

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, DIC recently 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 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)

Summary of Shiro Saito's Presentation Regarding Operation of the Kawamura Memorial DIC Museum of Art

◆ 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—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. The Board will continue to examine the viable proposals, conferring mainly with internal and external experts, with the aim of reaching a firm conclusion by the end of December 2024.

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"