Global Energy Consumption and Energy Consumption per Unit of Production (DIC Group)), 74 (Key Data)	
302-5	Reductions in energy requirements of products and services	NA	
GRI 303:	Water and Effluents 2018		
303-1	Interactions with water as a shared resource	WEB (Managing Water Resources)	https://www.dic-global.com/en/csr/2025/environment/water_resource.html
303-2	Management of water discharge–related impacts	WEB (Managing Water Resources)	https://www.dic-global.com/en/csr/2025/environment/water_resource.html
303-3	Water withdrawal	WEB (Managing Water Resources)	https://www.dic-global.com/en/csr/2025/environment/water_resource.html
303-4	Water discharge	WEB (Managing Water Resources)	https://www.dic-global.com/en/csr/2025/environment/water_resource.html
303-5	Water consumption	WEB (Managing Water Resources)	https://www.dic-global.com/en/csr/2025/environment/water_resource.html
GRI 304:	Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—	
304-2	Significant impacts of activities, products and services on biodiversity	—	
304-3	Habitats protected or restored	—	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—	
GRI 305:	Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	74 (Key Data)	
305-2	Energy indirect (Scope 2) GHG emissions	74 (Key Data)	
305-3	Other indirect (Scope 3) GHG emissions	72 (❷ Grasping Greenhouse Gas Emissions Across the DIC Group's Supply Chains (Scope 3))	
305-4	GHG emissions intensity	74 (Key Data)	
305-5	Reduction of GHG emissions	—	

305-6	Emissions of ozone-depleting substances (ODS)	73 (Protecting the Ozone Layer)	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	WEB (Preventing Environmental Pollution)	Reducing SOx, NOx and COD https://www.dic-global.com/en/csr/2025/environment/substance.html
GRI 306:	**Waste 2020**		
306-1	Waste generation and significant waste-related impacts	—	
306-2	Management of significant waste-related impacts	—	
306-3	Waste generated	62–63 (Principal Initiatives in Fiscal Year 2024)	
306-4	Waste diverted from disposal	62–63 (Principal Initiatives in Fiscal Year 2024)	
306-5	Waste directed to disposal	62–63 (Principal Initiatives in Fiscal Year 2024)	
GRI 308:	**Supplier Environmental Assessment 2016**		
308-1	New suppliers that were screened using environmental criteria	98 (Ensuring Legal and Regulatory Compliance with and Safety Management in Raw Materials Procurement)	
308-2	Negative environmental impacts in the supply chain and actions taken	98 (Initiatives to Reduce the Environmental Impact of Raw Materials)	
Society			
GRI 401:	**Employment 2016**		
401-1	New employee hires and employee turnover	77 (Basic Personnel Statistics (DIC))	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	90 (⑥ Programs that Help Employees Balance the Demands of Work and Home)	
401-3	Parental leave	84–85 (②Expansion of Career Opportunities for Women), 90 (⑦ Use of the Childcare Leave and Leave to Assist with Parenting Programs)	
GRI 402:	**Labor/Management Relations 2016**		
402-1	Minimum notice periods regarding operational changes	—	
GRI 403:	**Occupational Health and Safety 2018**		
403-1	Occupational health and safety management system	57–60 (ESH), WEB (Occupational Safety and Health)	Occupational Safety and Health/Disaster Prevention https://www.dic-global.com/en/csr/2025/environment/safety.html
403-2	Hazard identification, risk assessment, and incident investigation	WEB (Environment, Safety and Health (ESH)), Occupational Safety and Health/Disaster Prevention)	Occupational Safety and Health/Disaster Prevention https://www.dic-global.com/en/csr/2025/environment/safety.html
403-3	Occupational health services	91–94 (❷Corporate Health Management)	
403-4	Worker participation, consultation, and communication on occupational health and safety	58–60 (Framework for Promoting Responsible Care)	
403-5	Worker training on occupational health and safety	WEB (Occupational Safety and Health/Disaster Prevention)	Occupational Safety and Health/Disaster Prevention https://www.dic-global.com/en/csr/2025/environment/safety.html
403-6	Promotion of worker health	91–94 (❷Corporate Health Management)	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	—	
403-8	Workers covered by an occupational health and safety management system	—	
403-9	Work-related injuries	WEB (Occupational Safety and Health)	Occupational Safety and Health/Disaster Prevention https://www.dic-global.com/en/csr/2025/environment/safety.html
403-10	Work-related ill health	—	
GRI 404:	**Training and Education 2016**		
404-1	Average hours of training per year per employee	78 (Average Spending on Education and Training per Employee) (DIC)	
404-2	Programs for upgrading employee skills and transition assistance programs	77–78 (2.Three Strategic Priorities), 86 (④Reemployment after Retirement)	
404-3	Percentage of employees receiving regular performance and career development reviews	79–80 (3.Talent Management: Personnel System, Global Human Resources Framework and Group Human Resources Governance)	
GRI 405:	**Diversity and Equal Opportunity 2016**		
405-1	Diversity of governance bodies and employees	77 (❸Basic Personnel Statistics (DIC)), 82 (Employees in Management Positions by Region), 83 (Diversity KPIs), 78–86 of the Annual Securities Report	
405-2	Ratio of basic salary and remuneration of women to men	Companies that Promote Career Opportunities for Women (Ministry of Health, Labour and Welfare)	Companies that Promote Career Opportunities for Women (Ministry of Health, Labour and Welfare) (in Japanese only) https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=415
GRI 406:	**Non-discrimination 2016**		
406-1	Incidents of discrimination and corrective actions taken	NA	
GRI 407:	**Freedom of Association and Collective Bargaining 2016**		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—	
GRI 408:	**Child Labor 2016**		
408-1	Operations and suppliers at significant risk for incidents of child labor	No suppliers were found to be at risk.	
GRI 409:	**Forced or Compulsory Labor 2016**		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No suppliers were found to be at risk.	
GRI 410:	**Security Practices 2016**		
410-1	Security personnel trained in human rights policies or procedures	—	
GRI 411:	**Rights of Indigenous Peoples 2016**		
411-1	Incidents of violations involving rights of indigenous peoples	NA	
GRI 413:	**Local Communities 2016**		
413-1	Operations with local community engagement, impact assessments, and development programs	—	
413-2	Operations with significant actual and potential negative impacts on local communities	—	

GRI 414:	**Supplier Social Assessment 2016**		
414-1	New suppliers that were screened using social criteria	—	
414-2	Negative social impacts in the supply chain and actions taken	95–98 (Sustainable Procurement)	
GRI 415:	**Public Policy 2016**		
415-1	Political contributions	WEB (Monetary Contributions)	Monetary Contributions https://www.dic-global.com/en/csr/2025/stakeholder/society.html
GRI 416:	**Customer Health and Safety 2016**		
416-1	Assessment of the health and safety impacts of product and service categories	WEB (Quality)	Quality https://www.dic-global.com/en/csr/2025/quality
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	NA	
GRI 417:	**Marketing and Labeling 2016**		
417-1	Requirements for product and service information and labeling	WEB (Safety in Logistics), WEB (Ensuring the Safety of Chemical Substances)	Safety in Logistics https://www.dic-global.com/en/csr/2025/environment/logistics.html Ensuring the Safety of Chemical Substances https://www.dic-global.com/en/csr/2025/environment/information.html
417-2	Incidents of non-compliance concerning product and service information and labeling	NA	
417-3	Incidents of non-compliance concerning marketing communications	NA	
GRI 418:	**Customer Privacy 2016**		
418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	NA	

Corporate Data

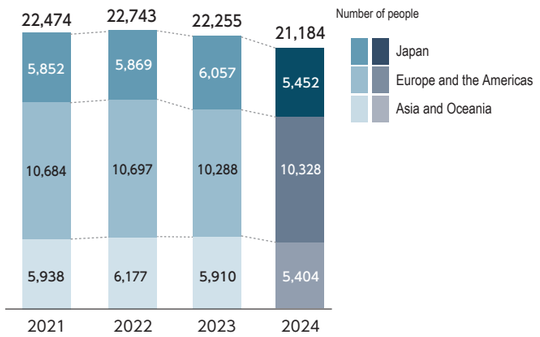
About the Company

Registered name:	DIC Corporation
Corporate headquarters:	DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan
Date of foundation:	February 15, 1908
Date of incorporation:	March 15, 1937
Paid-in capital:	¥96.6 billion
Number of employees:	21,184 (Nonconsolidated: 3,947) (As of December 31, 2024)
Number of subsidiaries and affiliates:	171 (Japan: 24, overseas: 147) (As of December 31, 2024)

Composition of Labor Force

Segment	Number of employees
Packaging & Graphic	10,220
Color & Display	3,985
Functional Products	5,006
Others	489
Corporate	1,484
Total	21,184

Number of Employees



The 2030 Agenda for Sustainable Development

At the UN Sustainable Development Summit in September 2015, a proposal titled “Transforming our world: the 2030 Agenda for Sustainable Development,” later summarized as the Sustainable Development Goals (SDGs), was adopted with the participation of more than 150 UN member states. The agenda, which succeeded the Millennium Development Goals (MDGs), encompasses 17 goals and 169 targets. All UN member states are expected to mobilize efforts to attain the 17 goals, essential to sustainable development for the planet, by 2030. The DIC Group pledges to contribute through its business activities to the success of the SDGs.

For more information on the SDGs, please visit:
WEB https://www.un.org/sustainabledevelopment/development-agenda/

(Contact)

DIC Corporation

Corporate Communications Dept.
Corporate Planning Dept.
Sustainability Dept.

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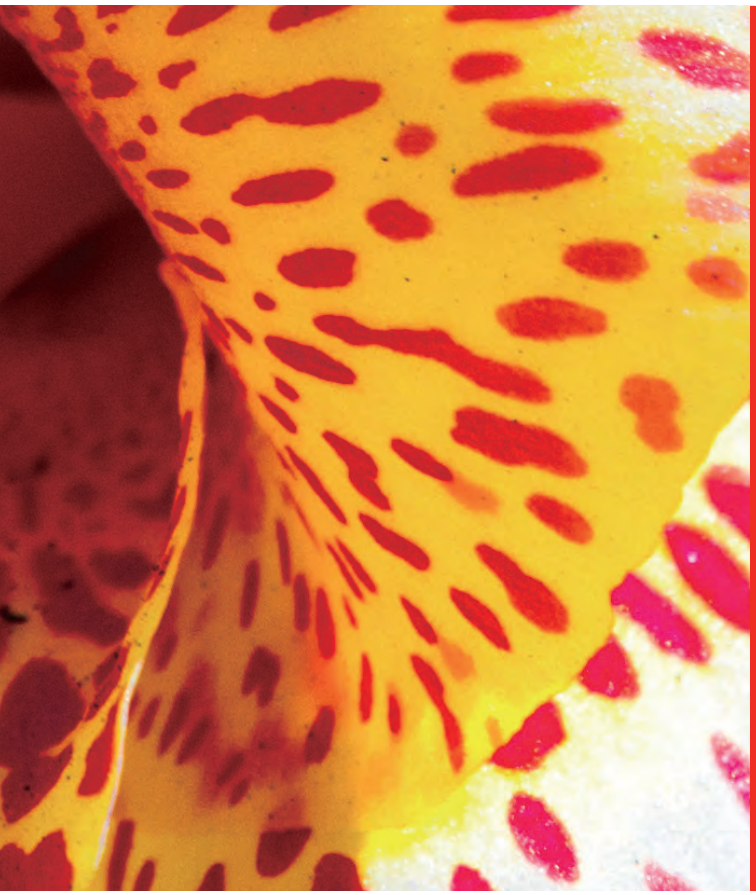

Color & Comfort